



Xlife sciences

Where
innovation
leads
to success

ANNUAL REPORT 2021







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We are a Swiss company that focuses on the value development and commercialisation of promising research projects from universities and other research institutions in the life sciences sector as an incubator and accelerator, aiming to provide solutions for high unmet medical needs and a better quality of life. It is our mission to bridge the gap between research & development and the healthcare markets.



Global presence

Our head office is in Zurich, Switzerland, while most of our project companies are based in Germany. Moreover, we have points of contact with EMEA, Asia and the USA, among others.

History

Although the current structure of our company was created in 2019, we look back on more than 25 years of experience in the industry.

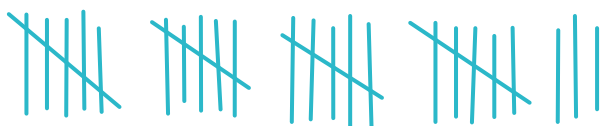


Focus

We operate in the four areas of technology platforms, biotechnology/therapies, medical technology, and artificial intelligence/digital health.

Innovation partner

We are privileged to collaborate with over 15 renowned universities, research institutes and other scientific R&D partners.

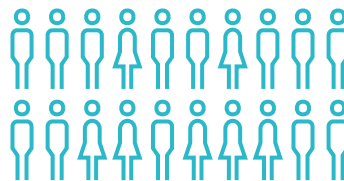


Project companies

Our portfolio of currently 23 project companies is well diversified within our four investment themes.

Employees

At Xlife Sciences, we have a team of around 20 employees. Including our project companies, we can count on around 120 dedicated team members in the Xlife universe.

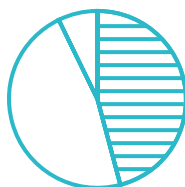
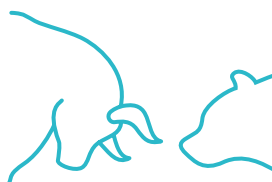


Share

The Company has a share capital of approximately CHF 5.2 million with a nominal value of CHF 1.00 each.

Market capitalization

On 11 February 2022, we started our journey on the Swiss stock exchange with a market capitalisation of CHF 232.5 million.



Free float

Our free float is currently around 46 percent. Approximately 47 percent of the shares are held by our founders, seven percent by the management team and the Board of Directors.

Value creation for investors

Together with industrial partners or university institutions, we take projects through the proof-of-concept phase after an invention disclosure/spin-off. Subsequently, we focus on the out-licensing or sale of the company, sometimes also in combination with a strategic partnership.



Dear shareholders

We look back on a successful 2021, in which we made progress in all areas:

- We saw a first exit of a project company with the IPO of Vitruvia Medical on the stock exchange in Munich. Vitruvia develops innovative circulatory systems for very complex medical devices, especially robot-assisted surgery.
- Furthermore, we have been successful in securing funding and concluding licensing agreements. A good example here is our project company inflamed pharma, which, in addition to the pain-associated lead indications, was also able to demonstrate an antiviral effect of ProcCluster® in virus-infected lung cell cultures and positive results in observational studies in patients with long-covid and post-covid. The positive test results open new treatment options for RNA-induced respiratory virus infections such as COVID-19. The effect of ProcCluster® on COVID-19 will be further analyzed in a project funded by the European Regional Development Fund.
- Our project companies have done an excellent job in 2021. Already around 60 percent of the ongoing projects have passed the “proof-of-concept” phase and thus qualify for further exit talks.
- We have significantly developed the project portfolio, among other things by founding the company Xsights Optics, which develops wearable optical sensors for the contactless recording of health parameters such as heart rate or body temperature. We were also able to win high-calibre joint venture partners for cooperations with Xlife Sciences.
- We have strengthened and expanded our existing network with research institutions, including the Philipps University of Marburg. The exclusive cooperation with this renowned university enables our project company Inventum Genetics to research cellular disease mechanisms of multifactorial diseases such as cancer using modern genetic and molecular biological methods. Should an invention report be partnered with third parties, Xlife Sciences would receive corresponding royalties.

- We have further strengthened our team, among others with Dr Frank Plöger as new Chief Scientific Officer and Carl von Halem as new Chief Financial Officer as well as additional members for our Advisory Board.

60%

Around 60 per cent of the ongoing projects have already passed the proof of concept phase.

Change to the Swiss Stock Exchange

In retrospect, another milestone that took place after the balance sheet date stands out: the switch to the Swiss stock exchange. On 11 February 2022, the shares of Xlife Sciences were traded on the SIX Swiss Exchange for the first time. Thanks to the great commitment of all employees, the support of external advisors and, of course, your trust, we were able to successfully implement this strategically important project for Xlife Sciences. We are convinced that this move to a regulated stock trading market, with correspondingly high demands on transparency and communication, is in the interest of existing and new shareholders.

2021 was also financially successful

The reporting year was also financially successful: Xlife Sciences AG was able to more than double its turnover compared to 2020 to a total of CHF 0.8 million. The consolidated financial statements according to IFRS (true & fair view) closed with CHF 53.2 million and the individual financial statements according to commercial

law with CHF –4.3 million. The consolidated equity attributable to the shareholders of Xlife Sciences AG increased to CHF 210.8 million. Our company has a balance sheet total of CHF 480 million at the end of 2021. The details are enclosed on the pages 67–135 of this annual report.

Outlook

For the 2022 financial year we have set ourselves the following goals:

- We would like to further expand our project portfolio this year and additionally intensify the synergy effects and cooperations between our projects.
- In 2022, we would like to focus strongly on the successful partnering of projects.
- We would like to remain a lean company but strengthen ourselves with additional key employees (especially in the commercial area) and also strengthen our Advisory Board and Board of Directors with experts from research and industry. We will inform you about candidates for the Board of Directors in good time before the General Assembly (20 June).
- In 2022, we would also like to dedicate ourselves to the topic of sustainability, which has enjoyed a high priority since the founding of Xlife Sciences. We intend to present the ESG topics relevant to Xlife Sciences and the ESG targets derived from them with the half-year report in September 2022. An annual ESG report is to follow from the annual report 2022 in spring 2023.

We would also like to maintain the dialogue with you, dear shareholders, in 2022 and are planning not only investor meetings but also information events with our scientists for this purpose. In addition, the liquidity of the Xlife Sciences AG share is to be increased and the visibility of our company raised through research reports by financial analysts.

We would like to thank our research and business partners for their cooperation and our shareholders

In 2022 we would like to dedicate ourselves intensively to the topic of sustainability, which is of great importance to us.

for the trust they have placed in us. And we would like to thank all our employees for their great commitment to Xlife Sciences also in 2021 and despite the Corona pandemic.

Zurich, April 2022



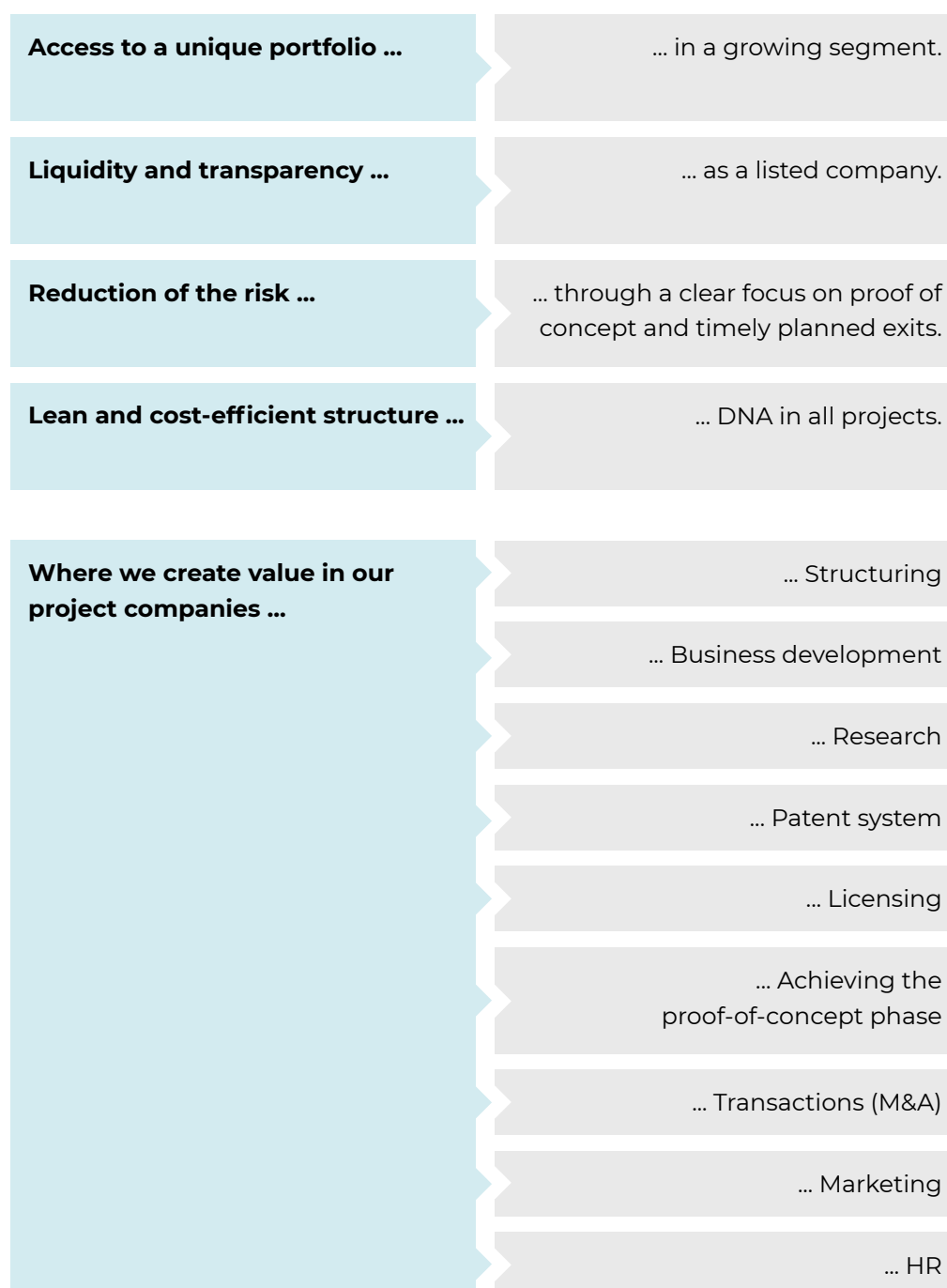
Dr. Bernhard Scholz
Chairman of the Board of Directors



Oliver R. Baumann
CEO

Mission and Operations

Xlife Sciences is a listed life sciences incubator and accelerator in Europe. With proven industry contacts and a clear focus on proof-of-concept, we provide the opportunity for early entry and participation in the further development and value creation of our projects.



Key Investment Highlights



Track record

An experienced and interdisciplinary management team with a successful track record in life science and other industries, supported by an Advisory Board with deep expertise in key therapeutic areas.



Cooperation

Close relationships with leading universities and other scientific institutions in Germany, Switzerland, and Austria (DACH region), ensuring continuous access to the latest scientific findings and ideas.



Upside potential

The unique opportunity to invest at an early stage in a fast-growing and increasingly important market and participate in value growth.



Future

90% of next-generation bio-therapeutics (cell, gene, and nucleotide therapies) being developed by emerging biopharma companies.



Market

The global life sciences analytics market is expected to grow at USD 15.95 billion between 2021 and 2025, at a CAGR ("Compound Annual Growth Rate") of 11.83% during the forecast period.



Selected portfolio

Our innovative portfolio is strongly oriented towards global growth trends in the healthcare sector and is characterized by thoughtful risk diversification.



Unique focus

Our focus is on the preclinical phase and Xlife Sciences initiated commercialization of the invention disclosures.



Active Management

Projects require entrepreneurial knowledge and support, both financially and in terms of personnel. By offering companies both, we support them in strategically positioning and developing their products in the development of patents as well as in licensing agreements.



OUR PORTFOLIO

We are focused on four areas:
technology platforms,
biotechnology/therapies,
medical technology, and
artificial intelligence/digital health.





TECHNOLOGY PLATFORMS





Inventum Genetics GmbH is dedicated to identifying new therapeutic approaches and biomarkers for common diseases based on human genetic data. For this purpose, the company cooperates with the Centre for Human Genetics of the Philipps University in Marburg (Germany).

Common diseases, such as most oncological, neurodegenerative, and age-associated diseases, have various reasons. They are caused by a combination of external environmental factors and internal genetic risk factors. Inventum Genetics analyses the genetic contribution to the cellular response in externally induced pathomechanisms.

For this purpose, Inventum Genetics performs context-specific eQTL analyses by inducing pathologically relevant conditions in different cell types. These "Expression Quantitative Trait Loci" analyses are used to correlate the mRNA expression of genes with genetic variants - and thus to identify genes regulated by genetic risk variants that have been identified as disease-associated in so-called genome-wide association studies.

Inventum Genetics' first project deals with DNA Damage Response, a well-known mechanism that plays a role in cancer, neurodegenerative and age-related diseases. It comprises the totality of all cellular mechanisms that are activated after DNA damage. The next steps in this project will include genotyping the entire genome of 450 individuals, RNA sequencing of baseline conditions and cells following stimuli, bioinformatic analysis of the data and identification of targets.

The global market for drugs to treat DNA damage is expected to reach USD 25 billion by 2030.

Incorporation
2019 

Location
Mainz (Germany) 

Website
inventumgenetics.com 

Stake Xlife
100% 



palleos healthcare GmbH is a full-service clinical research organisation (“CRO”). In this capacity, the company offers a wide range of services from clinical development to study completion.

palleos healthcare offers services for drug development as well as services in all clinical study phases. Through modern project management and collaboration with an established network of cooperation partners, the path to overcoming the hurdles in the health care system is simplified.

A particular focus is the implementation of preclinical and translational concepts in early phases of clinical development, as the maintenance and development of medical innovations originating from academic research institutions or established companies requires special expertise.

The company’s goal is to build a regulatory and operational bridge between preclinical and clinical development in order to implement innovative concepts for its customers.

Thanks to its reliable partnerships with other clinical research institutions, the company can offer its services not only in Germany, but also in the European Union and the USA.

In addition, palleos healthcare has a strategic alliance with Phaon scientific, a German-based study development group that provides a platform for professionals to discuss, promote and conduct research in the field of oncology. This alliance provides palleos healthcare with the opportunity to implement academic concepts.

Incorporation
2013 

Location
Wiesbaden (Germany) 

Website
palleos.com 

Stake Xlife
50% 



Veraxa Biotech AG focuses on the microfluidic screening of functional antibodies and the development of antibody-drug conjugates through an innovative click chemistry approach. It collaborates with the European Laboratory for Molecular Biology (EMBL) in Heidelberg (Germany).

Veraxa Biotech aims to solve the biggest challenges in antibody drug development in the field of screening for functional antibodies. Its high-content screening approach enables the company to use microfluidic technologies to screen millions of antibodies in parallel for functionality, thereby reducing the subsequent development time significantly. In addition, Veraxa Biotech is able to develop next-generation antibody-drug conjugates through click chemistry technology. Thus, the company is combining technologies to expand its antibody capabilities from early screening to later antibody engineering and raise its profile in personalized medicine and precision oncology.

Veraxa Biotech's current projects focus on the development of antibodies for oncology. The global market for cancer drugs is expected to reach approximately USD 394 billion by 2027.

Veraxa Biotech entered into various service and licensing agreements for its proprietary technology platforms with pharmaceutical and biotech partners, including the four project companies of Xlife Sciences, Ix Therapeutics, panmabs, QUADIRA BIOSCIENCES and alytas therapeutics.

Incorporation
2020 

Location
Zurich (Switzerland) 

Website
veraxa.com 

Stake Xlife
18,94% 



BIOTECHNOLOGY AND THERAPIES





alytas therapeutics

alytas therapeutics GmbH is dedicated to the development of new therapeutic targets for the treatment of obesity. The company is currently working closely with the University Hospital Jena (Germany).

alytas therapeutics aims to develop immunological therapy concepts for the treatment of obesity (pathological obesity). This disease is not yet medically treatable and represents one of the largest man-made global social burdens. The market is expected to reach a volume of around USD 21.1 billion by 2025.

The company has expertise in several antigen epitopes that have been shown to be relevant for novel therapeutic immunological regulation of excessive amounts of adipocytes in patients with obesity.

Given the current epidemic increase in obesity worldwide and the devastating associated comorbidities, there is a high demand for innovative, sustainable, and non-surgical therapies for obesity with acceptable side effect profiles and improved efficacy. The corresponding project of alytas therapeutics is a novel obesity treatment that utilizes anti-adipocyte antibodies and their immune-mediated reduction of fat cells; the company's current treatment hypothesis is based on in-vitro and in-vivo data from humans and animals.

In addition to the collaboration with the University Hospital Jena (Germany), alytas therapeutics has entered into an exclusive licensing agreement with Xlife Sciences' project company Veraxa Biotech for the development and commercialization of alytas' antibodies in the field of senescence-related degenerative processes and pathologies.

Incorporation 2018 

Location Jena (Germany) 

Website alytastherapeutics.com 

Stake Xlife 51.04% 



Baliopharm AG is currently conducting a phase I clinical trial with the antibody atosimab in the lead indication non-alcoholic steatohepatitis, one of the most common chronic liver diseases.

In contrast to all other project companies, Xlife Sciences does not hold an equity stake in Baliopharm AG, but instead receives a certain amount (in %) of the annual sale or licensing of atosimab.

Xlife Sciences has provided financial support for Baliopharm's first human clinical trial currently underway. This study with the monoclonal antibody atosimab is being conducted in the lead indication of non-alcoholic steatohepatitis, one of the most common chronic liver diseases. Atosimab could also be useful in other indications such as rheumatoid arthritis and Chron's disease.

In April 2022, Baliopharm announced the successful completion of the phase I clinical trial.

Incorporation
2007/2021



Location
Reinach (Switzerland)



Website
baliopharm.com



Stake Xlife
0,0%





inflamed pharma GmbH is a manufacturer of active pharmaceutical ingredients for innovative therapies in human and veterinary medicine with a focus on inflammatory pain conditions. The company's most important research compound is ProcCluster®.

inflamed pharma is certified according to good manufacturing practice ("GMP") and has extensive GMP experience in the areas of manufacturing processes, analytical development and research and development. The company's GMP manufacturing experience can also be used to carry out third-party projects, such as the production of small molecule ligands for PET imaging.

In particular, inflamed pharma is developing ProcCluster®, an active pharmaceutical ingredient based on procaine. Procaine is a globally used pharmaceutical substance from the category of local anaesthetics. Its use in the context of pain and inflammation such as arthritis and osteoarthritis is less established but crucial.

The new patented formulation makes it possible to use this active ingredient, which was previously only available parenterally, for other forms of application such as oral and dermal application and to achieve synergies in efficacy. The process of clustering, in which the active ingredient is incorporated into a protective shell, can also be transferred to other active ingredients. The global market for non-steroidal anti-inflammatory drugs is expected to reach a volume of around USD 24.5 billion by 2027.

Currently, inflamed pharma intends to increase the use of ProcCluster® within the scope of licence-free in-house production according to the German Medicines Act.

In addition to the pain-associated lead indications, the company has also demonstrated antiviral effects of ProcCluster® in virus-infected lung cell cultures and positive results in observational studies in long-covid and post-covid patients. The positive test results open new treatment options for RNA-induced respiratory virus infections such as COVID-19.

The effect of ProcCluster® on COVID-19 will be further analyzed in a project funded by the European Regional Development Fund.

Incorporation 2019 

Location Jena (Germany) 

Website inflamedpharma.com 

Stake Xlife 75% 



Ix Therapeutics GmbH is dedicated to the identification of individualized therapeutic antibodies for oncological indications on the basis of multi-omics patient data.

Ix Therapeutics is a joint venture between Xlife Sciences and the Hamburg-based oncology company Indivumed. The collaboration offers new possibilities for cancer treatment, as the combined technologies of Ix Therapeutics and Indivumed are focused on the effective development of functional precision anti-cancer antibodies for personalized cancer therapy.

Indivumed offers an AI-based platform and Omics database designed to provide more precise insights and much better predictions for specific pathologies and diseases with high medical needs.

Subsequently, Ix Therapeutics is using the technology platform of Xlife Sciences' project company Veraxa Biotech for antibody development with the goal of discovering modulatory and functional antibodies against multiple targets relevant to colorectal cancer identified by Indivumed's AI-based platform. The size of the global colorectal cancer market is projected to reach nearly USD 18 billion by 2026.

Incorporation
2021 

Location
Hamburg (Germany) 

Website
ix-therapeutics.com 

Stake Xlife
50% 

Lysatpharma.

Lysatpharma GmbH focuses on regenerative medicine and new biomedical immunotherapies on an extracellular basis. In collaboration with the University Hospital of Jena (Germany), the company develops novel immunotherapies for acute and chronic systemic inflammatory diseases.

Chronic systemic inflammatory diseases include, for example, autoimmune diseases such as rheumatoid arthritis, multiple sclerosis or certain forms of diabetes, as well as typical common diseases such as heart attacks, strokes or complex diseases that often occur after transplantation. Current forecasts by BCC for the regenerative medicine market assume growth to 130 billion euros by 2025.

Lysatpharma's patented research and development approach is based on the use of extracellular vesicles obtained from the surplus production of high-quality, tested blood products. These preserves are continuously provided by blood banks for clinical primary care. By reusing unused and otherwise discarded blood products, the company processes the valuable material.

Extracellular vesicles are bioactive nanovesicles derived from human stem cells or from the body's own blood platelets. They are introduced with carrier materials or applied intravenously and enable intercellular communication, which is crucial for regenerative processes in the human body.

Since inflammatory processes share common features in different diseases and tissue damage is often associated with inflammation, a broad biomedical approach seems possible and is being pursued in the company's R&D programmes. So far, Lysatpharma has successfully tested its approach in a mouse model of rheumatoid arthritis. The human extracellular vesicles led to a decrease in inflammation in the animals without any side effects. In addition to pharmaceutical use, extracellular vesicles are also used in the cosmetics industry due to their regenerative effect.

In March 2022, Xlife Sciences announced the formation of the joint venture Novaxomx GmbH with curasan, a German-based global leader in biomaterials for bone and tissue regeneration in dental and orthopaedic surgery. Novaxomx's research and development approach is based on Lysatpharma's patented "exosome" technology and focuses on the discovery, development, certification, production and commercialization of breakthrough biosurgical therapies for use in musculoskeletal disorders and tissue regeneration.

Incorporation 2018 

Location Eisenberg (Germany) 

Website lysatpharma.com 

Stake Xlife 25.2% 



Panmabs GmbH is dedicated to the development, use, and commercialization of materials and processes for immunization and therapies.

The focus of panmabs is to treat diseases caused by the epidemic spread of life-threatening pathogens such as multi-resistant bacteria (MRSA) and other infectious threats.

panmabs therefore intends to establish early preclinical developments of various antipathogenic antibodies from other third parties and Xlife Sciences' project companies.

For example, the company has an exclusive license from Veraxa Biotech for the use of antibodies for the treatment and prevention of COVID-19 infections and associated diseases and comorbidities.

panmabs is currently not actively pursuing its activities.

Incorporation
2020 

Location
Mainz (Germany) 

Website
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Stake Xlife
35.2% 

QUADIRABIOSCIENCES

QUADIRA BIOSCIENCES AG is dedicated to the improvement of antibody-conjugates for the treatment of oncological indications.

QUADIRA BIOSCIENCES intends to develop novel antibody-drug conjugates for the treatment of various oncological diseases with blockbuster potential. The global market for the treatment of solid tumors is expected to reach a good USD 425 billion by 2027.

In a first round of screening conducted in 2021, the company identified 30 promising antibodies. QUADIRA BIOSCIENCES aims to modify these antibodies with high accuracy and increase the efficiency of their active ingredient.

To achieve this goal, the company is working with Xlife Sciences' project company Veraxa Biotech. This collaboration is designed to take advantage of Veraxa Biotech's advanced and proprietary click chemistry-based drug conjugation technology.

In addition, QUADIRA BIOSCIENCES has access to the 3D CoSeedis™ technology platform from abc biopply AG, a Swiss-based contract research organization specializing in 3D cell culture services. This 3D cell technology enables the replication of human tissue for the reliable testing and characterization of antibodies without animal testing.

The 3D CoSeedis™ technology platform enables the testing and characterization of the efficacy of antibodies and antibody-drug conjugates in 3D cell cultures, also called organoids, that resemble animal or human tissue. This can reduce or even eliminate the need for animal testing and significantly speed up product development.

The combination of Veraxa Biotech's and abc biopply's technologies enables QUADIRA BIOSCIENCES to develop advanced, highly potent antibody-drug conjugates with higher cytotoxic activity and at the same time an improved side effect profile for cancer therapy.

Incorporation
2021



Location
Solothurn (Switzerland)



Website
quadirabiosciences.com



Stake Xlife
50%





Synimmune GmbH is a biotechnology company dedicated to the development of innovative and effective mono- and bispecific anti-tumor antibodies for the treatment of patients with life-threatening diseases. The goal is to accelerate the path of new cancer drugs from the laboratory to the clinic.

Synimmune is currently focusing on two projects, both with the German Kreditanstalt für Wiederaufbau ("KfW") as a programme partner.

In the first project, the monospecific antibody FLYSYN is used to treat acute myeloid leukemia (AML) in patients with minimal residual disease. The efficacy and tolerability of the antibody has already been demonstrated in initial treatment trials. The company is currently preparing a phase II clinical trial to further demonstrate the efficacy of the antibody. Therapeutics estimates that the global market for acute myeloid leukemia will reach a volume of approximately USD 976 billion by 2026.

The second project is a bispecific antibody called TACSYN, which is intended for the treatment of AML and acute lymphoblastic leukemia (ALL) in patients whose disease is characterized by a relatively high and growing number of tumor cells. The project is based on bispecific antibodies for anti-tumor immunology therapy.

Synimmune has completed the preclinical characterization of TACSYN with high target specificity. In addition, the company has already developed a GMP manufacturing process for TACSYN.

Synimmune GmbH is around 62 per cent owned by Xlife Sciences' project company Synimmune Biotech AG, based in Vaduz (Liechtenstein).

Incorporation 2010 

Location Tübingen (Germany) 

Website synimmune.de 

Stake Xlife 37,36% 



xarma life sciences GmbH aims to develop first-in-class functional and modulatory agents for the treatment of circulatory, immunological, and oncological diseases with unmet medical needs.

xarma life sciences aims to explore new avenues for personalized treatment options for diseases that are currently incurable. This already begins in the preclinical phase with the investigation and validation of various anti-GPCR antibody lead structures in connection with inflammation and the modulation of the immune system.

The company was formed to acquire licenses for certain projects of Xlife Sciences' project company Veraxa Biotech (including its antibody targets and preclinical pipeline) to focus on the functional screening of antibodies. To this end, xarma life sciences has obtained an exclusive license from Veraxa Biotech for the use of antibodies for the treatment of immune and inflammation-related diseases such as inflammatory bowel diseases, cancer and organ transplant rejection.

Incorporation
2020 

Location
Mainz (Germany) 

Website
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Stake Xlife
35,2% 

xprot

xprot GmbH is dedicated to the development of new therapeutic approaches for lung cancer. The company has identified a protein that is downregulated in tumor samples from patients.

xprot's research activities focus on strategies to develop a gene therapy with the aim of restoring the expression of the gene and thus the amount of protein in tumor tissue in order to stop uncontrolled tumor growth and stimulate the immune response. In addition to the therapeutic use of the gene, the company is also investigating the gene as a diagnostic biomarker.

After validating the approach in lung cancer, the company is aiming to expand the indication area to other cancer indications.

After the reporting period, in March 2022, xprot announced a collaboration agreement with the University Medical Center of the Johannes Gutenberg University Mainz (Germany) and the Thorax Clinic Heidelberg (Germany). The research activities of the collaboration will initially focus on the gene described above, which was originally identified in a collaboration between the University Medicine Mainz and the Thorax Clinic in Heidelberg. Subsequently, further proteins with a comparable profile in various tumor diseases are to be identified.

With an estimated 240,000 new cases per year and about 130,000 deaths in the US alone, there is a high medical need for lung cancer treatments even after years of research. With new methods available, such as gene therapy or mRNA delivery technology, there is new hope for cancer patients.

The combination of biomarker and therapeutic target is a very promising combination for a future approach to personalized medicine in an attractive market estimated to reach USD 48 billion by 2026.

Incorporation
2021 

Location
Mainz (Germany) 

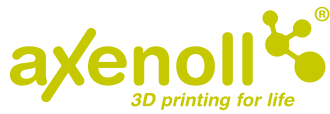
Website
— 

Stake Xlife
100% 



MEDICAL TECHNOLOGY





Axenoll Life Sciences AG focuses on the 3D printing of biomaterials for applications in the medical and biotechnological field.

Axenoll develops and implements projects for the cellular 3D screen printing of biomaterials for applications in the medical and biotech sectors. The portfolio includes a wide range of 3D products such as wound meshes, micro scalpels, screening chips or human microtissues. The focus is primarily on diagnostics, but also on medical applications. Microarrays, printed membranes, bone implants, medical sensors can be produced in high quantities and identical units as well as in variable shape and permeability.

The company's products are in the preclinical development phase. However, there are already customer enquiries from industry to replace existing cost-intensive manufacturing processes for marketed products with Axenoll's more efficient 3D screen printing production process.

Axenoll Life Sciences AG's current projects focus on orthopedic implants and burn treatments. The market for orthopedic implants is expected to grow by USD 9.6 billion from 2021 to 2025. The market for burn treatments is expected to reach around USD 4 billion in 2028.

Currently, Axenoll Life Sciences AG's activities are carried out by its operating unit Axenoll 3D Printing GmbH, based in Jena, Germany. In 2018, Axenoll 3D Printing entered into a cooperation and framework agreement with Friedrich Schiller University Jena for joint research and development activities in the field of bioprinting applications of 3D screen printing technology.

Incorporation
2014



Location
Zurich (Switzerland)



Website
axenoll.com



Stake Xlife
13.97%





clyxop devices GmbH is focused on the development of biocellulose-based tubes to replace hollow structures in damaged organs.

Based on biocellulose, the company is developing tubes that can be used to bridge damage to hollow organs and stimulate tissue regeneration and formation. Cellulose production by *Acetobacter* was first described in 1886 but has only found its way into the scientific world since the 1980s. In this way, bacteria are grown and cultivated in the laboratory in a 14-day process.

A key advantage of the tubes over typically small, synthetic agents is their high biological specificity, whereas surgical therapy of hollow organs of the abdomen is challenging and often leads to secondary complications.

So far, in vivo trials on pigs to replace the bile duct have been successful. The company is now looking for methods to shorten the production time of the tubes.

It is estimated that around 100,000 patients worldwide require bile duct replacement each year. Thanks to the flexibility of the product, the tubes can also be used to replace other hollow structures in the body.

Incorporation
2019 

Location
Erfurt (Germany) 

Website
clyxopdevices.com 

Stake Xlife
70% 



Laxxon Medical Corp. focuses on the development, production, and commercialization of an innovative system for the controlled release of active pharmaceutical ingredients.

The new process from Laxxon Medical is based on a patented 3D screen printing process. Such an additive manufacturing process enables the production of multi-layer pharmaceutical application forms such as tablets. With this technology, tablets can be provided with geometric structures that enable the distribution of one or more active pharmaceutical ingredients. This structure enables a delayed and thus uniform release of the active ingredients in the body over a longer period, thus improving their effectiveness for the benefit of patients.

The 3D screen printing process enables both the production of very small quantities (as required in clinical research, for example) and the mass production of medicines necessary for the pharmaceutical industry. In addition, this special process enables the production of a counterfeit-proof "watermark" inside the tablet to protect it from drug counterfeiting, which is not possible with conventional manufacturing processes.

After the reporting period, in March 2022, the company announced that it had attracted Evonik Venture Capital as a new investor. In addition, Laxxon Medical and the German specialty chemicals company Evonik have signed an agreement for joint product development and cooperation. Based on this agreement, Laxxon Medical intends to manufacture tablets for Evonik.

The specialized polymers from Evonik ensure targeted delivery of the active ingredients in the novel tablets. For example, the polymers serve as a coating for tablets so that the active ingredient is released either immediately after swallowing or with a certain delay, or they ensure sustained release over a longer period of time.

The global controlled release market is driven by the rapidly growing geriatric and paediatric population (due to the high number of prescription deficiencies in this age group).

Laxxon Medical Corp. has two subsidiaries based in Switzerland (Laxxon Medical AG) and Germany (Laxxon Medical GmbH). These two subsidiaries are currently the operating entities of the Laxxon Medical Group.

Incorporation
2017 

Location
Nevada (USA) 

Website
laxxon-medical.com 

Stake Xlife
4,7% 

Novum Technologie

The purpose of Novum Technologie GmbH is the research and development of new technologies for medical and industrial applications as well as their validation, development, and marketing.

Novum Technologie, in collaboration with the Institute of Organic Chemistry and Macromolecular Chemistry at the University of Jena (Germany), plans to develop new polymers as a basis for medicinal chemistry and pharmaceutical products. The project is expected to start in the course of 2022.

The focus is also on the suitability of these products in connection with 3D screen printing. For this purpose, the company wants to acquire corresponding licences from Xlife Sciences' project companies Axenoll and/or Laxxon Medical.

Incorporation
2020 

Location
Jena (Germany) 

Website
— 

Stake Xlife
66,6% 



saniva diagnostics GmbH has specialized in the development of a screening tool for the early detection of neurodegenerative diseases such as Parkinson's or Alzheimer's disease.

saniva diagnostics is currently developing NeuroMex, a hardware and software screening instrument based on the so-called "falling stick" test. This test determines how long it takes a person to react to dropping an object by measuring how far the object can fall before it is caught - with the aim of measuring reaction time, hand-eye speed, and attention.

NeuroMex is designed to enable early detection of neurodegenerative diseases before the disease manifests clinically, as early detection of diseases and risk factors is crucial for modern medicine.

NeuroMex is a motor screening tool for the early detection of neurodegenerative diseases such as Parkinson's and dementia. The use of neuroprotective drugs, with which a curative therapeutic approach can be realized, requires early detection of the diseases before damage to affected brain areas. saniva diagnostics intends to offer a cloud solution for the results, which will improve the granularity of the results.

Two clinical trials with healthy volunteers and patients with prodromal Parkinson's disease and prodromal Alzheimer's disease are currently planned to be conducted from 2022. These studies are intended to prove that Neuromex can be used to detect patients with neurodegenerative diseases before onset of the diseases.

In addition, the company is in the process of CE certification of the preparation and approval by the US Food and Drug Agency (US FDA). The company is receiving support based on an agreement Xlife Sciences signed with HighDim, a Swiss-based research and development services company.

The market for neurological biomarkers for Alzheimer's and Parkinson's disease is expected to reach approximately USD 8.5 billion by 2025.

Incorporation 2019 

Location Erfurt (Germany) 

Website sanivadiagnostics.com 

Stake Xlife 19% 



VITRUVIA MEDICAL AG prepares clinical robotic instruments and disposable devices by offering a so-called “circulation system” for surgical instruments and other clinical instruments. The company is listed on the Munich Stock Exchange.

With the VITU 2019 project, VITRUVIA MEDICAL focuses on the hygienic and economical reprocessing of complex surgical instruments (such as the “da Vinci” system). The aim is to provide hygienically tested and economically reprocessed medical devices. The closed-loop system will lead to sustainable cost savings for hospitals.

The global market for robotic surgery systems is expected to reach a good USD 10 billion by 2023.

Using a laser-based individual identification system, the company can track each device and ensure that each device is returned to the hospital from which it came. The company also develops applications based on machine learning algorithms and strategies, using self-learning methods of artificial intelligence.

On 11 May 2021, the shares of VITRUVIA MEDICAL shares were admitted to trading on the Munich over-the-counter segment.

Incorporation
2017 

Location
Anglikon (Switzerland) 

Website
vitrivia-med.com 

Stake Xlife
5,47% 



x-kidney diagnostics GmbH concentrates on the identification of innovative biomarkers in the field of kidney diseases.

Early diagnosis of kidney disease is crucial for its successful treatment and management. However, early diagnosis is hampered by the lack of early-stage biomarkers. Currently, clinically validated biomarkers are only detected when the kidney is already 50% damaged.

x-kidney diagnostics focuses on identifying new biomarkers through a proteome-based research approach in Alport syndrome, a glomerulonephropathy with well-defined animal models. Due to the comparable histopathogenesis of different glomerulonephropathies, Alport syndrome was used as a surrogate model.

In well characterized genetic animal models (mice and dogs) suffering from Alport syndrome, more than 100 differentially expressed proteins could be identified before the onset of the disease. The most promising biomarkers are being validated in a dataset of about 200 clinically well-described Alport syndrome patients with serum, plasma, and urine samples.

After the successful validation of the biomarkers in humans, the next step is to develop diagnostic tests for the early detection of kidney disease. The renal function testing market is expected to reach a global size of around USD 1.3 billion by 2026.

Incorporation 2019 

Location Erfurt (Germany) 

Website — 

Stake Xlife 100% 



x-nuclear diagnostics GmbH is researching technologies in the field of diagnostics for use in nuclear medicine.

In nuclear medicine diagnostics, patients are administered radioactive drugs that accumulate in different concentrations in human organs or tissues depending on their pharmacological properties, the so-called radiotracers. Due to their radioactivity, their temporal and spatial distribution in the body can be detected externally and made visible by suitable measuring devices.

The company is developing a liver-specific radiotracer for positron emission tomography (PET) diagnostics. The company's liver-specific radiotracer for PET diagnostics is at an early stage of development; its efficacy has been demonstrated in animal experiments (in ovo, with ostrich embryos).

This PET radiotracer has high potential for clinical use as it is expected to be less toxic than other radiodiagnostics and can also be used for metal-heavy implants (unlike existing tracers that cannot be used for metal implants). The rising incidence rate of cancer and neurological diseases worldwide is one of the key drivers for the PET radiotracer market, along with increasing research and development activities, growing government initiatives to support healthcare facilities, technological advances in nuclear imaging and increasing product approvals.

North America and Europe are expected to hold the largest market share of the global PET radiotracer market in the coming years, while it is expected to expand significantly in Asia Pacific, Latin America, and the Middle East and Africa.

Incorporation 2019 

Location Erfurt (Germany) 

Website — 

Stake Xlife 100% 



Xsight Optics GmbH has the goal of establishing itself as a new technology platform in the healthcare sector that focuses on the combination of optical measurement methods and artificial intelligence (AI).

Xsight Optics is currently developing optical sensors for the contactless measurement of health parameters in medical and health-related fields. The company's most important development product is a handheld electronic sensor for the contactless recording of health data.

This mobile sensor can derive various health parameters from optical infrared images through a clever combination of optical technology, microelectronics, and AI-based algorithms. For example, medical staff can capture heart rate, oxygen saturation, temperature, and respiratory rate from a safe distance without contact and transfer them directly to an electronic patient record.

Non-contact measurement methods are particularly important in interactions between people or groups of people, as was recently the COVID-19 pandemic. In addition, the use of the technology in other areas of application, such as the security, is being researched.

Currently, the project is in the preclinical phase, with a focus on prototype development.

The global market for fetal and neonatal monitors is expected to grow to around USD 6.5 billion by 2025. The fastest growing market is Asia-Pacific, and the largest market is North America.

Incorporation 2021 

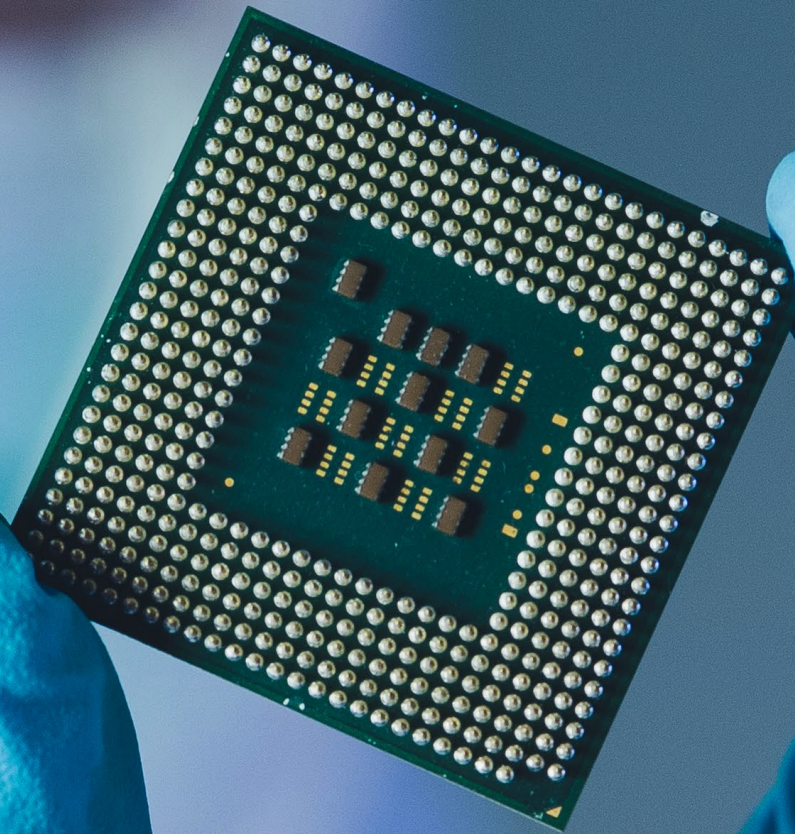
Location Erfurt (Germany) 

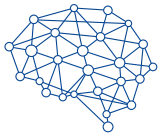
Website xsightoptics.com 

Stake Xlife 80% 



ARTIFICIAL INTELLIGENCE





FUSE-AI

FUSE-AI GmbH is an e-health company that aims to improve medical care with intelligent software solutions, i.e. AI-supported software, for radiology.

Ever tighter budgets in the health sector require the development of efficient and cost-effective technologies. Modern imaging techniques provide doctors with more information but are particularly costly and not always error-free.

Artificial intelligence (AI) and learning systems could offer a solution in the future. FUSE-AI is therefore developing solutions for the detection of various abnormalities in different imaging procedures. Using modern deep learning methods, the company develops systems for AI-supported medical image analysis and makes them available to the healthcare industry via AI platforms such as "Sherlog.ai".

In particular, FUSE-AI is developing AI-assisted software for radiology worldwide, for the diagnosis of the most common tumor diseases such as prostate, breast and lung cancer. "Prostate.Carcinoma.ai" is currently being developed for the diagnosis of prostate cancer and is in the certification processes for safety and efficacy in Europe and the USA.

The company is testing the software in a multi-center study in three Swiss hospitals: Kantonsspital Aarau, Ospedale Regionale di Bellinzona e Valli, and Universitätsspital Zürich. After completion of the study, the hospitals will be able to use the software for their patients.

After a positive conclusion of the study, the company intends to extend the software to other cancer indications.

The prostate cancer diagnostics market is expected to reach around USD 7.7 billion by 2027.

Incorporation
2017 

Location
Hamburg (Germany) 

Website
fuse-ai.de 

Stake Xlife
35% 



CORPORATE GOVERNANCE

This Corporate Governance Report contains information in accordance with the Directive on Information Relating to Corporate Governance issued by SIX Exchange Regulation.

During the reporting year, the Company was not yet listed on the SIX Swiss Exchange.

I GROUP STRUCTURE AND SHAREHOLDERS

A. Group Structure

Xlife Sciences AG (the **“Company”**) is a Swiss company acting as an incubator and accelerator focused on the value development and commercialization of promising research projects from universities and other research institutions in the life sciences sector, with the goal of providing solutions for high unmet medical needs and a better quality of life. The goal is to bridge research and development to healthcare markets. The company takes carefully selected projects in the four areas of technological platforms, biotech/therapies, medical technology and artificial intelligence/digital health to the next stage of development and participates in their subsequent value development.

The monitoring and promotion of the selected projects is carried out through the establishment of dedicated companies or through the participation in existing companies (the **“Project Companies”**, together with the Company the **“Group”**).

Xlife Sciences AG is the holding company of the Group. It holds majority or minority stakes in its Project Companies. The shares of the Company (ISIN CH046192960) were admitted to trading on the Munich Stock Exchange (unregulated market (Freiverkehr) in the m:access segment) during the reporting year. Trading on the Munich Stock Exchange was discontinued on February 10, 2022, prior to the listing on the SIX Swiss Exchange. Since February 11, 2022, the Company has been listed in Standard Sparks on the SIX Swiss Exchange.

As of December 31, 2021, the Company held shares in the following companies:

Project Company	Participation of Xlife Sciences AG (rounded)	Share capital/ common stock
Technological platforms		
Inventum Genetics GmbH, Mainz, Germany	100%	EUR 25.000,00
palleos healthcare GmbH, Wiesbaden, Germany	50%	EUR 40.000,00
Veraxa Biotech AG, Zurich, Switzerland	18.9% (not consolidated)	CHF 12.043.233,00
Biotechnology/Therapies		
alytas therapeutics GmbH, Jena, Germany	51%	EUR 25.000,00
inflamed pharma GmbH, Jena, Germany	75%	EUR 25.000,00
Ix Therapeutics GmbH, Hamburg, Germany	50%	EUR 25.000,00
Lysatpharma GmbH, Eisenberg, Germany	25.2% (not consolidated)	EUR 25.000,00
Panmabs GmbH, Mainz, Germany	35.2% (not consolidated)	EUR 75.000,00
QUADIRA BIOSCIENCES AG, Solothurn, Switzerland	50%	CHF 150.000,00
Synimmune Biotech AG,, Vaduz, Liechtenstein (formerly Synimmune Equity Ltd.)	37.4% (not consolidated)	CHF 50.000,00
xarma life sciences GmbH, Mainz, Germany	35.2% (not consolidated)	EUR 175.000,00
Medical technology		
Axenoll Life Sciences AG, Zurich, Switzerland	14% (not consolidated)	CHF 129.201,00
clyxop devices GmbH, Erfurt, Germany	70%	EUR 25.000,00
Laxxon Medical Corp., Nevada, United States of America	4.7% (not consolidated)	USD 27.635.483,00
Novum Technologie GmbH, Jena, Germany	66.6%	EUR 25.000,00
saniva diagnostics GmbH, Erfurt, Germany	19% (not consolidated)	EUR 25.000,00
VITRUVIA MEDICAL AG, Anglikon, Switzerland	5.5% (not consolidated)	CHF 1.827.757,00
x-kidney diagnostics GmbH, Erfurt, Germany	100%	EUR 25.000,00
x-nuclear diagnostics GmbH, Erfurt, Germany	100%	EUR 25.000,00
Xsight Optics GmbH, Erfurt, Germany	80%	EUR 25.000,00
Artificial intelligence/Digital health		
Fuse-AI GmbH, Hamburg, Germany	35% (not consolidated)	EUR 26.925,00

Only the shares of VITRUVIA MEDICAL AG are admitted to trading on the Munich Stock Exchange (Valor 46193141 / ISIN: CH0461931419, market capitalization as of December 31, 2021 of CHF 29,244,112.00). All other Project Companies are privately held.

In addition, the Company holds all shares in x-diagnostics GmbH, Zurich, Switzerland, a dormant company. The Company does not hold any shares in Baliopharm AG, Basel, Switzerland, but receives

16% of the net revenues generated by Baliopharm AG from the sale or licensing of its antibody atosimab. The royalties offset the Company's financial contribution of EUR 1.000.000,00 and CHF 700'000.00 to support Baliopharm's first human clinical trial.

As of January 3, 2022, the Company holds all shares in the newly incorporated xprot GmbH, Mainz, Germany, which at the time of its incorporation is still dormant.

B. Principal Shareholders

The following overview of the Company's shareholders within the meaning of Article 120 of the Financial Market Infrastructure Act ("FMIA") as of December 31, 2021, is based on the best knowledge of the Company.

Name of current shareholder	Number of shares / % of voting rights (rounded up) ¹	Acquisition positions for derivative holdings / % of voting rights (rounded up)	Total of acquisition positions / % of voting rights (rounded up)
David L. Deck Monaco, Principality of Monaco ²	1.292.233 / 25,54%	Convertible loan ³ with an aggregate principal amount of CHF 13.424.267,25 with 290,568 conversion rights, convertible into 290.568 shares / 5,7%. Convertible bond ⁴ with an aggregate principal amount of CHF 17.028.000 with 17.028 conversion rights, convertible into 681,120 shares / 13,4%. Total: 971.688 shares / 19,21%	2.263.921 / 44,75%
Gilbert Schöni Ras Al Khaimah, United Arab Emirates	1.154.315 / 22,82%	Convertible loan with an aggregate principal amount of CHF 13.424.267,25 with 290.568 conversion rights, convertible into 290.568 shares / 5,7%. Convertible bond with an aggregate principal amount of CHF 16.158.000 with 16.158 conversion rights, convertible into 646.320 shares / 12,77%. Total: 936.888 shares / 18,52%	2.091.203 / 41,33%
Oliver R. Baumann ⁵ Zumikon, Switzerland	318.300 / 6,29%	Convertible loan with an aggregate principal amount of CHF 3.324.640,50 with 71.961 conversion rights, convertible into 71.961 shares / 1,4%. Total: 71.961 shares / 1,4%	390.261 / 7,71%

¹ Based on the share capital of the Company of CHF 5.059.268,00, corresponding to 5.059.268 shares with a par value of CHF 1,00 each, registered in the Commercial Register of the Canton of Zurich on 31 December 2021.

² 1.292.233 shares are held by Vartex International LLC, Sharjah Media City, United Arab Emirates, Vartex Group AG, Stetten, Switzerland and Vartex Asset Management Corp, Majuro, Marshall Islands. The sole shareholder of Vartex International LLC, Vartex Group AG and Vartex Asset Management Corp. is David L. Deck.

³ The convertible loans consist of several loans with an aggregate principal amount of CHF 30.173.175,00 and a maturity date of 5 years after their granting on December 20, 2021, December 22, 2021 and January 3, 2022, respectively, and an interest rate of 0,25%. The conversion price is CHF 46,20. The conversion rights may not be exercised for a period of 13 months after the granting of the loan and are subject to the creation of sufficient conditional share capital by the Company's general meeting. For more details see below section II F. Convertible bond and convertible loan.

⁴ Convertible bond (ISIN: DE000A2SA7M1). For more details see below section II F. Convertible bond and convertible loan.

⁵ The shares are held directly by Oliver R. Baumann and indirectly by Akira Holding AG, Zumikon, Switzerland, which is fully owned by Oliver R. Baumann.

C. Treasury Shares, Cross-Shareholdings

As of December 31, 2021, the Company held no treasury shares.

As of December 31, 2021, the Company had no cross-shareholdings outside the Group exceeding 5%.

II CAPITAL STRUCTURE

A. Ordinary Share Capital

The ordinary share capital of the Company, which was registered in the Commercial Register of the Canton of Zurich on December 31, 2021, amounted to CHF 5.059.268,00, consisting of 5.059.268 registered shares with a par value of CHF 1,00 each.

B. Authorized and Conditional Share Capital

1 Authorized Share Capital

As of December 31, 2021, the Company had authorized share capital in the amount of CHF 1.500.000,00, consisting of 1.500.000 shares, corresponding to 29,65% of the Company's share capital as of December 31, 2021. The Board of Directors is authorized to increase the share capital of the Company accordingly by June 16, 2022 at the latest. It shall determine the date of issue of the new shares, their issue price, the method of payment, the conditions for exercising subscription rights and the commencement of dividend entitlement. Under certain circumstances, it is entitled to exclude the shareholders' subscription rights and to allocate them to third parties. For the exact wording of the conditions, reference is made to the articles of association of the Company (the "Articles of Association") (Article 3f), which can be downloaded at https://uploads-ssl.webflow.com/5e7cc96730a75be768d3b46f/6246c1f4b0a241156333fedf_20220308_Xlife%20Sciences%20AG_Statuten.pdf

2 Conditional Share Capital

As of December 31, 2021, the Company had conditional share capital in the amount of CHF 1.811.866,00, consisting of 1.811.866 shares, corresponding to 35.81% of the Company's share capital as of December 31, 2021.

The conditional share capital is composed as follows:

- CHF 310.152,00 for the issuance of a maximum of 310.152 employee shares (corresponding to 6,13% of the Company's share capital as of December 31, 2021); the employee shares will be issued in accordance with the company's employee participation plan; shareholders' subscription rights will be excluded.

- CHF 1.501.714,00 for the issue of a maximum of 1.501.714 shares as a result of the exercise of conversion or option rights by the creditors of convertible bonds or option bonds of the Company or its subsidiaries (corresponding to 29,68% of the Company's share capital as of December 31, 2021); the option and conversion conditions are to be determined by the Board of Directors; shareholders' subscription rights will be excluded.

For the exact wording of the conditions, reference is made to the Articles of Association of the Company (Articles 3c and 3d), which can be downloaded at https://uploads-ssl.webflow.com/5e7cc96730a75be768d3b46f/6246c1f4b0a241156333fedf_20220308_Xlife%20Sciences%20AG_Statuten.pdf

C. Changes in Capital

1 Fiscal Year 2019

In fiscal year 2019, the Company carried out the following share capital increases:

- On March 4, 2019, the Company increased its share capital from CHF 3.350.000,00 to CHF 3.424.400,00 by issuing 74.400 shares from its authorized share capital.
- On March 21, 2019, the Company increased its share capital from CHF 3.424.400,00 to CHF 3.559.288,00 by issuing 134.888 shares from its authorized share capital.
- On May 15, 2019, the Company increased its share capital from CHF 3.559.288,00 to CHF 3.610.988,00 by issuing 51.700 shares from its authorized share capital.
- On June 7, 2019, the Company increased its share capital from CHF 3.610.988,00 to CHF 3.663.988,00 by issuing 53.000 shares from its authorized share capital.
- On September 18, 2019, the Company increased its share capital from CHF 3.663.988,00 to CHF 3.712.158,00 by issuing 48.170 shares from its authorized share capital.
- On October 22, the Company increased its share capital from CHF 3.712.158,00 to CHF 3.729.253,00 by issuing 17.095 shares from its conditional share capital.
- On December 11, 2019, the Company increased its share capital from CHF 3.729.253,00 to

CHF 3,761,753.00 by issuing 32,500 shares from its authorized share capital.

2 Fiscal Year 2020

In fiscal year 2020, the Company carried out the following share capital increases:

- On January 14, 2020, the Company increased its share capital from CHF 3.761.753,00 to CHF 3.762.753,00 by issuing 1.000 shares from its authorized share capital.
- On May 5, 2020, the Company increased its share capital from CHF 3.762.753,00 to CHF 3.792.346,00 by issuing 8.093 shares from its conditional share capital and 21.500 shares from its authorized share capital.
- On October 1, 2020, the Company increased its share capital from CHF 3.792.346,00 to CHF 3.869.264,00 by issuing 36.920 shares from its conditional share capital and 39.998 shares from its authorized share capital.
- On November 19, 2020, the Company increased its capital from CHF 3.869.264,00 to CHF 4.086.144 by issuing 114.360 shares from its conditional share capital and 102.520 shares from its authorized share capital.
- On November 27, 2020, the Company increased its share capital from CHF 4.086.144 to CHF 4.157.004,00 by issuing 70.860 shares from its authorized share capital.
- On December 23, 2020, the Company increased its share capital from CHF 4.157.004,00 to CHF 4.170.504,00 by issuing 13.500 shares from its authorized share capital.
- On April 13, 2021, the Company increased its share capital from CHF 4.529.424,00 to CHF 4.582.124,00 by issuing 52.700 shares from its conditional share capital.
- On May 11, 2021, the Company increased its share capital from CHF 4.582.124,00 to CHF 4.652.783,00 by issuing 41.979 shares from its authorized share capital and 28.680 shares from its conditional share capital.
- On June 8, 2021, the Company increased its share capital from CHF 4.652.783,00 to CHF 4.811.723,00 by issuing 56.300 shares from its authorized share capital and 102.640 shares from its conditional share capital.
- On June 21, 2021, the Company increased its share capital from CHF 4.811.723,00 to CHF 4.854.151,00 by issuing 12.308 shares from its authorized share capital and 30.120 shares from its conditional share capital.
- On June 29, 2021, the Company increased its share capital from CHF 4.854.151,00 to CHF 4.894.151,00 by issuing 40.000 shares from its authorized share capital against contribution in kind consisting of shares in palleos healthcare GmbH in the amount of EUR 5.000,00.
- On July 29, 2021, the Company increased its share capital from CHF 4.894.151,00 to CHF 4.958.148,00 by issuing 3.500 shares from its authorized share capital and 65.080 shares from its conditional share capital. A correction was made at the same time to the authorized share capital increase of June 21, 2021, in which only 7.725 shares were effectively issued rather than 12.308.
- On August 12, 2021, the Company increased its share capital from CHF 4.958.148,00 to CHF 5.028.428,00 by issuing 70.280 shares from its conditional share capital.
- On November 30, 2021, the Company increased its share capital from CHF 5.028.428,00 to CHF 5.059.268,00 by issuing 30.840 shares from its conditional share capital.

3 Fiscal Year 2021

In fiscal year 2021, the Company carried out the following share capital increases:

- On January 29, 2021, the Company increased its share capital from CHF 4.170.504,00 to CHF 4.324.104,00 by issuing 153.600 shares from its conditional share capital.
- On March 16, 2021, the Company increased its share capital from CHF 4.324.104,00 to CHF 4.529.424,00 by issuing 45.600 shares from its authorized share capital and 159.720 shares from its conditional share capital.

4 Changes in Capital after December 31, 2021

On January 25, 2022, the Company increased its share capital from CHF 5.059.268,00 to CHF 5.199.123,00 by issuing 139.855 shares, 31.360 from its conditional share capital in connection with the conversion of the outstanding convertible bond and 108.495 from its authorized share capital.

On February 25, 2022, the Company increased its share capital from CHF 5.199.123,00 to CHF 5.265.723,00 by issuing 66.600 shares from its conditional share capital.

On April 11, 2022, the Company increased its share capital from CHF 5.265.723,00 to CHF 5.283.723,00 by issuing 18.000 shares from its conditional share capital.

D. Shares, Participation Certificates and Profit-Sharing Certificates

The shares of the Company are registered shares with a nominal value of CHF 1.00 each and are fully paid-in. Each share entitles the holder to one vote at the general meeting. The shares rank *pari passu* with each other in all respects.

The Company has issued its shares as uncertificated securities pursuant to Article 973c of the Swiss Code of Obligations ("**CO**"). Pursuant to Article 973c CO, the Company maintains a register of uncertificated securities.

The shares are registered in the main register of SIX SIS AG and are consequently book-entry securities within the meaning of the Federal Intermediated Securities Act ("**FISA**").

The Company has issued neither participation certificates nor profit-sharing certificates.

E. Limitations on Transferability and Nominee Registrations

The Company's Articles of Association do not contain any restrictions on the transfer of shares.

F. Convertible Bond and Convertible Loans

In December 2019, the Company issued an unsecured convertible bond in the aggregate principal amount of CHF 56.000.000,00 with a maturity date of June 30, 2029 and an interest rate of 0,25% (ISIN: DE000A2SA7M1). The initial conversion price is set at CHF 25.00 per share. As of December 31, 2021, the convertible bond in the amount of CHF 36.493.000,00 was outstanding, which can be converted into 1.459.720 shares corresponding to almost 30% of the share capital of the Company as of December 31, 2021. As of March 25, 2022, convertible bonds in the amount of CHF 35.093.850,00 were outstanding, which can be converted into 1.403.755 shares.

In addition, in December 2021 and January 2022, in connection with the acquisition of additional equity stakes in some of its Project Companies (alytas therapeutics GmbH, Lysatpharma GmbH, saniva diagnostics GmbH and Axenoll Life Sciences AG), the Company entered into several convertible loan agreements with the shareholders of the respective Project Companies in the aggregate principal amount of CHF 30.173.175,00, which can be converted into 653.097 shares corresponding to approximately 13% of the share capital of the Company as of December 31, 2021, and which will mature five years after the loans are granted. The interest rate is 0,25% and the conversion price was fixed at CHF 46,20. The conversion rights may not be exercised for a period of 13 months after the granting of the loan and are subject to the creation of sufficient conditional share capital by the general meeting of the Company.

For details on the shareholders holding the above-described convertible bonds and convertible loans see section B. *Principal Shareholders* above, page 42.

Company Leadership

Board of Directors



Dr. Bernhard Scholz
Chairman of the Board
of Directors



Oliver R. Baumann
Chief Executive Officer
Member of the Board of
Directors



**Prof. Dr. habil.
Michael B. Klein**
Member of the Board
of Directors and
Head of Advisory Board



Christian Faber
Member of the Board
of Directors



Mark S. Müller
Member of the Board
of Directors



Simon Schöni
Member of the Board
of Directors

Management



Oliver R. Baumann
Chief Executive Officer
Member of the Board of
Directors



Carl von Halem
Chief Financial Officer



Dr. Frank Plöger
Chief Scientific Officer



Beat Kläui
Head of Accounting
and Taxation

Advisory Board



**Prof. Dr. habil.
Michael B. Klein**
Member of the Board
of Directors and
Head of Advisory Board



**Prof. Dr. Ernst Th.
Rietschel**
Immunology Expert



**Prof. Dr. Hans-Georg
Rammensee**
Immunology Expert



**Prof. Dr. Johannes
Schumacher**
Human Genetics Expert



**Dr. sc. Nat. ETH Ing. Biotech
Christian H. Leist**
Expert Cell Culture Technology



Dr. med. Ralf Oettmeier
Head Physician at
Alpstein Clinic



**Dr. med. Uwe Rudolf
Max Reuter, DM**
Head Physician at
Klinik Im Leben



Petra Wagner
Industry Expert,
Retired member of the
Austrian National Council



**Dr. rer. nat. Ludger
Grosse Hovest**
Expert in Immunology
and Antibodies



Dr. Christoph Brücher
Industry Expert



Rainer Schnetzer
Industry Expert

III BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT, ADVISORY BOARD

A. Board of Directors

1. Composition and members

The Company's Articles of Association require that the Board of Directors of the Company ("**Board of Directors**" or "**BoD**") consists of at least three members. Currently, the Board of Directors consists of six members.

The Board of Directors consists of the following members:

Name	Position	Executive / Non-executive	Other memberships in committees	on the BoD since	mandate in the BoD expires
Dr. Bernhard Scholz	Chairman	Non-executive	–	2019	AGM 2022
Simon Schöni	Member	Non-executive	Member of the Compensation Committee	2018	AGM 2022
Christian Faber	Member	Non-executive	Member of the Compensation Committee	2019	AGM 2022
Dr. Michael B. Klein	Member	Non-executive	–	2019	AGM 2022
Mark S. Müller	Member	Non-executive	Chairman of the Compensation Committee	2018	AGM 2022
Oliver R. Baumann	Member and CEO	Executive	–	2020	AGM 2022

At last year's annual general meeting ("AGM") on May 11, 2021, all six members were re-elected for a one-year term of office.

Non-executive members of the Board of Directors who have never belonged to the Executive Management or belonged to the Executive Management more than three years ago and who have no or only relatively minor business relations with the Company are deemed to be independent. In the case of cross-seats on boards of directors, independence must be carefully examined on a case-by-case basis. The Board of Directors may determine further criteria of independence in institutional, financial or personal terms.

According to the explained criteria, the members of the Board of Directors are considered independent except for Oliver R. Baumann.

Dr. Bernhard Scholz

Dr. Bernhard Scholz is a German citizen. After studying economics and philosophy and working as a research assistant, Dr. Scholz worked as an independent consultant. Since 1991, he has held various positions in banks, initially focusing on organization/IT and later on real estate finance.

From 2004 to 2009, Dr. Scholz was a member of the board of directors of Münchener Hypothekenbank e.G. and from 2010 to 2017 member of the board of directors of pbb Deutsche Pfandbriefbank AG. Since 2017, he has been working as an independent consultant and holds several mandates in the fields of finance and real estate.

On September 12, 2019, Dr. Bernhard Scholz was appointed chairman of the Board of Directors of the Company.

Simon Schöni

Simon Schöni is a Swiss citizen and has been a member of the Board of Directors since the incorporation of the Company. His background lies in the construction industry as a project manager for constructions above ground. He completed his studies as a federal construction manager in 2014. He led several construction projects from cost estimation to key handover, including complex projects for the Center for Dentistry and the Swiss National Bank. Simon Schöni gained more than eight years of investment experience and joined a Swiss tech startup as CFO in September 2019. Simon Schöni is the son of co-founder Gilbert E. Schöni.

On October 25, 2018, Simon Schöni was appointed as a member of the Board of Directors of the Company.

Christian Faber

Christian Faber is a German citizen. He is an attorney at law and advises financial institutions, companies from the trade finance industry and small to medium-sized enterprises in the field of commercial and corporate law as well as banking and capital markets law. Christian Faber advises holding companies and investors on corporate finance structures and investment law. He is Managing Partner (CFO) of Bette Westenberger Brink, holds several legal advisory mandates and is MaRisk Compliance Officer at various financial institutions. On September 12, 2019, Christian Faber was appointed as a member of the Board of Directors of the Company.

In addition, Christian Faber is Chief Compliance Officer (“**CCO**”) of Xlife Sciences AG. He has ties of interest to the Group through the engagement in corporate matters such as start-ups, joint venture agreements and license agreements. Christian Faber is also managing director or co-managing director of the following companies: Inventum Genetics GmbH, alytas therapeutics GmbH, inflamed pharma GmbH, Lysatpharma GmbH, panmabs GmbH, xarma life sciences GmbH, xprot GmbH, clyxop devices GmbH, saniva diagnostics GmbH, x-kidney diagnostics GmbH, x-nuclear diagnostics GmbH, Xsight Optics GmbH. He assists the respective companies with business management issues and process orientation. Christian Faber also provides the direct link to Xlife Sciences AG.

Prof. Dr. habil. Michael B. Klein

Prof. Dr. habil. Michael B. Klein is a German citizen. After studying history, economic history, political science and communication science in Bamberg/Germany, Erlangen/Germany, Norwich/England and Dijon/France, Prof. Dr. habil. Michael B. Klein took up a teaching position at the University of Bamberg. From 1996 to 1998 he worked as a research assistant at the German Bundestag in Bonn and Berlin. In 1999 Prof. Klein joined the science management of the Leibniz Association, based in Bonn, which appointed him its first Secretary General in 2006. During this time, he

habilitated at the University of the Federal Armed Forces in Munich in 2005 and was appointed as a private lecturer first at the University of the Federal Armed Forces in Munich and then at the University of Bonn in 2007. Since 2013, Prof. Klein has held an adjunct professorship at the Technical University of Berlin with a focus on the history of science and technology and, since 2020, a visiting professorship for innovation and technology management at the HWR - Berlin School of Economics and Law. In 2017 and 2018, he worked for Robert Bosch GmbH in Stuttgart and Berlin and was head of the central department “External Affairs, Government and Political Relations”.

On September 12, 2019, Prof. Dr. habil. Michael B. Klein was appointed as a member of the Company's Board of Directors. He is also the chairman of the Advisory Board.

Mark S. Müller

Mark S. Müller is a Swiss citizen who gained 20 years of experience in the financial services industry at LGT Bank AG. He was mainly responsible for serving high net worth clients. From 2009 to 2015, he was responsible for the business development of LGT's subsidiary in Zurich as a representative of the Swiss Financial Market Supervisory Authority FINMA. Since September 2015, Mark S. Müller has been independently managing wealthy clients. With RRB Unternehmensberatung AG, Mark S. Müller focuses on a multifamily office approach. His consulting services cover the areas of asset management, wealth management and structuring. He performs the function of foundation board member, member of the board of directors and client advisor. Mark S. Müller has a broad network in the financial services industry in Switzerland. He is also actively involved in political consulting and the promotion of Switzerland as a business location. On October 25, 2018, Mark S. Müller was appointed as a member of the Board of Directors of the Company. He is also a member of the board of directors of Synimmune Biotech AG (formerly Synimmune Equity Ltd).

Oliver R. Baumann

See section B. *Executive Management*.

2. Number of permissible mandates

The Articles of Association of the Company provide that a member of the Board of Directors may hold no more than the following number of other external mandates:

- Up to ten mandates in companies, of which up to five in listed companies;
- Up to ten mandates in foundations, associations, charitable organizations and similar institutions. Mandates within the meaning of this provision are mandates in the upper management or administrative bodies or in an advisory board of legal entities which are obliged to be entered in the Commercial Register or in a corresponding foreign register.

Mandates in different legal entities of one and the same group, in interconnected companies or by order of the Company (including mandates in Project Companies in which the Company holds a majority or minority interest) do not count as separate mandates. A short-term exceeding of the above limitations is permissible.

3. Election and term of office

The members of the Board of Directors and the chairman of the Board of Directors are elected annually by the annual general meeting. Their term of office corresponds to the maximum term of one year permitted by law and ends at the close of the next annual general meeting. Re-election is possible. If the office of chairman of the Board of Directors is vacant, the Board of Directors shall appoint a chairman from among its members for the remaining term of office.

4. Tasks

The Board of Directors may pass resolutions on all matters that are not assigned to the general meeting by law or by the Articles of Association. It has the following non-transferable and inalienable duties:

- the overall management of the Company and the issuance of the necessary directives;
- the determination of the organization;
- the structuring of the accounting system, financial control and financial planning;
- the appointment and removal of the persons

entrusted with the management and representation of the Company;

- the ultimate supervision of the persons entrusted with the management, in particular with regard to compliance with the law, the Articles of Association, regulations and directives;
- the preparation of the annual report as well as the preparation of the general meeting and the execution of its resolutions;
- the notification of the court in case of over-indebtedness.

In addition, the Board of Directors is responsible for the following tasks:

- Overall supervision of strategic decisions;
- inclusion of project companies;
- the overall concept of supervision and compliance.

The Board of Directors has delegated the management to the Executive Management as described under section III. A. 6. *Division of responsibilities between the Board of Directors and the Executive Management, duties to provide information and supervision*, page 51.

5. Internal organization and mode of operation

With the exception of the election of the chairman of the Board of Directors and the members of the Compensation Committee by the annual general meeting, the Board of Directors constitutes itself.

The Board of Directors meets as often as business requires, but at least four times a year. Any member of the Board of Directors may request the chairman to convene a meeting without delay, stating the reasons.

In order to pass resolutions, at least a majority of the members of the Board of Directors must be present, unless the Articles of Association provide otherwise. For resolutions in connection with capital increases, the Board of Directors constitutes a quorum even if only one member is present. If a quorum is present, resolutions shall be passed by a majority of the votes cast, unless otherwise required by law. Abstentions shall be deemed to be votes not cast. In the event of a tie, the chairman shall have the casting vote. Resolutions of the

Board of Directors may also be passed by circular letter, provided that no member of the Board of Directors requests oral deliberation to the chairman or the secretary (in writing, including by e-mail).

In 2021, a total of 13 meetings of the Board of Directors of approximately 1.5 hours were held. Whenever necessary, guests from Management or from the Advisory Board were invited to the meetings.

6. Division of responsibilities between the Board of Directors and the Executive Management, duties to provide information and supervision

The Board of Directors has delegated the management of the Company in accordance with the Company's organizational regulations ("Organizational Regulations") to the Executive Management under the leadership of the CEO. The CEO and the other members of the Executive Management are appointed by the Board of Directors. The Board of Directors assigns them their tasks and defines their powers in a competence regulation:

- responsibility for compliance with the business policy and strategy, the budgets and the organizational regulations;
- information of the Board of Directors at each meeting about the current course of business, significant management and business issues, and any other extraordinary events, such as deviations from budgets and plans and their effects;
- the representation of the Company, including dealings with authorities, the media, shareholders, investors, associations, trade unions, etc., public relations in general, insofar as these duties are not reserved for or performed by the Chairman of the Board of Directors or the CEO;
- the proper keeping of accounts and the fulfillment of the specified monthly, semi-annual and annual reporting obligations;
- financial planning and cash management;
- ensurance and guarantee of an effective internal control and information system, as well as the maintenance of an effective controlling system that must cover all subsidiaries;
- risk management; the Company, pursuing a progressive-conservative, and long-term oriented policy;

- guarantee of compliance with applicable laws and regulations, professional standards, internal regulations and the directives and guidelines of the Board of Directors;
- human resources planning and recruitment and, in a broader sense, human resources policy, including its human and social aspects;
- environmental issues; the development of proposals for measures to improve performance and processes;
- preparation of the basis for decision-making by the Board of Directors regarding business strategy and short- and medium-term corporate planning, and the preparation of proposals to the Board of Directors for business to be discussed and decided by the Board of Directors.

The Executive Management shall assume full responsibility for the management of the Company, unless the law, the Articles of Association or the Organizational Regulations provide otherwise. In particular, the Board of Directors remains responsible for the overall management and the supervision and control of the management. It issues guidelines for the business policy and is regularly informed about the course of business.

In addition, the Executive Management prepares the decision-making basis for the Board of Directors with regard to business strategy and short- and medium-term corporate planning, and prepares the proposals to the Board of Directors for the business matters to be discussed and decided by the Board of Directors.

The Executive Management regularly, at least quarterly, informs the Board of Directors about the general course of business and special events, as well as, if required and requested, about individual transactions and decisions it has taken. In this regard, the Executive Management must provide all information to the chairman of the Board of Directors. This is primarily done via the CEO on the occasion of the meetings of the Board of Directors, if necessary also in between. Extraordinary events are reported immediately to all members of the Board of Directors by each member of the Executive Management.

Each member of the Board of Directors may request information on all matters concerning the Company. The members of the Executive Management are obliged to provide information, as are all members of the Board of Directors; with the authorization of the chairman of the Board of Directors, they are also obliged to provide information on individual transactions. To the extent necessary, any member of the Board of Directors may also request that books and records be presented to him.

7. Committees of the Board of Directors

The Company has a Compensation Committee and, as of 28 April 2022, an Audit and Risk Management Committee. The Board of Directors may form further committees. The committees primarily have a preliminary advisory function and help the Board of Directors to organize its activities efficiently and to make prompt, well-informed decisions. The chairman of the Board of Directors may not chair a committee at the same time.

a) Compensation Committee

As required by law, the Board of Directors of the Company forms a Compensation Committee. This consists of two or more non-executive and independent members of the Board of Directors within the meaning of the Swiss Code of Best Practice for Corporate Governance. The annual general meeting elects the members of the Compensation Committee individually for a term of office until the conclusion of the next annual general meeting. Re-election is permitted. The chairman of the Compensation Committee is appointed by the Board of Directors. He/she may not be chairman of the Board of Directors at the same time.

The Compensation Committee shall meet as often as necessary, but at least twice a year, or at the request of one of its members. The Compensation Committee may invite members of the Executive Management or third parties to attend meetings and allow them to provide relevant information.

The tasks of the Compensation Committee are mainly set out in Article 17 of the Articles of Association. The Compensation Committee is charged with (i) assisting the Board of Directors in fulfilling its duties and discharging the Board of Directors' responsibilities with respect to the determination and review of the Group's compensation strategy and the preparation of proposals for the attention of the annual general meeting regarding the compensation of the members of the Board of Directors and the Executive Management of the Company and (ii) fulfilling other duties as set forth in the Articles of Association of the Company. The duties of the Compensation Committee further include in particular:

- Issuing and reviewing the compensation policy and performance criteria, as well as periodically reviewing their implementation and submitting proposals and recommendations to the Board of Directors, also with regard to compliance with applicable laws;
- Preparing the proposals of the Board of Directors to the annual general meeting regarding the compensation of the Board of Directors and the Executive Management;
- determining the principles and design of compensation plans, long-term incentive and shareholding plans, pension arrangements and other benefits for the Executive Management, including reviewing the terms and conditions of contracts with members of the Executive Management, and, if necessary, submitting adjustments to the Board of Directors for approval;
- For each performance period, preparing proposals for the attention of the Board of Directors on the compensation of each member of the Board of Directors and the Executive Management, including the type and amount of annual compensation (within the limits of the amounts approved by the annual general meeting);
- Submitting proposals to the Board of Directors on the recipients of performance-related and/or long-term incentive compensation and submitting proposals to the Board of Directors on the setting of (annual) targets for the performance-related and/or long-term incentive compensation;
- Reviewing the compensation report and submitting it to the Board of Directors for approval.

The Compensation Committee is an advisory and preparatory body that has no decision-making authority.

The Board of Directors may entrust the Compensation Committee with additional tasks in related areas. The Compensation Committee shall have the authority to conduct or authorize investigations into any matter within the scope of its duties and responsibilities.

The chairman of the Compensation Committee shall ensure that the chairman of the Board of Directors and the Board of Directors are informed in a timely and appropriate manner of material matters requiring their attention. The chairman of the Compensation Committee (in person or through another member of the Compensation Committee) shall regularly report to the Board of Directors at its meetings on the ongoing activities and important matters of Compensation Committee.

In 2021, a total of 2 Compensation Committee meetings of a approximately 1.5 hours were held.

b) Audit and Risk Committee

During the reporting year, the Company did not have an Audit and Risk Committee. However, as of 28 April 2022, the Board of Directors of the Company shall also form an Audit and Risk Committee, which shall consist of at least three members of the Board of Directors. The members of the Audit and Risk Committee shall be elected by the Board of Directors and their majority shall be independent. The mission of the Audit and Risk Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to (i) the integrity of the Company's financial statements and financial reporting process, (ii) the Company's compliance with legal, regulatory and compliance requirements, (iii) the system of internal controls, and (iv) the audit process.

B. Executive Management

1. Composition and members

The Executive Management consists of the following members:

Name	Position	In the Executive Board since
Executive Management		
Oliver R. Baumann	CEO	2019
Senior Management		
Carl von Halem	CFO	2021
Frank Plöger	CSO	2020
Beat Kläui	Head Accounting and Taxation	2019

Oliver R. Baumann

Oliver R. Baumann is a Swiss citizen. He graduated from the Business School Zurich and subsequently furthered his education at the Höhere Fachschule in Banking & Finance. Oliver R. Baumann started his career at Credit Suisse, where he focused on investment advisory and trading for institutional investors in various asset classes and sectors such as biotech and medtech, and subsequently worked for ten years in various management positions, including CEO at Sloan Assetmanagement AG / Belvoir Wealth Management AG. In addition, he accompanied various startups and founders from the life science sector with his expertise. Oliver R. Baumann joined the company in July 2019, where he currently serves as CEO and member of the Board of Directors.

On June 17, 2020, Oliver R. Baumann was appointed as a member of the Board of Directors in addition to his role as CEO. In addition to his position within the Company, he is a member of the Board of Directors of Pecunia Solutions AG as well as of some Project Companies.

Oliver R. Baumann has ties of interest to the Group as a significant shareholder (7%) of Xlife Sciences AG and through the granting of convertible loans to the Company (see section II F. Convertible bond and convertible loans). He is also a member of the Board of Directors of Veraxa Biotech AG and holds interests in the following Project Companies: alytas therapeutics GmbH, Axenoll Life Sciences AG, Lysatpharma GmbH und saniva diagnostics GmbH.

Carl von Halem

Carl Ferdinand von Halem is a German citizen. He studied economics at the Technical University of Berlin and graduated as Diplom-Volkswirt (Master). Carl von Halem has experience in management consulting, renewable energy and the finance industry. In the last 5 years, Carl von Halem was co-founder and Chief Operating Officer of the Munich-based FinTech company CommneX GmbH. CommneX's digital tendering and matchmaking platform brings together financial projects of municipalities, public corporations and municipal-related companies with financial partners such as banks, insurance companies and institutional investors.

On 1 December 2021, Carl von Halem joined the Company as Chief Financial Officer ("CFO").

Dr. Frank Plöger

Dr. Frank Plöger is a German citizen. He studied biology in Mainz and obtained his doctorate in Alzheimer's research at Boehringer Ingelheim. After his postdoctoral period at the Center for Molecular Neurobiology Hamburg, Dr. Frank Plöger worked in various biotechnology and pharmaceutical companies, including Aventis, Biopharm GmbH, Sandoz/Hexal and Evonik AG. He is a certified project manager and has been working in research & development, business development and patent management for more than 20 years.

On November 1, 2020, Dr. Frank Plöger joined the Company as Chief Scientific Officer ("CSO"). In addition, Dr. Frank Plöger is a member of the Board of Directors of Axenoll Life Sciences AG, co-managing director of Lysatpharma GmbH and co-managing director of xprot GmbH.

Beat Kläui

Beat Kläui is a Swiss citizen. He studied economics at the University of St. Gallen and graduated as lic. oec. (Lizenziat für Wirtschaftswissenschaften). Beat Kläui worked as an auditor at Ernst & Young for over 12 years. He is a licensed audit expert. For the past 10 years, Beat Kläui has been the owner of Re-Vision Treuhand GmbH, a small auditing, accounting and tax consulting firm providing

services to boards of directors and chief financial officers.

On January 1, 2019, Beat Kläui was appointed CFO of the company. With the election of Carl von Halem as CFO in 2021, he was appointed Head of Accounting and Taxation.

2. Number of permissible mandates

The Articles of Association of the Company provide that a member of the Executive Management may hold no more than the following number of other external mandates:

- Up to four mandates in companies, of which up to two in listed companies;
- Up to four mandates in foundations, associations, charitable organizations and similar institutions. Mandates within the meaning of this provision are mandates in the supreme management or administrative bodies or in an advisory board of legal entities that are obliged to be entered in the Commercial Register or in a corresponding foreign register.

Mandates in different legal entities of one and the same group, in interconnected companies or by order of the Company (including mandates in Project Companies in which the Company holds a majority or minority interest) do not count as separate mandates. A short-term exceeding of the above limitations is permissible.

3. Tasks

The Executive Management is responsible for managing the Company in accordance with the instructions of the Board of Directors. It performs all management tasks that are not reserved for the Board of Directors by law, the Articles of Association or the Organizational Regulations. The Executive Management decides in matters assigned to it at its own discretion, unless the Board of Directors has reserved the decision or approval.

The CEO is the highest executive officer of the Company and is responsible and accountable for the management and performance of the Company. In particular, the CEO shall implement the Company's strategy and the decisions made

by the Board of Directors and the Committees, monitor and evaluate the Company's progress against its objectives and budget, and manage and coordinate day-to-day operations.

The CFO is the chief financial officer of the Company. He is responsible for finance and accounting, financing and insurance matters, as well as any other task assigned to him by the Board of Directors.

The CSO supports the Project Companies in the preparation and execution of their preclinical and clinical development plan and takes care of appropriate intellectual property protection. The CSO also handles communication between the Project Companies and the Board of Directors and reports to the Board of Directors on the status and progress of each Project Company, where he is supported by the Advisory Board.

The Head of Accounting and Taxation is responsible for accounting and tax accounting of the Company. In 2021, a total of 24 meetings of the Executive Management of approximately 1.5 hours were held.

4. Management contracts

The Company has not entered into any management contracts under which its management or any part thereof is delegated to a third party.

C. Advisory Board

1. Composition and members

The Company has appointed several experts, which are collectively referred to as the Advisory Board.

The current members of the Advisory Board are

- Prof. Dr. habil. Michael B. Klein (chairman);
- Prof. Dr. Ernst Th. Rietschel;
- Prof. Dr. Hans-Georg Rammensee;
- Prof. Dr. Johannes Schumacher;
- Dr. sc. Nat. ETH Ing. Biotech Christian H. Leist;
- Dr. med. Ralf Oettmeier;
- Dr. med. Uwe Rudolf Max Reuter;
- Petra Wagner;
- Dr. rer. nat. Ludger Grosse-Hovest;
- Dr. Christoph Brücher;
- Rainer Schnetzer.

Prof. Dr. habil. Michael B. Klein

Prof. Dr. habil. Michael B. Klein is a member of the Company's Board of Directors and chairman of the Advisory Board. See above under III A.1. *Composition and members.*

Prof. Dr. Ernst Th. Rietschel

Advisory Board member and expert in immunology, Ernst Theodor Rietschel received his PhD in 1971 and his habilitation in 1978 both in Freiburg. As a postdoc, Rietschel went to the University of Minnesota in the USA. He then continued his work at the Max Planck Institute for Immunobiology in Freiburg. In 1980, he became a professor at the University of Lübeck; until 2005, he was director at the Research Center Borstel. From 2005 to 2010 he was president of the Leibniz Association, and from 2013 to 2015 he was chairman of the board of the Berlin Institute of Health. Ernst Rietschel has received numerous awards, including the "Ordre pour le Merite" of the Republic of France, the Aronson Prize of the Senate of Berlin, the Federal Cross of Merit first class and honorary doctorate for Medicine from the Universities of Lausanne and Lübeck. He is a member and honorary member of numerous scientific societies, including the Leopoldina and acatech.

Prof. Dr. Hans-Georg Rammensee

Professor Dr. Hans-Georg Rammensee is known worldwide in the field of immunology. He is co-editor of several journals and has received various honors for his research. In addition, he has supported numerous companies with his knowledge and accompanied three spin-off companies from his department. Among them there is also a so-called unicorn. This is the name given to young companies with a market value of over one billion dollars. The companies immatics biotechnologies GmbH, CureVac AG and Synimmune GmbH still have strong personal ties to their foster father and are very grateful for his support. Professor Rammensee is honored for "excellent technology transfer Neckar-Alb" (*exzellenten Technologietransfer Neckar-Alb*) due to these merits and further, almost innumerable cooperation projects.

Prof. Dr. Johannes Schumacher

The scientific focus of Professor Dr. Johannes Schumacher is the elucidation of the genetic causes of multifactorial diseases. The focus of his work is neuropsychiatric, oncological and immunological diseases as well as congenital malformations. After completing his medical studies at the Justus Liebig University in Giessen, Prof. Schumacher worked for many years as a scientist at the Institute of Human Genetics at the University of Bonn and at the National Institute of Health in Bethesda. Due to his research achievements, he won the Ziskind-Sommerfeld Research Award of the Society of Biological Psychiatry in 2006 and the PRO-SCIENTIA-Förderpreis of the Eckhart-Buddecke Foundation in 2014. In 2007, Prof. Schumacher was also selected for the NIH/DFG Research Career Transition Awards Program. Since 2018, Prof. Schumacher has been head of the Institute of Human Genetics at Marburg University Hospital.

Dr. sc. Nat. ETH Ing. Biotech Christian H. Leist

Dr. Christian H. Leist is an expert in cell culture technology. He has expertise and 35 years of experience in medical biology, medical technology, R&D biotech pharmaceuticals, and cell and gene therapy. Since 2017, Dr. Christian Leist is an independent Senior Consultant Bio- and Medtech,

and since 2018 he is chairman of the board of directors of Axenoll Life Science AG. From 2012 to 2017, Dr. Christian Leist was responsible for CMC of Cell and Gene Therapy of Novartis Pharma AG. From 1989 to 2012, Dr. Christian Leist held various positions in development, scale-up, transfer and production of biopharmaceutical proteins. He received the Novartis Leading Scientist Award and the Swiss National Science & Technology Award for his technology projects. Dr. Christian Leist holds an MSc in Cell Biology and a PhD in Bioprocess Engineering. Dr. Christian Leist had a teaching position in Cell Culture Engineering at ETH Zurich for 27 years and supervised more than 60 students during Master or PhD thesis and was invited to give lectures at international congresses.

Dr. med Ralf Oettmeier

Dr. med Ralf Oettmeier is a member of the Advisory Board and head physician and medical director of the Alpstein Clinic in Gais. After studying medicine and training as a specialist in orthopedics, he gained additional qualifications in the areas of special pain therapy, manual medicine, naturopathy, homeopathy, acupuncture and neural therapy. Dr. med. Ralf Oettmeier is very involved in the field of integrative biological medicine of cancer diseases, rheumatic and autoimmune as well as neurological diseases. He is co-founder of the Klinik im LEBEN for biological medicine. Since 2014 he is in Switzerland working for the Alpstein Clinic in Gais. He counts as a great advocate of systemic treatment with procaine with an extensive field of indications and exercises diverse training activities, both nationally and internationally.

Dr. med. Uwe Rudolf Max Reuter

Dr. med. Uwe R. Reuter is a member of the Advisory Board and Chief Physician of the Klinik im LEBEN. He completed his medical studies at the University of Greifswald with a diploma and a doctorate in orthopedics in 1991. Since 1996 he has been an algesiologist and pain therapist as well as head of the Regionales Schmerzzentrum Greiz/Vogtland of the German Society for Pain Medicine (Deutsche Gesellschaft für Schmerzmedizin, DGS). He is section head for homeopathy of the Academy for

Medical Education of Thüringen and authorized for further education in the specialties of homeopathy, naturopathic medicine and special pain therapy. He completed additional qualifications in the fields of acupuncture & related techniques, chiropractic/manual medicine, neural therapy and palliative medicine. Today he works also, among others, as medical director/executive chief physician and managing director of the Klinik im LEBEN, the Akademie im LEBEN für Ganzheitliche Medizin and the Institut für innovative Medizin, Forschung und Kommunikation.

Petra Wagner

Petra Wagner is an expert in industry as well as a retired member of the Austrian National Council. She is the owner and managing director of Wagner Pflegeheim Betriebs GmbH. Petra Wagner is an Austrian politician of the Freedom Party of Austria (FPÖ) and former member of the National Council Austria. She holds various political positions: Member of the Municipal Council of the municipality of Rudersdorf, Provincial Secretary FPÖ 2016-2017, Member of the Provincial Party Executive (Landesparteivorstand) of the FPÖ, District Party Chairwoman (Bezirksparteiobfrau) of the FPÖ Jennersdorf and Local Party Chairwoman (Ortsparteiobfrau) of the FPÖ. As qualified health and nursing professional with assignments in disaster areas such as Iran, she is now the managing director of Wagner Pflegeheim Betriebs GmbH. She was awarded the golden medal of the state of Burgenland, Austria.

Dr. rer. nat. Ludger Grosse-Hovest

Dr. Ludger Grosse-Hovest is an expert in immunology and antibodies. He is co-founder and CSO of Synimmune GmbH (subsidiary of Synimmune Biotech AG). As a biologist with a PhD in immunology, Dr. Ludger Grosse-Hovest has been working for more than 25 years on recombinant therapeutic antibodies for cancer treatment and moreover on the development of new antibody formats. Until 2012, he was a research group leader at the Institute of Immunology at Eberhard-Karls University in Tübingen. Building on an award and funding received from the German Federal Ministry of

Education and Research (BMBF), he co-founded the biotechnology company Synimmune GmbH in 2012, where he has served as scientific director and manager to date.

Dr. Christoph Brücher

Dr. Christoph Brücher is an expert in industry and the Head of Global Business Development & Contracts at Evonik Operations GmbH. He holds a degree in chemistry and studied in Mainz, Berlin and Frankfurt. After initial positions as a scientist in the Hoechst and Aventis groups, he moved to Business Development and Licensing, first at Biotest AG and currently at Evonik AG. For more than 16 years he has been involved in research and development collaborations, development services and licensing deals in the chemical, pharmaceutical and biotech sectors and is a specialist in partnering, dealmaking, negotiations and contract drafting.

Rainer Schnetzer

Rainer Schnetzer is a member of the Advisory Board and an expert in industry. He has many years of top management experience in the insurance industry. He was a long-time board member at Vereinte Versicherung AG (today Allianz SE) and Iduna Nova Group. Subsequently, as a partner at Andersen Consulting (now Accenture), Rainer Schnetzer advised leading insurers and reinsurers on the implementation of growth strategies, IT transformation and post-merger integration. Rainer Schnetzer holds a degree in business administration and studied business administration and computer science at the University of Nuremberg-Erlangen.

2. Tasks and mode of operation

The Advisory Board is an advisory body for scientific matters related to the selection of Project Companies and their ongoing support. It supports the Board of Directors by making scientific assessments and recommendations.

The members of the Advisory Board also help to ensure that the Project Companies they oversee meet their reporting obligations to the CSO. They also assist the CSO in evaluating the status and progress of the Project Companies. Consolidated reporting to the Board of Directors is done by the CSO. Based on its right to information, the Board of Directors may also approach the members of the Advisory Board directly and request information from them.

The Advisory Board meets in various subgroups in connection with the selection or support of Project Companies on an ad hoc basis. The specific composition of the Board depends on the topics to be discussed and the expertise required. From time to time, the Company seeks the advice of additional experts who are consulted on a case-by-case basis and attend the relevant meeting.

IV PROJECT COMPANIES

A. Activities of the Company

Thanks to its network, the company can identify promising innovations at an early stage. A low three-digit number of new project proposals from universities and start-ups are presented to the Company each year. Based on an initial assessment by the relevant university, these projects are evaluated by the Advisory Board, which then makes a recommendation to the Board of Directors. Whenever necessary for specific matters, the Management can be involved as well. Based on the recommendation of the Advisory Board, the Board of Directors evaluates the project from a commercial point of view and makes its decision. Thus, for each project, a scientific, a commercial and a legal/patent-related classification takes place. In the case of a positive evaluation, a new Project Company is founded or new projects are integrated into existing Project Companies. On average, two to three additional projects per year can be included as Project Companies.

The Project Companies are intensively supported by the Company until the exit or commercialization. This includes a close scientific exchange, business consulting, the provision of financial resources, as well as the identification of potential industrial partners for a later partnership. Within the Project Companies of the Company, a high level of scientific competence and a widespread scientific network can be found. This competence and network are made available to the individual Project Companies in order to achieve a high degree of synergies.

Each Project Company thus receives extensive support from the Group until commercialization and benefits from its experienced team. At the beginning of a project, a new company is usually established. Then, the Project Company's financial needs are identified and it is provided with the funding it needs to carry out the proof-of-concept phase, or it is supported in obtaining it through third-party funding.

In addition, the Company takes care of adequate staffing of the Project Company: it selects experienced personnel to support the scientific team in the development of the innovation, including compliance with relevant regulatory requirements. Each Project Company is supported by the CSO, who works to execute a streamlined preclinical and clinical development plan and also ensures appropriate intellectual property protection.

Furthermore, service agreements are concluded with the Project Companies, which regulate the support in administrative and technical matters, such as the commercialization of patents and licenses.

B. Monitoring and reporting

There is a weekly exchange between the Company and its Project Companies on the progress of the various projects in the form of weekly calls / jour fixe calls. On the part of the Company, these meetings are joined by the CSO and/or his team. On the Project Company side, the responsible project managers or the management are involved in the exchange.

Each Project Company is also subject to a monthly reporting obligation in accordance with the Company's specifications. The reporting includes in particular information on, among other things, project progress, SWOT analysis, key financial figures and project budgets, project risks, timing, team, through to the status of the exit strategy.

The accounting (business assessment, lists of sums and balances, annual financial statements) is transferred to the company, respectively the CFO at the end of each month or at the end of the year. In cooperation with the Head of Accounting and Taxation, the accounting documents are checked and included in the Company's consolidated financial statements. In the event of queries or a need for clarification, the Company contacts the respective project company directly. If necessary, the CSO is also involved in order to maintain an overview of the project as a whole.

The project risk matrix is discussed in detail with the Executive Management on a quarterly basis and reported to the Board of Directors twice a year by the CSO and assessed accordingly. The project risk matrix consists of the classification of the risk and the expected exit yield of a project. The risk is classified in low to high and the exit yields from greater than CHF 1 million to greater than CHF 1 billion. In terms of content, the respective project is presented with probabilities of occurrence from 0 to 100% by the following criteria. The criteria are protection possibilities / IP rights, market volume, developments (investment volume), funding possibility, contracting / exit, probability of success (partnering), synergies / project landscape, competitive situation and quality of the respective inventor / scientific teams.

Several times a year, the Board of Directors invites the Management to be brought up to date on the status of the project companies (via the CSO) or the financial situation of the Project Companies and the Company (via the CFO and the Head of Accounting and Taxation).

V COMPENSATION, SHAREHOLDINGS AND LOANS

For information on compensation, shareholdings and loans, please refer to the Company's Compensation Report from page 140–147, in particular from page 145.

VI SHAREHOLDERS' PARTICIPATION RIGHTS

A. Shareholders' Voting Rights

1. General

In relation to the Company, a shareholder or usufructuary with voting rights is deemed to be anyone who is entered in the Company's share register. At the general meeting, each share entered in the share register carries one vote. The voting rights are the same for all shareholders of the Company; there are no different classes of voting rights. The principal shareholders of the Company also do not have different voting rights. There are no restrictions on voting rights.

A shareholder with voting rights vis-à-vis the Company shall be those shareholders who are listed in the share register ten days prior to the dispatch of the invitation to the general meeting and who accordingly receive an invitation no later than 20 days prior to the general meeting. Due to the still ongoing Covid-19 pandemic and in order to protect shareholders, the Company did not permit physical attendance to the general meeting in 2021.

2. Representation

Shareholders may either vote themselves or authorize a third party to vote on their behalf. Shareholders may also authorize an independent proxy to vote on their behalf. The independent proxy is elected by the annual general meeting for a term of office until the conclusion of the next annual general meeting. Re-election is possible. The Board of Directors shall ensure that each shareholder may give the independent proxy (i) binding instructions on any proposal on the agenda items included in the invitation to the general meeting and (ii) general instructions on unannounced proposals on the agenda items as well as on new proposals and agenda items in accordance with the Articles of Association of the Company.

The current independent proxy, Urs Hänggli, was elected for the first time at the last annual general meeting on May 11, 2021, for a term of office until the conclusion of the annual general meeting 2022.

B. The General Meeting

1. Convening and Agenda

The annual general meeting shall be held within six months of the close of the previous financial year. In the case of the Company, this means that it must be held by June 30 of each year following the respective fiscal year. The annual general meeting may be convened by the Board of Directors or, if necessary, by the auditors or the liquidators of the Company. The Board of Directors is also obliged to convene an extraordinary general meeting if this is resolved at an annual general meeting or if it is requested within two months by one or more shareholders who together represent at least 10% of the Company's share capital registered in the Commercial Register. Registered shareholders with voting rights who individually or collectively represent at least CHF 1 million or 10% of the share capital may also request that an item be included on the agenda. The request for an item to be included on the agenda must be submitted in writing to the chairman of the Board of Directors at least 45 calendar days prior to the general meeting, stating the items to be discussed and the proposals.

A general meeting is convened by publication in the Swiss Official Gazette of Commerce at least 20 calendar days prior to the date of the general meeting. Insofar as the postal and/or e-mail addresses of the shareholders are known, the convocation may also be sent simultaneously by post and/or e-mail. The notice of convocation must contain the date, time and place of the general meeting, the agenda, the motions of the Board of Directors and the motions of shareholders who have requested that the general meeting be held or that an item be included on the agenda.

2. Resolution

Shareholders exercise their voting rights at the annual general meeting. According to the Articles of Association, the general meeting passes its resolutions and carries out its elections by an absolute majority of the votes represented, unless Swiss law or the Articles of Association provide otherwise. The chairman does not have a casting vote. In the event of a tie, a proposal is deemed to be rejected.

A resolution of the general meeting passed by at least two-thirds of the votes represented and an absolute majority of the par value of the shares represented is required for:

- the change of the corporate purpose;
- the introduction of voting shares;
- the restriction of the transferability of registered shares;
- an authorized or conditional capital increase
- the increase of capital out of equity, against contribution in kind or for the purpose of an acquisition in kind and the granting of special benefits;
- the restriction or cancellation of subscription rights;
- the transfer of the registered office of the Company;
- the dissolution of the Company;
- mergers, demergers and transformations pursuant to the Merger Act.

VII CHANGE OF CONTROL AND DEFENCE MEASURES

A. Obligation to Submit an Offer

Any person who directly, indirectly or acting in concert with third parties acquires equity securities which, together with the securities already held, exceed the threshold of 33⅓% of the voting rights of a target company, whether exercisable or not, must make an offer for all listed equity securities of such company. A company's articles of association may raise the threshold to 49% of the voting rights (opting-up) or provide for an exemption from the obligation to make an offer (opting-out). The Articles of Association of the Company contain neither an opting-up nor an opting-out.

B. Change of Control

The Company has not included in its Articles of Association any measures to prevent takeovers that would have the effect of delaying, deferring or preventing a change of control in the Company.

VIII AUDITORS

A. Duration of Mandate and Term of Office of the Auditors Currently in Charge

The auditors are elected by the annual general meeting for a term of office until the conclusion of the next annual general meeting. Re-election is possible. The auditors of the Company are BDO AG, Täfernstrasse 16, 5405 Baden-Dättwil, Switzerland. It is supervised and regulated by the Federal Audit Oversight Authority. BDO AG was elected on May 11, 2021.

Thomas Schmid (audit expert) has served as lead auditor for the audit of the Company's annual financial statements and the Group's consolidated financial statements since May 2021. Under Swiss law, the lead auditor must change every seven years.

OBT AG, Hardturmstrasse 120, 8005 Zurich, Switzerland was elected as the Company's auditor from October 22, 2019 to May 11, 2021 and audited the financial statements for the fiscal years 2019 and 2020. OBT AG is supervised and regulated by the Federal Audit Oversight Authority. In view of the listing of the Company, OBT AG has resigned from its mandate as auditor of the Company for internal market-strategic reasons.

B. Fees

The fees charged by BDO to the Company and other Group companies audited by BDO for its audit activities and audit-related and other services are as follows:

in CHF 1.000 for the year 2021

Audit	44.36
Audit-related services (several comfort letters)	4.63
Other services (several capital increases)	6.73
Total	55.72

The fees charged by OBT to the Company and other Group companies audited by OBT for its audit, audit-related and other services are as follows:

in CHF 1.000 for the year 2021	
Audit	93.63
Audit-related services (several audit reports)	8.72
Other services (several capital increases)	26.40
Total	128.76

C. Informational Instruments Pertaining to the Auditors

The Company and the external auditors are in regular contact. The CFO and the Head of Tax and Accounting (former CFO) are available as direct contacts of the Company for this purpose.

In line with the internal control system, the chairman of the Board of Directors is also involved in discussions with BDO for the final approvals. Internally, the chairman of the Board of Directors is always involved in communications and interim results. BDO seeks direct contact with the chairman of the Board of Directors immediately prior to each audit report or on a case-by-case basis if there is a need for clarification. The same setup applied to the previous auditing company OBT.

Due to the current pandemic, communication in the past two years has been exclusively via video and telephone conferences as well as email. Physical meetings have been refrained from.

In 2021, a total of 4 meetings were held between the Board of Directors and the external auditors. The Company and the external auditors are in continuous contact during audit activities and in regular contact outside the audit activity.

IX INFORMATION POLICY

The Company publishes its financial results in the form of an annual report. The annual report is published in printed and electronic form within four months of the balance sheet date December 31. In addition, the results for the first half of each financial year are published in electronic form within three months of the balance sheet date of June 30. The Company's annual report and half-year results are announced via press releases. The published consolidated half-year and annual financial statements comply with the requirements of Swiss company law, the listing rules of the SIX Swiss Exchange and International Financial Reporting Standards ("IFRS").

Copies of all information and documents related to press releases, media conferences, investor updates and presentations at analyst and investor conferences can be downloaded from the Company's website at <https://www.xlifesciences.ch/en/home> or are available upon request from the Company at Investor Relations and Corporate Communications (phone: +41 44 385 84 60; e-mail: info@xlifesciences.ch).

According to the Articles of Association of the Company, notices to shareholders are made by publication in the Swiss Official Gazette of Commerce. The Company's notices to shareholders are made by official publication of the Company but may also be made in writing to the addresses of shareholders entered in the share register.

Web links of the company

Company website:

<https://www.xlifesciences.ch/en/home>

E-mail distribution list (push system):

<https://www.xlifesciences.ch/en/news-and-key-figures>
(Newsletter)

Ad-hoc messages (pull system):

<https://www.xlifesciences.ch/en/news-and-key-figures>
(Ad-hoc News)

Financial reports:

<https://www.xlifesciences.ch/en/news-and-key-figures>
(Financial reports)

Business calendar:

<https://www.xlifesciences.ch/en/events>
(Financial calendar & events)

X SIGNIFICANT EVENTS AFTER DECEMBER 31, 2021

On January 25, 2022, the Company increased its share capital from CHF 5.059.268,00 to CHF 5.199.123,00 with proceeds of approx. CHF 5.000.000,00 by issuing 139.855 shares, 31.360 from its conditional share capital in connection with the conversion of the outstanding convertible bond and 108,495 from its authorized share capital.

On February 8, 2022, the Company published the prospectus for the listing of its shares on the SPARKS segment of the SIX Swiss Exchange. Trading of the Company's shares on the Swiss Exchange then commenced on February 11, 2022. On February 16, 2022, the Company announced its intended strategic cooperation with the Chinese company Shenzhen Investment Holding Capital Co., Ltd. The objective is to jointly develop existing life sciences projects in the respective markets and to establish a structure for joint investment in early and advanced projects in the healthcare sector. Among other things, the collaboration is expected to serve as the Group's entry point into the Chinese market and provide it with access to research facilities in the Shenzhen Hong Kong Science and Technology Innovation Zone.

On February 25, 2022, the Company increased its share capital from CHF 5.199.123,00 to CHF 5.265.723,00 by issuing 66.600 shares from its conditional share capital.

On March 8, 2022, the Company announced an important milestone of its Project Company Laxxon Medical AG attracting Evonik Venture Capital as a new investor and entering into a joint product development and collaboration agreement with it. The combination of Laxxon's 3D screen printing technology and Evonik's polymers is expected to create tablets whose special coating will enable the release of multiple doses of a drug at different times.

On March 21, 2022, the Company announced the formation of the joint venture company Novaxomx with partner curasan AG, a global leader in biomaterials for bone and tissue regeneration in dental and orthopedic surgery. The joint venture, Novaxomx GmbH, is based at the Eisenberg campus of the University Hospital Jena (Germany) and focuses on the discovery, development, certification, production and commercialization of disruptive biosurgical therapies for use in musculoskeletal diseases and tissue regeneration.

On March 29, 2022, the Company announced that the Project Company xprot GmbH, has signed a collaboration agreement with Johannes-Gutenberg University Mainz and the Thorax Clinic Heidelberg. The collaboration focuses on novel approaches to suppress tumor growth and immune response in lung cancer.

On April 11, 2022, the Company increased its share capital from CHF 5.265.723,00 to CHF 5.283.723,00 by issuing 18.000 shares from its conditional share capital.

XI TRADING BLACKOUT PERIODS

As soon as ad hoc issues were known, a trading ban was previously triggered for all persons on the insider list and the persons concerned were informed of this. The ban expired with the respective publication of the ad hoc announcement.

XII SUSTAINABILITY

In a world with limited raw materials and especially in the life sciences industry, sustainability is a topic of the 21st century which is also actively pursued by the Company. The Company and its Project Companies act responsibly and sustainably. Through innovative technologies they are able to reduce animal testing to a minimum. In addition, the Group is regularly involved in innovative treatments for serious and sometimes incurable diseases. This has a major impact on the patients treated. Sustainability is also a high priority in production. In the areas of bioprinting and pharmaceuticals, the Project Companies produce with low energy consumption and few by-products. The Company also supports sustainable business travel and is a sustainability sponsor of carbon-connect.

A. Blood Preservation

At Lysatpharma GmbH, valuable drugs based on so-called extracellular vesicles are developed from the precious raw material blood. The raw material used is canned platelets, which have to be disposed of at great expense due to their limited shelf life. Lysatpharma has recognized that it is possible to develop therapeutic drugs for various diseases from expired blood donations.

B. Animal Testing

The leading pharmaceutical companies have taken it upon themselves to reduce the use of animal testing to a minimum. The Company has followed this trend. For example, the Project Company QUADIRA BIOSCIENCES AG is already testing the effectiveness of functional antibodies intended for cancer therapy in so-called organoids. Organoids are three-dimensional cell cultures, allowing, among other things, the production of artificial mini-tumors in comparable quality. The cell lines used can be multiplied at will. With this technique, animal testing is no longer necessary and can be avoided.

C. Circular Systems for Surgical Instruments

VITRUVIA MEDICAL AG reprocesses clinical robotic instruments and disposable devices by offering a so-called “closed loop system” for surgical instruments and other clinical instruments. VITRUVIA MEDICAL AG focuses on the hygienic and economical reprocessing of complex surgical instruments, their application variety, construction and materials. The aim is to provide hygienically tested and economically reprocessed medical devices. The circular system aims to save the hospitals costs in the long term.

D. CO₂-Certificate

carbon-connect AG has issued a certificate of climate neutrality to the Company valid from April 13, 2021 to April 12, 2022 and renewed it in 2022. The certificate includes the calculation of the corporate carbon footprints (Scope 3) as well as the compensation of the entire CO₂ footprint of Xlife Sciences AG and climate neutrality. The compensation is carried out via the certified rainforest protection and reforestation project “RMDLT Portel-Pará REDD Project, in Brazil” Verified Carbon Standard (VCS) 981, Project Methodology VM00015.

E. Impact / Healing Experiments

In 2019, Lysatpharma GmbH acted as external sponsor and cooperation partner of the University Hospital Jena (*Universitätsklinikum*) in the context of a clinical healing experiment lasting several months. The affected patient suffered from an advanced stage of the fatal neuromuscular disease amyotrophic lateral sclerosis (ALS). Over the course of several days, the patient initially received an escalating dosage of the drug by intravenous administration directly into the blood system under strict monitoring of vital functions with good systemic tolerability. No detectable side effects occurred. Subsequently, he received a defined maintenance dose of the drug at intervals over a period of several months. Subjectively, there was relief of the condition during the phase of treatments at two-week intervals. Improved lung function was noted during this phase, which could be related to the therapy. Together with the University Hospital Göttingen (*Universitätsklinikum*), Xlife Sciences AG is currently imitating further tests in ALS in vitro models. In case of positive results, further healing experiments shall be conducted which are accompanied and sponsored by Xlife Sciences.



CONSOLIDATED
FINANCIAL STATEMENTS
OF THE XLIFE
SCIENCES GROUP

Income statement for the year 2021

In CHF	Notes	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Revenue	4.1	806.066	396.805
Third-party services		(446.946)	(422.412)
Gross earnings		359.120	(25.606)
Other income		18.910	–
Personnel expenses	4.2	(2.480.003)	(1.190.116)
Administrative expenses	4.3	(3.064.366)	(1.816.598)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(66.682)	(61.016)
Operating result before financial expenses		(5.233.021)	(3.093.337)
Financial expenses	4.4	(906.693)	(227.199)
Financial income	4.4	381.899	40.172
Profits from financial assets at fair value	5.1	42.996.565	24.311.512
Loss from financial assets measured at fair value	5.1	(61.118.249)	
Bargain purchase	2.3.1	78.045.615	–
Share in profit and loss of companies accounted for using the equity method, net of tax	5.3	(971.298)	165.158
Earnings before income taxes		53.194.820	21.196.306
Income tax expense	4.5	80.497	(94.558)
Earnings		53.275.317	21.101.748
Result after income taxes is attributable to:			
Shareholders of the parent company		53.418.475	21.461.066
Non-controlling interests		(143.159)	(359.318)
Earnings per share			
Basic (CHF per share)	6.3	11,30	5,53
Diluted (CHF per share)	6.3	8,66	3,60

Statement of comprehensive income for the year 2021

In CHF	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Earnings	53.275.317	21.101.748
Foreign businesses – currency translation differences	(1.286.254)	253.200
Total amounts that can be reclassified	(1.286.254)	253.200
Remeasurement of net liability from defined-benefit pension plans	(35.223)	
Tax effect	7.221	
Total amounts that cannot be reclassified	(28.002)	–
Other comprehensive income	(1.314.256)	–
Overall result	51.961.061	21.354.948
The total result is attributable to:		
Shareholders of the parent company	52.104.220	21.714.266
Non-controlling interests	(143.159)	(359.318)

Balance sheet as at 31 December 2021

In CHF	Notes	31/12/2021	31/12/2020
ASSETS			
Cash and cash equivalents	5.10	1.956.351	4.702.798
Trade receivables	5.9	282.815	223.260
Other receivables		200.845	73.737
Prepaid expenses		32.363	16.885
Current assets		2.472.373	5.016.680
Financial assets (equity investment)	5.3	61.195.389	2.873.723
Financial assets (loan)		3.603.296	2.200.954
Financial assets (projects/fair value)	5.1	95.452.804	175.157.408
Intangible assets	5.4	316.670.959	192.199
Property, plant and equipment	5.2	669.567	241.213
Non-current assets		477.592.014	180.665.497
Total assets		480.064.387	185.682.177
LIABILITIES			
Trade payables		378.307	335.925
Other liabilities		267.498	112.209
Transitory liabilities	5.7	1.683.758	2.678.135
Current borrowed capital		2.329.563	3.126.269
Other liabilities		496.791	193.307
Provisions	6.2.6	105.055	–
Convertible loan	5.8	29.362.654	–
Convertible bond	5.8	33.608.161	52.218.000
Deferred tax liabilities	4.5.2	94.943.124	–
Non-current borrowed capital		158.515.786	52.411.307
Borrowed capital		160.845.349	55.537.576
Share capital	5.5	5.059.268	4.157.004
Reserves & Agio		131.693.062	104.951.294
Revenue reserve		74.480.358	21.061.883
Non-controlling interests	5.6	107.984.329	(25.581)
Equity		319.219.038	130.144.601
Total assets		480.064.367	185.682.177

Cash flow statement for the year 2021

In CHF	01/01/2021 -31/12/2021	01/01/2020 -31/12/2020
Cash flow from operating activities		
Earnings	53.275.317	21.101.748
Adjustment of net loss for non-cash expenses/income		
Depreciation, amortisation and impairment	66.682	61.016
Change in financial assets at fair value and bargain purchase	(59.923.933)	(24.311.512)
Other non-cash changes	11.665.977	3.382.189
Changes in working capital and liabilities		
Increase/decrease in trade receivables	(59.555)	(2.220.068)
Increase/decrease in deferred income and other receivables	(142.587)	(7.343)
Increase/decrease in trade payables	42.382	60.948
Increase/decrease in liabilities from leasing & other liabilities	155.290	(41.789)
Increase/decrease in deferred income and provisions	(889.322)	(2.652.766)
Cash generated by operating activities	(4.190.251)	(187.442)
Interest received	101.394	3.590
Interest paid	(218.085)	(174.617)
Taxes paid	(17.135)	(43.085)
Net cash inflow/outflow from operating activities	(4.324.077)	(401.554)
Cash flow from investment activities		
Payments for property, plant and equipment	(155.592)	(29.991)
Payments for financial assets measured at fair value (projects)	(1.840.492)	(2.780.253)
Loans to related parties (projects)	(2.199.827)	(789.950)
Payments for intangible assets	(1.056.447)	(192.199)
Acquisition of subsidiaries & associates	(1.780.981)	(72.277)
Net cash inflow/outflow from investing activities	(7.033.338)	(3.864.671)
Cash flow from financing activities		
Income from the issuing of shares and other equity instruments	9.359.454	7.056.763
Share issuing expenses	(729.521)	(573.379)
Disbursement for leasing (rental obligations)	(34.606)	(54.810)
Net cash inflow/outflow from financing activities	8.595.328	6.428.575
Net increase of cash and cash equivalents	(2.762.087)	2.162.350
Cash/cash equivalents at the beginning of the period	4.702.798	2.540.775
Effects from fluctuations in exchange rates	15.639	(326)
Cash/cash equivalents at the end of the period	1.956.351	4.702.798

Statement of changes in equity at 31 December 2021

In CHF	Share capital	Capital reserve	Reserves from pension schemes	Currency translation reserves	Total reserves	Revenue reserve	Equity attributable to Xlife Sciences AG shareholders	Non-controlling interests	Total Equity
As at 31/12/2019	3.761.753	93.561.663	-	92.702	93.654.365	(39.865)	97.376.253	333.737	97.709.990
Group net result						21.101.748	21.461.066	(359.318)	21.101.748
Other comprehensive income				253.200	253.200		253.200		253.200
Overall result							21.714.266	(359.318)	21.354.948
IAS 19 Pensions liabilities			(23.637)		(23.637)		(23.637)		(23.637)
IFRS 2 – Employee Share-based Payment		46.498	-	-	46.498		46.498		46.498
Share capital increases in 2020	395.251	11.298.255			11.298.255		11.693.506		11.693.506
Costs of share issues		(277.387)	-	-	(277.387)		(277.387)		(277.387)
As at 31/12/2020	4.157.004	104.629.029	(23.637)	345.902	104.951.294	21.061.883	130.170.181	(25.581)	130.144.601
Profit for the period						53.418.475	53.418.475	(143.159)	53.275.317
Other comprehensive income			(28.002)	(1.286.254)	(1.314.256)		(1.314.256)		(1.314.256)
Overall result							52.104.219	(143.159)	51.961.060
IFRS 2 – Employee Share-based Payment		866.583			866.583		866.583		866.583
Equity effects convertible bonds and convertible loans		3.695.360			3.695.360		3.695.360		3.695.360
Share capital increases in 2021	902.264	24.182.190			24.182.190		25.084.454		25.084.454
Costs of share issues		(688.109)			(688.109)		(688.109)		(688.109)
Change in scope of consolidation								108.153.069	108.153.069
As at 31/12/2021	5.059.268	132.685.053	(51.639)	(940.352)	131.693.062	74.480.358	211.234.709	107.984.329	319.219.038

Notes to the consolidated financial statements for the 2021 financial year

1. GENERAL INFORMATION

Based in Zurich, Xlife Sciences AG is a Swiss company focusing on the value development of promising technologies in the life science sector. The Company's goal is to build a bridge between research/development and healthcare markets and support researchers and entrepreneurs in the positioning, structuring, development and implementation of their ideas.

The Company's operations consist primarily of collected and acquired projects, which are measured at fair value with the exception of projects in which the Company has an ownership interest of under 20%. Such participations are measured at equity; investments in which the Company exercises control are consolidated.

Unless stated otherwise, values in the consolidated financial statements are stated in Swiss francs (CHF). Both individual and total values represent the value with the smallest rounding difference. This means that adding the individual figures presented may lead to minor differences to the totals disclosed.

The financial year corresponds to the calendar year. Measurement in the financial statements is based on historical cost, with the exception of projects, which are recorded at fair value (market value according to measurement) when included in the financial statements for the first time and are thereafter measured at fair value as at each reporting date and the adjustments are recognised in profit and loss. The income statement is structured according to the cost of sales method.

The consolidated financial statements were approved by the Board of Directors on 20 April 2022.

2. BASIS OF ACCOUNTING

2.1 Provisions applied

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB and

in compliance with the provisions of Swiss law. In the 2021 financial year, no new or amended IFRS were applicable for the first time:

Standard / Interpretation		Effects
IFRS 16	Covid-19-Related Rent Concessions	None
IFRS 9, IAS 39, IFRS 7	Reform of the reference interest rates	None

The following new or amended standards or interpretations have already been adopted by the IASB but were not yet applicable in the 2021

financial year. The Company will not early adopt the new provisions.

Standard / Interpretation		Applicable from	Expected impact
IFRS 17	Insurance Contracts	01/01/2023	None
IAS 37	Onerous contracts – Cost of Fulfilling a Contract	01/01/2022	No material impact expected
IAS 1	Classification of liabilities as current or non-current	01/01/2023	No material impact expected
IAS 16	Changes to IAS 16 regarding the deduction of Proceeds before Intended Use	01/01/2022	None
IAS 8	Amendments to IAS 8 regarding the effect of accounting estimates	01/01/2023	Cannot yet be assessed conclusively as dependent on possible changes to estimates

2.2 Estimation uncertainties and exercise of judgement

When applying the group accounting and measurement policies presented, Management must assess matters, perform estimates and make assumptions relating to the carrying amounts of assets and liabilities that cannot be readily determined from other sources. The estimates and the underlying assumptions result from past experience and other factors deemed relevant. The actual values may deviate from the estimates.

The assumptions underlying the estimates are reviewed on a regular basis. If changes to an estimate only relate to one period, they are taken into consideration only in that period. If the changes relate to the current and following reporting periods, they are correspondingly taken into consideration in this period and the following ones.

The most important instances of the exercising of discretion by management as part of application of the company's accounting policies and the most significant impact of such exercising of discretion on the amounts reported in the consolidated financial statements are listed below. In addition, the most important forward-looking assumptions and other material sources of estimation uncertainties that can give rise to considerable risk that a significant adjustment of the disclosed assets and liabilities will be necessary within the next financial year are stated as at the end of the reporting period.

- With regard to the assumptions used as a basis for measuring projects at fair value carrying value 95.452.804), there is in our assessment a significant estimation uncertainty with regard to the timing of development and market launch and the expenditure required. For its projects, the Company has made assumptions regarding market entry. The development or market launch of the specific applications that form the basis for measurement of the projects was estimated by the Company. Measurement of the projects depends on whether the assumptions made on market launch can be met. The Company estimates for each project the probability of each phase of development with regard to the probability of success. The overall probability of successful market entry changes in relation to how a project phase eventually turns out. The estimates made in every phase are reviewed on a regular basis. On the basis of a sensitivity analysis, the Company assesses the value impairment risk of individual projects due to possible delays in market entry impacting the probability of success. The corresponding impact is stated at the projects (note 5.1).

- For successful project implementation and the realisation of developments associated with them, there will also be a significant need for money in the future, which will have to be covered by further capital measures at least until the project is completed. If the raising of capital becomes more difficult, projects would have to be sold. It is left up to the market as to whether fair value can be achieved in a forced sale at the current project status.
- With regard to the valuation of intangible assets, in particular industrial rights (carrying value 316.670.959) assumptions are used as a basis where there is in our opinion a material estimation uncertainty regarding the underlying use with regard to development and market launch as well as the expenditure required. The Company estimated the necessary parameters, measurement is however dependent on whether the assumptions made can be fulfilled. The estimates are reviewed on a regular basis.

2.3 Changes in scope of consolidation

The following material changes in the scope of consolidation took place in the reporting year:

2.3.1 Acquisition of further shares in alytas therapeutics GmbH

This is a company with registered office in Jena, Germany. The company is researching antibodies for the treatment of obesity. Obesity is an excessive accumulation of fat, which in many cases adversely affects health, and which affects more than 700 million adults and 50 million children worldwide (source WHO).

As part of a further contribution (purchase at preferential conditions), the share was increased to 51% and control of the project was assumed on 18 December 2021. Consequently, the company is being consolidated for the first time as of 31/12/2021. alytas therapeutics GmbH did not generate any sales in 2021. The further contribution provides a better possibility for developing this asset.

Due to its first-time consolidation as of 31/12/2021, alytas therapeutics GmbH did not contribute to the Group's earnings in 2021. The acquired identifiable assets and liabilities contain inputs (protected technology, antibodies, contractual relationships) and ongoing development processes. The Group therefore concludes that the acquired inputs and processes together make a significant contribution to the ability to generate future income. The Company has come to the conclusion that the acquired company is a business.

As part of the transaction, the existing interest of 10% was remeasured, which led to a loss of CHF 52.322.577. The original shareholding of 10% was measured on the basis of a valuation as the share of 41% was acquired by related parties (see Note 6.6) and the purchase price of CHF 12.612.105 is thus not relevant.

The loss from remeasurement stems from the adjustment of the revaluation of alytas therapeutics GmbH. In particular, the WACC used was increased from 15% to 22.5% to take account of the adjusted risk profile.

The amounts recognised for the acquired identifiable assets and liabilities assumed are listed in the following table:

In CHF	
Cash	19.806
Financial assets	394.654
Fair value 100% according to valuation (patent)	315.954.256
Financial liabilities	(681.562)
Deferred tax liabilities	(94.786.277)
Total of identifiable assets acquired and liabilities assumed	220.900.877
Non-controlling interest (49%)	(108.153.069)
Net value of the controlling interest (51%)	112.747.808
Further condensed financial information from the subsidiary	
Revenue	–
Other comprehensive income	–
Overall result	(94.887)

The goodwill mainly results from the contracts concluded on the use of the intangible assets. It is not expected that any of the goodwill recorded can be deducted for tax purposes.

The transaction gave rise to a bargain purchase because it was possible to perform the contributions at a clearly lower value than their fair value. This relates also to the fact that it will be significantly easier to further develop the company after the purchase and the seller did not want to assume the impending financing.

In CHF	
Value reported to date (for 10%)	74.412.665
Purchase price for 41%	12.612.105
Total	87.024.770
Allowance based on most recent purchase price, included in change in financial assets at fair value	(52.322.577)
Valued purchase price	34.702.193
Calculation of negative goodwill	
Net value of the controlling interest (net identifiable assets acquired)	112.747.808
Valued purchase price	(34.702.193)
Negative goodwill recorded in the income statement	78.045.615
Net effect of the transaction (profit)	25.723.038
Fulfilled through	
Granting of a loan (see 5.8 and 6.6)	12.612.105
Corrected fair value recognised to date	22.090.088
Total	34.702.193
Net cash outflow from the acquisition	
Consideration paid in cash	–
Less: acquired cash and cash equivalents	(19.806)
	(19.806)
Total of identifiable assets acquired and liabilities assumed	
	220.900.877
Less corrected fair value to date	(22.090.088)
Less purchase price for 41%	(12.612.105)
Less non-controlling interest 48.96%	(108.153.069)
Negative goodwill recorded in the income statement	78.045.615

In the reporting year, the Group incurred costs of CHF 5k for legal advice in connection with the business combination. These costs are recorded in administrative expenses.

2.3.2 Transfer of Synimmune Biotech AG to equity investments

This is a company in Tübingen, Germany. The company is firstly developing a monoclonal antibody for the treatment of acute myeloid leukaemia (AML) at the stage of minimal residual illness. The company deploys a biospecific antibody technology where the antibodies developed can be used to treat acute lymphatic leukaemia (ALL) and AML.

The company Synimmune GmbH is held through the investment holding company Synimmune Biotech AG, which was able to significantly increase its share in the underlying project (Synimmune GmbH) on the basis of conversions. As a consequence, the Company's shareholding rose to 37.4%, which means that the company is now listed as an equity investment.

In CHF

Fair value at 31/12/2020	30.161.000
Impairment of fair value	(8.795.672)
Fair value (as deemed cost)	21.365.328
Impairments of fair value	–
Purchase price for additional shares	–
Adjustment of the equity value (disclosed as income from equity investments)	–
Share of net result from purchase to reporting date	–

2.3.3 Purchase of further shares in Lysatpharma GmbH

This is a company with registered office in Jena, Germany. The company is developing a novel immunotherapy for use in human medicine in the field of rheumatoid arthritis. Research is also

ongoing regarding multiple sclerosis, graft-versus-host disease and ALS.

As part of the contribution (purchase at preferential conditions), the shareholding in the company was increased to 25.2%, which is why the project is now listed as an equity investment.

In CHF

Fair value (as deemed cost)	21.505.555
Impairments of fair value	–
Purchase price for additional shares	15.974.821
Adjustment of the equity value (disclosed as income from equity investments)	–
Share of net result from purchase to reporting date	–

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and the companies it controls (subsidiaries).

The Company controls another business if it:

- can exercise a power of disposal over the investee,
- is exposed to fluctuating returns from its investment, and
- it can use its power of disposal to influence the returns.

In the Xlife Group, control over subsidiaries is derived without exception from holding the majority of voting rights in the companies concerned.

Subsidiaries are included for the first time at the time of acquisition. This is the point in time when the company gains control over the subsidiary. In the event of loss of control, subsidiary are deconsolidated.

Subsidiaries are consolidated for the first time using the acquisition method. It involves measurement of the assets acquired and liabilities assumed by the parent company at their fair values at the time of acquisition. The cost of the acquisition corresponds to the fair value of the consideration paid. The Company recognises goodwill to the extent that acquisition cost plus the value of minority interests and the fair value of any shares held before control was obtained (step acquisition) exceeds the fair value of the identified assets and liabilities. In the opposite situation, the Company recognises the difference directly in profit or loss after a further review of the purchase price allocation.

Goodwill from acquisitions is not amortised but tested annually for impairment and, in the event of impairment, written down to its lower recoverable amount.

Intra-group transactions, balances and unrealised profits from supply and service relationships between companies within the scope of consolidation are eliminated in full. The same applies to unrealised losses, unless the transaction indicates an impairment of the asset transferred.

3.2 Information on subsidiaries

Name of the subsidiary	Main business	Registered office	Share in voting rights 31/12/2021	Equity share as at 31/12/2021	Share of voting rights and capital 31/12/2020
Fully consolidated subsidiaries					
alytas therapeutics GmbH	Development of an immunological therapy based on antibody for the treatment of obesity and senescence	Jena	51%	51%	10%
Inventum Genetics GmbH	Identification of new therapeutics using human genetic data	Mainz	100%	100%	100%
inflamed pharma GmbH	Development of chemical and pharmaceutical substances	Jena	75%	75%	75%
Clyxop devices GmbH	Development of tubes made of biocellulose that can be used to bridge damage to hollow organs.	Erfurt	70%	70%	100%
x-nuclear diagnostics GmbH	Diagnostic methods using radioactive material	Erfurt	100%	100%	100%
x-kidney diagnostics GmbH	Medical technology relating to renal disorders	Erfurt	100%	100%	100%
xprot GmbH	Therapy approach for lung cancer	Mainz	100%	100%	¹
Xsight Optics GmbH	Development of a technology platform for patient monitoring	Erfurt	80%	80%	¹
Novum Technologies	Development of polymers as a basis for medicinal chemistry.	Jena	66.6%	66.6%	¹

¹Newly founded in the reporting year

3.3 Realisation of income

Revenue is measured at the fair value of the consideration received or receivable and reduced by expected customer returns, rebates and other similar deductions. The Company generates revenue from consultancy on projects for development, marketing, management and financing. Revenue is recognised in accordance with IFRS 15 when control of the services has been transferred to the customer. This can happen at a given point in time or over a period of time. The Company manages its projects on an ongoing basis, and so revenue recognition is performed periodically in line with

the provision of services and invoicing. Contracts with customers provided for periodical invoicing in line with the provision of services. This means that there is no exercise of judgement with regard to amount and timing of the income. Invoices issued are payable within 30 days.

The Company's guarantee risk is low because of its business activities. The same applies to returns and refunds.

3.4 Income taxes

Income tax expense represents the sum of current tax expense and deferred taxes.

Current or deferred tax is recognised in the income statement unless it relates to items that are recognised either in other comprehensive income or directly in equity. In this case, the current and deferred tax is also recognised in other comprehensive income or directly in equity. Deferred tax arising from the initial accounting for a business combination is included as part of the revaluation of the net assets of the firm acquired.

The current tax expense is determined on the basis of the taxable profit for the year. Taxable profit differs from net income from the consolidated income statement because of expenses and income that are taxable or tax deductible in later years or never at all. The Group's liability for current tax is calculated on the basis of the tax rates applicable or shortly to be applicable at the balance sheet date.

Deferred tax is recognised for differences between the book value of assets and liabilities in the consolidated financial statements and the corresponding tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the losses arising from the reversal of the deductible temporary differences can be utilised. The Company does not recognise deferred tax assets and liabilities for temporary differences arising from the initial recognition of goodwill or from a transaction that is not a business combination and, at the time of its initial recognition, affects neither taxable profit nor profit or loss under IFRS.

The book value of deferred tax assets is reviewed each year at balance sheet date and reduced in value if it is no longer probable that sufficient taxable income will be available to realise all or part of the asset.

Deferred tax liabilities and assets are determined on the basis of the tax rates and tax laws expected to apply when the liability is settled or the asset is realised.

3.5 Property, plant and equipment

Office furniture and equipment and IT equipment included in property, plant and equipment are stated at cost less accumulated depreciation and recognised impairment losses.

Depreciation is calculated using the straight-line method over a useful life of 3–20 years. The expected useful lives, residual values and depreciation methods are reviewed at each reporting date and any necessary changes in estimates are taken into account moving forward.

Type of equipment	Useful life applied
Furniture and fittings	3–8 years
IT systems	3–5 years
Tenant improvements	8–20 years

Property, plant and equipment are derecognised at the time of disposal or when they are no longer expected to generate any further economic benefit. The gain or loss arising from the sale or discarding of an item of property, plant and equipment is determined as the difference between the proceeds on disposal and the book value of the asset, and is recognised in the profit and loss account.

3.6 Intangible assets

Other intangible assets that are purchased by the Group and have limited useful lives are values at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated using the straight-line method over the estimated useful life. The expected useful lives, residual values and amortisation methods are reviewed at each reporting date and any necessary changes in estimates are taken into account moving forward.

Type of equipment	Useful life applied
Patents and trademarks	10–20 years
Capitalised development costs	3–5 years

3.7 Receivables

The company recognises receivables as assets when an enforceable claim comes into being. First-time recognition takes place at fair value plus any transaction costs. Subsequent assessment is at amortised cost using the effective interest rate method.

Impairments are recorded on receivables when the present value of the expected cash inflows do not cover the carrying amount of the receivable. In assessing whether there is a possible impairment, the Company is guided by the debtors' payment behaviour and other information received that indicates the debtor has economic difficulties. Present value is determined using the effective interest rate for the financial asset. If the reason for an impairment loss recognised in prior years no longer applies, the impairment loss is brought through profit or loss as a minimum in terms of the recoverable amount and the amortised cost.

3.8 Cash and cash equivalents:

Cash and cash equivalents are measured at cost. These are cash holdings.

3.9 Financial assets (loan)

Loans to project companies and third parties are recognised at amortised cost (fair value). Impairments are recorded on loans when the present value of the expected cash inflows does not cover the carrying amount of the loan. In assessing whether there is a possible impairment, the Company is guided by the borrowers' payment behaviour and other information received that indicates the debtor is having economic difficulties. If the reason for an impairment loss recognised in prior years no longer applies, the impairment loss is brought through profit or loss as a minimum in terms of the recoverable amount and the amortised cost.

3.10 Financial assets (equity investment)

The earnings, assets and liabilities of associates or joint ventures are included in these financial statements using the equity method. According to the equity method, shares in associates or joint ventures are to be included in the consolidated balance sheet at their acquisition costs that are adjusted by changes to the Group's share in profit or loss or other comprehensive income of the associate or joint venture after the acquisition date.

Any excess of acquisition cost of the share purchase over the acquired share in the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. According to the equity method, goodwill is a component of the carrying amount of the investment and is not tested separately for impairment. The provisions of IAS 36 are used as a basis to establish whether there is any indication that the value of shares in associates or joint ventures is impaired. Where an impairment test has to be performed, the carrying amount of the investment (including goodwill) is tested for impairment according to the provisions of IAS 36. For this purpose, the recoverable amount, i.e. the

higher of value in use and fair value less costs to sell of the investment is compared with its carrying amount. Any impairment required is set against the carrying amount of the investment. The impairment loss is not broken down into the assets contained in the carrying amount of the share including goodwill. Where the recoverable amount increases again in following years a reversal is performed in accordance with IAS 36.

The Group ceases to apply the equity method as of the date on which the investment is no longer an associate or joint venture. The difference between the previous carrying amount of the associate or joint venture as at the date of termination of application of the equity method and the fair value of a retained share and any income from the disposal of a part of the share in the associate or joint venture is to be taken into account in determining the gain/loss on sale.

3.11 Financial assets (projects at fair value)

The Group's projects with investments under 20% are recognised at cost upon acquisition. As a consequence, projects are valued at fair value and the profits and losses arising from changes to the fair value are recognised through profit or loss in the period.

The profit or loss arising from a disposal is calculated as the difference between the net gain on sale and the carrying amount of the asset and is recognised in the consolidated income statement in the period in which the disposal takes place.

3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the provision amount.

The amount recognised as a provision is the best estimate of the amount required to settle the present obligation at the balance sheet date. Risks and uncertainties inherent in the obligation must be taken into account. If a provision is measured on the basis of the estimated cash flows for settlement of the obligation, these cash flows must be discounted if the interest effect is material.

If it can be assumed that external third parties will reimburse parts or all of the economic benefits necessary to settle the provision, the claim is capitalised as an asset if reimbursement is virtually certain and its amount can be reliably estimated.

3.13 Financial liabilities

Financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value less any transaction costs.

3.14 Currency translation

The annual financial statements of the fully consolidated subsidiaries whose functional currency is not the Swiss franc are translated into the Group's reporting currency, the Swiss franc, using the modified closing rate method. Assets and liabilities are translated at the exchange rate at balance sheet date. Income statement items are translated at the average exchange rate for the year. Components of equity are translated at historical rates at the time of their respective acquisitions from a Group perspective. The currency difference resulting from the translation is recognised as other comprehensive income. The cumulative currency translation differences recognised in equity are reversed through profit or loss when Group companies leave the scope of consolidation.

The Group's reporting currency is CHF.

31/12/2021	CHF/EUR
1.08101	Average rate for the year (translation of income and expenses)
1.03615	Closing rate for the year (translation of assets and liabilities)
31/12/2020	CHF/EUR
1.07045	Average rate for the year (translation of income and expenses)
1.08155	Closing rate for the year (translation of assets and liabilities)

3.15 Employee pensions

Due to the small number of employees, there is no annual actuarial calculation of the expenses and obligations from defined benefit plans. In turn, an actuarial valuation was prepared as at 31/12/2021 on account of the increase in headcount.

4. NOTES ON THE CONSOLIDATED INCOME STATEMENT

4.1 Income from contracts with customers (revenue)

The breakdown of Group revenue from contracts with customers for the financial year (excluding income from financial investments) is as follows:

In CHF	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Revenue from services	726.236	396.805
Revenue from trade	113.330	–
Change in del credere	(33.500)	–
Less sales deductions (discounts)	–	–
Total	806.066	396.805

Revenue stems from the rendering of services to the projects; revenue from trade is the revenue of the subsidiary inflamed pharma GmbH. Income

from sales is recorded in each case at a specific date in the same period as the rendering of the service.

4.2 Breakdown of personnel expenses

In CHF	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Wages and salaries	2.205.366	1.029.532
Social security expenses	208.739	100.252
Costs of post-employment benefits/employee pensions	40.603	46.847
Other personnel expenses	25.296	13.484
Total	2.480.003	1.190.116

4.3 Administrative expenses

The breakdown of other operating expenses for the financial year is as follows:

In CHF	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Premises expenditure	127.776	10.459
Maintenance and energy expenses	85.949	11.784
Fees and charges, insurance policies	7.299	4.784
Capital market expenses	23.596	12.038
Consultancy expenses	1.425.623	1.078.384
Bookkeeping and auditing	436.698	213.810
Clinical trial expenses (within the scope of development of projects)	–	(31.000)
Advertising and sales expenses	93.395	102.607
Travel and representation expenses	75.497	61.367
Vehicle expenses	48.248	–
Administrative expenses	293.307	183.607
Other operating expenses	201.630	14.780
Patent development	62.049	110.894
Research and development expenses	166.165	–
Capital taxes	17.135	43.085
Total	3.064.366	1.816.598

4.4 Financial result

In CHF	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Interest on bank accounts	(49)	–
Interest on loans	(495.130)	(180.776)
Total interest expense	(495.179)	(180.776)
Foreign currency losses	(411.514)	(46.424)
Total financial expenses	(906.693)	(227.200)
Interest income from financial assets	101.394	3.590
Foreign currency gains	280.505	36.582
Total financial income	381.899	40.172

4.5 Income taxes

4.5.1 Income taxes recognised in profit and loss

In CHF	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Current taxes		
Income tax income/expense in the current financial year	–	–
Deferred taxes		
Deferred tax expense recognised in the reporting year (-tax income)	80.497	(94.558)
Reported tax expense for the current period	80.497	(94.558)

In the financial year, no income taxes were recognised directly in equity or other comprehensive income. The tax expense for the financial year can be reconciled with profit for the period as follows:

In CHF	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Result before income taxes	53.194.820	21.196.306
Income tax expense at a tax rate of 21.5%	(11.436.886)	(4.557.206)
Write-off of capitalised deferred taxes due to loss	–	–
Impact of non-deductible expenses and income	12.613.528	5.354.705
Impact of profits for which no deferred tax assets were recognised		
Impact of losses for which deferred tax assets were recognised	(79.387)	(155.504)
Impact of losses for which no deferred tax assets were recognised	(1.085.228)	(884.511)
Tax rate differences	68.470	87.012
Tax expense recorded in the income statement	80.497	(94.558)

An average income tax rate of 21.5% is used to calculate current taxes on profits generated. This expected average tax rate corresponds to the weighted average of the tax rates of the consolidated companies.

4.5.2 Deferred tax assets and liabilities

The following is an analysis of deferred tax assets and liabilities.

In CHF	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Deferred tax assets	156.847	–
Deferred tax liabilities	–	–

Deferred tax assets		
In CHF	31/12/2021	31/12/2020
Permanent differences	–	–
Gross amount	–	–
Impairments	–	–
Netting	–	–
Balance sheet item	–	–

Deferred tax liabilities		
Expenses for capital increase	(156.847)	–
Convertible loan	–	–
Intangible assets from acquisition of alytas therapeutics (2.3.1)	(94.786.277)	–
Gross amount	(94.943.124)	–
Impairments	–	–
Netting	–	–
Balance sheet item	(94.943.124)	–

4.5.3 Unrecognised deferred tax assets

Deferred tax assets were not recognised with regard to the following items as it is unlikely that taxable earnings will be available in future that the

Group can set against the deferred tax assets. Use of the tax losses depends on the realisation of profits from the sale of projects

In CHF	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Tax losses (Switzerland)	8.175.560	3.844.776
Tax effect	1.757.745	826.627
Loss of unused tax losses		
Until 2025	1.090.041	
Until 2026	110.056	
Until 2027	2.644.679	
Until 2028	4.330.784	

4.6 Earnings After income taxes

The profit for the year attributable to shareholders is as follows:

In CHF	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Shareholders of the parent company	53.418.475	21.461.066
Non-controlling interests	143.159	359.318
Total	53.275.317	21.101.748

4.7 Research and development costs recognised immediately

In CHF	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Research and development expenses (included in other operating expenses)	166.165	–
Clinical trial expenses (included in other operating expenses)	–	(31.000)

5. NOTES TO THE CONSOLIDATED BALANCE SHEET

5.1 Financial assets/projects at fair value

The carrying amounts of the projects as at the reporting date can be found in the table below:

In CHF	31/12/2021	31/12/2020
Projects (with investments)	95.452.804	175.157.409

	Share	Registered office of the company	Market value according to internal calculation				Market value according to internal calculation				Market value according to internal calculation
In CHF	31/12/2021		31/12/2019	Additions	Changes in market value	Disposals Transfers	31/12/2020	Additions	Changes in market value	Disposals Transfers	31/12/2021
Synimmune Biotech AG	37.4%	Germany	28.461.000	1.700.000			30.161.000	(8.795.672)	(21.365.328)		
alytas therapeutics GmbH	51.0%	Germany	74.410.000	2.665			74.412.665	(52.322.577)	(22.090.088)		
Lysatpharma GmbH	25.2%	Germany	21.502.891	2.664			21.505.555		(21.505.555)		
VITRUVIA MEDICAL AG	5.5%	Switzerland	870.000				870.000	373.380			1.243.380
Axenoll Life Sciences AG	14.0%	Switzerland	3.500.000	105.000			3.605.000	1.046.250	13.629.027		18.280.277
V-Labs Equity		Germany	15.412.500	901.600	5.433.900	(21.748.000)					
Laxxon Medical Corp.	4.7%	USA	2.600.000				2.600.000				2.600.000
saniva diagnostics GmbH	19.0%	Germany	12.324	2.665			14.989	540.000	8.460.242		9.015.231
Veraxa Biotech AG	18.9%	Switzerland		25.200	18.877.612	23.085.388	41.988.200	20.533.916			62.522.116
Baliopharm AG		Switzerland						1.791.800			1.791.800
Profits from changes in the market value of financial assets								42.996.565			
Losses from changes in the market value of financial assets								(61,118,249)			
Total			146.768.715	2.739.795	24.311.512	1.337.388	175.157.408	3.378.050	(18.121.684)	(64.960.971)	95.452.804

The valuations of the projects at fair value based on the input factors of the valuation techniques used are classified as level 3 fair values.

Forward-looking statements used for valuations are based on current estimates and assumptions according to the current state of knowledge. Such forward-looking statements are subject to risks, estimates, assumptions, uncertainties and other factors, the occurrence or failure to occur of which

can lead to the actual earnings significantly deviating from the implied forecasts or failing to reach the same and the values of the projects having to be adjusted in subsequent financial statements. There is a significant uncertainty with regard to the valuation of the projects based on forecasts and estimates of future revenue. A number of factors have a material impact on valuations, with some factors being beyond management's control.

When first recognised, financial assets (projects) are measured at fair value. They are subsequently measured at fair value in profit and loss.

In 2021, there were further additions to projects and reclassifications as the investment threshold of 20% was exceeded with Synimmune Equity Ltd. and Lysatpharma GmbH, and control was obtained over the alytas therapeutics GmbH project. The valuations of projects reported in explained below.

VITRUVIA MEDICAL AG (www.vitruvia-med.com)

This is a company with registered office in Anglikon, Switzerland. The company focuses on the hygienic and economical processing of complex surgical instruments. In particular, the wide range of functions, designs and materials involved confronts medical facilities with great technical, procedural and economic challenges.

The valuation is based on the share price of VITRUVIA MEDICAL AG (ISIN CH0461931419) according to the listing on Munich stock exchange. A change in the valuation price per share would have the following impact:

Share price + 5%	Increase in valuation by 150,000
Share price -5%	Decrease in valuation by 150,000

Axenoll Life Sciences AG (www.axenoll.com)

This is a company with registered office in Zumikon, Switzerland. Using a procedure licensed from a third party, the company develops medical solutions with the assistance of 3D screen printing technology. This is applied to print bio-materials or scaffolds.

Discounted cash flow valuations of the business plan were prepared for measurement of this

company. On the basis of the development phase, various forward-looking statements had to be estimated, the most significant estimates being:

• WACC (interest rate)	15.0%
• By 2025, income increases to	37 million
• Probability of success	100% (the technology is already in use)

These inputs result in the following sensitivity analysis:

WACC applied	16.5%	15.0%	13.5%
Value of the project (share of Xlife Sciences AG)	15.871.227	18.280.277	21.191.740
Change	(2.409.050)		2.911.463
Underlying income estimate	-10%	+/- 0%	+10%
Value of the project (share of Xlife Sciences AG)	16.177.537	18.280.277	20.694.414
Change	(2.102.740)		2.414.137
Estimate of market entry	On market	Delay of 1 year	Delay of 2 years
Value of the project (share of Xlife Sciences AG)	18.280.277	15.297.176	12.677.912
Change		(2.983.101)	(5.602.365)

Laxxon Medical Corp. (www.laxxon.com)

This is a company with registered office in Nevada, USA. Using a procedure licensed from a third party, the company develops medical solutions with the assistance of 3D screen printing technology. In this context, innovative drug delivery systems are being developed that facilitate controlled delivery of the active agents.

When purchasing the company from a related party, the share price used in the last capital increases with independent third parties was used. A change

in the valuation price per share would have the following impact:

Share price +5%	Valuation increased by 150,000
Share price -5%	Decrease in value of 150,000

Following the relocation to the USA, the company is currently undergoing restructuring in connection with the possibility of an IPO. No reliable value estimates are currently available, however.

saniva diagnostics GmbH (www.saniva.com)

This is a company with registered office in Erfurt, Germany. The company, a spin-off of the University Hospital Jena, is developing a screening instrument for the early detection of neurodegenerative disease progression. The company was co-founded by Xlife Science AG and has registered a European patent. The company intends to market its invention at an international level in the near future, in this respect FDA approval is expected before the end of the first half of 2022.

Discounted cash flow valuations of the business plan were prepared for measurement of this company. On the basis of the development level various forward-looking statements had to be estimated, the most significant estimates being:

• WACC (interest rate)	15.0%
• By 2025, income increases to	22 million
• Probability of success	85% (the approvals are expected soon)

These inputs result in the following sensitivity analysis:

WACC applied	16.5%	15.0%	13.5%
Value of the project (share of Xlife Sciences AG)	7.370.789	9.015.231	11.030.695
Change	(1.644.442)		2.015.464
Underlying income estimate	-10%	+/- 0%	+10%
Value of the project (share of Xlife Sciences AG)	4.620.044	9.015.231	13.374.065
Change	(4.395.187)		4.358.834
Estimate of market entry	2023	Delay of 1 year	Delay of 2 years
Value of the project (share of Xlife Sciences AG)	9.015.231	6.653.058	4.737.333
Change		(2.362.173)	(4.277.898)

Veraxa Biotech AG (www.veraxa.com)

This is a company with registered office in Zurich, Switzerland. The company focuses on the development of antibodies and antibody-drug conjugates. The subsidiary ARAXA Biotechnologies AG and V-labs Equity AG were brought into this company as a contribution in kind so as to benefit from future synergies. Independent valuations were prepared with regard to the contributions in kind. A discounted cash flow valuation was

prepared for valuation of this company.

On the basis of the development level various forward-looking statements had to be estimated, the most significant estimates being:

- WACC (interest rate) 15.0%
- By 2025, income increases to 34 million
- Probability of success 100%

These inputs result in the following sensitivity analysis:

WACC applied	16.5%	15.0%	13.5%
Value of the project (share of Xlife Sciences AG)	51.668.513	62.522.116	76.009.980
Change	(10.853.603)		13.487.864
Underlying income estimate	-10%	+/- 0%	+10%
Value of the project (share of Xlife Sciences AG)	56.509.808	62.522.116	68.424.509
Change	(6.012.308)		5.902.393
Estimate of market entry	On market	Delay of 1 year	Delay of 2 years
Value of the project (share of Xlife Sciences AG)	62.522.116	60.030.388	57.522.288
Change		(2.491.728)	(4.999.828)

Baliopharm AG (www.baliopharm.com)

This is a company with registered office in Reinach (near Basel) Switzerland. In return for financing of the clinical study, Xlife Sciences AG receives 16% of the income from the antibody Atrosimab, which is being examined with regard to chronic liver diseases. There is no direct participation in the company.

Depending on the course of the study, an evaluation will be performed to value the revenue entitlement. It is currently assumed that the acquisition price is the most reliable estimate of the value.

5.2 Property, plant and equipment

The carrying amounts of the property, plant and equipment as at the reporting date can be found in the table below:

In CHF	Furniture	EDP	Machinery	Vehicles	Low-value assets	Rights of use	Total
As at 31/12/2019	17.083	7.851	–	–	–	265.987	290.922
Additions	53	2.000	27.255	–	683	–	29.991
Transfers						–	–
Change in scope of consolidation						–	–
Disposals	–	–				–	–
As at 31/12/2020	17.136	9.851	27.255	–	683	265.987	320.913
Additions	121.119	–	24.473	10.000	–	531.397	686.989
Transfers						–	–
Change in scope of consolidation						–	–
Disposals	–53	–				(265.987)	(266.040)
As at 31/12/2021	138.203	9.851	51.728	10.000	683	531.397	741.861
As at 31/12/2019	1.631	981	–	–	–	17.733	20.345
Depreciation expenses	3.262	2.213	–	–	732	54.810	60.387
Disposals						–	
Impairment losses						–	
Change in scope of consolidation						–	
Transfers					–49	(1.614)	(1.663)
As at 31/12/2020	4.893	3.194	–	–	683	70.299	79.069
Depreciation expenses	18.246	2.463	5.660	625	–	34.606	61.600
Disposals						(70.299)	(70.299)
Impairment losses			1.925			–	1.925
Change in scope of consolidation						–	
Transfers						–	
As at 31/12/2021	23.139	5.657	7.585	625	683	34.606	72.295
Book value as at 31/12/2020	12.243	6.657	27.255	–	–	195.689	241.213
Book value as at 31/12/2021	115.063	4.194	44.143	9.375	–	496.791	669.567

5.3 Financial assets accounted for using the equity method

The carrying amounts of the financial assets accounted for using the equity method as at the reporting date can be found in the table below:

Financial asset	Reference	31/12/2020	Acquisitions & changes	Contribution to earnings	31/12/2021
FUSE-AI GmbH	5.3.1	421.817	547.750	(219.585)	749.982
palleos healthcare GmbH	5.3.4	2.366.791		(831.148)	1.535.643
panmabs GmbH	5.3.2	22.396		(1.700)	20.696
xarma Lifescience GmbH	5.3.3	62.719		(5.346)	57.632
QUADIRA BIOSCIENCES AG	5.3.7		75.000	(102.962)	(27.962)
Synimmune Biotech AG	5.3.5		21.365.328		21.365.328
Lysatpharma GmbH	5.3.6		37.480.376		37.480.376
Ix Therapeutics			13.963		13.963
Fx effect				189.453	
		2.873.723	59.482.417	(971.298)	61.195.389

5.3.1 Fuse-AI GmbH, Hamburg, Germany

In September 2019, the Group acquired a shareholding in the company Fuse-AI GmbH. Fuse-AI GmbH is active in the field of artificial intelligence in the medical sector and develops, for example, AI-supported medical image analyses.

The following table summarises the financial information of Fuse AI GmbH (as stated in its own financial statements):

In CHF	31/12/2021	31/12/2020
Condensed financial information of the shareholding	35%	30%
Non-current assets	1.079.432	1.629.256
Current assets	41.801	46.048
Non-current liabilities	(88.130)	(157.317)
Current liabilities	(175.680)	(111.931)
Net assets (100%)	857.423	1.406.056
Revenue	6.423	11.904
Other comprehensive income	80.988	–
Overall result	(731.985)	(171.128)
Book value		
Carrying amount as at beginning of period	421.817	254.915
Acquisitions	547.750	218.240
Share in profit and loss of companies accounted for using the equity method, net of tax	(219.585)	(51.338)
Carrying amount as of the reporting date	749.982	421.817

5.3.2 panmabs GmbH, Mainz, Germany

In October 2020, the Group acquired a stake in the company panmabs GmbH.

panmabs GmbH develops various therapeutic antiviral and antibacterial candidate medications.

The following table summarises the financial information of panmabs GmbH (as stated in its own financial statements):

In CHF	31/12/2021	31/12/2020
Condensed financial information of the shareholding	35%	35%
Non-current assets	46.823	63.114
Current assets	12.352	6.928
Non-current liabilities	–	–
Current liabilities	(318)	(6.349)
Net assets (100%)	58.856	63.693
Revenue	–	–
Other comprehensive income	–	–
Overall result	(6.878)	(14.287)
Book value		
Carrying amount as at beginning of period	22.396	
Acquisitions	–	27.420
Share in profit and loss of companies accounted for using the equity method, net of tax	(1.700)	(5.024)
Carrying amount as of the reporting date	20.696	22.396

5.3.3 xarma life sciences GmbH, Mainz, Germany

In October 2020, the Group acquired a stake in the company xarma life sciences GmbH. xarma life sciences GmbH develops functional and modular drugs that target the activation of complex membrane receptors.

The following table summarises the financial information of xarma life sciences GmbH (as stated in its own financial statements):

In CHF	31/12/2021	31/12/2020
Condensed financial information of the shareholding	35%	35%
Non-current assets	137.290	185.053
Current assets	29.748	846
Non-current liabilities	–	–
Current liabilities	(11.441)	(7.539)
Net assets (100%)	155.597	178.361
Revenue	–	–
Other comprehensive income	–	–
Total comprehensive income	(16.811)	(10.910)
Book value		
Carrying amount as at beginning of period	62.719	
Acquisitions	–	66.906
Share in profit and loss of companies accounted for using the equity method, net of tax	(5.346)	(4.187)
Carrying amount as of the reporting date	57.632	62.719

5.3.4 palleos healthcare GmbH, Wiesbaden, Germany

In August 2020, the Group acquired a stake in the company palleos healthcare GmbH. palleos healthcare GmbH conducts clinical trials for clients.

The following table summarises the financial information of palleos healthcare GmbH (as stated in its own financial statements):

In CHF	31/12/2021	31/12/2020
Condensed financial information of the shareholding	50%	50%
Non-current assets	3.257.085	3.800.937
Current assets	3.656.657	2.395.285
Non-current liabilities	–	–
Current liabilities	(3.842.456)	(1.462.646)
Net assets (100%)	3.071.286	4.733.575
Revenue	3.733.294	2.078.085
Other comprehensive income	–	–
Overall result	(1.280.821)	443.040
Book value		
Carrying amount as at beginning of period	2.366.791	
Acquisitions	–	2.145.271
Share in profit and loss of companies accounted for using the equity method, net of tax	(831.148)	221.520
Carrying amount as of the reporting date	1.535.643	2.366.791

5.3.5 Synimmune Biotech AG, Vaduz, Liechtenstein

The company holds shares in Synimmune Biotech AG. Over the course of the year, Synimmune Biotech AG converted convertible loans vis-à-vis Synimmune GmbH. This increased the Company's shareholding in the Synimmune project (the company Synimmune GmbH) overall, for which

reason the project is now listed as an equity investment as of the reporting date and no pro rata earnings were recorded in the reporting year,

The following table summarises the financial information of Synimmune Biotech AG (as stated in its own financial statements):

In CHF	31/12/2021
Condensed financial information of the shareholding	37.4%
Non-current assets	3.602.898
Current assets	3.732
Non-current liabilities	(3.952.057)
Current liabilities	(5.064)
Net assets (100%)	(350.490)
Revenue	14.386
Other comprehensive income	–
Total comprehensive income	(69.104)
Book value	
Fair value as acquisition cost	21.365.328
Acquisition	–
Pro rata earnings	–
Carrying amount at 31/12/2021	21.365.328

5.3.6 Lysatpharma GmbH, Eisenberg, Germany

At the end of December 2021, the Company purchased further shares in Lysatpharma GmbH, which increased the shareholding in the company to over 20%. As the acquisition took place at the

end of December, pro rata earnings were not yet recorded in the reporting year.

The following table summarises the financial information of Lysatpharma GmbH (as stated in its own financial statements):

In CHF	31/12/2021
Condensed financial information of the shareholding	25.2%
Non-current assets	962.013
Current assets	126.178
Non-current liabilities	(1.108.681)
Current liabilities	(354.004)
Net assets (100%)	(374.493)
Revenue	14.386
Other comprehensive income	–
Total comprehensive income	(242.219)
Book value	
Fair value as acquisition cost	21.505.556
Acquisition	15.974.820
Pro rata earnings	–
Carrying amount at 31/12/2021	37.480.376

5.3.7 QUADIRA BIOSCIENCES AG, Solothurn, Switzerland

In the reporting year, the Group acquired a stake in the company QUADIRA BIOSCIENCES AG. Die QUADIRA BIOSCIENCES AG develops, refines and markets therapeutic antibodies.

The following table summarises the financial information of QUADIRA BIOSCIENCES AG (as stated in its own financial statements):

In CHF	31/12/2021
Condensed financial information of the shareholding	50%
Non-current assets	–
Current assets	24.076
Non-current liabilities	(80.000)
Current liabilities	–
Net assets (100%)	(55.924)
Revenue	–
Other comprehensive income	–
Total comprehensive income	(205.924)
Book value	
Acquisition cost and fair value on acquisition	75.000
Share in profit and loss of companies accounted for using the equity method, net of tax	(102.962)
Carrying amount at 31/12/2021	(27.962)

5.4 Intangible assets

The carrying amounts of intangible assets as at the reporting date can be found in the table below:

In CHF	Goodwill	Industrial rights	Total
As at 31/12/2019	–	–	–
Additions	–	192.199	192.199
Transfers	–	–	–
Change in scope of consolidation	–	–	–
Disposals	–	–	–
As at 31/12/2020	–	192.199	192.199
Additions	–	525.051	525.051
Transfers	–	–	–
Change in scope of consolidation	–	315.954.256	315.954.256
Disposals	–	(547)	(547)
As at 31/12/2021	–	316.670.959	316.670.959
Accumulated amortisation and impairment losses			
As at 31/12/2019	–	–	–
Depreciation expenses	–	–	–
Disposals	–	–	–
Impairment losses	–	–	–
Change in scope of consolidation	–	–	–
Transfers	–	–	–
As at 31/12/2020	–	–	–
Depreciation expenses	–	–	–
Disposals	–	–	–
Impairment losses	–	–	–
Change in scope of consolidation	–	–	–
Transfers	–	–	–
As at 31/12/2021	–	–	–
Book value as at 31/12/2020	–	192.199	192.199
Book value as at 31/12/2021	–	316.670.959	316.670.959

Industrial rights summarise patent claims (in particular the patent claims at alytas therapeutics GmbH, see 2.3.1) and acquired industrial rights. Intangible assets are amortised on a straight-line basis, whenever possible over the term of patent protection (20 years) from the start of patent protection or recognition of the intangible assets.

The intangible assets of alytas therapeutics GmbH were recognised as at the reporting date and have not been amortised. The remaining amortisation period amounts to 20 years. Amortisation of intangible assets are recorded in the item depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

5.5 Share capital

	Number of shares	Share capital in CHF
As at 31/12/2019	3.761.753	3.761.753
Changes in the previous year	395.251	395.251
As at 31/12/2020	4.157.004	4.157.004
Changes in the reporting year	902.264	902.264
As at 31/12/2021	5.059.268	5.059.268

The shares have a par value of CHF 1,00, carry one voting right each and are entitled to dividends.

	Number of shares	Share capital in CHF
Authorised capital	1.601.074	1.601.074
Conditional capital	1.811.866	1.811.866

The conditional capital is used with regard to the conversion of the listed bond, see 5.8. The authorised capital permits the Company to issue new shares to cover future financing needs.

Other reserves

The retained debt premiums, the reserves from employee pension benefits and foreign currency translation are disclosed in other reserves. The breakdown can be seen from the statement of changes in equity.

5.6 Non-controlling interests

As at 01 January 2020	(139.245)
Share in net result	359.318
Addition of non-controlling interests	(245.654)
As at 01 January 2021	(25.581)
Share in net result	(143.159)
Non-controlling interest of 49% as part of the acquisition of alytas therapeutics GmbH, Jena, Germany (see 2.3.1)	(108.153.069)
As at 31 December 2021	(107.984.329)

With regard to the non-controlling interests in alytas therapeutics GmbH, no share in the net result was recorded in the reporting year. Detailed information on group companies with

significant non-controlling interests are disclosed in the following table (values prior to intercompany eliminations).

	alytas therapeutics GmbH	
In CHF	31/12/2021	31/12/2020
Group share of capital	51%	
Capital share of non-controlling shareholders	49%	
Balance sheet		
Working capital	414.460	
Non-current assets	315.954.256	
Total assets	316.368.716	
Current borrowed capital	(681.562)	
Non-current borrowed capital	(94.786.277)	
Equity, share of the shareholders of Xlife Sciences AG	(112.747.808)	
Share of non-controlling interests	(108.153.069)	
Total liabilities	(316.368.716)	
Income statement		
Revenue	–	
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	(94.887)	
Earnings	(94.887)	
There of share of non-controlling interests	(46.495)	
Cash flows		
Cash flow from operating activities	(94.887)	
Cash flow from investing activities	–	
Cash flow from financing activities	–	

5.7 Deferred income

In CHF	31/12/2021	31/12/2020
Accrual for consultancy [1]	901.852	142.852
Accrual for outstanding invoices [2]	417.907	84.216
Accrual for employee pensions [3]	–	60.120
Other current accruals	363.999	1.501.372
Liabilities from subsequent payments [5]	–	889.575
Total	1.683.758	2.678.135

In CHF	[1] Accrual for advisory services	[2] Outstanding invoices	[3] Employee pensions	[4] Other	[5] Subsequent payment obligations	Total deferred income
As at 31/12/2019	–	–	50.000	71.667	–	121.667
Recognition of additional accrual	142.852	84.216	10.120	1.441.372	889.575	2.568.135
Utilisation	–	–	–	(11.667)	–	(11.667)
Reversals	–	–	–	–	–	–
Effect from currency translation differences	–	–	–	–	–	–
As at 31/12/2020	142.852	84.216	60.120	1.501.372	889.575	2.678.135
Recognition of additional accrual	777.000	417.907	–	158.596	–	1.353.504
Utilisation	(18.000)	(84.216)	(60.120)	(1.295.970)	(889.575)	(2.347.881)
Reversals	–	–	–	–	–	–
Effect from currency translation differences	–	–	–	–	–	–
As at 31/12/2021	901.852	417.907	–	363.999	–	1.683.758

In the previous year, other provisions contained the accruals for the shares in Xlife Sciences AG yet to be created, which constituted part of the purchase price for palleos healthcare GmbH. Agreed payments

to projects are accrued as liabilities from subsequent payments for which the Group has entered into legally binding positions.

5.8 Convertible bond

At the end of November 2020, the Company issued a convertible bond by converting existing loans:

In CHF	31/12/2021	31/12/2020
Total nominal amount at the beginning of the period	52.218.000	56.000.000
Conversions in the period	15.725.000	3.782.000
Total nominal amount (56.000 individual bonds with a nominal value of 1.000)	36.493.000	52.218.000
Equity interest	(2.884.839)	–
Carrying amount of the convertible bond	33.608.161	52.218.000
Interest rate	0.25%	0.25%
Final maturity	30/06/2029	30/06/2029
Conversion right at any time until 31.5.2029 at the conversion price	CHF 25/share	CHF 25/share

In December 2021, the Company took out a convertible loan with regard to the purchase of shares (see 2.3.1 et seq.) for which approval by the general meeting is still required.

In CHF	31/12/2021
Loan amount	30.173.175
Conversions in the period	–
Loan amount	30.173.175
Equity interest	(810.521)
Book value	29.362.654
Interest rate	0.25%
Final maturity	20/12/2026
Conversion right no earlier than 01/02/2023 until 20/12/2026 at the conversion price	CHF 46.2/share

5.9 Trade receivables

In CHF	31/12/2021	31/12/2020
Trade receivables from projects	324.815	231.760
Impairment losses	(42.000)	(8.500)
Total trade receivables	282.815	223.260

5.10 Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise: cash equivalents, cash on hand and bank account credit balances.

In CHF	31/12/2021	31/12/2020
Cash and balances with credit institutions	1.956.351	4.702.798
Cash (cash on hand)	–	–
Total	1.956.351	4.702.798

6. OTHER NOTES

6.1 Business segments

As described () below, the Group has four strategic departments (Focus Areas) that constitute the Group's reporting segments. The Board of Directors regularly assesses the corresponding strategic departments formed on the basis of features shared by products and services. All projects are allocated to these reporting segments

Technology platforms
Inventum Genetics GmbH, Mainz, Germany
palleos healthcare GmbH, Wiesbaden, Germany
Veraxa Biotech AG, Zurich, Switzerland
Biotechnology/Therapeutics
alytas therapeutics GmbH, Jena, Germany
Baliopharm AG, Basel, Switzerland
inflamed pharma GmbH, Jena, Germany
Ix Therapeutics GmbH, Hamburg, Germany
Lysatpharma GmbH, Eisenberg, Germany
panmabs GmbH, Mainz, Germany
QUADIRA BIOSCIENCES AG, Solothurn, Switzerland
Synimmune Biotech AG, Vaduz, Liechtenstein
xarma life sciences GmbH, Mainz, Germany
xprot GmbH, Mainz, Germany

Medical technology
Axenoll Life Sciences AG, Zurich, Switzerland
clyxop devices GmbH, Erfurt, Germany
Laxxon Medical Corp., Nevada, United States
Novum Technologie GmbH, Jena, Germany
saniva diagnostics GmbH, Erfurt, Germany
VITRUVIA MEDICAL AG, Anglikon, Switzerland
x-kidney diagnostics GmbH, Erfurt, Germany
x-nuclear diagnostics GmbH, Erfurt, Germany
Xsight Optics GmbH, Erfurt, Germany
Artificial intelligence/digital medicine
Fuse-AI GmbH, Hamburg, Germany

Technology platforms

Independently of indications, the technology platforms focus on identifying new therapeutic options and ongoing refinement of the technologies. In addition, they serve as a platform for internal and external projects.

Biotechnologies/Therapeutics

The project companies in the field of biotechnologies/therapeutics concentrate on the development of novel treatment options in specific indication areas.

Medical technology

The project companies in the area of medical technology develop innovative methods for diagnosing illnesses and/or patient monitoring.

Artificial intelligence/digital medicine

The artificial intelligence/digital medicine segment deals with the deployment of AI to improve diagnostic methods and/or to improve processes in the field of biotechnology.

In CHF	Technology platforms	Bio- technologies/ therapies	Medical technology	Artificial intelligence/ digital medicine	Not allocated	Consolidated
	2020	2020	2020	2020	2020	2020
External revenue	–	–	–	–	396.805	396.805
Intersegment revenue	–	–	–	–		–
Total revenue	–	–	–	–	396.805	396.805
Profit (loss) of segment before taxes	23.371.246	(58.990)	(44.078)		(2.071.872)	21.196.306
Share in profit and loss of companies accounted for using the equity method	221.520	(5.024)	–	(51.338)		165.158
Assets	42.502.827	127.560.676	7.656.647	–	5.510.121	183.230.271
Financial assets accounted for using the equity method	2.366.791	85.115	–	421.817	–	2.873.723
Liabilities	(7.582)	(10.732)	(40.478)	–	(55.478.784)	(55.537.576)
	2021	2021	2021	2021	2021	2021
External revenue	–	113.330	–	–	711.646	824.976
Intersegment revenue	–	–	–	–	–	–
Total revenue	–	113.330	–	–	711.646	824.976
Profit (loss) of segment before taxes	46.917.048	(9.090.080)	22.266.585	–	(6.898.733)	53.194.820
Contained therein: Share in profit and loss of companies accounted for using the equity method	(831.148)	(110.008)	–	(219.595)	189.453	(971.298)
Assets	378.512.281	5.490.355	32.007.842	–	2.898.520	418.868.998
Financial assets accounted for using the equity method	1.535.643	58.909.774	–	749.972	–	61.195.389
Liabilities	(108.320.940)	(108.495)	(45.184)	–	(52.370.730)	(160.845.349)

6.2 Pension provisions (post-employment employee benefits)

For defined-benefits pension schemes, the costs of providing benefits is determined using the projected unit credit method), where an actuarial valuation is performed periodically (at 31/12/2021 for the first time). Remeasurements, consisting of actuarial profits and losses, changes arising from the application of asset ceilings and income from plan assets (without interest on the net liability) are recognised directly in other comprehensive income and are thus contained directly in the consolidated balance sheet. The remeasurements recorded in other comprehensive income are part of the revenue reserves and are no longer recycled through consolidated profit and loss. Post service costs are recognised as an expense when the plan amendment comes into effect.

The net interest is calculated by multiplying the discount rates by the net liability (pension obligation less plan assets) or the net asset value arising to the extent that the plan assets exceed the pension obligation at the beginning of the financial year. The defined-benefit costs include the following components:

- Service costs (including current service cost, post-service costs and any profits or losses from plan amendments or plan curtailments)
- Net interest expense or income on the net liability or the net asset
- Remeasurement of the net liability or the net asset

The Group discloses the first two components in the administrative expenses item (personnel expenses) in the consolidated income statement.

The defined-benefit obligation recognised in the consolidated balance sheet constitutes the current underfunding of the Group's defined-benefit plans.

Payments for defined-benefit plans are recognised as expenses when the employees have carried out the work entitling them to the contributions.

6.2.1 Legal framework and responsibilities

Management of the employee pensions (in Switzerland) must be carried out via a pension fund that is separate from the employer. The Swiss law that prescribes minimum benefits is applicable, as currently only Swiss-based personnel are employed.

The occupational pension plan for employees in Switzerland providing for the economic consequences of old age, disability and death is provided by the "Asga Pensionskasse Genossenschaft". The uppermost body of this pension fund consists of an equal number of employee and employer representatives.

In accordance with IAS 19 (Employee Benefits), this pension solution is to be classified as a defined benefit plan. The insurance plan is set out in the pension fund regulations, the membership contract and the member company's pension plan.

Employer and employee contributions are basically defined as a percentage of the insured salary. The retirement pension is calculated from the retirement assets available at the time of retirement multiplied by the conversion rates specified in the regulations. The employee has the option to draw retirement benefits as a lump sum. Disability and spouse's pensions are defined as a percentage of the insured salary.

This is a so-called enveloping plan, i.e. accrued benefits are above the legally compulsory minimum benefits (compulsory and additional benefits).

Assets are invested by the "Asga" pension fund as a whole for all members having the same investment profile.

6.2. 2 Risks for the employer

The foundations can amend their financing systems (contributions and future benefits) at any time. For the duration of the underfunding as defined by the Employee Benefit Law (Art. 44 BVV2) and to the extent that other measures are ineffective, the foundation may impose restructuring contributions.

6.2. 3 Special events

There were no plan amendments, curtailments or settlements in the current reporting period.

6.2.4 Assumptions and methods of sensitivity analysis

Sensitivity analyses were prepared for the most important assumptions for calculating the obligations. The discount factor, the projection interest rate for pension assets and the assumption on salary development were increased/lower by fixed percentage points. The sensitivity for mortality

was calculated by the mortality being lowered or increased by a flat-rate factor such that the life expectancy for most age categories was increased or decreased by around one year.

6.2.5 Asset-liability matching

Asga pension fund bears the actuarial and investment-related risks itself. The Assembly of Delegates as the uppermost body of the pension fund is responsible for investing the assets. The investment strategy is defined in such a way that benefits in accordance with the regulations can be paid when due.

6.2.6 Funding arrangements

Asga pension fund's funding system is designed in such a way that the Company assumes the difference between the employee contributions in accordance with the regulations and the technically required contributions.

Statutory provisions

Management of employee pensions must be carried out via a pension fund that is separate from the employer. The law stipulates minimum benefits

Deriving the financial position in the balance sheet

In CHF	2021	2020
Present value of the obligation on 31 Dec.	435.862	166.522
Fair value of the assets on 31 Dec.	330.807	106.402
Obligation/(credit balance) on 31 Dec.	105.055	60.120
Adjustments (asset ceiling)	–	–
Pension provision (net) on 31 Dec.	105.055	60.120

Components of pension expenses

In CHF	2021	2020
Current service cost, less employee contributions and administrative expenses	36.329	36.329
Past service cost	–	–
Interest expense on pension obligation	526	285
Interest income on plan assets	(396)	(191)
Administrative expenses	83	60
Expenses recorded in the income statement	36.542	36.483

Remeasurement of pension plans (actuarial gain/loss on obligation)	76.000	–
Return on plan assets (without interest)	(40.777)	–
Expenses/(income) recorded in other comprehensive income	(35.223)	–

Change in the pension obligation

In CHF	2021	2020
Pension obligation on 1 Jan.	166.522	119.279
Interest expense on pension obligation	526	285
Current service cost	36.329	36.329
Employee contributions	26.830	10.629
Past service cost	–	–
Benefits contributed and paid out (net)	129.572	(60)
Administrative expenses	83	60
Actuarial gains/(losses)	76.000	–
Pension obligation on 31 Dec.	435.862	166.522

Change in plan assets

In CHF	2021	2020
Plan assets on 1 Jan.	106.402	85.013
Interest income on plan assets	396	191
Employer contributions	26.830	10.629
Employee contributions	26.830	10.629
Benefits contributed/(paid out)	129.572	(60)
Return on plan assets (without interest)	40.777	–
Plan assets on 31 Dec.	330.807	106.402

Actuarial assumptions

In CHF	2021	2020
Discount rate on 1 Jan.	0.20%	0.20%
Discount rate on 31 Dec.	0.30%	0.20%
Expected rate of salary increases	2.00%	2.00%
Expected future pension increases	1.00%	1.00%
Average life expectancy at age 65 – men (number of years)	22,26	–
Average life expectancy at age 65 – women (number of years)	24,32	–
Duration	19,00	22,50

Sensitivity analysis present value of the obligations

	–0.25% / –1 year	2021 In CHF	+0.25% / +1 year
Change in life expectancy	429.957	–	441.798
Change in future salary increases	431.235	435.862	438.911
Change in discount rate	428.924	–	442.973

Sensitivity analysis of expectancy of future service cost

In CHF	
Current estimate of service cost for 2021	41.428
Expected service cost for 2022 at 0.25% change in the discount rate	38.294
Expected service cost for 2022 at 0.25% change in the expected interest result	42.510

6.3 Earnings per share

a) Basic earnings per share

In CHF per share	2021	2020
Basic earnings per share	11,30	5,53

The earnings and the weighted average number of ordinary shares that are included in the calculation of basic earnings per share are presented below:

Share of profit attributable to shareholders of the parent company	53.418.475	21.461.066
Weighted average number of ordinary shares for calculating the basic earnings per share	4.728.045	3.817.255

b) Diluted earnings per share

In CHF per share	2021	2020
Diluted earnings per share	8,66	3,60

The earnings and the weighted average number of ordinary shares that are included in the calculation of diluted earnings per share are presented below:

Share of profit attributable to shareholders of the parent company	53.418.475	21.461.066
Interest expense on convertible bonds, net of tax	170.100	170.100
Profit attributable to the shareholders (diluted)	53.588.575	21.631.166
Weighted average number of ordinary shares (basic)	4.728.045	3.817.255
Impact of the conversion of the convertible bonds	1.459.720	2.088.720
Weighted average of the ordinary shares (diluted)	6.187.765	5.905.975

After the reporting date, a capital increase was performed after the reporting date from authorised capital (not contained in the diluted earnings) as well as further conversions through conditional capital (contained in diluted earnings). For this, also see 6.13

6.4 Further information on financial instruments

6.4.1 Capital risk management

The group manages its capital with the aim of ensuring that all group companies can operate under the going concern assumption while maximising the returns of the company's stakeholders by optimising the ratio of equity to debt.

The Group's capital structure consists of net debt and Group equity. This is composed of the equivalent value of issued shares, the capital reserve and the balance brought forward.

The Group is not subject to any capital requirements imposed by third parties.

The net gearing ratio as at balance sheet date is as follows:

In CHF	31/12/2021	31/12/2020
Liabilities (without deferred tax liabilities)	(65.902.225)	(55.537.576)
Cash and cash equivalents	1.956.351	4.702.798
Net debt	(63.945.874)	(50.834.778)
Equity	319.219.038	130.144.600
Net debt to equity ratio	20.03%	39.06%

6.4.2 Liquidity risk management

In the final instance, responsibility for liquidity risk management lies with the Board of Directors, which has built up an appropriate concept for managing short-, medium- and long-term funding and liquidity requirements.

Financing risk (liquidity risk)

The Company is currently still in the start-up phase, which is why the operating cash flows together with the cash flow from investing activities result in a cash outflow. The Board of Directors has therefore

worked out and implemented financing to ensure further development. The Company's ability to continue as a going concern is dependent on its ability to generate the funds needed to finance future investments in research & development required for projects. As significant progress is being made with the projects and sufficient funds have been raised through the capital increases already carried out, the Board of Directors does not consider the company's ability to continue as a going concern to be jeopardised.

6.4.3 Market risks

Risk from financial assets / projects measured at fair value

Changes in the planned earnings, the probabilities of success or the interest rate (WACC) may have a significant influence on the value of the financial assets, see note 5.1

Currency risks

Changes in exchange rates may lead to losses in the value of financial instruments and to detrimental changes to future cash flows from planned transactions. Because of the current focus of the Group's business on Switzerland and Germany, currency risks currently primarily arise from the CHF/EUR exchange rate. On the basis of the transactions planned to date and existing financial instruments, the effect of an exchange rate change of +/- 10% is estimated at around +/- CHF 200,000.

Interest rate risks

Interest rate risks exist due to potential changes in the market interest rate and can lead to a change in

the fair value of fixed-interest financial instruments and to fluctuations in interest payments for variable-interest financial instruments. The following table shows that there is currently no significant interest rate risk for the Group. The following table shows the remaining contractual maturities of the Group's non-derivative financial liabilities. The table is based on undiscounted cash flows of financial liabilities on the basis of the earliest date on which the Group can be obliged to pay.

Cluster risk

The Group keeps its cash and cash equivalents at different commercial banks with at least an A rating. The cluster risk relating to the projects can be seen from Table 5.1.

The following table shows the remaining contractual maturities of the Group's non-derivative financial liabilities. The table is based on undiscounted cash flows of financial liabilities on the basis of the earliest date on which the Group can be obliged to pay.

In CHF	Weighted average effective interest rate	1–3 months	3 months up to 1 year	1–5 years	Over 5 years	Total	Book value
31/12/2020							
Interest free		335.925	–			335.925	335.925
Finance leases				193.307		193.307	193.307
Floating interest-rate instruments		–	–	–	–	–	–
Fixed interest-rate instruments	0.25%	–	–	–	52.218.000	52.218.000	52.218.000
Total		335.925	–	193.307	52.218.000	52.747.233	52.747.233
31/12/2021							
Interest free		378.307	–			378.307	378.307
Finance leases				496.791		496.791	496.791
Floating interest-rate instruments		–	–	–	–	–	–
Fixed interest-rate instruments	0.25%	–	–	–	66.666.175	66.666.175	62.970.815 ¹
Total		378.307	–	496.791	66.666.175	67.541.273	63.845.913

¹The difference between carrying amount and total amount corresponds to the equity portion of the convertible bond and the convertible loan

6.5 Categories of financial instruments

Financial assets

In CHF	31/12/2021	31/12/2020
Cash and cash equivalents	1.956.351	4.702.798
Financial assets measured at amortised costs	3.603.296	2.200.954
Measured at the respective market value (fair value) through profit and loss	95.452.804	175.157.408

Financial liabilities

In CHF	31/12/2021	31/12/2020
Financial liabilities at measured at amortized cost	63.845.914	52.747.233

Development of financial liabilities

In CHF	31/12/2021	31/12/2020
Status as at 1 Jan.	(52.747.233)	(56.644.690)
Repayment of financial liabilities	635.531	115.457
Conversions	15.725.000	3.782.000
Change in the equity components of convertible bond and convertible loan	(3.695.360)	
Addition of financial liabilities	(531.397)	
Taking out of financial liabilities (convertible loan)	30.173.175	
Status as at 31 Dec.	(63.845.914)	(52.747.233)

There are no impairment or overdue amounts on the financial receivables measured at acquisition cost. The credit risk is assessed as being minimal as

in particular there are financial assets at the Group's projects and the Group is thus able to give a good assessment of the credit risk.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not contain any information

on the fair value for financial assets and financial liabilities that were not valued at fair value of the carrying amount adequately approximates the fair value.

Book value

In CHF	Reference	Fair value	Mandatory at FVTPL	FVOCI debt instruments	FVOCI equity instruments	Financial assets at amortized cost	Other financial liabilities	Total
Financial assets at fair value								
Projects	5.1		95.452.804					95.452.804
Financial assets not measured at fair value								
Financial assets (loan)						3.603.296		3.603.296
Trade receivables	5.9					282.815		282.815
Other receivables						200.845		200.845
Cash and cash equivalents	5.10					1.956.351		1.956.351
Financial liabilities measured at fair value								
Convertible bond equity components	5.8				2.884.839			2.884.839
Convertible loan equity components	5.8				810.521			810.521
Financial liabilities not measured at fair value								
Convertible bond equity components	5.8					(36.493.000)		(36.493.000)
Convertible loan equity components						(30.173.175)		(30.173.175)
Lease liability						(496.791)		(496.791)
Other liabilities						(267.498)		(267.498)
Trade payables						(378.307)		(378.307)

Fair value

In CHF	Reference	Level 1	Level 2	Level 3	Total
Financial assets at fair value					
Projects	5.1	1.243.380		94.209.424	95.452.804
Financial assets not measured at fair value					
Financial assets (loan)					
Trade receivables	5.9				
Other receivables					
Cash and cash equivalents	5.10	1.956.351			1.956.351
Financial liabilities measured at fair value					
Convertible bond equity components	5.8			2.884.839	2.884.839
Convertible loan equity components	5.8			810.521	810.521
Financial liabilities not measured at fair value					
Convertible bond equity components	5.8		(36.493.000)		(36.493.000)
Convertible loan equity components			(30.173.175)		(30.173.175)
Lease liability			(496.791)		(496.791)
Other liabilities					
Trade payables					

6.6 Business transactions with related companies and persons

Balances and transactions between the Company and its subsidiaries that are related parties have been eliminated on consolidation and are not disclosed in these notes. Details of business transactions between the Group and other related companies and persons are stated below.

As at the balance sheet date, related parties have pre-financed expenses for the financing of the Company's activities, which have been accrued in these financial statements.

	Sales of goods and services		Acquisition of goods and services	
In CHF	2021	2020	2021	2020
Advice from related parties	–	–	275.000	281.613
The following balances were outstanding at the end of the reporting period:				
Pending consulting services from related parties	–	–	75.000	60.394
Loans to or from related companies and persons				
	Loans to related parties		Loans from related parties	
In CHF	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Other shareholder credit balances				98.152
Convertible bond				
David L. Deck, Principality of Monaco			17.028.000	17.028.000
Gilbert Schöni, United Arab Emirates			16.158.000	16.158.000
Convertible loan				
David L. Deck, Principality of Monaco			13.424.267	
Gilbert Schöni, United Arab Emirates			13.424.267	
Oliver R. Baumann, CEO & Managing Director			3.324.641	
Total			63.359.175	33.284.152

In return for the granting of the convertible loan at the end of December the shareholders David L. Deck, Gilbert Schöni and Oliver R. Baumann each assumed shares in project companies:

In CHF			
Sales of shares from related parties	David L. Deck	Gilbert Schöni	Oliver R. Baumann
alytas therapeutics GmbH (purchase of 41% shares)	5.611.526	5.611.526	1.389.053
saniva diagnostics GmbH (purchase of 9% shares)	242.400	242.400	55.200
Axenoll Life Sciences AG (purchase of 6% shares)	465.750	465.750	114.750
Lysatpharma GmbH (purchase of 15.2% shares)	7.104.591	7.104.591	1.765.638
Total	13.424.267	13.424.267	3.324.641

6.7 Share-based remuneration

The Employee Share Ownership Plan is designed to provide long-term incentives for executives and current and future employees to achieve long-term returns for shareholders. Under the plan, the participants are offered shares, which were created through a conditional capital increase, at their

nominal value. The participant receives entitlement to the shares over a period of 12 months. The shares are held in a blocked custody account until accrual and cannot be sold. The circle of beneficiaries and the number of shares allotted is determined by the Board of Directors.

	2021	2020
Shares issued under the Employee Share Ownership Plan	64.660 shares	0 shares
Average fair value according to the market price upon granting	CHF 52.46/share	
Recorded personnel expenses from share-based remuneration (expenses are distributed over the granting period)	1.103.927	

6.8 Remuneration of key management personnel

Remuneration of key management personnel comprises:

In CHF	2021	2020
Fixed basic salary	449.138	196.050
Flat-rate expenses	26.500	
Social security contributions and pension benefits	181.597	–
Other long-term benefits	–	–
Benefits in connection with termination of the employment relationship	–	–
Share-based remuneration (non-cash benefit)	756.447	416.670
Total	1.279.385	612.720

6.9 Lease agreements as lessee

The Group leases office premises, factory facilities and storage facilities. The term of the lease agreements is typically 5 years with the option to extend the lease agreements after this period. In the

reporting year, the Group took over new office premises in Zurich in particular. Information on leases in which the Group is the lessee is presented below:

Rights of use		
In CHF	31/12/2021	31/12/2020
As at 1 January	195.058	247.817
Depreciation amount for the financial year	(34.606)	(52.759)
Additions to rights of use	531.397	–
Disposals of rights of use	(195.058)	–
Balance as at 31 December	496.791	195.058

Lease liabilities		
In CHF	31/12/2021	31/12/2020
As at 1 January	193.307	245.620
Payments in the financial year	(34.606)	(52.313)
Addition to lease liabilities	531.397	–
Disposals of lease liabilities	(193.307)	–
Balance as at 31 December	496.791	193.307

Amounts recorded in the income statement		
In CHF	31/12/2021	31/12/2020
Interest expenses for lease liabilities	(1.695)	(2.197)
Lease expenses on low value assets	–	–
Amortisation of rights of use	(34.606)	(53.198)

The Group has further entered into immaterial lease agreements (operating leases), which are recorded directly as expenses on account of materiality.

Renewal options

Some property leases contain renewal options exercisable by the Group up to one year prior to the expiry of the non-terminable lease term. The renewal options are only exercisable by the Group and not by the lessor. At the date of granting, the Group assesses whether the exercise of renewal options is reasonably certain and then reviews this as and when events occur or as the renewal option expiry date approaches.

Assuming the renewal options (of a further 5 years of use in each case) are exercised, the Group estimates that potential future lease payments would lead to a lease liabilities (cash outflow) of 500.000.

6.10 Employees

The average number of employees was 9. The following number of employees were on the payroll at the reporting date.

	31/12/2021	31/12/2020
Employees	13	6
External consultants/freelancers	6	6

Consultants and freelancers brought in from outside by the Company do not work primarily for the Company; the figures given are numbers of persons.

6.11 Bodies of the Company

Management	Oliver R. Baumann (CEO/Managing Director)
Board of Directors	Dr Bernhard Scholz (Chairman)
	Simon Schöni (Member)
	Mark S. Müller (Member)
	Dr Michael B. Klein (Member)
	Christian Faber (Member)
	Oliver R. Baumann (Member)

6.12 Subsequent events

Since 11/02/2022, the Company's shares have been newly listed in the new Sparks segment of Zurich Stock Exchange and trading in Munich (Germany) ceased. Since the reporting date, the Company has received new funds from authorised capital increases of CHF 5.012.469, and 108.495

registered shares of a nominal value of CHF 1 were created (agio CHF 4.903.974). In addition, 115.960 registered shares of a nominal value of CHF 1 were created through conversion of the convertible loan of a total of CHF 2.899.000 were created (agio CHF 2.783.040).

Zurich, 29/04/2022



Signed by Dr Bernhard Scholz
Chairman of the Board of Directors

AUDITOR'S REPORT

To the General Meeting of Xlife Sciences AG, Zurich

Report on the audit of the consolidated financial statements

Audit opinion

We have audited the consolidated financial statements of Xlife Sciences AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement for the year then ended, and the consolidated notes, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 67 to 121) give a true and fair view of the financial position of the Group as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for the audit opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Auditing Standards. Our responsibilities under these provisions and standards are further set out in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with Swiss law and the requirements of the profession and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and have fulfilled our other professional duties of conduct in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were considered in the context of our audit of the consolidated financial statements as a whole, and while forming our opinion thereon, and we do not provide a separate opinion on these matters.

*This is a translation of the original
German text. In case of discrepancies,
the German version shall be decisive.*

Impairment of financial assets (projects)

The financial assets include investments in project companies totalling CHF 95,452,804. These projects are measured at fair value. The audit of the measurement of shares in project companies is a key audit matter, as the projects account for around 20% of the assets in the consolidated balance sheet and the measurement of these projects involves significant estimates. The estimated fair value may differ from the values that would have been used had an active market existed for these financial assets.

The Company uses a measurement method based, among other things, on estimated probabilities of achieving defined project milestones from today's perspective and on risk-adjusted discount rates to estimate fair values from a present-day perspective. Determination of such input factors requires management's judgment from today's perspective. Other assessments at a later date may lead to values that differ from those of the project companies recorded at the present time.

For further information, please refer to the disclosures made in the notes to the consolidated financial statements in section 5.1 "Financial investments/projects at fair value".

We assessed the measurements prepared by the Group with the involvement of an independent expert.

We interviewed management as well as the independent expert involved regarding the procedure as well as the underlying assumptions.

We checked the plausibility of various assumptions on the basis of internal and publicly available documents.

We checked the measurements for their technical and mathematical correctness.

We checked the plausibility of the discount rates applied on the basis of comparable companies.

We checked the plausibility of the Company's measurements using calculations with our own model.

We audited the correct disclosure of the projects in the notes to the consolidated financial statements.

Acquisition of control over alytas therapeutics GmbH

Until 19 December 2021, Xlife Sciences AG held a 10% participation in alytas therapeutics GmbH, based in Jena, Germany. The shares in the company were measured at fair value and included in the item financial assets (projects). As of 20 December 2021, Xlife Sciences AG acquired a further 41.04% of alytas therapeutics GmbH. With this acquisition, the Company owns and controls the majority of 51.04% in alytas therapeutics GmbH.

As part of the initial consolidation of alytas therapeutics GmbH, the net assets excluding minority interests were remeasured to CHF 112,747,808. The negative difference (badwill) of CHF 78,045,615 resulting from the transaction was recognised in the income statement.

Due to the materiality of this transaction and the fact that the remeasurement of the net assets involves significant estimates and judgments by management, we consider the presentation of this transaction in the consolidated financial statements to be a key audit matter.

For further information, please refer to the disclosures made in the notes to the consolidated financial statements in section 2.3.1 "Purchase of further shares in alytas therapeutics GmbH".

We reviewed the accounting, reporting and disclosure, as well as the other key data used in the transaction, by means of interviews with management, review of various documents and reconciliation with the underlying documents, among other things.

We also traced the measurement of the net assets acquired by means of sample reconciliation with appropriate documentation and interviews with management.

We further verified the correct calculation of badwill and assessed the correct presentation in the consolidated financial statements.

We audited the correct disclosure of the transaction in the notes to the consolidated financial statements.

Other facts

The consolidated financial statements of Xlife Sciences AG for the year ended 31 December 2020 were audited by another auditor who issued an unmodified audit opinion on 26 April 2021.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all the information presented in the annual report, with the exception of the consolidated financial statements, the annual financial statements, the remuneration report and our related reports.

The other information in the annual report is not subject to our audit opinion on the consolidated financial statements and we do not express an audit opinion on this information.

This is a translation of the original German text. In case of discrepancies, the German version shall be decisive.

As part of our audit of the consolidated financial statements, our responsibility is to read the other information and assess whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there has been a material misstatement of the other information, we are required to report it. We have no comments to make in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS and the requirements of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and the ISA and Swiss Auditing Standards will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A more detailed description of our responsibilities for the audit of the annual financial statements can be found on the EXPERTsuisse website: <http://expertsuisse.ch/wirtschaftspruefung-revisionsbericht>. This description forms an integral part of our report.

Report on other statutory and other legal requirements

In accordance with Article 728(1)(3) of the Swiss Code of Obligations and Swiss Auditing Standard 890, we determined that an internal control system designed for the preparation of annual financial statements in accordance with the instructions of the Board of Directors had not been sufficiently documented and implemented for the preparation of the consolidated financial statements.

In our opinion, except for the matter stated in the preceding paragraph, an internal control system exists, which has been designed for the preparation of consolidated financial statements in accordance with the instructions of the Board of Directors.

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German text. In case of discrepancies,
the German version shall be decisive.
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We recommend that the consolidated financial statements submitted to you be approved.

Baden-Dättwil, 29 April 2022

BDO AG

Thomas Schmid

Lead Auditor

Licensed Audit Expert

Isabella Nay

Licensed Audit Expert

This is a translation of the original
German text. In case of discrepancies,
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FINANCIAL STATEMENTS OF XLIFE SCIENCES AG

Balance sheet as at 31 December 2021

In CHF	Notes	31/12/2021	31/12/2020
ASSETS			
Working capital			
Cash and cash equivalents		1.762.228	4.574.173
Receivables		332.806	223.260
from third parties		0	0
To shareholders		58.715	
from related parties		274.091	223.260
Other current receivables		135.173	61.546
from third parties		82.548	61,546
from related parties		52.625	0
Prepaid expenses		22.264	15.419
Total current assets		2.252.470	4.874.398
Non-current assets			
Financial assets – loan	Annex	5.274.140	2.536.235
Financial assets – projects	Annex	59.823.943	63.428.331
Investments	Annex	44.141.138	7,861.177
Mobile property, plant and equipment		128.632	18.847
Total non-current assets		109.367.853	73.844.590
Total assets		111.620.323	78.718.989
LIABILITIES			
Trade payables		321.083	471.761
from third parties		321.083	471.761
Other current liabilities		2.667.533	4.692.645
from third parties		178.978	49.279
To shareholders		1.795	98.152
Obligation for subsequent payments of equity to group companies		0	889.575
Obligation for subsequent payments of equity to related parties		2.486.760	3.655.639
Deferred income		1.556.362	1.644.224
Current provisions		39.740	52.000
Total current borrowed capital		4.584.719	6.860.630
Non-current borrowed capital			
Convertible bond/loan		66.666.175	52.218.000
from third parties	Annex	36.493.000	52.218.000
To shareholders	Annex	30.173.175	0
Non-current provisions		60.000	60.000
Total non-current borrowed capital		66.726.175	52.278.000
Total borrowed capital		71.310.894	59.138.630
Equity			
Share capital		5.059.268	4.157.004
Statutory capital reserves			
Reserves from capital contributions (agio)		43.425.721	19.268.131
Balance carried forward		-8.175.560	-3.844.776
Carried forward		-3.844.776	-1.200.097
Net result		-4.330.784	-2.644.679
Total equity		40.309.429	19.580.359
Total liabilities		111.620.323	78.718.989

Income Statement for the financial period ending 31 December

In CHF	Notes	01/01/2021 -31/12/2021	01/01/2020 -31/12/2020
Net income from goods and services		693.646	396.805
Revenue from services to projects		726.237	396.805
Other income		910	0
Changes in del credere and sales deductions		-33.500	0
Third-party expenses		-442.109	-365.659
Gross profit		251.538	31.146
Personnel expenses	Annex	-1.088.937	-415.810
Other operating expenses	Annex	-3.209.282	-2.030.586
Depreciation and impairment of property, plant and equipment		-21.334	-5.474
Operating earnings before interest and tax		-4.068.015	-2.420.725
Financial income (incl. currency translation gains)		381.418	40.172
Financial expenses (incl. currency translation losses)		-629.624	-221.041
Operating earnings before tax		-4.316.221	-2.601.594
Non-operating revenue		18.000	0
Non-operating expenses		-15.428	0
Result for the year before taxes		-4.313.649	-2.601.594
Direct taxes		-17.135	-43.085
Net result		-4.330.784	-2.644.679

Notes to the Annual Financial Statements as at 31/12/2021

1. THE VALUATION PRINCIPLES APPLIED IN THE ANNUAL FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the commercial accounting provisions of the Swiss Code of Obligations. The main balance sheet items are entered as follows.

No additional disclosures were made in the notes to the financial statements, the cash flow statement and the management report as the Company itself prepares financial statements according to a recognised financial reporting standard.

Property, plant and equipment

Acquisitions over CHF 500 are capitalised and depreciated for tax purposes. Depreciation is calculated on a declining balance basis from the book value.

2. DETAILS, ITEMIZATION AND EXPLANATIONS ABOUT THE ANNUAL FINANCIAL STATEMENTS

The number of full-time positions on annual average was not more than 10 employees.

In CHF	01/01/2021 -31/12/2021	01/01/2020 -31/12/2020
Other operating expenses		
Rent	117.986	67.166
Maintenance & repairs	60.349	3.571
Vehicle expenses	42.247	0
Electricity, water, disposal	2.911	7.263
Fees and charges, property insurance policies	268.523	123.608
Administration and communication	243.382	115.464
Bookkeeping and auditing	441.883	226.181
Consultancy expenses and costs of capital increase	1.844.352	1.354.573
Capital market expenses	23.596	12.038
Advertising and marketing	60.895	76.858
Travel and representation expenses, advertising	79.465	60.086
Clinical trials	0	-31.000
Other operating expenses	23.693	14.780
Total other operating expenses	3.209.282	2.030.586
Personnel expenses		
Salaries	880.341	336.043
Social security payments	183.300	71.073
of which employee benefits BVG (occupational pensions)	25.726	10.364
Other personnel expenses	25.296	8.694
Total personnel expenses	1.088.937	415.810

Liability to pension funds

Per 31/12/2021, liabilities to the employee pension fund amount to CHF 14.598,00 (previous year 2.821,10).

Convertible bond 2019 issue

In CHF	31/12/2021	31/12/2020
Total nominal amount	36.493.000	52.218.000
Interest rate	0.25%	0.25%
Final maturity	30/06/2029	30/06/2029
Conversion right at any time until 31/5/2029 at the price	CHF 25 / share	CHF 25 / share

The convertible bond was issued by converting existing loans at their nominal value.

Convertible loan 2021 issue

	31/12/2021	31/12/2020
Total nominal amount	30.173.175	
Interest rate	0.25%	
Final maturity	22/12/2026	
Conversion right at any time until 22/12/2026 at the price	CHF 46.20/share	

The convertible loan came into being through the purchase of additional shares by shareholders. According to the contract, the conversion right does not come into being until the necessary capital has been created by the general meeting.

Rental and lease liabilities (unless terminable/expired within 12 months of the reporting date)

	Residual obligation	31/12/2021	31/12/2020
up to 1 year		108.900	54.510
1 to 5 years		399.300	36.340
over 5 years			

Auditor's fee

	31/12/2021	31/12/2020
Auditing services	15.000	12.165
Other services	0	0

Total amount of released replenishment reserves and other material release of hidden reserves

On a net basis, no hidden reserves were reversed in the reporting period.

Major shareholders in the company (to the extent known to the company)

Name of the current shareholders	Number of shares / % of voting rights (rounded up) ¹	Purchase positions for derivative investments / % of the voting rights (rounded up)	Total of purchase positions / % of the voting rights (rounded up)
David L. Deck Monaco, Principality of Monaco ²	1.292.233 / 25,54%	Convertible loan ³ with a total nominal amount of CHF 13.424.267,25 with 290.568 conversion rights, convertible into 290.568 shares / 5,7% Convertible bond with a total nominal amount of CHF 17.028.000 with 17.028 conversion rights, convertible into 681.120 shares / 13,4% Total: 971.688 shares / 19,21%	2.263.921 / 44,75%
Gilbert Schöni Ras Al Khaimah, United Arab Emirates	1.154.315 / 22,82%	Convertible loan with a total nominal amount of CHF 13.424.267,25 with 290.568 conversion rights, convertible into 290.568 shares / 5,7% Convertible bond with a total nominal amount of CHF 16.158.000 with 16,158 conversion rights, convertible into 646.320 shares / 12,77% Total: 936.888 shares / 18,52%	2.091.203 / 41,33%
Oliver R. Baumann ⁴ Zumikon, Switzerland	318.300 / 6,29%	Convertible loan with a total nominal amount of CHF 3.324.640,50 with 71.961 conversion rights, convertible into 71.961 shares / 1,4% Total: 71.961 shares / 1,4%	390,261 / 7,71%

¹Based on the Company's share capital of CHF 5.059.268,00, corresponding to 5.059.268 shares with a nominal value of CHF 1,00 each, entered in the commercial register of the Canton of Zurich on 31 December 2021.

²1.292.233 shares are held by Vartex International LLC, Sharjah Media City, United Arab Emirates, Vartex Group AG, Stetten, Switzerland and Vartex Asset Management Corp, Majuro, Marshall Islands. The sole shareholder of Vartex International LLC, Vartex Group AG and Vartex Asset Management Corp. is David L. Deck.

³The convertible loans consist of several loans with a total nominal amount of CHF 30.173.175,00 and a maturity of 5 years after their being granted on 20 December 2021, 22 December 2021 and 3 January 2022 and an interest rate of 0,25%. The conversion price is CHF 46,20. The conversion rights may not be exercised over a period of 13 months after the granting of the loan and are subject to the creation of sufficient conditional share capital by the Company's general meeting.

⁴The shares are held directly by Oliver R. Baumann and indirectly through Akira Holding AG, Zumikon, Switzerland, which is fully in the ownership of Oliver R. Baumann.

Financial assets and projects

In CHF	31/12/2021	31/12/2020
Lysatpharma GmbH	1.108.681	584.037
alytas therapeutics GmbH	616.509	508.329
Synimmune Biotech AG	1.251.895	735.454
clyxop devices GmbH	98.434	86.524
saniva diagnostics GmbH	632.052	373.135
inflamed pharma GmbH	580.244	194.679
x-nuclear diagnostics GmbH	70.779	32.447
x-kidney diagnostics GmbH	129.519	21.631
Ix therapeutics GmbH	518.075	
Xsight Optics GmbH	51.808	
QUADIRA BIOSCIENCES AG	40.000	
Inventum Genetics GmbH	176.146	
Total loans	5.274.140	2.536.235

	Share	Value	
Laxxon Medical Corp., Nevada, United States	5%	2.600.000	2.600.000
saniva diagnostics GmbH, Erfurt, Germany	19%	554.987	14.987
Fuse-AI GmbH, Hamburg, Germany	35%	1.238.824	688.927
Synimmune Biotech AG, Vaduz, Liechtenstein	37%	15.878.000	15.878.000
Axenoll Life Sciences AG, Zurich, Switzerland	14%	2.497.250	1.451.000
Lysatpharma GmbH, Eisenberg, Germany	25%	26.058.920	10.084.100
Vitruvia AG, Anglikon, Switzerland	6%	900.000	900.000
V-Labs Equity AG ¹			6.314.100
Veraxa Biotech AG ¹	19%	8.200.756	25.200
panmabs GmbH, Mainz, Germany	35%	28.682	
xarma life sciences GmbH, Mainz, Germany	35%	74.725	
alytas therapeutics GmbH, Jena, Germany			25.472.017
Baliopharm AG ²		1.791.800	
Total financial assets		59.823.943	63.428.331
Inventum Genetics GmbH, Mainz, Germany	100%	27.175	27.175
inflamed pharma GmbH, Jena, Germany	75%	18.871	18.871
panmabs GmbH, Mainz, Germany			28.682
xarma life sciences GmbH, Mainz, Germany			66.906
Araxa Biosciences GmbH ¹			1.861.456
Clyxop devices GmbH, Erfurt, Germany	70%	18.999	3.772
x-nuclear diagnostics GmbH, Erfurt, Germany	100%	26.645	26.645
x-kidney diagnostics GmbH, Erfurt, Germany	100%	26.761	26.761
palleos healthcare GmbH, Wiesbaden, Germany	50%	5.800.910	5.800.910
Ix Therapeutics GmbH, Hamburg, Germany	50%	13.963	
Xsight Optics GmbH, Erfurt, Germany	80%	22.004	
alytas therapeutics GmbH, Jena, Germany	51%	38.084.122	
xprot GmbH, Mainz, Germany	100%	26.688	
QUADIRA BIOSCIENCES AG, Solothurn, Switzerland	50%	75.000	
Total investments		44.141.138	7.861.177
Total projects		103.965.081	71.289.508
Total financial assets & investments		109.239.221	73.825.743

¹The Araxa Biosciences GmbH and V-Labs Equity projects were contributed to Veraxa Biotech AG.

²This related to purchased royalties under a licence agreement without direct investment.

Loans, credits and investments of the Board of Directors and Management

As at 31 December 2021, the Company had not granted any loans or credits directly or indirectly to current or former members of the Board of Directors or persons related to current or former members of the Board of Directors, nor or any pending.

The aggregate number of the shares awarded independently of the respective allocation is shown below:

Board of Directors	Title	Shares
Dr Bernhard Scholz	Chairman of the Board of Directors	4.600
Simon Schöni	Member of the Board of Directors	2.340
Christian Faber	Member of the Board of Directors	2.840
Dr Michael B. Klein	Member of the Board of Directors	1.893
Mark S. Müller	Member of the Board of Directors	4.300
Oliver R. Baumann	Member of the Board of Directors	–

Management	Title	Shares
Oliver R. Baumann	CEO	46.625
Carl von Halem	CFO	0
Frank Plöger	CSO	1.000
Beat Kläui	Head of Tax & Accounting	1.500

Financing obligations

Within the scope of investments in projects, the Company also enters into financing obligations. Some of these are capital contributions that depend on future milestones. Such future capital contributions are recorded and accrued as soon as they are contractually agreed.

	31/12/2021	31/12/2020
Capital repayment obligations to group companies	2.486.760	3.655.639
Capital repayment obligations to projects	0	889.575
Total recognized capital repayment obligations	2.486.760	4.545.214

Reserves from capital contributions

Formal approval of the capital contributions by the tax authorities is still pending.

Subsequent events

Since 11/02/2022, the Company has been traded in the new SPARKS segment of SIX Swiss Exchange. Due to the lack of exchange equivalence, the previous trading on the Munich stock exchange had to cease.

On 25 January 2022, the Company increased its capital from CHF 5.059.268,00 to CHF 5.199.123,00 through the issue of 139.855 shares, 31.360 from its contingent capital in connection with the conversion of the outstanding convertible bond (agio of CHF 752.640) and 108.495 from its authorised capital (agio of CHF 4.903.974).

On 25 February 2022, the Company increased its capital from CHF 5.199.123,00 to CHF 5.265.723,00 through the issue of 66.600 shares from its contingent capital (agio of CHF 1.598.400).

On 11 April 2022, the Company increased its capital from CHF 5.265.723,00 to CHF 5.283.723,00 through the issue of 18.000 shares from its contingent capital (agio of CHF 432.000).

Extrapolation of net loss

In CHF	2021	2020
Net loss at the beginning of the financial year	-3.844.776	-1.200.097
Appropriation of retained earnings according to resolution of the general meeting		
Allocation to the statutory revenue reserves	0	0
Distribution to shareholders	0	0
Annual loss	-4.330.784	-2.644.679
Net loss at the disposal of the general meeting	-8.175.560	-3.844.776

Application of the Board of Directors on use of the net loss

In CHF	2021 Application of the Board of Directors	2020 Resolution of the general meeting
Net loss at the disposal of the general meeting	-8.175.560	-3.844.776
Allocation to the statutory revenue reserves	0	0
Distribution to shareholders	0	0
Carryforward	-8.175.560	-3.844.776

AUDITOR'S REPORT

To the General Meeting of Xlife Sciences AG, Zurich

Report on the audit of the annual financial statements

Audit opinion

We have audited the annual financial statements of Xlife Sciences AG, which comprise the balance sheet as at

31 December 2021, the income statement for the year then ended, and the notes, including a summary of significant accounting policies.

In our opinion, the annual financial statements (pages 127 to 135) as at 31 December 2021 for the year then ended comply with Swiss law and the Company's articles of incorporation.

Basis for the audit opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under these provisions and standards are further set out in the "Auditor's responsibilities for the audit of the annual financial statements" section of our report.

We are independent of the Company in accordance with Swiss law and the requirements of the profession and have fulfilled our other professional duties of conduct in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Reporting on particularly important audit matters

based on Circular 1/2015 of the Swiss Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were considered in the context of our audit of the annual financial statements as a whole, and while forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters

How the key audit matters were addressed in our audit

Impairment of financial assets (projects)

The financial assets include investments in project companies totalling CHF 59,823,943. These projects are recorded at historical acquisition cost less any necessary impairment. An impairment loss must be recognised as soon as the fair value of the project companies is lower than the historical acquisition cost.

The impairment test of the investments in the project companies is a key audit matter, as the projects account for around 54% of the assets and measurement of these projects involves significant estimates. The estimated fair value may differ from the values that would have been used had an active market existed for these financial assets.

The Company uses a measurement method based, among other things, on estimated probabilities of achieving defined project milestones from today's perspective and on risk-adjusted discount rates to estimate fair values from a present-day perspective. Determination of such input factors requires management's judgement from today's perspective. Other assessments at a later date may lead to values that differ from those of the project companies recorded at the present time.

For further information, please refer to the disclosures made in the notes to the annual financial statements in the section "Financial assets and projects".

We assessed the measurements prepared by the Company with the involvement of an independent expert.

We interviewed management as well as the independent expert involved regarding the procedure as well as the underlying assumptions.

We checked the plausibility of various assumptions on the basis of internal and publicly available documents.

We checked the measurements for their technical and mathematical correctness.

We checked the plausibility of the discount rates applied on the basis of comparable companies.

We checked the plausibility of the Company's measurements using calculations with our own model.

We audited the correct disclosure of the projects in the notes to the financial statements.

Key audit matters

How the key audit matters

were addressed in our audit

Impairment of participations

Assets include participations totalling CHF 44,141,138. These impairments are recorded at historical acquisition cost less any necessary impairment. An impairment loss must be recognised as soon as the fair value of the participations is lower than the historical acquisition cost.

The impairment test of the participations is a key audit matter, as the participations account for around 40% of the assets and measurement of these participations involves significant estimates. The estimated fair value may differ from the values that would have been used had an active market existed for these participations.

The Company uses a measurement method based, among other things, on estimated probabilities of achieving defined milestones from today's perspective and on risk-adjusted discount rates to estimate fair values from a present-day perspective. Determination of such input factors requires management's judgement from today's perspective. Other assessments at a later date may lead to values that differ from those of the participations recorded at the present time.

For further information, please refer to the disclosures made in the notes to the annual financial statements in the section "Participations".

We assessed the measurements prepared by the Company with the involvement of an independent expert.

We interviewed management as well as the independent expert involved regarding the procedure as well as the underlying assumptions.

We checked the plausibility of various assumptions on the basis of internal and publicly available documents.

We checked the measurements for their technical and mathematical correctness.

We checked the plausibility of the discount rates applied on the basis of comparable companies.

We checked the plausibility of the Company's measurements using calculations with our own model.

We audited the correct disclosure of the participations in the notes to the annual financial statements.

Other facts

The annual financial statements of Xlife Sciences AG for the year ended 31 December 2020 were audited by another auditor who issued an unqualified audit opinion on 26 April 2021.

Responsibilities of the Board of Directors for the annual financial statements

The Board of Directors is responsible for the preparation of the annual financial statements in accordance with the requirements of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the annual financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the company as a going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

A more detailed description of our responsibilities for the audit of the annual financial statements can be found on the EXPERTsuisse website: <http://expertsuisse.ch/wirtschaftspruefung-revisionsbericht>. This description forms an integral part of our report.

Report on other statutory and other legal requirements

In accordance with Article 728(1)(3) of the Swiss Code of Obligations and Swiss Auditing Standard 890, we determined that an internal control system designed for the preparation of annual financial statements in accordance with the instructions of the Board of Directors had not been sufficiently documented and implemented for the preparation of the annual financial statements.

In our opinion, except for the matter stated in the preceding paragraph, an internal control system exists, which has been designed for the preparation of annual financial statements in accordance with the instructions of the Board of Directors.

We recommend that the annual financial statements submitted to you be approved.

Baden-Dättwil, 29 April 2022

BDO AG

Thomas Schmid

Lead Auditor

Licensed Audit Expert

Isabella Nay

Licensed Audit Expert

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COMPENSATION REPORT

I INTRODUCTION

This compensation report has been prepared in accordance with the requirements of Swiss law, in particular the Ordinance against Excessive Compensation in Listed Stock Corporations (“OaEC”), and complies with the Directive on Information Relating to Corporate Governance of the SIX Exchange Regulation.

During the reporting period, from January 1, 2021 to December 31, 2021, Xlife Sciences AG

(the “**Company**”) was not yet subject to the OaEC. The Articles of Association of the Company were amended at last year’s annual general meeting on May 11, 2021 to comply with the requirements of the OaEC in view of the listing of the shares.

This Compensation Report describes the compensation policy of the Company and contains information on the compensation of the members of the Board of Directors and the Executive Management of the Company.

II PRINCIPLES OF COMPENSATION

Article	Summary
Principles of compensation for members of the Board of Directors (article 19)	<p>Members of the Board of Directors may receive (i) a fixed basic compensation and, if applicable, a fixed compensation for membership in committees or specific tasks in the Board of Directors and (ii) if applicable, a long-term variable compensation based on the sustainable long-term performance of the Company. The latter is equity-based, unless otherwise determined by the Board of Directors.</p> <p>The compensation may be paid in cash, shares, options or similar instruments. The Board of Directors determines the conditions.</p>
Principles of the compensation for members of the Executive Management (article 20)	<p>The compensation for the members of the Executive Management is divided into fixed and variable compensation elements. The fixed compensation consists of a base salary paid in cash and other compensation elements and benefits (such as pension benefits). The variable compensation can comprise short-term and long-term variable compensation elements. The short-term compensation elements are based on performance values which take into account the results of the Company or the Group compared to the market, other companies or comparable benchmarks, and the achievement of which is generally measured over a one-year period. It is paid in cash unless otherwise determined by the Board of Directors. Long-term compensation elements take into account the sustainable, long-term performance of the company or the Group and are equity-based, unless the Board of Directors decides otherwise.</p> <p>Compensation may be paid in cash, shares, options or similar instruments. The Board of Directors shall determine the terms and conditions.</p>
Approval of the remuneration by the general meeting (article 21)	<p>The general meeting approves annually and separately the total amounts (i) for the maximum compensation of the Board of Directors for the period until the next annual general meeting and (ii) for the maximum total compensation of the Executive Management for the coming financial year.</p>
Additional compensation for changes in the Executive Management (article 22)	<p>If the maximum total amount of compensation approved by general meeting does not cover the compensation of one or more persons who become members of the Executive Management or are promoted within the Executive Management after approval by the Annual general meeting, an additional amount for the chairman of the Executive Management of 40% and for each other member of the Executive Management of 20% of the last approved total amount of the maximum compensation of the Executive Management may be paid.</p>
Loans and credits (article 25)	<p>The Company may grant loans or credits to members of the Executive Management at arm's length conditions up to a maximum total amount of 20% of the current fixed annual compensation per person.</p>

The complete Articles of Association are available at the following website (in German only): https://uploads-ssl.webflow.com/5e7cc96730a75be768d3b-46f6246c1f4b0a241156333fedf_20220308_Xlife%20Sciences%20AG_Statuten.pdf

In addition, the Organizational Regulations and the Compensation Committee Regulations further define the responsibilities and tasks of the Compensation Committee and the Board of Directors.

The competencies and division of tasks between the general meeting, the Board of Directors and the Compensation Committee and the CEO are explained below:

	CEO	Compensation Committee	Board of Directors	Annual General Meeting
Fundamentals (Articles of Association)	Contribution	Contribution	Approval	
Compensation Report		Proposal	Approval	
Maximum amount of compensation for the Board of Directors		Proposal	Review	Approval
Maximum amount of compensation for the Executive Management		Proposal	Review	Approval
Determination of the compensation of the individual members of the Board of Directors		Proposal	Approval	
Determination of the compensation for the individual members of the Executive Management		Proposal	Approval	

The Board of Directors will submit the following agenda items concerning compensation to the annual general meeting 2022:

- The maximum amount for the compensation of the Board of Directors until the annual general meeting 2023 comprises CHF 410.000 from the employee share program.
- The maximum amount for the compensation of the Executive Management for the financial year 2023 comprises a total of CHF 1.500.000. This includes all variable and fixed compensation elements for Oliver R. Baumann, Carl von Halem, Dr. Frank Plöger, Christian Faber and Beat Kläui.
- The maximum amount for the compensation of the Board of Directors from February 11, 2022 until the annual general meeting 2022 is CHF 130.000. The period refers to the time between the listing of the shares on the SIX Swiss Exchange and the annual general meeting 2022. The shares of the Company were admitted to trading on the unregulated segment (Freiverkehr) of the Munich Stock Exchange until February 10, 2022.
- The maximum amount for the compensation of the Executive Management is CHF 910,00 for the period between the listing of the shares on the SIX Swiss Exchange from February 11, 2022 to December 31, 2022. The shares of the Company were admitted to trading on the unregulated segment (Freiverkehr) of the Munich Stock Exchange until February 10, 2022.



III FUNCTION AND ACTIVITIES OF THE COMPENSATION COMMITTEE

The Compensation Committee consists of two or more members of the Board of Directors. According to article 16 of the Articles of Association, the annual general meeting elects the members of the Compensation Committee individually for a term of office until the next annual general meeting. Re-election is possible. The Compensation Committee constitutes itself. The chairman of the Compensation Committee is appointed by the Board of Directors.

For a description of the tasks and competencies of the Compensation Committee, please refer to the Corporate Governance Report, section III. A. 7. *Compensation Committee*.

Members and Chairman of the Compensation Committee:

Name	Position
Mark S. Müller	Chairman of the Compensation Committee
Simon Schöni	Member of the Compensation Committee
Dr. Michael B. Klein	Member of the Compensation Committee

IV CONTRACTS CONCERNING COMPENSATION WITH MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

The compensation structure for the Board of Directors and the Executive Management is designed to ensure that it is aligned with the interests of shareholders and that there is a link between performance and compensation, while at the same time being competitive and fair.

		Board of Directors	Executive Management
Fixed compensation components	Annual basic salary in cash	x ¹	X
	Annual basic salary in shares	x	X
	Pension contribution		X
	Lump-sum expenses		X
Variable compensation components	Short-term Incentive Plan (STIP)		X
	Long-term Incentive Plan (LTIP)		X

¹Only one member of the Board of Directors receives a fixed cash payment per month. All other Board members receive an annual share package for their services.

Contracts of the Board of Directors:

The contracts of the Board of Directors are valid for one year, respectively for the period between two annual general meetings. In case of early termination of the contract, compensation is paid pro rata through the share program. The usual non-competition clauses regarding competing companies apply. At the request of the Company, the member of the Board of Directors must resign from his mandate. The contracting parties may withdraw from the mandate agreement at any time. The compensation is paid in the form of a share package, which is allocated after 12 months and is subject to a blocking period of 24 months.

Contracts of the Executive Management:

The Executive Management has a non-expiring contract. The Executive Management receives a monthly fixed salary in cash plus a fixed share package, which is adjusted by a variable, performance-based compensation. In this way, the Company aims to retain the Executive Management in the long term and at the same time always create incentives. Notice of termination must be given in accordance with the statutory provisions and the Articles of Association (article 23 para. 1). The notice period is up to 3 months.

The following table provides an overview of the current basic framework of compensation criteria:

Component	Instrument	Reason	Criteria
Fixed compensation component			
Basic salary	Monthly cash compensation and employee share program	Attract, motivate and retain talented and qualified managers	Responsibilities and scope of the position; qualifications and skills of staff; financial considerations; market conditions and competitiveness
Pension contributions and other benefits	Pension plan, insurance and lump-sum expenses	Protection of employees and their dependents in the event of retirement, illness, incapacity and death; provision of competitive benefits for employees	Compliance with local laws and regulations
Variable compensation component			
Short-Term Incentive Plan (STIP)	Annual cash bonus	Motivate and reward the achievement of annual/short-term financial, operational, and strategic goals and demonstrated commitment	Achievement of predetermined performance targets (e.g. financial, operational and personal) at the end of a financial year
Long-Term Incentive Plan (LTIP)	Annual employee share program	Incentive to stay with the company	Achievement through affiliation with the company

V COMPENSATION SYSTEM FOR THE BOARD OF DIRECTORS

1. Compensation Approach

Since the formation of the Compensation Committee, compensation has been proposed and approved by the Board of Directors. For the most part, the Board of Directors has dispensed with pure cash compensation and has only been paid through a fixed share program. The annual compensation is set at a moderate level compared to the market and is intended to demonstrate the commitment to the Company and its business model. The fixed compensation, respectively the share package is paid out annually on a pro-rata

basis. In the event of early termination, the shares are issued pro rata. With the exception of the member of the Board of Directors Christian Faber, all members receive a share package. Christian Faber receives a monthly remuneration of EUR 2.200,00 for the additional work as CCO of the Company. According to the terms and conditions of the employee share program, the shares are issued annually after 12 months. The shares have a blocking period of 24 months. Only after the end of the blocking period are the shares distributed to the employees and the cash benefit settled. The subscription price of the employee share corresponds to the nominal value of the shares.

2. Compensation of the Board of Directors for the Year 2021

The Board of Directors is compensated yearly through a fixed share program. Only one member

also receives a fixed salary component in cash. In the event of early termination of the mandate agreement, the shares are allocated pro rata.

Member of the Board of Directors	Function in the BoD	Function in the Committee	Amount of shares in 2021	Shares in CHF	Cash compensation in CHF	Employer's OASI contribution	Employees' OASI contribution	Employer's BVG contribution	Employees' BVG contribution
Dr. Bernhard Scholz	Chairman		1.300	62.257,00	0,00	3.984,45	3.984,45	0,00	0,00
Simon Schöni	Member	Member	670	32.086,30	0,00	2.053,50	2.053,50	0,00	0,00
Christian Faber ¹	Member		670	32.086,30	28.538,66	2.053,50	2.053,50	0,00	0,00
Dr. Michael B. Klein	Member	Member	893	43.521,74	0,00	2.785,40	2.785,40	0,00	0,00
Mark S. Müller	Member	Chairman	1.350	64.651,50	0,00	4.137,70	4.137,70	0,00	0,00
Oliver R. Baumann ²	Member		–	–	–	–	–	–	–
Total				234.602,84	26.799,17	15.014,55	15.014,55	0,00	0,00

¹ Christian Faber receives an additional fixed compensation in cash of EUR 2.200,00 per month, respectively EUR 26.400,00 per year, corresponding to CHF 28.538,66 at an annual average exchange rate of 1,08101.

² The compensation of Oliver R. Baumann for his activities as a member of the Board of Directors is dealt with in the description of his salary structure as member of the Executive Management.

3. Loans, Credits and Compensation to Related Parties

As of December 31, 2021, the Company has neither granted any loans or credits directly or indirectly to current or former members of

the Board of Directors or to persons related to current or former members of the Board of Directors, nor are any such loans or credits outstanding.

VI COMPENSATION SYSTEM FOR THE EXECUTIVE MANAGEMENT

1. Compensation Approach

In 2021, the Executive Management was classified into the Executive Management and the Senior Management. Currently, all members of the Executive Management have permanent employment contracts with a maximum notice period of 3 months.

The compensation of the members of the Executive Management consists of a fixed basic salary (cash, pensions, expenses) and a performance-related variable compensation (cash, employee shares).

The amount of the fixed and variable compensation is determined by the Board of Directors following the proposal of the Compensation Committee. As the Company's shares were still admitted to trading on the unregulated segment (Freiverkehr) of the Munich Stock Exchange in 2021, the Company was not subject to the requirement that the total amount of compensation be approved by the annual general meeting.

The fixed compensation consists of a basic salary paid out in cash on a monthly basis. Employer contributions for pension plans, AHV, IV, EO, ALV, accident and sickness daily allowance insurance are borne 50% by the company and 50% by the respective employee. The CEO and CFO are also granted a monthly lump-sum expense allowance.

Employee share program:

The Company has offered members of the Executive Management the opportunity to acquire employee shares with the aim of participating directly in the Company's success. According to the participation conditions of the employee share program, shares are created annually after 12 months. The shares are subject to a blocking period of 24 months. Only after the blocking period has expired are the shares distributed to the employee and the cash benefit settled. The subscription price of the employee shares corresponds to the nominal

value of the shares. The employee shares are subject to a blocking period of 24 months; only after the blocking period has expired are the shares distributed to the employees and the cash benefit settled.

Short-Term Incentive Plan (STIP):

The short-term incentive program is based on performance values that take into account the results of the Company, the Group or individual companies controlled by the Company in comparison with the market, other companies or comparable benchmarks, and/or individual targets, the achievement of which is generally measured over a one-year period. Short-term compensation elements can be paid in cash.

For the year ending December 31, 2021, the short-term targets for the Executive Management included both financial and individual performance targets as shown in the table below.

CEO and Executive Management		
Focus in 2021	Performance Target	Weighting
Growth	Project companies & partnerships	35%
Profitability	Year-end result of the Group	35%
Individual targets	Personal targets	30%

According to the assessment of the Board of Directors, the CEO and the Senior Management have achieved their targets in 2021, which is why the entire agreed compensation has been applied.

Long-Term Incentive Plan (LTIP):

A long-term incentive program with a three-year performance period has been in place since 2019. As part of the employee share program, the Executive Management is awarded a certain proportion of shares each year. This is intended to bind the Executive Management to the company in the long term and to increase the level of loyalty and commitment. As the core team grows, the Company plans to further define a long-term incentive program (LTIP) in cooperation with the Compensation Committee and to create comprehensive criteria for incentivizing the Executive Management and key employees. In 2021, 7,300 shares (corresponding to CHF 373.327,00) were allocated to the Executive Management.

Highest total compensation:

In 2021, Oliver R. Baumann counts as part of the Executive Management. The other members are counted as part of the Senior Management. In 2021, Oliver R. Baumann, CEO, received the highest total compensation. The details of the compensation are shown in the table below. In addition, the total compensation of the Executive Management is presented.

Compensation in CHF in 2021	CEO	Total Senior Management
Fixed basic salary (gross)	283.966,75	449.137,95
Lump-sum expenses	25.999,80	26.499,80
Employer's OASI contribution	58.444,45	62.577,80
Employees' OASI contribution	58.455,45	62.577,80
Employer's BVG contribution	10.672,10	11.222,10
Employees' BVG contribution	10.672,10	11.222,10
Employer social welfare contributions abroad	0,00	18.411,78
Employee social welfare contributions abroad	0,00	15.585,09
Total fixed compensation	353.083,30	541.349,63
Total variable compensation	684.612,00 (194% of the fixed compensation)	756.447,00 (140% of the fixed compensation)
Total compensation	1.037.695,30	1.279.384,85

* The variable compensation of Oliver R. Baumann includes an allocation from the employee share program of 6.800 shares as well as an allocation of 7.000 shares from 2021. In particular, this also includes the 1.000 shares for his active services as a member of the Board of Directors.

Social security contributions and contributions to AHV/IV/EO/ALV are paid in equal parts by the Company and the respective employee. The Company takes care of the connection to a pension fund according to the legal requirements. The savings contributions are paid in equal parts by the Company and the employee.

The resolution on the compensation of the Senior Management was taken at once by the entire Board of Directors, to the exclusion of Oliver R. Baumann.

2. Loans, Credits and Compensation to Related Parties

As of December 31, 2021, the Company has neither granted any loans or credits directly or indirectly to current or former members of the Executive Management or to persons related to current or former members of the Senior Management, nor are any such loans or credits outstanding.

The aggregated number of shares granted is shown below, irrespective of the respective allocation:

Board of Directors	Title	Shares
Dr. Bernhard Scholz	Chairman of the Board of Directors	4.600
Simon Schöni	Member of the Board of Directors	2.340
Christian Faber	Member of the Board of Directors	2.840
Dr. Michael B. Klein	Member of the Board of Directors	1.893
Mark S. Müller	Member of the Board of Directors	4.300
Oliver R. Baumann ¹	Member of the Board of Directors	–
Senior Management	Title	Shares
Oliver R. Baumann	CEO	46.625
Carl v. Halem	CFO	0
Frank Plöger	CSO	1.000
Beat Kläui	Head of Tax & Accounting	1.500

¹ The value at Oliver R. Baumann is shown in the management table.

AUDITOR'S REPORT

To the General Meeting of
Xlife Sciences AG, Zurich

We have audited the remuneration report of Xlife Sciences AG for the year ended 31 December 2021. The audit was limited to the information as per Articles 14 to 16 of the Ordinance against Excessive Compensation in Listed Stock Corporations (OaEC) in section V.2 in the table Compensation of the Board of Directors for 2021 and in section VI in the tables Compensation of the Executive Board for 2021 as well as Loans, Credits and Compensation of Related Parties of the Compensation Report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (OaEC). In addition, it is responsible for the design of the remuneration principles and the determination of the individual remunerations.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and Articles 14 to 16 OaEC.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with Articles 14 to 16 OaEC. The procedures are selected based on the auditor's due discretion. This includes assessing the risks of material misstatement in the remuneration report, whether due to fraud or error. This audit also includes evaluating the appropriateness of the methods used to measure elements of remuneration, as well as evaluating the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the remuneration report of Xlife Sciences AG for the year ended 31 December 2021 complies with the law and Articles 14 to 16 OaEC.

Baden-Dättwil, 29 April 2022

BDO AG

Thomas Schmid
Lead Auditor
Licensed Audit Expert

Isabella Nay

Licensed Audit Expert

This is a translation of the original
German text. In case of discrepancies,
the German version shall be decisive.

Important Dates

Annual Shareholders Meeting 2022:

20 June 2022

Half-Year Report 2022:

28 September 2022

For roadshows and conferences,
please see
<https://www.xlifesciences.ch/en/events>

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This is a translation of the original
German text. In case of discrepancies,
the German version shall be decisive.

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