



Xlife sciences

Where
innovation
leads
to success

ANNUAL REPORT 2022





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We are a Swiss incubator and accelerator company focused on the value development and commercialization of promising research projects from universities and other life science research institutions, with the aim of providing solutions for high unmet medical needs and a better quality of life. Our mission is to bridge the gap between research and development and the healthcare markets.



Global presence

Our head office is in Zurich (Switzerland). We focus our business activities on the German-speaking region. However, our network also includes the USA, for example, especially through our project company Laxxon Medical, which is based there. In Asia and the EMEA, we maintain our market presence through ever-growing cooperation partners.

History

The current structure of our company was established in 2019. However, we have over 25 years of experience in the industry.



Focus

We are active in the four sectors of technology platforms, biotechnology/therapies, medical technology and artificial intelligence/digital health.

Innovation partner

We are privileged to now work with over 40 renowned universities, research institutes and other scientific development partners.

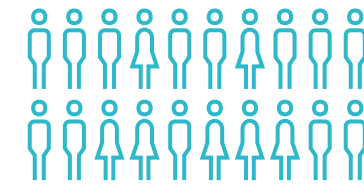


Project companies

Our portfolio currently consists of 26 companies and is well diversified within our four investment themes.

Employees

Around 20 employees form the core team of Xlife Sciences. Including our project companies, the team of our Xlife universe consists of around 120 dedicated team members.



Sustainability

Environment, Social, Governance (ESG) are integral parts of our corporate strategy.

Code of Conduct

Our Code of Conduct forms the basis of our business activities as a responsible company. We jointly developed this document in 2022 and also published it on our website.



Analyst coverage

Xlife Sciences is currently covered by three financial analysts. Their respective analyst reports provide shareholders with an independent assessment of our company. More details can be found on our website under "Analyst coverage".

Value creation for investors

Together with our partner organisations from the scientific community and industry, we take carefully selected projects through the "proof of concept" phase. A corresponding invention disclosure or spin-off is required beforehand. We then focus on licensing out or selling the project company, sometimes in combination with a strategic partnership.



Dear Shareholders,

We are pleased to inform you about our progress in 2022 with this annual report.

Despite the tense geopolitical situation and the corresponding effects on the financial market, our company performed positively in the reporting year. This is demonstrated by the operational progress made by our 26 project companies over the last twelve months, which we have informed you about in press releases.

Portfolio developments

The following events stand out in our portfolio:

- Veraxa Biotech was able to further expand its business model in the last financial year. In addition to working on customer projects in identifying therapeutic antibodies, the company has also developed its own pipeline of therapeutic antibodies for its own product strategy and licensing business. A major technical success is the completion of the world's first antibody high-throughput machine (HITMASTER). Compared to previous machines, superior performance has been achieved in terms of signal-to-noise ratio, selectivity, operability and opto-electronic integration. Furthermore, a pivotal proof-of-concept study was completed on a Herceptin ADC variant developed and manufactured with VERAXA technology compared to the marketed Herceptin ADC *Kadcyla*, showing up to 10 times better efficacy in relevant 3D cell models and up to 10 times lower toxicity in relevant cell models.
- Our Swiss licensing partner Baliopharm successfully completed the phase I clinical trial of the therapeutic antibody ATROSIMAB for the treatment of non-alcoholic steatohepatitis and potentially other chronic liver diseases. Baliopharm has entered into licensing negotiations with global pharmaceutical companies.

- Laxxon Medical has developed a process for the production of so-called “structured” tablets, based on a proprietary 3D screen printing technology. This allows for a controlled release of multiple doses of a drug at different times. With granting the US patent for the release of active pharmaceutical ingredients, Laxxon Medical has secured access to the most important pharmaceutical market.

Q2 2023

Certification of FUSE-AI's
AI software is expected to be
completed in Q2.

- FUSE-AI has been selected as a strategic partner in the field of digitalisation by the pharmacy associations and federations of all 16 German states. Certification of the AI software for improved prostate cancer detection is expected to be finalised in Q2 2023. This marks the kick-off for the global market launch of the technology.
- inflamed pharma has been granted a patent by the United States Patent and Trademark Office for the production of the active ingredient ProcCluster® as well as for its use in pharmaceutical dosage forms and their production. An improved infusion solution for pain therapy was established and sales of ProcCluster® has been more than doubled. Furthermore, the international distribution network is being steadily expanded. Due to the extremely positive applications in the area of long and post-Covid, the development relevant for approval continues to be driven forward.

- alytas therapeutics and CureDiab Metabolic-Research, a spin-off of the German Diabetes Center have announced a collaboration to accelerate research into novel antibody-based therapies for the treatment of morbid obesity.
- Last year, our CRO (Contract Research Organisation), palleos healthcare, again successfully helped to drive product development of Xlife Sciences portfolio companies to achieve preclinical and clinical proof of concept targets via strategic advice. In the area of Big Pharma, palleos healthcare has completed a large innovative digital health study with Pfizer involving 500 patients, which will be published in 2023. With Roche, the latest results of two projects related to breast cancer in the innovative areas of immuno-oncology and antibodies are due to be published in 2023. In the medtech sector, palleos healthcare continued projects with a large German pharmaceutical company as well as studies in the area of digital health applications.
- Xsight Optics won the audience and jury prize in the Get Started 2gether competition. Additionally, Xsight Optics began planning and conducting a clinical trial in collaboration with the University Hospital in Jena.

Efficiencies across the Group

Another goal in the reporting year was the expansion of our portfolio as well as stronger cooperation between our company's projects. A striking example of this is the biosurgery company novaxomx, a joint venture between Xlife Sciences and curasan, a leading global provider of biomaterials for bone and tissue regeneration in dental and orthopaedic surgery. novaxomx focuses on the research, development, certification, production and marketing of disruptive, biosurgical therapies. Biological active substances are used that support the human body's self-healing process (regenerative medicine).

The main focus is on the build-up of bone in the dental area and the treatment of inflammatory and degenerative diseases affecting the musculoskeletal system. The research and development approach of novaxomx is based on the patented “exosome” technology of our project company Lysatpharma. In this way, the whole becomes more than the sum of the individual parts.

Close cooperation within the “Xlife Universe” requires appropriate corresponding structures and processes. In 2022, we have therefore not only strengthened corporate governance, but above all strengthened and expanded our internal control system. At the same time, we have refocused the activities of our Advisory Board and have been able to recruit new members for this important body. You can find more on this in the chapter “Corporate Governance”.

The progress made in 2022
is reflected in an attractive
portfolio valuation.

Attractive valuation

The progress described above is also reflected in a valuation of our portfolio that continues to be attractive for investors: The 2022 Valuation Report of the independent consultancy Cylad Experts determined a valuation range of CHF 576 million to CHF 705 million at 31 December 2022. The mean value of this range thus corresponds to a factor of 3.5 compared to the current market capitalisation of Xlife Sciences. For comparison: At 31 December 2021, the valuation range was between

CHF 574 million and CHF 701 million. Given the challenging market environment and the lower company valuations observed in many transactions during 2022, the stable year-on-year valuation of our portfolio confirms Xlife Sciences' long-term strategy, which is attractive to investors. The Weighted Average Cost of Capital (WACC) was adjusted by 0.2 per cent overall. We will publish the full 2022 Valuation Report on our website in Q2 2023.

Analyst coverage

We were also able to fulfil our ambition to increase the visibility of our company for private and institutional investors as a result of our listing on the Swiss Stock Exchange (SIX) in 2022. With Intron Health Research, Baader Bank and Stifel, Xlife shares are now valued by three financial institutions. This allows the investment community to obtain information about Xlife Sciences in the form of independent analyst reports. All three analysts gave our company's share a "buy" recommendation; summaries of their reports can be found on our [website](#).

Continuous dialogue

We also maintain direct dialogue with you. For this reason, we attended a large number of investor conferences, industry events and trade fairs in 2022, mainly in Switzerland and Germany. Although our company's activities continue to focus on the German-speaking region (Germany, Austria, Switzerland), in the year under review we also engaged in dialogue with various contacts at the international level, particularly in the USA, Asia and the Middle East.

Sustainability strategy

In 2022, we focused intensively on sustainability and the sustainability issues of relevance to our company's stakeholders (Environment, Health,

31%

In March 2023, we sold
one third of our shares in
Laxxon Medical.

Governance - ESG). In order to guide this process in a targeted manner, we formed an "ESG Committee", which is chaired by our Board member Désirée Dosch. We adopted the key points of our ESG strategy incl. sustainability targets in Q3 2022 (for more information, see page 10 of this report) and our 2022 ESG Report will be published in Q3 2023.

Furthermore, we also developed a Code of Conduct for Xlife Sciences in the reporting year, which we would like to implement in our project companies in 2023. You can find more information on page 10 of this report, and the full Code on our website (<https://www.xlifesciences.ch/en/esg-en>).

Key financial figures 2022

From the provision of services to our project companies, we generated revenue of approximately 1.03 million in the 2022 financial year (2021: CHF 806,066). Result (undiluted) per share amounts to CHF 2.72 (previous year: 11.30). The balance sheet total of our company as at 31 December 2022 amounts to CHF 490.2 million (at 31 December 2021: CHF 480.1 million) and equity to CHF 337.7 million (at 31 December 2021: CHF 319.2 million). Cash and cash equivalents amounted to CHF 221,035 at the end of 2022 (previous year: CHF 1.96 million). The low

liquidity at the end of the year is due to a slightly delayed sale of shares in Laxxon Medical Corp. which was implemented in March 2023. This sale included 31% of our shares in Laxxon Medical to date and generated proceeds of CHF 2.97 million. Short-term liquidity is ensured at all times by means of a commitment to a bridging loan from the majority shareholders. Our medium-term liquidity planning anticipates, among other things, the sale of further shares in Laxxon Medical, which should secure liquidity for more than 12 months. The complete 2022 Financial Report and the 2022 individual financial statements under commercial law, including notes, can be found on pages 55-123 of this Annual Report.

Outlook 2023

We have made a dynamic start to the current 2023 business year:

- In January, the new project company XRNA Biotech was founded with headquarters in Zurich. The company aims to develop innovative RNA-based drugs.
- Also in January, the Swiss project company Axenoll received a significant patent from the European Patent Office for a process to produce biological tissue.
- In February, saniva diagnostics received approval from the US Food and Drug Administration (FDA) to market and sell its proprietary NeuroMex screening device for the detection of neuro-degenerative diseases in the USA.

The Board of Directors of Xlife Sciences initiated a process to review strategic options at the end of November 2022. Business development will be accelerated and the value of the company will be increased. One consideration in this is to gain additional resources and funding for Xlife Sciences in order to increase its operational freedom and make the company less dependent on events at

We have made a dynamic
start to the current 2023
business year.

the individual project companies. The process is progressing according to plan. Xlife Sciences will inform the market of the results in due course.

For 2023, the focus is, among other things, on successfully partnering projects and thus creating added value for our investors. Added to this is the achievement of further milestones in the project companies.

We would like to express our sincere thanks to our research and business partners for their cooperation. We would also like to thank our investors for the trust they have placed in us. And we would like to thank our employees for their commitment to our company.

Zurich, April 2023



B. Scholz

Dr Bernhard Scholz
Chairman of the Board of Directors



Oliver R. Baumann

Oliver R. Baumann
CEO

Vision and mission



We are a Switzerland-based company that acts as an **incubator and accelerator** for the value development and commercialisation of promising research projects from universities and other research institutions. We focus on carefully selected projects in the four areas of technology platforms, **biotechnology/therapies, medical technology and artificial intelligence/digital health**.

The cornerstones of our scientific activity are **humanity, collaboration, innovation and passion**. We participate in the continuous search for improvements in healthcare by providing solutions to address significant unmet medical needs and improve the quality of life.

Sustainable and responsible action is an integral part of every aspect of Xlife Sciences' and our portfolio companies' operations.

Our employees are crucial to our success. We provide a safe and inclusive working environment that enables our employees to work efficiently and effectively. In return, we have high expectations of our employees, project companies and business partners, both in terms of ethical practices and the quality and use of their work.

Everyone at Xlife Sciences works together to protect the interests of our stakeholders with our **expertise, reliability and efficiency**.

ESG

Sustainable and responsible working is an integral part of every aspect of Xlife Sciences and our project companies.

The health and interests of patients always come first for us.

We value keeping our environmental footprint as small as possible and minimising our impact on the local ecology. We avoid animal testing whenever we can, even if it is sometimes unavoidable.

We align our business goals with the well-being of our employees.

In defining, shaping and adopting our corporate ESG strategy in 2022, we focused on the following seven **United Nations Sustainable Development Goals: 3, 4, 5, 8, 9, 16 and 17**

3 HEALTH AND WELLBEING

4 HIGH-QUALITY TRAINING

5 GENDER EQUALITY

8 DIGNIFIED WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS TO ACHIEVE OBJECTIVES

To ensure that ESG is constantly considered at both strategic and operational levels, we have formed an **ESG Committee** with members of the Board of Directors and the management team. One of the first tasks this committee tackled in 2022 was the introduction of a **Code of Conduct**, which is also available for download on our website and will be applicable by our portfolio companies from 2023 onwards.

Another important sustainability-related goal for 2023 is the **inclusion of ESG aspects in all assessments** of research and business partners as well as future portfolio companies.



OUR PORTFOLIO

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

Currently, 53% of the companies are in the POC (“proof of concept”) phase. Following a successful POC, Xlife Sciences aims to exit.



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 is working with the Centre for Human Genetics at the Philipps University in Marburg (Germany).

The focus is on the genetic analysis of biological processes. The first project focuses on the cellular response to DNA damage, a central mechanism of neurodegenerative and oncological diseases. The global market for drugs to treat DNA damage is expected to reach \$25 billion by 2030.

Incorporation
2019

Location
Mainz (Germany)

Website
inventumgenetics.com

Stake Xlife
100%



palleos healthcare GmbH is a full service company ("CRO") for clinical research. In this capacity, the company offers a wide range of services from clinical development to trial completion.

The company's goal is to build a regulatory and operational bridge between preclinical and clinical development to deliver innovative concepts for its customers. Thanks to numerous partnerships, palleos healthcare can also offer its services abroad.

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 is working with the European Molecular Biology Laboratory (EMBL) in Heidelberg, Germany.

Veraxa combines two innovative antibody technologies from early screening to later antibody engineering, serving a broad range in personalised medicine. Veraxa Biotech is currently focused on the development of treatments for the oncology market, one of the largest markets in the medical field.

Incorporation
2020

Location
Zürich (Switzerland)

Website
veraxa.com

Stake Xlife
18%

Project Stage

	Xlife	R&D	POC	EXIT
Inventum Genetics GmbH	2021			
palleos healthcare GmbH	2019			
Veraxa Biotech AG	2020			



BIOTECHNOLOGY AND THERAPIES



alytas therapeutics GmbH is focused on the development of new therapeutic targets for the treatment of obesity. The company is currently working closely with the University Hospital Jena (Germany) and CureDiab GmbH in Düsseldorf.

In view of the current epidemic rise in obesity and the associated concomitant diseases, there is a high demand for innovative forms of therapy. alytas therapeutics concentrates on the sustainable elimination of the fat cells relevant to the concomitant disease, in combination with weight loss.

Incorporation
2018

Location
Jena (Germany)

Website
alytastherapeutics.com

Stake Xlife
51%



Baliopharm AG has announced the successful completion of clinical phase I with the antibody atosimab in the lead indication non-alcoholic steatohepatitis, one of the most common chronic liver diseases, in April 2022.

Xlife Sciences does not have an equity stake in Baliopharm AG, but instead receives a certain amount (in %) of the annual net revenues that Baliopharm generates from the sale or licensing of atosimab.

Incorporation
2007

Location
Reinach (Switzerland)

Website
baliopharm.com

Stake Xlife
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 main active ingredient is ProcCluster®.

inflamed pharma is a GMP-certified active ingredient manufacturer. The procaine-based ProcCluster® is being developed for inflammatory pain disorders and has shown positive results in long Covid patients. Specific dosage formulations have been developed for the use of ProcCluster® in different indications.

Incorporation
2019

Location
Jena (Germany)

Website
inflamedpharma.com

Stake Xlife
75%



Ix Therapeutics GmbH specialises in the identification of therapeutic antibodies for oncological indications on the basis of multi-omics patient data.

Ix Therapeutics is a joint venture of Xlife Sciences AG and the Hamburg-based oncology company Indivumed. The therapeutic antibodies are identified using Veraxa's screening technology.

Incorporation
2021

Location
Hamburg (Germany)

Website
ix-therapeutics.com

Stake Xlife
50%



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

Lysatpharma has patented technology for purifying exosomes from blood reserves. The exosomes derived from blood platelets have immunomodulating and regenerative properties. They are being developed as a treatment for inflammatory diseases such as rheumatoid arthritis and GvHD.

Incorporation
2018

Location
Eisenberg (Germany)

Website
lysatpharma.com

Stake Xlife
25%



panmabs GmbH is dedicated to the development, deployment and commercialisation of materials and processes for immunisation and therapies.

Panmabs is currently not actively pursuing its operations.

Incorporation
2020

Location
Mainz (Germany)

Website
—

Stake Xlife
46%



QUADIRA BIOSCIENCES AG, a joint venture between Anfass Life Technologies AG and Xlife Sciences AG, is dedicated to the improvement of antibody-drug conjugates for the treatment of oncological indications.

The combination of Veraxa's and abc biopply's technologies enables QUADIRA BIOSCIENCES to develop innovative, highly potent antibody-drug conjugates with higher cytotoxic activity and, at the same time, an improved side-effect profile for cancer treatments in a greatly shortened preclinical phase.

Incorporation
2021

Location
Solothurn (Schweiz)

Website
quadirabiosciences.com

Stake Xlife
50%



Synimmune Biotech AG, or Synimmune GmbH, is a biotechnology company focused on the development of innovative and effective mono- and bi-specific antibodies for the treatment of patients with life-threatening cancers. The objective is to help accelerate the path of new cancer drugs from the laboratory to the clinic.

The therapeutic antibody FLYSYN was developed for the treatment of acute myeloid leukaemia and has successfully passed clinical phase 1. TACSYN is a bi-specific antibody for the treatment of acute lymphoblastic leukaemia and is in pre-clinical development.

Incorporation
2010 ✓

Location
Vaduz (Liechtenstein) 📍

Website
synimmune.de 🌐

Stake Xlife
37% 📊



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

The company was formed to acquire licences for certain projects of the Xlife Sciences project company Veraxa Biotech (including its antibody targets and preclinical pipeline) to focus on the functional screening of antibodies.

Incorporation
2020 ✓

Location
Mainz (Germany) 📍

Website
— 🌐

Stake Xlife
46% 📊

XPROT

xprot GmbH focuses on the development of new therapeutic approaches for lung cancer. The company has identified a protein that is down-regulated in tumour samples from patients. Up-regulation of the gene in cancer cells led to a halt in growth.

The company's goal is to restore the expression of the gene in tumour cells in order to stop uncontrolled tumour growth and stimulate the immune response. In addition, the gene is also used as a biomarker for selecting unified patients.

Incorporation
2021 ✓

Location
Mainz (Germany) 📍

Website
— 🌐

Stake Xlife
100% 📊



XRNA Biotech GmbH is engaged in the research of different RNA molecules for targeted therapeutic application in oncological fields.

The company was founded in December 2022 and is currently in licensing negotiations with various renowned universities.

Incorporation
2022 ✓

Location
Zürich (Switzerland) 📍

Website
— 🌐

Stake Xlife
100% 📊





MEDICAL TECHNOLOGY



Axenoll Life Sciences AG focuses on 3D printing biomaterials for applications in the medical and biotechnology sectors.

The 3D screen printing technology allows large identical quantities to be produced with a virtually free choice of materials and the combination of materials in different layers. Axenoll's portfolio includes a wide range of 3D products such as wound dressings, screening chips and scaffolds for complex cell models.

Incorporation
2014

Location
Zurich (Switzerland)

Website
axenoll.com

Stake Xlife
14%



clyxop devices GmbH focuses on the development of biocellulose-based tubes for the reconstruction of hollow structures in damaged organs.

The use of biocellulose tubes as temporary implants is a decisive advantage. The lead project is the development of a bile duct implant. In the animal model, a bile duct made of the body's own tissue forms around the biocellulose implant after about 12 weeks.

Incorporation
2019

Location
Erfurt (Germany)

Website
clyxopdevices.com

Stake Xlife
70%



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

The 3D screen-printing technology used by Laxxon enables tablet designs that can control the delivery of active ingredients in the body. Product development is being carried out in cooperation with Evonik. For this purpose, Evonik's expertise in the field of polymers is being applied to the coating of tablets.

Incorporation
2017

Location
Nevada (USA)

Website
laxxon-medical.com

Stake Xlife
5%

NOVUM

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 scheduled to start in 2023.

Incorporation
2020

Location
Jena (Germany)

Website
—

Stake Xlife
67%



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

saniva diagnostics is currently developing the NeuroMex screening tool for the early detection of neurological diseases. Two clinical trials are currently underway with healthy volunteers and patients with prodromal Parkinson's disease and prodromal Alzheimer's disease. In February 2023, NeuroMex was approved by the FDA.

Incorporation
2019

Location
Erfurt (Germany)

Website
sanivadiagnostics.com

Stake Xlife
19%



The Swiss investment company Vitruvia Medical AG invests in companies from the healthcare industry with a focus on medical devices.

Medical devices account for almost half of all material costs in hospitals, and this is an upward trend. Vitruvia focuses on the repair, production and trade of medical devices and surgical instruments.

Incorporation
2017

Location
Anglikon (Switzerland)

Website
vitruvia-med.com

Stake Xlife
5%



novaxomx GmbH is a joint venture between Curasan AG and Xlife Sciences AG. The objective is to research and develop exosomes for use in musculoskeletal diseases.

novaxomx has obtained a licence from Lysatpharma for the use of exosomes. novaxomx develops the exosomes for applications in regenerative medicine such as bone regeneration

Incorporation
2022

Location
Frankfurt am Main (Germany)

Website
—

Stake Xlife
40%



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

x-kidney diagnostics focuses on identifying new biomarkers through a proteome-based research approach in Alport syndrome, a glomerulonephropathy with well-defined animal models. Following the completion of the initial clinical validation, a patent has been filed and partner-ing discussions are being initiated.

Incorporation
2019 ✓

Location
Erfurt (Germany) 📍

Website
— 🌐

Stake Xlife
100% ●



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

The company is developing a liver-specific radiotracer for positron emission tomography (PET) diagnostics. Applicability has been demonstrated in animal studies and preclinical trials are currently being completed.

Incorporation
2019 ✓

Location
Erfurt (Germany) 📍

Website
— 🌐

Stake Xlife
100% ●



Xsight Optics GmbH has set itself 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 develops wearable electronic sensors for contactless monitoring of health parameters for the care sector. This mobile sensor can infer various health parameters from optical infrared images through a clever combination of optics, microelectronics and AI-powered algorithms.

Incorporation
2021 ✓

Location
Jena (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.

The AI algorithm "prostate.Carcinoma.ai" analyses a large number of radiological images in a very short time with a lower error rate than the human eye. The algorithm is constructed to be applicable to other areas of image recognition, even outside the medical field.

Incorporation
2017 ✓

Location
Hamburg (Germany) 📍

Website
fuse-ai.de 🌐

Stake Xlife
35% 📊

XDIAGNOSTICS⁺

x-diagnostics GmbH specialises in using artificial intelligence in the field of oncology. The focus here is on the early detection of cancer cells.

The 4D Lifetest™ developed by 4D Lifetec is a "liquid biopsy" test for the early detection of various cancer cells. In cooperation with x-diagnostics GmbH, the test is extended by an AI component and so the analysis of the test results is simplified.

Incorporation
2021 ✓

Location
Zürich (Switzerland) 📍

Website
— 🌐

Stake Xlife
100% 📊





CORPORATE GOVERNANCE

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

The Company had only been listed on the SIX Swiss Exchange since 11 February 2022 in the reporting year.

I GROUP STRUCTURE AND SHAREHOLDERS

A. Group structure

Xlife Sciences AG (the **“Company”**) is a Swiss incubator and accelerator company focused on the value development and commercialisation of promising research projects from universities and other research institutions in the life sciences sector, with the aim of providing solutions for significant unmet medical needs and a better quality of life. The aim is to build a bridge from research and development to the health markets. The company takes carefully selected projects in the four areas of technology platforms, biotechnology/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 chosen projects is carried out through the establishment of dedicated companies or through participation in existing companies (the **“Project Companies”**, together with the company the **“Group”**).

Xlife Sciences AG is the parent company of the Group. It holds majority or minority interests in its Project Companies. The company’s shares (ISIN CH046192960) were listed for trading on the Munich Stock Exchange (over-the-counter market in the m:access segment) in the reporting year. Trading on the Munich Stock Exchange was discontinued on 10 February 2022 prior to the listing on the SIX Swiss Exchange. The company has been listed on the Standard Sparks segment of the SIX Swiss Exchange since 11 February 2022.

As at 31 December 2022, the Company held shares in the following companies:

Project Company	Shareholding of Xlife Sciences AG (rounded)	Share capital / registered capital
Technology platforms		
Inventum Genetics GmbH, Mainz, Germany	100.00%	EUR 25,000.00
palleos healthcare GmbH, Wiesbaden, Germany	50.00%	EUR 40,000.00
Veraxa Biotech AG, Zurich, Switzerland	18.23% (not consolidated)	CHF 12,725,706.00
Biotechnologies/Therapeutics		
alytas therapeutics GmbH, Jena, Germany	51.04%	EUR 25,000.00
inflamed pharma GmbH, Jena, Germany	75.00%	EUR 25,000.00
Ix Therapeutics GmbH, Hamburg, Germany	50.00%	EUR 25,000.00
Lysatpharma GmbH, Eisenberg, Germany	25.20% (not consolidated)	EUR 25,000.00
panmabs GmbH, Mainz, Germany	46.21% (not consolidated)	EUR 75,000.00
QUADIRA BIOSCIENCES AG, Solothurn, Switzerland	50.00%	CHF 150,000.00
Synimmune Biotech AG, Vaduz, Liechtenstein	37.36% (not consolidated)	CHF 50,000.00
xarma life sciences GmbH, Mainz, Germany	46.21% (not consolidated)	EUR 175,000.00
XRNA Biotech GmbH, Zürich, Switzerland	100.00%	CHF 20,000.00
xprot GmbH, Mainz, Germany	100.00%	EUR 25,000.00
Medical Technology		
Axenoll Life Sciences AG, Zurich, Switzerland	13.97% (not consolidated)	CHF 129,201.00
clyxop devices GmbH, Erfurt, Germany	70.00%	EUR 25,000.00
Laxxon Medical Corp., Nevada, United States	4.66% (not consolidated)	USD 27,640,483.00
novaxomx GmbH, Frankfurt am Main, Germany	40.00%	EUR 50,000.00
Novum Technologie GmbH, Jena, Germany	66.60%	EUR 25,000.00
saniva diagnostics GmbH, Erfurt, Germany	19.00% (not consolidated)	EUR 25,000.00
VITRUVIA MEDICAL AG, Anglikon, Switzerland	5.47% (not consolidated)	CHF 1,839,251.00
x-kidney diagnostics GmbH, Erfurt, Germany	100.00%	EUR 25,000.00
x-nuclear diagnostics GmbH, Erfurt, Germany	100.00%	EUR 25,000.00
Xsight Optics GmbH, Jena, Germany	80.00%	EUR 25,000.00
Artificial intelligence/digital health		
FUSE-AI GmbH, Hamburg, Germany	35.00% (not consolidated)	EUR 26,925.00
x-diagnostics GmbH, Zürich, Switzerland	100.00%	CHF 20,000.00

Only the shares of VITRUVIA MEDICAL AG are listed for trading on the Munich Stock Exchange (Valor 46193141 / ISIN CH0461931419; market capitalisation as of 31 December 2022; CHF 4,230,277). All other Project Companies are privately held.

The Company does not hold any shares in Baliopharm AG, Rheinach, 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.

B. Major shareholders

The following table provides an overview of the Company's shareholders within the meaning of Art. 120 of the Swiss Financial Market Infrastructure Act (Finanzmarktinfrastukturgesetz) as at 31 December 2022, based on the best knowledge of 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	1,317,641 / 24.94%	Convertible loan ³ with a total nominal amount of CHF 13,424,267.25 with 290,568 conversion rights, convertible into 290,568 shares / 5.5%	2,289,329 / 43.33%
		Convertible bond ⁴ with a total nominal amount of CHF 17,028,000 with 17,028 conversion rights, convertible into 681,120 shares / 12.89%	
		Total: 971,688 shares / 18.39.21%	
Gilbert Schöni Ras Al Khaimah, United Arab Emirates	1,167,895 / 22.10%	Convertible loan with a total nominal amount of CHF 13,424,267.25 with 290,568 conversion rights, convertible into 290,568 shares / 5.5%	2,028,783 / 38.40%
		Convertible bond with a total nominal amount of CHF 14,258,000 with 14,258 conversion rights, convertible into 570,320 shares / 10.79%	
		Total: 860,888 shares / 16.29%	
Oliver R. Baumann ⁵ Zumikon, Switzerland	368,700 / 6.98%	Convertible loan with a total nominal amount of CHF 3,324,640.50 with 71,961 conversion rights, convertible into 71,961 shares / 1.36%	440,661 / 8.34%
		Total: 71,961 shares / 1.36%	

¹ Based on the Company's share capital of CHF 5,283,723.00, corresponding to 5,283,723 shares with a nominal value of CHF 1.00 each, entered in the commercial register of the Canton of Zurich on 31 December 2022.

² 1,317,641 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 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. 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 through Akira Holding AG, Zumikon, Switzerland, which is fully in the ownership of Oliver R. Baumann.

C. Treasury shares, cross-shareholdings

As at 31 December 2022, the Company held no treasury shares.

The Company had no cross-shareholdings outside the Group exceeding 5% as at 31 December 2022.

II CAPITAL STRUCTURE

A. Ordinary capital

The ordinary capital of the Company registered in the Commercial Register of the Canton of Zurich on 31 December 2022 amounted to CHF 5,283,723.00, consisting of 5,283,723 registered shares with a nominal value of CHF 1.00 each.

B. Authorised and conditional capital

1. Authorised capital

The Company had authorised capital in the amount of CHF 1,391,505.00 as at 31 December 2022, consisting of 1,391,505 shares, representing 26.34% of the Company's share capital as at 31 December 2022. The Board of Directors is authorised to increase the share capital of the Company accordingly until 16 June 2024 at the latest. It shall determine the time at which the new shares are issued, their issue price, the method of payment, the conditions for the exercise of subscription rights and the commencement of dividend entitlement. Under certain circumstances, it is authorised to exclude shareholders' subscription rights and to allocate them to third parties. Please refer to the Articles of Association of the Company¹ for the exact wording of the conditions (Article 3f), which can be downloaded from [https://uploads-ssl.web-flow.com/5e7cc96730a75be768d3b-46f/63c99e3937992cb13073a498_20230111_Xlife%20Sciences%20AG_Statuten.pdf](https://uploads-ssl.webflow.com/5e7cc96730a75be768d3b46f/63c99e3937992cb13073a498_20230111_Xlife%20Sciences%20AG_Statuten.pdf).

2. Conditional capital

The Company has conditional capital of CHF 2,345,906 consisting of 2,345,906 shares as at 31 December 2022, representing 44.40% of the share capital as at 31 December 2022.

The conditional capital is composed as follows:

- CHF 310,152.00 for the issue of a maximum of 310,152 employee shares (corresponding to 5.87% of the Company's share capital as at 31 December 2022); the employee shares will be issued in accordance with the Company's shareholding regulations; the shareholders' subscription rights will be cancelled.

- CHF 2,035,906.00 for the issue of a maximum of 2,035,754 shares as a result of the exercise of conversion or option rights by the creditors of convertible bonds or bonds with options of the Company or its subsidiaries (corresponding to 38.53% of the share capital of the Company as at 31 December 2022); the option and conversion conditions shall be determined by the Board of Directors; the subscription rights of the shareholders shall be cancelled.

Please refer to the Articles of Association¹ of the Company for the exact wording of the conditions (Article 3c and 3d), which can be downloaded from [https://uploads-ssl.webflow.com/5e7cc96730a75be768d3b46f/6246c1f-4b0a241156333fedf_20220308_Xlife%20Scienc-es%20AG_Statuten.pdf](https://uploads-ssl.webflow.com/5e7cc96730a75be768d3b46f/6246c1f4b0a241156333fedf_20220308_Xlife%20Sciences%20AG_Statuten.pdf).

C. Changes in capital

1. 2019 financial year

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

- On 4 April 2019, the Company increased its capital from CHF 3,350,000.00 to CHF 3,424,400.00 through the issue of 74,400 shares from its authorised capital.
- On 21 March 2019, the Company increased its capital from CHF 3,424,400.00 to CHF 3,559,288.00 through the issue of 134,888 shares from its authorised capital.
- On 15 May 2019, the Company increased its capital from CHF 3,559,288.00 to CHF 3,610,988.00 through the issue of 51,700 shares from its authorised capital.
- On 7 June 2019, the Company increased its capital from CHF 3,610,988.00 to CHF 3,663,988.00 through the issue of 53,000 shares from its authorised capital.
- On 18 September 2019, the Company increased its capital from CHF 3,663,988.00 to CHF 3,712,158.00 through the issue of 48,170 shares from its authorised capital.
- On 22 October, the Company increased its capital from CHF 3,712,158.00 to CHF 3,729,253.00 through the issue of 17,095 shares from its conditional capital.

¹ These are the current statutes as at 11 January 2023.

- On 11 December 2019, the Company increased its capital from CHF 3,729,253.00 to CHF 3,761,753.00 through the issue of 32,500 shares from its authorised capital.

2. 2020 financial year

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

- On 14 January 2020, the Company increased its capital from CHF 3,761,753.00 to CHF 3,762,753.00 through the issue of 1,000 shares from its authorised capital.
- On 5 May 2020, the Company increased its capital from CHF 3,762,753.00 to CHF 3,792,346.00 through the issue of 8,093 shares from its conditional capital and 21,500 shares from its authorised capital.
- On 1 October 2020, the Company increased its capital from CHF 3,792,346.00 to CHF 3,869,264.00 through the issue of 36,920 shares from its conditional capital and 39,998 shares from its authorised capital.
- On 19 November 2020, the Company increased its capital from CHF 3,869,264.00 to CHF 4,086,144 through the issue of 114,360 shares from its conditional capital and 102,520 shares from its authorised capital.
- On 27 November 2020, the Company increased its capital from CHF 4,086,144 to CHF 4,157,004.00 through the issue of 70,860 shares from its authorised capital.
- On 23 December 2020, the Company increased its capital from CHF 4,157,004.00 to CHF 4,170,504.00 through the issue of 13,500 shares from its authorised capital.

3. 2021 financial year

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

- On 29 January 2021, the Company increased its capital from CHF 4,170,504.00 to CHF 4,324,104.00 through the issue of 153,600 shares from its conditional capital.
- On 16 March 2021, the Company increased its capital from CHF 4,324,104.00 to CHF 4,529,424.00 through the issue of 45,600

shares from its authorised capital and 159,720 shares from its conditional capital.

- On 13 April 2021, the Company increased its capital from CHF 4,529,424.00 to CHF 4,582,124.00 through the issue of 52,700 shares from its conditional capital.
- On 11 May 2021, the Company increased its capital from CHF 4,582,124.00 to CHF 4,652,783.00 through the issue of 41,979 shares from its authorised capital and 28,680 shares from its conditional capital.
- On 8 June 2021, the Company increased its capital from CHF 4,652,783.00 to CHF 4,811,723.00 through the issue of 56,300 shares from its authorised capital and 102,640 shares from its conditional capital.
- On 21 June 2021, the Company increased its capital from CHF 4,811,723.00 to CHF 4,854,151.00 through the issue of 12,308 shares from its authorised capital and 30,120 shares from its conditional capital.
- On 29 December 2021, the Company increased its capital from CHF 4,854,151.00 to CHF 4,894,151.00 through the issue of 40,000 shares from its authorised capital against contribution in kind consisting of shares in palleos healthcare GmbH in the amount of EUR 5,000.00.
- On 29 July 2021, the Company increased its capital from CHF 4,894,151.00 to CHF 4,958,148.00 through the issue of 3,500 shares from its authorised capital and 65,080 shares from its conditional capital. A correction was made at the same time to the authorised capital increase of 21 June 2021, at which only 7,725 shares were effectively issued rather than 12,308.
- On 12 August 2021, the Company increased its capital from CHF 4,958,148.00 to CHF 5,028,428.00 through the issue of 70,280 shares from its conditional capital.
- On 30 November 2021, the Company increased its capital from CHF 5,028,428.00 to CHF 5,059,268.00 through the issue of 30,840 shares from its conditional capital.

4. 2022 financial year

In the 2022 financial year, the Company carried out the following capital increases:

- 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 and 108,495 from its authorised capital.
- 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 conditional capital.
- 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 conditional capital.

5. Changes in capital after 31 December 2022

- On 11 January 2023, the Company increased its capital from CHF 5,283,723.00 to CHF 5,343,363.00 through the issue of 59,640 shares from its conditional capital.

D. Shares, participation certificates and dividend-right certificates

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

The Company has issued its shares as uncertificated securities within the meaning of Art. 973c of the Swiss Code of Obligations (Obligationenrecht - “OR”). Pursuant to Art. 973c CO, the Company maintains a book of uncertificated rights.

The shares are registered in the main register of SIX SIS Ltd and are therefore intermediated securities within the meaning of the Swiss Intermediated Securities Act (Bucheffektengesetz).

The Company has issued neither participation certificates nor dividend-right certificates.

E. Restrictions on registration

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

F. Convertible bond and convertible loan

In December 2019, the Company issued an unsecured convertible bond in the aggregate principal amount of CHF 56,000,000.00 maturing on 30 June 2029 with an interest rate of 0.25% (ISIN: DE000A2SA7M1). The initial conversion price is set at CHF 25.00 per share. As at 31 December 2022, the convertible bond was outstanding in the amount of CHF 33,594,000.00, which is convertible into 1,343,760 shares, representing just under 25% of the share capital as at 31 December 2022. As at 17 April 2023, convertible bonds in the amount of CHF 32,103,000.00 were outstanding, which can be converted into 1,284,120 shares.

Furthermore, in December 2021 and January 2022, in connection with the acquisition of additional interests 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 for a total nominal amount of CHF 30,173,175.00, which can be converted into 653,097 shares, corresponding to around 13% of the share capital as at 31 December 2021, and which fall due five years after the loan is granted. The interest rate is 0.25% and the conversion price was set 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 Company's general meeting.

For the shareholders holding the convertible bonds and convertible loans described above, see chapter IB. *Major shareholders*, page 30.

Corporate governance

Board of Directors



Dr Bernhard Scholz
President of the Board of Directors



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



David L. Deck
Member of the Board of Directors¹



Désirée Dosch
Member of the Board of Directors¹



Mark S. Müller
Member of the Board of Directors



Simon Schöni
Member of the Board of Directors



Dr Norbert Windhab
Member of the Board of Directors¹

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 & Taxation



Christian Faber
Head of Legal & Compliance

Advisory Board



Prof. Dr. habil. Michael B. Klein
Expert Politics & Economics,
Chairman of the Advisory Board



Prof. Dr. Ernst Th. Rietschel
Immunology Expert



Prof. Dr. Hans-Georg Rammensee
Immunology Expert



Prof. Dr. Johannes Schumacher
Human Genetics Expert



Dr Bernward Garthoff
Industry Expert



Dr. med. Ralf Oettmeier
Head Physician at
Alpstein Clinic



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



Prof. Dr. Ulrich Räh
Clinical Studies Expert



Prof. Dr. Jürgen Eckel
Biochemistry Expert



Dr Christoph Brücher
Industry Expert

Prof. Dr. Michael B. Klein resigned from the Board of Directors with effect from the 2022 Annual General Meeting on 20 June 2022. He continues to chair the Advisory Board. Mr. Christian Faber also resigned from the Board of Directors with effect from the 2022 Annual General Meeting on 20 June 2022 and is active in the Management as Head of Legal & Compliance.

¹Ms Dosch, Dr Windhab and Mr Deck were elected to the Board of Directors as of the 2022 Annual General Meeting on 20/06/2022.

III BOARD OF DIRECTORS, MANAGEMENT, ADVISORY BOARD

A. Board of Directors

1. Composition and members

The Articles of Association require that the Board of Directors (“**BoD**”) consist 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	Audit Committee	Compensation Committee	On the BoD since	BoD mandate ends
Dr Bernhard Scholz	President	Non-executive	Member	Member	2019	AGM 2023
Simon Schöni	Member	Non-executive		Member	2018	AGM 2023
Christian Faber	Member	Non-executive			2019	AGM 2022
Dr Michael B. Klein	Member	Non-executive			2019	AGM 2022
Mark S. Müller	Member	Non-executive		Chair	2018	AGM 2023
Oliver R. Baumann	Member and CEO	Executive			2020	AGM 2023
Désirée Dosch	Member	Non-executive	Member		2022	AGM 2023
Dr Norbert Windhab	Member	Non-executive	Chair		2022	AGM 2023
David L. Deck	Member	Non-executive			2022	AGM 2023

At last year’s Annual General Meeting (“AGM”) on 20 June 2022, Dr Scholz, Mr Schöni, Mr Müller and Mr Baumann were re-elected for a term of one-year. In addition, Ms Dosch, Dr Windhab and Mr Deck were elected to the Board of Directors. Dr Klein resigned at the 2022 General Assembly, as did Mr Faber. Dr Klein will remain with the company as Chair of the Advisory Board, as will Mr Faber. He was appointed to the Management as Head of Legal & Compliance.

Non-executive members of the Board of Directors who have never been part of the management or who have been part of the management for more than three years and who have no or only relatively minor business relations with the company are deemed to be independent. In the case of cross-appointment to the Board 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 outlined criteria, the members of the Board of Directors, with the exception of Oliver R. Baumann, are considered independent.

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, first focusing on organisation/IT and later on real estate finance. From 2004 to 2009, Dr Scholz was a member of the Board of Management of Münchener Hypothekenbank e.G. and, from 2010 to 2017, a member of the Management Board of pbb Deutsche Pfandbriefbank AG. Since 2017, he has been working as an independent consultant and holds several mandates in the areas of finance and real estate.

On 12 September 2019, Dr Bernhard Scholz was appointed Chair 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 company was founded. His background is in the construction industry as a project manager for building construction. He completed his training as a Swiss federal construction director in 2014. He managed several construction projects from cost estimation

to handover of keys, including complex projects for the Centre for Dentistry and the Swiss National Bank. Simon Schöni gained more than eight years of experience in investments and joined a Swiss tech startup as CFO in September 2019. Simon Schöni is the son of co-founder Gilbert E. Schöni.

On 25 October 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 a lawyer 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 market 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. Christian Faber is also Head of Legal & Compliance at Xlife Sciences AG.

On 12 September 2019, Christian Faber was appointed as a member of the Board of Directors of the Company. Mr Faber resigned from the Board of Directors on 20/06/2022.

Mr Faber has interests in the Group through his involvement in corporate matters such as start-ups, joint venture agreements and licensing agreements. Christian Faber is also managing director or co-managing director of the following companies: inflamed pharma GmbH, panmabs GmbH, clyxop devices GmbH, x-kidney diagnostics GmbH, x-nuclear diagnostics 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 taught 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 moved to the scientific management of the Leibniz Association based in Bonn, which appointed him its first Secretary General in 2006. During this time, he qualified as a professor 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 extraordinary professorship at the Technische Universität 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 for External Affairs, Political and Government Relations.

On 12 September 2019, Prof. Dr habil. Michael B. Klein was appointed as a member of the Board of Directors of the Company. He is also Chair of the Advisory Board. He resigned from the Board of Directors with effect from 20 June 2022.

Mark S. Müller

Mark S. Müller is a Swiss citizen and has 20 years of experience in the financial services industry at LGT Bank AG. There he focused primarily on serving high net worth private 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. Mark S. Müller has been independently managing wealthy clients since September 2015. At RRB Unternehmensberatung AG, Mark S. Müller adopts a multi-family office approach. His advisory services cover the areas of asset management, wealth management and structuring.

He serves as a member of the Board of Trustees, Board of Directors and in the role of 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 25 October 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 and Co-Managing Director of x-diagnostics GmbH in Zurich.

Oliver R. Baumann

See section B. *Management* below.

Désirée Dosch

Ms Désirée Dosch is a Swiss citizen and Managing Partner of the consulting firm Alvicus AG. She advises companies on segment & growth strategies with a focus on female clients, the next generation and tomorrow's leaders. She is also an investor in various start-ups in the German-speaking region and supports and advises them in the areas of growth and market entry. Before becoming self-employed, she held various management positions in the insurance and finance industry. Désirée Dosch completed her MBA with a focus on corporate strategy in Australia and South Korea.

Dr Norbert Windhab

Dr Norbert Windhab is an experienced manager in the pharmaceutical and biotech industry. He is currently Head of Alliances & Growth in the Health Care Business Line of Evonik Operations GmbH. Dr Windhab is a scientific board member at the BIOS Government Excellence Center at the University of Freiburg and on the board of trustees of the Max Planck Institute in Cologne. He received his PhD in Biophysical Chemistry from the University of Freiburg.

David L. Deck

Mr David L. Deck has over 28 years of experience in business development, corporate structuring and corporate finance with a focus on the life sciences industry. As a life sciences investor, he has 14 successful exits in the biotech and medtech sectors. In addition, he has in-depth knowledge of financial management as well as a broad network in the areas of life sciences and finance within the German-speaking region.

2. Number of admissible mandates

The Articles of Association of the Company provide that a member of the Board of Directors may not hold 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 organisations and similar bodies.

Mandates within the meaning of this provision are mandates in the senior 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 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 overshoot of the above limits is permitted.

3. Election and term of office

The members of the Board of Directors and the Chair of the Board of Directors are elected annually by the General Meeting. Their term of office corresponds to the maximum term of one year permitted by law and ends with the conclusion of the next ordinary General Meeting. Re-election is permitted. If the office of Chair of the Board of Directors is vacant, the Board of Directors shall appoint a Chair from among its members for the remainder of the term of office.

4. Duties

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

- the general management of the Company and the issuance of the necessary directives;
- the determination of the organisation;
- the design of the accounting system, financial control and financial planning;
- the appointment and dismissal of the persons entrusted with management and representation;
- the general supervision of the persons entrusted with management, namely 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 the event of excessive debt. In addition, the Board of Directors is responsible for the following tasks:

- Oversight of strategic decisions;
- Admission of Project Companies;
- Overall approach to supervision and compliance;

The Board of Directors has delegated the management of the business to the Management, as described below in Chapter *IIIA.6, Division of responsibilities between the Board of Directors and the Management, information duties and supervision*, on pages 39-40.

5. Internal organisation and working methods

With the exception of the election of the Chair of the Board of Directors and the members of the Compensation Committee by the General Meeting, the Board of Directors shall constitute 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 Chair 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 state otherwise. For resolutions relating to capital increases, the Board of Directors shall be quorate 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 provided by law. Abstentions shall be considered as votes not cast. In the event of a tie, the Chair shall have the deciding 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 by the Chair or the Secretary (in writing, including by email).

In 2022, a total of 12 meetings of the Board of Directors were held with an approximate duration of 1.5 hours. Guests from the Management or the Advisory Board were called in as needed.

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

The Board of Directors has delegated the running of the business to the Management under the direction of the CEO in accordance with the organisational regulations of the Company. The CEO and the other members of the Management are appointed by the Board of Directors. It shall assign their tasks and define their powers in a division of responsibilities:

- responsibility for compliance with the business policy and business strategy, the budgets and the organisational regulations;
- informing the Board of Directors at each meeting about the current course of business, significant matters of management and business activities, and any other extraordinary events, such as deviations from budgets and plans and the effects thereof;
- the representation of the Company, including dealings with authorities, media, shareholders, investors, associations, trade unions, etc., public relations in general, insofar as these tasks are not reserved for or performed by the Chair of the Board of Directors or the CEO;
- the proper keeping of accounts and the fulfilment of the specified monthly, semi-annual and annual reporting obligations;
- financial planning and cash management;
- Ensuring and guaranteeing effective internal control and information systems as well as the management of effective controlling, which must cover all subsidiaries;
- risk management; the company follows a progressive, conservative, and long-term oriented policy;
- ensuring 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 concerns; the development of proposals for measures to improve performance and processes;

- The preparation of the decision-making basis for the Board of Directors regarding the business strategy and the short- and medium-term corporate planning and the preparation of the proposals to the Board of Directors for the business to be discussed and decided by the Board of Directors.

The Management shall assume full responsibility for the management of the company, unless the law, the Articles of Association or the organisational regulations state otherwise. In particular, the overall management and the supervision and control of the management shall always be exercised by the Board of Directors. It issues guidelines for the business policy and is regularly informed about the course of business.

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

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

Each member of the Board of Directors may request information on all matters of the Company. The members of the Management, as all members of the Board of Directors, are obliged to provide information, and with the authorisation of the Chair 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 to be shown accounts and records.

7. Committees of the Board of Directors

The Company has a Compensation Committee and, as at 28 April 2022, an Audit and Risk Committee. The Board of Directors may form further committees. The committees primarily have a preliminary advisory function and help the Board of Directors in organising its activities efficiently and making quick, well-informed decisions. The Chair 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 General Meeting elects the members of the Compensation Committee individually for a term of office which expires at the close of the next ordinary General Meeting. Re-election is permitted. The Chair of the Compensation Committee is appointed by the Board of Directors. He or she may not be Chair 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 Management or third parties to attend meetings and allow them to provide relevant information.

The tasks of the Compensation Committee are set out in principle in Art. 17 of the Articles of Association. The Compensation Committee is responsible for (i) assisting the Board of Directors in fulfilling its duties and discharging the Board's responsibilities with respect to setting and reviewing the Group's remuneration strategy and preparing proposals for the attention of the Annual General Meeting regarding the remuneration of the members of the Board of Directors and the Management of the Company and (ii) performing other duties as set forth in the Articles of Association. The tasks of the Compensation Committee also include, in particular:

- Adopting and reviewing the remuneration policy and performance criteria, as well as periodically reviewing the implementation and submitting proposals and recommendations to the Board of Directors, also with regard to compliance with applicable laws;
- Preparation of the Board of Directors' proposals to the General Meeting concerning the remuneration of the Board of Directors and the Management;
- Determining the principles and design of remuneration plans, long-term incentive and shareholding plans, pension arrangements and other benefits for the Management, including reviewing the terms of the contracts with the members of the Management, and, if necessary, submitting adjustments to the Board of Directors for approval;
- for each performance period, the preparation of proposals for the attention of the Board of Directors on the remuneration of the individual members of the Board of Directors and the Management, including the type and amount of the annual remuneration (within the limits of the amounts approved by the General Meeting);
- Submitting proposals to the Board of Directors on the recipients of performance-related and/or long-term incentive remuneration and submitting proposals to the Board of Directors on the setting of (annual) targets for the performance-related and/or long-term incentive remuneration;
- Reviewing the remuneration 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 is authorised to conduct or approve investigations into any matter within the scope of its duties and responsibilities.

The Chair of the Compensation Committee shall ensure that the Chair 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 Chair of the Compensation Committee (in person or through another member of the Compensation Committee) regularly reports to the Board of Directors at Board meetings on the ongoing activities and important matters of the Compensation Committee.

In 2022, a total of 2 meetings of the Compensation Committee were held with an approximate duration of 1.5 hours.

b) Audit and Risk Committee

The Board of Directors has established an Audit and Risk Committee as of 28 April 2022, which must 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 role of the Audit and Risk Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with regard 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.

c) Under the leadership of member of the Board of Directors Désirée Dosch, an ESG Committee was established in 2022 with members from two Project Companies and one member of the management. One of the committee's objectives is to develop an ESG strategy for Xlife Sciences AG and its project companies. In addition to defining the strategy, the relevant data of the company and the project companies larger than 50 percent shall be collected and processed in a comprehensive ESG report.

B. Management

1. Composition and members

The Management consists of the following members:		
Name	Position	In the management since
Management in the strict sense		
Oliver R. Baumann	CEO	2019
Extended management		
Carl von Halem	CFO	2021
Dr Frank Plöger	CSO	2020
Beat Kläui	Head of Accounting and Taxation	2019
Christian Faber	Head of Legal & Compliance	2022

Oliver R. Baumann

Oliver R. Baumann is a Swiss citizen. He completed his education at the Business School Zurich and then continued his education at the Höhere Fachschule in Banking & Finance. Oliver R. Baumann began 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 has supported various start-ups and founders in the life sciences and technology sectors 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 17 June 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 several Project Companies.

Oliver R. Baumann has vested interests in the Group as a major shareholder (7%) of Xlife Sciences AG and through granting 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 Axenoll Life Sciences AG. Mr Baumann is Co-Managing Director of the Project Companies XRNA Biotech

GmbH and x-diagnostics GmbH. He also holds interests in the following Project Companies: alytas therapeutics GmbH, Axenoll Life Sciences AG, Lysatpharma GmbH and saniva diagnostics GmbH.

Carl von Halem

Carl von Halem is a German citizen. He studied economics at the Technical University of Berlin and graduated with a Master's degree in economics. Carl von Halem has experience in management consulting, renewable energy and finance. For the past 5 years, Carl von Halem has been co-founder and Chief Operating Officer of the Munich-based FinTech company CommneX GmbH. CommneX's digital tendering and matchmaking platform brings together finance projects from municipalities, public corporations and companies associated with municipalities with finance partners such as banks, insurance companies and institutional investors.

Carl von Halem joined the company as CFO on 1 December 2021.

Mr von Halem is also Co-Managing Director of Xlife Sciences GmbH and XRNA Biotech GmbH.

Dr Frank Plöger

Dr Frank Plöger is a German citizen. He studied biology in Mainz and completed his doctorate in Alzheimer's research at Boehringer Ingelheim. After his postdoctoral period at the Centre 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 the fields of research & development, business development and patent management for more than 20 years.

On 1 November 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, Managing Director of Lysatpharma GmbH and Co-Managing Director of xprot GmbH and novaxomx GmbH.

Beat Kläui

Beat Kläui is a Swiss citizen. He studied economics at the University of St. Gallen and graduated as lic. oec. (Licentiate in Economics). Beat Kläui worked as an auditor at Ernst & Young for over 12 years. He is a certified auditing expert For more than 10 years, Beat Kläui has been the owner of Re-Vision Treuhand GmbH, a small auditing, accounting and tax consulting firm that provides services for boards of directors and chief financial officers.

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

Christian Faber

See in the previous section A - Board of Directors.

2. Number of admissible mandates

The Articles of Association of the Company stipulate that a member of the Management may not hold 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 organisations and similar bodies.

Mandates within the meaning of this provision are mandates in the senior 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 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 overshoot of the above limits is permitted.

3. Duties

The Management is responsible for the management of the Company in accordance with the instructions of the Board of Directors. It shall be responsible for all management tasks that are not assigned to the Board of Directors by law, the Articles of Association or the organisational regulations. The Management shall have full discretion to decide on matters assigned to it, unless the Board of Directors has specifically reserved the right to decide or approve such matters.

The CEO is the highest executive of the Company and is responsible and accountable for the management and performance of the Company. In particular, the CEO is responsible for implementing the Company's strategy and the decisions made by the Board of Directors and the Committees, monitoring and evaluating the Company's progress against its objectives and budget, and managing and coordinating day-to-day operations.

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

The CSO supports the Project Companies in the creation and implementation 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 on the status and progress of each Project Company. He is supported by the Advisory Board.

The Head of Accounting & Taxation is responsible for the company's accounting and tax accounting.

In 2022, weekly Management meetings were held with an approximate duration of at least one hour.

4. Management contracts

The Company has not entered into any management contracts pursuant to 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, whom it collectively refers to as the Advisory Board.

The current members of the Advisory Board are

- Prof. Dr habil. Michael B. Klein (Chair);
- Prof. Dr Ernst Th. Rietschel;
- Prof. Dr Hans-Georg Rammensee;
- Prof. Dr Johannes Schumacher;
- Dr med. Ralf Oettmeier;
- Dr med. Uwe Rudolf Max Reuter
- Dr Christoph Brücher
- Prof. Dr Ulrich Räth
- Prof. Dr Jürgen Eckel
- Dr Bernward Garthoff

In 2022, the members Dr Christian H. Leist, Ms Petra Wagner, Dr Ludger Grosse-Hovest and Mr Rainer Schnetzer resigned from the Advisory Board.

Prof. Dr. Ulrich Räth, Prof. Dr. Jürgen Eckel and Dr. Bernward Garthoff were appointed.

Prof. Dr habil. Michael B. Klein

Prof. Dr. habil. Michael B. Klein was a member of the Board of Directors of the Company until 20 June 2022 and is Chair of the Advisory Board. See above under III 1.1.

Prof. Dr Ernst Th. Rietschel

Member of the Advisory Board and expert in immunology, Ernst Theodor Rietschel received his doctorate in 1971 in Freiburg and his habilitation in 1978 from the same university. 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 Borstel Research Centre. From 2005 to 2010 he was President of the Leibniz Association, and from 2013 to 2015 Chair 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 doctorates in 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 honours for his research. In addition, he has provided numerous companies with his knowledge and supported three spin-off companies from his department. Among them is 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 mentor and are very grateful for his support. Professor Rammensee is being honoured for “excellent technology exchange Neckar-Alb” on the basis of these merits and other, almost innumerable cooperation projects.

Prof. Dr Johannes Schumacher

Professor Dr Johannes Schumacher's scientific focus 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 studying medicine 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. Prof. Schumacher has been head of the Institute of Human Genetics at Marburg University Hospital since 2018.

Dr med Ralf Oettmeier

Dr med Ralf Oettmeier is a member of the Advisory Board and Chief Physician and Medical Director at the Alpstein Clinic, in Gais. After studying medicine and training as a specialist in orthopaedics, he gained additional qualifications in the fields 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 has been working in Switzerland and at the Alpstein Clinic in Gais. He is considered a great advocate of systemic treatment with procaine with a wide range of indications and carries out a variety of 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 as a specialist in orthopaedics in 1991. Since 1996 he has been an algesiologist and pain therapist as well as head of the Regional Pain Centre Greiz/Vogtland of the German Society for Pain Medicine. He is section head for homeopathy at the Academy for Continuing Medical Education of Thuringia and is authorised to provide further training in the specialist areas of homeopathy, naturopathic treatment 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 also works, among other things, as medical director/chief medical officer and managing director of the Klinik und Praxis im LEBEN, the Akademie im LEBEN für Ganzheitliche Medizin and the Institute for Innovative Medicine, Research and Communication.

Dr Christoph Brücher

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

Prof. Dr Ulrich R  th

Prof Dr Ulrich R  th is a specialist in oncology/haematology and gastroenterology. He is a professor of medicine (apl, retired) at the University of Heidelberg, where he held a leading clinical position in addition to his research work at the German Cancer Research Centre (DKfZ). He has 20 years of experience in clinical drug development as Global Head Medical and Scientific Affairs in international CROs. He is a consultant for international pharmaceutical companies, biotechs and CROs with a focus on preclinical and clinical drug development and a strategic regulatory expert for drug approval at the EMA and FDA. Dr R  th is currently deputy head of the scientific department at palleos healthcare.

Prof. Dr J  rgen Eckel

Prof. Dr. J  rgen Eckel has been Professor of Clinical Biochemistry at the University of D  sseldorf since 1992. He is a world-renowned expert on obesity, type 2 diabetes, adipose tissue biology and organ crosstalk. Prof. Dr J  rgen Eckel was the chair of a large European network, coordinator of the FP7 EU project ADAPT and director of the competence centre KomIT at the German Diabetes Centre (DDZ). J  rgen works as a reviewer for many national and international research funding organisations. He has been CEO of the company CureDiab Metabolic Research GmbH since July 2022.

Dr Bernward Garthoff

Dr Bernward Garthoff is currently Managing Director of BIO Clustermanagement NRW GmbH and was Biotechnology Commissioner of the State of North Rhine-Westphalia until 2012. Since 2009, he has initiated the EIT Health investor network, which includes business angel/investor meetings and the video platform www.startups4.eu. Dr Garthoff studied veterinary medicine at the University of Hanover and joined Bayer AG in 1976, where he worked for more than 30 years. He held a teaching position at the Ruhr University in Bochum. In the Pharmaceuticals Business Group of Bayer AG, he held various important positions in research and development, both in Germany and in the USA and Japan. As a member of the senior management of

Bayer's Crop Protection Business Group, he led the acquisition and integration process of Aventis CropScience and was a member of the Board of Management of Bayer CropScience AG. He was a member of the boards of several foundations and a member of the supervisory board of Rottendorf Pharmaceuticals GmbH. He was Chairman of the German Biotechnology Industry Association (DIB) and a member of the Private Sector Committee of the CGIAR (World Bank) and the EuropaBio Board, its Treasurer and Chairman of the AgriFood Council of EuropaBio.

2. Tasks and working methods

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 supervise fulfil their reporting obligations to the CSO. They also support the CSO in evaluating the status and progress of the Project Companies. The CSO is responsible for the consolidated reporting to the Board of Directors. 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 related to the selection or support of project companies on an ad hoc basis. The specific composition of the panel depends on the topics to be discussed and the expertise required. The Company shall occasionally seek the advice of other experts who may be called in on a case-by-case basis and who shall attend the relevant meeting.

IV PROJECT COMPANIES

A. Activities of the Company

With the help of its network, the company is able to identify promising innovations at an early stage. Every year, the company receives a low three-digit number of new project proposals from universities and start-ups. Based on an initial assessment by the relevant university, these projects are evaluated by the Company's Advisory Board, which then makes a recommendation to the Company's Board of Directors. If necessary, the Management can be consulted on certain issues. Based on the Advisory Board's recommendation, the Board of Directors evaluates the project from a commercial perspective and makes its decision. For each project, there is therefore a scientific, a commercial and a patent assessment. If the assessment is positive, a new Project Company will be founded or new projects will be integrated into existing Project Companies. On average, two to three additional projects per year can be accepted as Project Companies.

The Project Companies founded are closely supported by the company until exit or commercialisation. This includes close scientific interaction, business management advice, the provision of financial resources, and the identification of potential industrial partners for subsequent partnering. Within the Project Companies of the Company, a high level of scientific expertise and a widespread scientific network can be found. This expertise and network is made available to the individual Project Companies in order to achieve a high degree of synergy.

Each Project Company therefore receives comprehensive support from the Group until its commercialisation and benefits from its experienced team. In most cases, a new company is founded at the beginning of a project. The Project Company's financial needs are then identified and it is provided with the necessary funding to complete the proof-of-concept phase, or is assisted in obtaining it through third-party funding.

In addition, the Company is responsible for ensuring that the Project Company is adequately staffed: It chooses experienced staff to support the scientific team in the development of the innovation, including in regard to compliance with the relevant regulatory requirements. Each Project Company is supported by the CSO and his team, which works to implement a streamlined preclinical and clinical development plan, and also ensures appropriate intellectual property protection.

In addition, service agreements are concluded with some Project Companies to regulate support in administrative and technical matters, such as the marketing of patents and licences.

B. Monitoring and reporting

There shall be a discussion between the Company and its Project Companies at least every two weeks on the progress of the various projects in the form of Weekly Calls / Jour Fixe Calls. These appointments are made by the CSO or his team on behalf of the company. On the part of the Project Company, the responsible project managers or the management are involved in the discussion.

Each Project Company also has an obligation to report on a monthly basis in accordance with the Company's requirements. The reporting includes in particular information on, among other things, project progress, SWOT analysis, key financial figures and project budgets, project risks, timing, the team and the status of the exit strategy. Accounting (business evaluations, lists of totals and balances, annual financial statements) is handed over to the Company or the CFO at the end of each month or at the end of the year. In cooperation with the Head of Accounting & Taxation, the accounting records are audited and transferred to the company's consolidated financial statements. In case of queries or need for clarification, the Company shall contact the respective Project Company directly. If necessary, the CSO will also be involved in order to maintain an overview of the project as a whole.

The project risk matrix is discussed in detail with the 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 rating of the risk and the expected exit yield of a project. The risk is classified in various gradations from 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 occurrence probabilities from 0 to 100% of the following criteria. The criteria are protection possibilities / IP rights, market volume, developments (investment volume), funding possibility, partnering / exit, probability of success (partnering), synergies / project landscape, competitive situation and quality of the respective inventor / scientific team. The matrix shall also be expanded to include the ESG criteria.

The Board of Directors regularly convenes the Management several times a year to be updated on the project companies (through the CSO) or the financial situation of the Project Companies and the Company (through the CFO and the Head of Accounting & Taxation).

V COMPENSATION, SHAREHOLDINGS AND LOANS

For information on remuneration, shareholdings and loans, please refer to the Company's remuneration report from page 129-138.

VI SHAREHOLDERS' PARTICIPATION RIGHTS

A. Voting rights of the shareholders

1. General

In relation to the Company, a shareholder or beneficiary with voting rights shall be deemed to be a person recorded in the Company's share register. At the General Meeting, each share registered in the share register shall entitle its holder to one vote. Voting rights are the same for all shareholders of the Company, there are no different classes of voting rights. The major shareholders of the company also do not have different voting rights. There are no restrictions on voting rights.

Any person who is listed in the share register 10 days prior to the invitation to the General Meeting being sent out and who accordingly receives an invitation no later than 20 days prior to the General Meeting shall be deemed to be a shareholder entitled to vote in relation to the Company. Due to the prevalent pandemic, the Company held the 2022 Annual General Meeting without shareholders being physically present in order to protect shareholders and the Company.

2. Representation

Shareholders may either vote themselves or authorise a third party to vote on their behalf. Shareholders may also authorise an independent proxy to vote on their behalf. The independent proxy is elected by the General Meeting for a term of office until the conclusion of the next Annual General Meeting. Re-election is permitted. The Board of Directors shall ensure that each shareholder is able to 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 independent proxy, Urs Hänggli, was elected for the second time at the last Annual General Meeting on 20 June 2022 until the conclusion of the Annual General Meeting.

B. The General Meeting

1. Convocation and agenda

The Annual General Meeting shall be held within six months of the close of the previous financial year. For the Company, this means that it must take place by 30 June of each year following the respective financial year. The 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 decided at a General Meeting or requested within two months by one or more shareholders who together represent at least 10% of the Company's share capital entered 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 placed on the agenda. A request for the inclusion of an item on the agenda must be submitted in writing to the Chair of the Board of Directors at least 45 calendar days before the General Meeting, stating the items to be discussed and the motions.

A General Meeting shall be convened by publication in the Swiss Official Gazette of Commerce at least 20 calendar days before the date of the General Meeting. Provided that the postal and/or email addresses of the shareholders are known, the convocation may also be sent simultaneously by post and/or email. The convening notice must contain the day, time and place of the General Meeting, the agenda, the proposals of the Board of Directors and the proposals of the shareholders who have requested that the General Meeting be held or that an item be placed on the agenda.

2. Resolution

The shareholders exercise their voting rights at the General Meeting. In accordance with the Articles of Association, the General Meeting of Shareholders passes its resolutions and carries out its elections by an absolute majority of the votes represented, unless Swiss law or the Articles of Association stipulate otherwise. The Chair shall not have a casting vote. In the event of a tie, a motion shall be deemed rejected.

A resolution of the General Meeting of Shareholders which receives at least two-thirds of the votes represented and an absolute majority of the nominal value of the shares represented, shall be required for:

- changes in the purpose of the company;
- the introduction of voting shares;
- the limitation of the transferability of registered shares;
- an authorised or a conditional capital increase;
- any capital increase from equity, in exchange for a contribution in kind or for the purpose of an acquisition in kind, and the granting of special benefits;
- the limitation or cancellation of the subscription right;
- the relocation of the registered office of the Company;
- the dissolution of the Company;
- mergers, demergers and transformations pursuant to the Swiss Merger Act (Fusionsgesetz).

VII CHANGE OF CONTROL AND PREVENTION MEASURES

A. Obligation to make an offer

Any person who directly, indirectly or jointly with third parties acquires equity securities and thereby, together with the securities he/she already holds, exceeds 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 the company. The target companies may raise the threshold to 49% of the voting rights in their articles of association (*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 a provision for *opting-up* nor for *opting-out*.

B. Change of control

The Company has not provided for any takeover prevention measures in its Articles of Association that would have the effect of delaying, deferring or preventing a change of control in the Company.

VIII AUDITORS

A. Mandate duration and term of office of the auditors currently in office

The Auditors shall be elected annually by the General Meeting for a term of office until the conclusion of the next ordinary General Meeting. Re-election is possible. The auditors of the Company are BDO AG, Täferstrasse 16, 5405 Baden-Dättwil, Switzerland. It is supervised and regulated by the Swiss Federal Audit Oversight Authority (Eidgenössische Revisionsaufsichtsbehörde). BDO AG was re-elected on 20 June 2022.

Thomas Schmid (audit expert) is the lead auditor responsible for the audit of the company's annual financial statements as well as the group's consolidated financial statements since May 2021. Under Swiss law, the lead auditor must change every seven years.

B. Fees

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

in CHF 1,000 for the year 2022	
Auditing	156
Audit-related services (various comfort letters)	51
Total	207

C. Information tools of the external audit

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

In line with the internal control system, the Chair of the Board of Directors is also involved in the discussions with BDO for the final approvals. Internally, the Chair of the Board of Directors always attends to the communications and interim results. BDO contacts the Chair of the Board of Directors directly before each audit or on a case-by-case basis if there is a need for clarification.

In 2022, a total of 2 meetings were held between the Board of Directors and the external auditors. The Company and the external auditors are in regular contact during and outside of audit activities. In addition, with the help of the Audit Committee, the preparatory audit was carried out in a multi-stage process in cooperation with the external auditors.

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 reporting date of 31 December. In addition, the results for the first half of each financial year are published in electronic form within three months of the reporting date of 30 June. The Company's annual report and half-year financial results are announced through press releases. The published consolidated semi-annual 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 relating 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/news-kennzahlen> or are available upon request from the Company at Investor Relations and Corporate Communications (telephone: +41 44 385 84 60; Email: info@xlifesciences.ch).

According to the Articles of Association, notices to shareholders shall be made by publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt). The Company's notices to shareholders shall be made by official publication of the Company, but may also be made in writing to the addresses of shareholders as recorded in the share register.

Company web links

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

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

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

X SIGNIFICANT EVENTS AFTER 31 DECEMBER 2022

On 11 January 2023, the Company increased its capital from CHF 5,283,723.00 to CHF 5,343,363.00 through the issue of 59,640 shares from its conditional capital.

On 16 January 2023, the Project Company inflamed pharma will start a research project to develop a possible therapy against amyotrophic lateral sclerosis (ALS). This project is being carried out with the Department of Neurology at the University Medical Centre Göttingen (Germany) in scientific cooperation with PD Dr med. Jan C. Koch.

On 20 January 2023, the project company Axenoll Life Sciences AG will receive a strategically important patent from the European Patent Office for a process to generate biological tissue. Further patent applications have already been filed with other relevant patent offices.

On 23 January 2023, the renowned investment bank Stifel will begin providing research coverage for Xlife Sciences (SIX: XLS). The corresponding first analyst report rates the Xlife Sciences share with a “buy” rating and calls for a price target of CHF 68.00.

On 16 February 2023, the project company saniva diagnostics will receive 513(g) approval from the US Food and Drug Administration (FDA) for the marketing and sale of its proprietary and patent-protected screening device NeuroMex as a non-regulated medical device in the USA. NeuroMex is a patented screening instrument for cognitive performance and is used to interpret current cognitive performance in patients, which may include those at risk of developing neurodegenerative diseases such as Parkinson's or Alzheimer's disease.

On 16 and 27 March 2023, 407,638 shares of Laxxon Medical Corp. were sold in a secondary market transaction. As a result, the company received cash and cash equivalents of CHF 2.97 million.

XI TRADING BLACKOUT PERIODS

As soon as any ad hoc issues became known, a trading ban was triggered for all persons on the permanent and respective project-oriented insider lists and the persons concerned were informed. The freeze ended 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 an issue in the 21st century which is also actively monitored by society. The Company and its Project Companies act responsibly and sustainably. Using innovative technologies, we are able to reduce animal testing to a minimum. In addition, the Group regularly becomes involved in innovative treatments for serious and sometimes incurable diseases. This has a great 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 reserves

At Lysatpharma GmbH, valuable therapies based on so-called extracellular vesicles are developed from the precious raw material that is blood. Preserved thrombocytes are used as the starting material; as these have a limited shelf life, they are disposed of at great expense. Lysatpharma has recognised that therapeutic drugs for various diseases can be developed from expired blood donations.

B. Animal testing

The leading pharmaceutical companies are committed to reducing 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, which means that, among other things, artificial mini-tumours can be produced in comparable quality. The cell lines used can be multiplied at will. With this technique, animal testing can be avoided.

C. Circulation systems for surgical instruments

VITRUVIA MEDICAL AG reprocesses clinical robotic instruments and disposable devices by means of a so-called “circulation system” for surgical instruments and other clinical instruments. VITRUVIA MEDICAL AG focuses on the hygienic and economical reprocessing of complex surgical instruments, their variety of applications, design and materials. The aim is to provide hygienically tested and economically prepared medical devices. The circulation system aims to save the hospital costs in the long term.

D. CO₂ Certificate

carbon-connect AG has issued a certificate of carbon neutrality to the Company from 14 April 2022 to 13 April 2023. The certificate includes the calculation of the corporate carbon footprints (Scope 3). The compensation or offset of CO₂ is carried out through certified climate protection projects. A climate protection project cuts the corresponding CO₂ footprint at another location (CO₂ sink outside the company).

E. Impact / treatment trials

Lysatpharma GmbH acted as an external sponsor and cooperation partner in 2019 as part of a clinical treatment trial lasting several months at the University Hospital Jena. 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 tolerance. There were no detectable side effects. Subsequently, he received an amount of the preparation defined as a maintenance dose at intervals over several months. Subjectively, the condition was eased during the treatment phase at two-week intervals. Improved lung function was observed during this phase, which could be related to the treatment. Recently, Xlife Sciences AG has initiated further trials in ALS in vitro models with the University Hospital of Göttingen. If the results of the trials are positive, the next step will be to carry out further medical trials, which will be supported and sponsored by Xlife Sciences.

XIII CODE OF CONDUCT

The Code of Conduct was adopted by the Board of Directors on 1 December 2022. It contains guidelines on how employees should behave in a legally correct, ethical and socially responsible manner. A code of conduct is intended to prevent corruption and discrimination, for example, and to promote respectful cooperation and environmentally friendly behaviour. In addition, a whistleblower system was installed on the website. Any tips will be received and acted upon by an external and independent lawyer.

Code of Conduct:
https://uploads-ssl.webflow.com/5e7c-c96730a75be768d3b46f/63ece5ab-440983d43a0b7b11_2023_Xlife%20Sciences%20AG_Code%20%20of%20Conduct.pdf

Whistleblower system:
<https://xlifesciences.iwhistle.de>



CONSOLIDATED
ANNUAL FINANCIAL
STATEMENTS OF THE XLIFE
SCIENCES GROUP

Income statement for the year 2022

In CHF	Notes	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Revenue	4.1	1,027,971	806,066
Third-party services		(842,325)	(446,946)
Gross earnings		185,647	359,120
Other income		230,519	18,910
Personnel expenses	4.2	(3,225,552)	(2,480,003)
Administrative expenses	4.3	(2,151,214)	(3,064,366)
Depreciation, amortisation and impairment of property, plant and equipment, and intangible assets		(16,022,320)	(66,682)
Operating result before financial expenses		(20,982,921)	(5,233,021)
Financial expenses	4.4	(1,159,380)	(906,693)
Financial income	4.4	440,439	381,899
Profits from financial assets at fair value	5.1	36,086,308	42,996,565
Loss from financial assets measured at fair value	5.1	(1,323,235)	(61,118,249)
Bargain purchase			78,045,615
Share in profit and loss of companies accounted for using the equity method, net of tax	5.3	(9,022,223)	(971,298)
Earnings before income taxes		4,038,987	53,194,820
Income tax expense	4.5	4,739,314	80,497
Earnings		8,778,301	53,275,317
Result after income taxes is attributable to:			
Shareholders of the parent company		14,312,028	53,418,475
Non-controlling interests		(5,533,727)	(143,159)
Earnings per share			
Basic (CHF per share)	6.3	2.72	11.30
Diluted (CHF per share)	6.3	2.00	8.66

Statement of comprehensive income for the year 2022

In CHF	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Earnings	8,778,301	53,275,317
Foreign businesses – currency translation differences	141,108	(1,286,254)
Total amounts that can be reclassified	141,108	(1,286,254)
Remeasurement of net liability from defined-benefit pension plans	61,652	(35,223)
Tax effect	(13,255)	7,221
Total amounts that cannot be reclassified	48,397	(28,002)
Other comprehensive income	189,505	(1,314,256)
Overall result	8,967,806	51,961,061
The total result is attributable to:		
Shareholders of the parent company	14,482,445	52,104,220
Non-controlling interests	(5,514,640)	(143,159)

Balance sheet as at 31 December 2022

In CHF	Notes	31/12/2022	31/12/2021
ASSETS			
Cash and cash equivalents	5.10	221,035	1,956,351
Trade receivables	5.9	545,211	282,815
Other receivables		411,547	200,845
Prepaid expenses		67,635	32,363
Current assets		1,245,428	2,472,373
Financial assets (equity investment)	5.3	52,783,932	61,195,389
Financial assets (loan)		5,100,102	3,603,296
Financial assets (projects/fair value)	5.1	129,656,221	95,452,804
Intangible assets	5.4	300,909,091	316,670,959
Property, plant and equipment	5.2	535,578	669,567
Non-current assets		488,984,925	477,592,014
Total assets		490,230,353	480,064,367
LIABILITIES			
Trade payables		627,002	378,307
Other liabilities		267,691	267,498
Current lease liabilities		108,900	
Accrued expenses and deferred income	5.7	926,402	1,683,758
Current borrowed capital		1,929,995	2,329,563
Other liabilities		283,368	496,791
Provisions	6.2.6	29,472	105,055
Convertible loan	5.8	29,287,968	29,362,654
Convertible bond	5.8	30,948,860	33,608,161
Deferred tax liabilities	4.5.2	90,046,963	94,943,124
Non-current borrowed capital		150,596,631	158,515,786
Borrowed capital		152,526,626	160,845,349
Share capital	5.5	5,283,723	5,059,268
Reserves & Premium		141,157,929	131,693,062
Revenue reserve		88,792,386	74,480,358
Non-controlling interests	5.6	102,469,689	107,984,329
Equity		337,703,727	319,219,038
Total assets		490,230,353	480,064,367

Cash flow statement for the year 2022

In CHF	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Cash flow from operating activities		
Earnings	8,778,301	53,275,317
Adjustment of net loss for non-cash expenses/income		
Depreciation, amortisation and impairment	16,022,320	66,682
Change in financial assets at fair value and bargain purchase	(34,763,073)	(59,923,933)
Other non-cash changes	6,602,193	11,665,977
Changes in working capital and liabilities		
Increase/decrease in trade receivables	(262,396)	(59,555)
Increase/decrease in deferred income and other receivables	(245,975)	(142,587)
Increase/decrease in trade payables	248,695	42,382
Increase/decrease in liabilities from leasing & other liabilities	(104,523)	155,290
Increase/decrease in deferred income and provisions	(757,163)	(889,322)
Cash generated by operating activities	(4,481,621)	(4,190,251)
Interest received	208,254	101,394
Interest paid	(256,099)	(218,085)
Taxes paid	(78,008)	(17,135)
Net cash inflow/outflow from operating activities	(4,607,475)	(4,324,077)
Cash flow from investment activities		
Payments for property, plant and equipment	(15,332)	(155,592)
Payments for financial assets measured at fair value (projects)		(1,840,492)
Loans to related parties (projects)	(1,494,105)	(2,199,827)
Payments for intangible assets	(64,824)	(1,056,447)
Acquisition of subsidiaries & associates	(110,653)	(1,780,981)
Net cash inflow/outflow from investing activities	(1,684,914)	(7,033,338)
Cash flow from financing activities		
Income from the issuing of shares and other equity instruments	5,012,469	9,359,454
Share issuing expenses	(347,267)	(729,521)
Disbursement for leasing (rental obligations)	(108,900)	(34,606)
Net cash inflow/outflow from financing activities	4,556,302	8,595,328
Net increase of cash and cash equivalents	(1,736,087)	(2,762,087)
Cash/cash equivalents at the beginning of the period	1,956,351	4,702,798
Effects from fluctuations in exchange rates	772	15,639
Cash/cash equivalents at the end of the period	221,035	1,956,351

Statement of changes in equity at 31 December 2022

In CHF	Share capital	Capital reserves	Reserves from the pension scheme	Reserve from currency exchange	Total reserves	Revenue reserve	Equity attributable to Xlife Sciences AG shareholders	Non-controlling interests	Total equity
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 Participation programme		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 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
Profit for the period						14,312,028	14,312,028	(5,533,727)	8,778,301
Other comprehensive income			48,397	122,021	170,418		170,418	19,087	189,505
Overall result							14,482,445	(5,514,640)	8,967,806
IFRS 2 – Employee Participation programme		1,789,689			1,789,689		1,789,689		1,789,689
Equity effects convertible bonds and convertible loans		165,013			165,013		165,013		165,013
Share capital increases in 2022	224,455	7,687,014			7,687,014		7,911,469		7,911,469
Costs of share issues		(347,267)			(347,267)		(347,267)		(347,267)
Change in scope of consolidation									
As at 31/12/2022	5,283,723	141,979,502	(3,242)	(818,331)	141,157,929	88,792,386	235,234,038	102,469,689	337,703,727

Notes to the consolidated financial statements for the 2022 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 investments are measured at equity and 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 19/04/2023.

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 2022 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
IAS 37	Onerous contracts - Cost of Fulfilling a Contract	None
IAS 16	Changes to IAS 16 regarding the deduction of Proceeds before Intended Use	None

The following new or amended standards or interpretations have already been adopted by the IASB, but were not yet applicable in the 2022 financial year or had no effect. The Company will not early adopt the new provisions.

Standard / Interpretation		Applicable from	Expected impact
IFRS 17	Insurance Contracts	01/01/2023	None
IAS 1	Classification of liabilities as current or non-current	01/01/2023	No material impact expected
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 in estimates

2.2 Estimation uncertainties and exercise of judgement

When applying the Group's accounting and measurement policies, management must make judgements, estimates and 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 significant cases in which discretion is exercised by Management within the scope of application of the Company's accounting and measurement policies and the most material impact of such exercise of discretion on the amounts disclosed in the consolidated financial statements are shown 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 129.656.221), 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. The 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 success for each phase of development. 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 300,909,091) 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

There were no significant changes in the scope of consolidation in the reporting year.

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:

- The Board of Directors has the power to dispose of 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, subsidiaries 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 instead an annual impairment test is carried out and, in the event of impairment, the goodwill is 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 of voting rights as at 31/12/2022	Equity share as at 31/12/2022	Share of voting rights and capital 31/12/2021
Fully consolidated subsidiaries					
alytas therapeutics GmbH	Development of an immunological therapy based on antibody for the treatment of obesity and senescence	Jena	51%	51%	51%
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 bio-cellulose that can be used to bridge damage to hollow organs.	Erfurt	70%	70%	70%
x-nuclear diagnostics GmbH	Diagnostic methods using radioactive material	Erfurt	100%	100%	100%
x-kidney diagnostics GmbH	Medical technology relating to kidney diseases	Erfurt	100%	100%	100%
xprot GmbH	Therapy approach for lung cancer	Mainz	100%	100%	100%
Xsight Optics GmbH	Development of a technology platform for patient monitoring	Jena	80%	80%	80%
Novum Technologies	Development of polymers as a basis for medicinal chemistry.	Jena	67%	67%	67%
XRNA Biotech GmbH ¹	XRNA Biotech GmbH is focused on the research of different RNA molecules.	Zurich	100%	100%	—
x-diagnostics GmbH	Early detection of cancer cells with the help of artificial intelligence	Zurich	100%	100%	100%
Xlife Sciences GmbH	Portfolio service company	Mainz	100%	100%	100%

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. 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 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
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 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 values 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. Impairment losses are not allocated to the assets included in the carrying amount of the investment, 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 and 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 interest and any income from the disposal of a part of the investment in the associate or joint venture is to be taken into account in determining the gain/loss upon disposal.

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 converted into the Group 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 respective dates on which they were added 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 are removed from the scope of consolidation.

The Group’s reporting currency is CHF.

31/12/2022	CHF/EUR
1.00482	Average rate for the year (translation of income and expenses)
0.98745	Closing rate for the year (translation of assets and liabilities)

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)

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 31/12/2022 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	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Revenue from services	834,127	726,236
Revenue from trade	279,845	113,330
Change in del credere	(86,000)	(33,500)
Less sales deductions (discounts)		
Total	1,027,971	806,066

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	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Wages and salaries	2,959,253	2,205,366
Social security expenses	205,735	208,739
Costs of post-employment benefits/employee pensions	32,600	40,603
Other personnel expenses	27,964	25,296
Total	3,225,552	2,480,003

4.3 Administrative expenses

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

In CHF	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Premises expenditure	135,662	127,776
Maintenance and energy expenses	42,662	85,949
Fees and charges, insurance policies	11,663	7,299
Capital market expenses	59,731	23,596
Consultancy expenses	648,333	1,425,623
Bookkeeping and auditing	458,782	436,698
Clinical trial expenses (within the scope of development of projects)		
Advertising and sales expenses	64,165	93,395
Travel and representation expenses	114,877	75,497
Vehicle expenses	68,617	48,248
Administrative expenses	177,485	293,307
Other operating expenses	48,635	201,630
Patent development		62,049
Research and development expenses	144,723	166,165
Capital taxes	175,878	17,135
Total	2,151,214	3,064,366

4.4 Financial result

In CHF	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Interest on bank accounts	(518)	(49)
Interest on loans	(686,955)	(495,130)
Total interest expense	(687,473)	(495,179)
Foreign currency losses	(471,907)	(411,514)
Total financial expenses	(1,159,380)	(906,693)
Interest income from financial assets	208,254	101,394
Foreign currency gains	232,186	280,505
Total financial income	440,439	381,899

4.5 Income taxes

4.5.1 Income taxes recognised in profit and loss

In CHF	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Current taxes		
Income tax income/expense in the current financial year		
Deferred taxes		
Deferred tax expense recognised in the reporting year (-tax income)	4,739,314	80,497
Reported tax expense for the current period	4,739,314	80,497

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	01/01/2022 -31/12/2022	01/01/2021 -31/12/2021
Result before income taxes	4,038,987	53,194,820
Income tax expense at a tax rate of 21.5%	(868,382)	(11,436,886)
Write-off of capitalised deferred taxes due to loss		
Impact of non-deductible expenses and income		12,613,528
Impact of profits for which no deferred tax assets were recognised		
Impact of losses for which deferred tax assets were recognised	4,739,314	(79,387)
Impact of losses for which no deferred tax assets were recognised	868,382	(1,085,228)
Tax rate differences		68,470
Tax expense recorded in the income statement	4,739,314	80,497

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	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Deferred tax assets		156,847
Deferred tax liabilities		

	Deferred tax assets	
In CHF	31/12/2022	31/12/2021
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	(90,046,963)	(94,786,277)
Gross amount	(90,046,963)	(94,943,124)
Impairments		
Netting		
Balance sheet item	(90,046,963)	(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	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Tax losses (Switzerland)	17,389,395	8,175,560
Tax effect	3,738,720	1,757,745
Loss of unused tax losses		
Until 2025	1,090,041	1,090,041
Until 2026	110,056	110,056
Until 2027	2,644,679	2,644,679
Until 2028	4,330,784	4,330,784
Until 2029	9,213,835	

4.6 Earnings after income taxes

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

In CHF	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Shareholders of the parent company	14,312,028	53,418,475
Non-controlling interests	5,533,727	143,159
Total	8,778,301	53,275,317

4.7 Research and development costs recognised immediately

In CHF	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Research and development expenses (included in other operating expenses)	144,723	166,165
Clinical trial expenses (included in other operating expenses)		

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	31/12/2022	31/12/2021
Projects (with investments)	129,656,211	95,452,804

	Share	Registered office of the company	Market value acc. to internal calculation				Market value acc. to internal calculation				Market value acc. to internal calculation
In CHF	31/12/2022		31/12/2020	Additions	Changes in market value	Disposals/ Transfers	31/12/2021	Additions	Changes in market value	Disposals/ Transfers	31/12/2022
Synimmune Biotech AG	37.4%	Germany	30,161,000		(8,795,672)	(21,365,328)					
alytas therapeutics GmbH	51.0%	Germany	74,412,665		(52,322,577)	(22,090,088)					
Lysatpharma GmbH	25.2%	Germany	21,505,555			(21,505,555)					
VITRUVIA MEDICAL AG	5.5%	Switzerland	870,000		373,380		1,243,380		(1,085,388)		157,992
Axenoll Life Sciences AG	14.0%	Switzerland	3,605,000	1,046,250	13,629,027		18,280,277		1,438,970		19,719,247
Laxxon Medical Corp.	4.7%	USA	2,600,000				2,600,000		6,500,000		9,100,000
saniva diagnostics GmbH	19.0%	Germany	14,989	540,000	8,460,242		9,015,231		(237,847)		8,777,384
Veraxa Biotech AG	18.2%	Switzerland	41,988,200		20,533,916		62,522,116		28,147,338	(559,656)	90,109,798
Baliopharm AG		Switzerland		1,791,800			1,791,800				1,791,800
Profits from changes in the market value of financial assets					42,996,565				36,086,308		
Losses from changes in the market value of financial assets					(61,118,249)				(1,323,235)		
Total			175,157,408	3,378,050	(18,121,684)	(64,960,971)	95,452,804		34,763,073	(559,656)	129,656,211

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 Biotech AG and

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.

Lysatpharma GmbH, and control was obtained over the alytas therapeutics GmbH project. The assessment of projects reported is explained below.

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% Valuation increased by CHF 8,000
Share price –5% Valuation decreased by CHF 8,000

Axenoll Life Sciences AG (www.axenoll.com)

This is a company with registered office in Zurich, 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.

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

- WACC (interest rate) 15.24%
- By 2025, income increases to 37 million
- Probability of success 100%
(the technology is already in use)

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

These inputs result in the following sensitivity analysis:

WACC applied	16.76%	15.24%	13.72%
Value of the project (share of Xlife Sciences AG)	16,742,448	19,719,247	22,700,278
Change	(2,976,799)		2,981,032
Underlying income estimate	–10%	+/- 0%	+10%
Value of the project (share of Xlife Sciences AG)	17,239,703	19,719,247	22,198,791
Change	(2,479,544)		2,479,544
Estimate of market entry	On market	Delay of 1 year	Delay of 2 years
Value of the project (share of Xlife Sciences AG)	19,719,247	15,676,546	12,345,096
Change		(4,042,701)	(7,374,151)

Laxxon Medical Corp. (laxxon-medical.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 process, innovative drug delivery systems are being developed that facilitate controlled delivery of the active substances.

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

Share price + 5% Valuation increased by CHF 150,000
Share price – 5% Valuation decreased by CHF 150,000

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

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 (sanivadiagnostics.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 applied for a European patent. The company intends to market its invention at an international level in the near future. FDA approval was granted after the balance sheet date.

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) 15.24%
- By 2025, income increases to 22 million
- Probability of success 85% (approvals expected in the near future)

These inputs result in the following sensitivity analysis:

WACC applied	16.76%	15.24%	13.72%
Value of the project (share of Xlife Sciences AG)	7,018,710	8,777,384	10,932,275
Change	(1,758,674)		2,154,891
Underlying income estimate	–10%	+/- 0%	+10%
Value of the project (share of Xlife Sciences AG)	4,070,953	8,777,384	13,382,056
Change	(4,706,431)		4,604,672
Estimate of market entry	2023	Delay of 1 year	Delay of 2 years
Value of the project (share of Xlife Sciences AG)	8,777,384	5,917,480	3,455,700
Change		(2,859,905)	(5,321,685)

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

These inputs result in the following sensitivity analysis:

WACC applied	19.56%	17.78%	16%
Value of the project (share of Xlife Sciences AG)	75,553,116	90,109,798	108,023,859
Change	(14,556,683)		17,914,061
Underlying income estimate	-10%	+/- 0%	+10%
Value of the project (share of Xlife Sciences AG)	76,042,762	90,109,798	104,176,835
Change	(14,067,036)		14,067,036
Estimate of market entry	On market	Delay of 1 year	Delay of 2 years
Value of the project (share of Xlife Sciences AG)	90,109,798	70,816,457	54,541,276
Change		(19,293,341)	(35,568,523)

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.

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) 17.78%
- By 2025, income increases to 34 million
- Probability of success 100%

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 31/12/2020	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
Additions	15,332						15,332
Transfers							
Change in scope of consolidation							
Disposals							
As at 31/12/2022	153,534	9,851	51,728	10,000	683	531,397	757,193
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
Depreciation expenses	27,909	2,463	8,346	2,500		106,279	147,496
Disposals							
Impairment losses	121		1,702				1,823
Change in scope of consolidation							
Transfers							
As at 31/12/2022	51,169	8,119	17,633	3,125	683	140,885	221,614
Book value as at 31/12/2021	115,063	4,194	44,143	9,375		496,791	669,567
Book value as at 31/12/2022	102,365	1,732	34,095	6,875		390,512	535,578

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	31/12/2021	Acquisitions & changes	Contribution to earnings	31/12/2022
FUSE-AI GmbH	5.3.1	749,982		(216,392)	533,580
palleos healthcare GmbH	5.3.4	1,535,643	511,696	73,086	2,120,425
panmabs GmbH	5.3.2	20,696	8,115	(9,629)	19,182
xarma life sciences GmbH	5.3.3	57,632	18,933	(13,146)	63,160
QUADIRA BIOSCIENCES AG	5.3.7	(27,962)	92,126	(7,022)	57,142
Synimmune Biotech AG	5.3.5	21,365,328		(8,715,038)	12,650,290
Lysatpharma GmbH	5.3.6	37,480,376		(102,564)	37,377,812
Ix Thearapeutics GmbH		13,963		(67,158)	(53,196)
novaxomx GmbH			20,706	(5,169)	15,537
Fx effect				40,809	
		61,195,389	651,576	(9,022,223)	52,783,932

5.3.1 Fuse-AI GmbH, Hamburg, Germany

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

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

In CHF	31/12/2022	31/12/2021
Condensed financial information of the shareholding	35%	35%
Non-current assets	1,523,138	1,079,432
Current assets	123,256	41,801
Non-current liabilities	(107,745)	(88,130)
Current liabilities	(442,406)	(175,680)
Net assets (100%)	1,096,243	857,423
Revenue	8,039	6,423
Other comprehensive income		80,988
Overall result	(721,311)	(731,985)
Book value		
Carrying amount as at beginning of period	749,982	421,817
Acquisitions		547,750
Share in profit and loss of companies accounted for using the equity method, net of tax	(216,392)	(219,585)
Carrying amount as of the reporting date	533,580	749,982

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 presented in its own financial statements):

In CHF	31/12/2022	31/12/2021
Condensed financial information of the shareholding	46%	35%
Non-current assets	39,570	46,823
Current assets	5,404	12,352
Non-current liabilities		
Current liabilities	(3,467)	(318)
Net assets (100%)	41,507	58,856
Revenue		
Other comprehensive income		
Overall result	(11,875)	(6,878)
Book value		
Carrying amount as at beginning of period	20,696	22,396
Acquisitions	8,115	
Share in profit and loss of companies accounted for using the equity method, net of tax	(9,629)	(1,700)
Carrying amount as of the reporting date	19,182	20,696

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 presented in its own financial statements):

In CHF	31/12/2022	31/12/2021
Condensed financial information of the shareholding	46%	35%
Non-current assets	116,025	137,290
Current assets	18,043	29,748
Non-current liabilities		
Current liabilities	(10,441)	(11,441)
Net assets (100%)	123,627	155,597
Revenue		
Other comprehensive income		
Total comprehensive income	(21,397)	(16,811)
Book value		
Carrying amount as at beginning of period	57,632	62,719
Acquisitions	18,933	
Share in profit and loss of companies accounted for using the equity method, net of tax	(13,405)	(5,346)
Carrying amount as of the reporting date	63,160	57,632

5.3.4 paleos healthcare GmbH, Wiesbaden, Germany

In August 2020, the Group acquired a stake in the company paleos healthcare GmbH. paleos healthcare GmbH conducts clinical trials for clients. The following table summarises the financial

information of paleos healthcare GmbH (as presented in its own financial statements):

In CHF	31/12/2022	31/12/2021
Condensed financial information of the shareholding	50%	50%
Non-current assets	3,500,172	3,257,085
Current assets	3,197,531	3,656,657
Non-current liabilities		
Current liabilities	(2,402,956)	(3,842,456)
Net assets (100%)	4,294,747	3,071,286
Revenue	6,436,271	3,733,294
Other comprehensive income		
Overall result	136,752	(1,280,821)
Book value		
Carrying amount as at beginning of period	1,535,643	2,366,791
Acquisitions	511,696	
Share in profit and loss of companies accounted for using the equity method, net of tax	73,086	(831,148)
Carrying amount as of the reporting date	2,120,425	1,535,643

5.3.5 Synimmune Biotech AG, Vaduz, Liechtenstein

The company holds shares in Synimmune Biotech AG. In 2021, Synimmune Biotech AG converted convertible loans to Synimmune GmbH. Thereby, the share of the company in the Synimmune project (of the company Synimmune GmbH) increased in total.

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

In CHF	31/12/2022	31/12/2021
Condensed financial information of the shareholding	37.4%	37.4%
Non-current assets	3,921,640	3,602,898
Current assets	1,971	3,732
Non-current liabilities	(4,387,738)	(3,952,057)
Current liabilities	(74,459)	(5,064)
Net assets (100%)	(538,586)	(350,490)
Revenue		14,386
Other comprehensive income		
Total comprehensive income	(178,141)	(69,104)
Book value		
Fair value as acquisition cost	21,365,328	21,365,328
Impairment of goodwill	(8,648,413)	
Acquisition		
Share in profit and loss of companies accounted for using the equity method, net of tax	(66,625)	
Carrying amount as of the reporting date	12,650,290	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 prevoius year.

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

In CHF	31/12/2022	31/12/2021
Condensed financial information of the shareholding	25.2%	25.2%
Non-current assets	845,457	962,013
Current assets	165,895	126,178
Non-current liabilities	(1,224,438)	(1,108,681)
Current liabilities	(568,408)	(354,004)
Net assets (100%)	(781,494)	(374,493)
Revenue	164,992	14,386
Other comprehensive income		
Total comprehensive income	(384,695)	(242,219)
Book value		
Fair value as acquisition cost	37,480,376	21,505,556
Acquisition		15,974,820
Share in profit and loss of companies accounted for using the equity method, net of tax	(102,564)	
Carrying amount as of the reporting date	37,377,812	37,480,376

5.3.7 QUADIRA BIOSCIENCES AG, Solothurn, Switzerland

In 2021 the Group acquired a stake in the company QUADIRA BIOSCIENCES AG. QUADIRA BIOSCIENCES AG develops, refines and markets therapeutic antibodies.

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

In CHF	31/12/2022	31/12/2021
Condensed financial information of the shareholding	50%	50%
Non-current assets	184,251	
Current assets	10,031	24,076
Non-current liabilities	(80,000)	(80,000)
Current liabilities		
Net assets (100%)	114,282	(55,924)
Revenue		
Other comprehensive income		
Total comprehensive income	(13,823)	(205,924)
Book value		
Carrying amount as at beginning of period	(27,962)	
Acquisition cost and fair value on acquisition	92,126	75,000
Share in profit and loss of companies accounted for using the equity method, net of tax	(7,022)	(102,962)
Carrying amount as of the reporting date	57,142	(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 31/12/2020		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
Additions		64,824	64,824
Transfers			
Change in scope of consolidation			
Disposals			
As at 31/12/2022		316,735,783	316,735,783
Accumulated amortisation and impairment losses			
As at 31/12/2020			
Depreciation expenses			
Disposals			
Impairment losses			
Change in scope of consolidation			
Transfers			
As at 31/12/2021			
Depreciation expenses		15,810,747	15,810,747
Disposals			
Impairment losses		15,945	15,945
Change in scope of consolidation			
Transfers			
As at 31/12/2022		15,826,692	15,826,692
Book value as at 31/12/2021		316,670,959	316,670,959
Book value as at 31/12/2022		300,909,091	300,909,091

Property rights include patent claims (in particular the patent claims at alytas therapeutics GmbH) and acquired property 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.

5.5 Share capital

	Number of shares	Share capital in CHF
As at 31/12/2020	4,157,004	4,157,004
Changes in the previous year	902,264	902,264
As at 31/12/2021	5,059,268	5,059,268
Changes in the reporting year	224,455	224,455
As at 31/12/2022	5,283,723	5,283,723

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	1,391,505	1,391,505
Conditional capital	2,345,906	2,345,906

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

In CHF	2022	2021
Status at beginning of period	(107,984,329)	(25,581)
Share in net result	(5,514,640)	(143,159)
Non-controlling interests of 49% as part of the acquisition of alytas therapeutics GmbH, Jena, Germany		(108,153,069)
Status at end of reporting period	(102,469,689)	(107,984,329)

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	31/12/2022	31/12/2021
Group share of capital	51%	51%
Capital share of non-controlling shareholders	49%	49%
Balance sheet		
Working capital	434,477	414,460
Non-current assets	300,156,544	315,954,256
Total assets	300,591,021	316,368,716
Current borrowed capital	(679,265)	(681,562)
Non-current borrowed capital	(90,046,963)	(94,786,277)
Equity, share of the shareholders of Xlife Sciences AG	(107,031,044)	(112,747,808)
Share of non-controlling interests	(102,833,749)	(108,153,069)
Total liabilities	(300,591,021)	(316,368,716)
Income statement		
Revenue		
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	(71,817)	(94,887)
Earnings	(11,036,084)	(94,887)
There of share of non-controlling interests	(5,319,320)	(46,495)
Cash flows		
Cash flow from operating activities	(71,817)	(94,887)
Cash flow from investing activities		
Cash flow from financing activities		

5.7 Deferred income

In CHF	31/12/2022	31/12/2021
Accrual for consultancy [1]	216,852	901,852
Accrual for outstanding invoices [2]	193,365	417,907
Accrual for employee pensions [3]		
Other current accruals	516,185	363,999
Liabilities from subsequent payments [5]		
Total	926,402	1,683,758

	[1] Delimitation of consultancy services	[2] Outstanding invoices	[3] Employee pensions	[4] Other	[5] Obligation to pay arrears	Total deferred income and accrued expenses
In CHF						
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						
Impact of currency differences						
As at 31/12/2021	901,852	417,907		363,999		1,683,758
Recognition of additional accrual	92,000	193,365		159,803		445,167
Utilisation	(777,000)	(417,907)		(7,616)		(1,202,523)
Reversals						
Impact of currency differences						
As at 31/12/2022	216,852	193,365		516,185		926,402

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	31/12/2022	31/12/2021
Total nominal amount at the beginning of the period	36,493,000	52,218,000
Conversions in the period	2,899,000	15,725,000
Total nominal amount (56,000 individual bonds with a nominal value of 1000)	33,594,000	36,493,000
Equity interest	(2,645,140)	(2,884,839)
Carrying amount of the convertible bond	30,948,860	33,608,161
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

The Company took out a convertible loan in December 2021 with regard to the purchase of shares:

In CHF	31/12/2022	31/12/2021
Loan amount	30,173,175	30,173,175
Conversions in the period		
Loan amount	30,173,175	30,173,175
Equity interest	(885,207)	(810,521)
Book value	29,287,968	29,362,654
Interest rate	0.25%	0.25%
Final maturity	20/12/2026	20/12/2026
Conversion right no earlier than 01/02/2023 until 20/12/2026 at the conversion price	CHF 46.2/share	CHF 46.2/share

5.9 Trade receivables

In CHF	31/12/2022	31/12/2021
Trade receivables from projects	673,211	324,815
Impairment losses	(128,000)	(42,000)
Total trade receivables	545,211	282,815

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	31/12/2022	31/12/2021
Cash and balances with credit institutions	220,833	1,956,351
Cash (cash on hand)	202	
Total	221,035	1,956,351

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 The Company Xlife Sciences GmbH is not allocated to any segment, as it is an internal service company.

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, Rheinach, 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
XRNA Biotech GmbH, Zürich, Switzerland

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 biotechnology/therapeutics concentrate on the development of novel treatment options in specific indication areas.

Medical technology
Axenoll Life Sciences AG, Zurich, Switzerland
clyxop devices GmbH, Erfurt, Germany
Laxxon Medical Corp., Nevada, United States
novaxomx GmbH, Frankfurt am Main, Germany
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, Jena, Germany
Artificial intelligence/digital medicine
FUSE-AI GmbH, Hamburg, Germany
x-diagnostics GmbH, Zürich, Switzerland

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
	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
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)

	2022	2022	2022	2022	2022	2022
External revenue		279,845			748,127	1,027,971
Intersegment revenue						
Total revenue		279,845			748,127	1,027,971
Profit (loss) of segment before taxes	28,078,872	(24,965,607)	6,079,037	(216,393)	5,336,119	14,312,028
Contained therein: Share in profit and loss of companies accounted for using the equity method	73,086	(8,878,916)		(216,393)		(9,022,223)
Assets	90,173,093	306,329,123	38,883,153	49,373	2,011,680	437,446,421
Financial assets accounted for using the equity method	2,120,425	50,114,391	15,537	533,579		52,783,932
Liabilities	(4,055)	(90,058,931)	(44,429)		(62,419,211)	(152,526,626)

6.2 Pension provisions
(Employee benefits after termination of the employment relationship)

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 amendment or curtailment)
- Net interest expense or income on net debt or net asset value
- Revaluation of the net debt or net asset value

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

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 underfunding in the sense of pension law (Art. 44 BVV2) and to the extent that other measures do not lead to the desired result, the foundation may impose remedial contributions on the employer.

6.2.3 Special events
The Asga Pension Fund has revised its calculation of the conversion rates used for the calculation of retirement benefits. This plan amendment is recognized as a negative past service cost to be recalculated in the IAS 19 measurement. In the current reporting period there were no curtailments or settlements.

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 Pensionskasse bears the actuarial and investment 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	31/12/2022	31/12/2021
Present value of the obligation	360,863	435,862
Fair value of the assets	331,391	330,807
Obligation / (credit balance)	29,472	105,055
Adjustments (asset ceiling)		
Pension provision (net)	29,472	105,055

Components of pension expenses		
In CHF	2022	2021
Current service cost, less employee contributions and administrative expenses	38,436	36,329
Past service cost	(17,523)	
Interest expense on pension obligation	1,312	526
Interest income on plan assets	(1,045)	(396)
Administrative expenses	218	83
Expenses recorded in the income statement	21,398	36,542

Remeasurement of pension plans (actuarial gain/loss on obligation)	(96,940)	76,000
Return on plan assets (without interest)	35,288	(40,777)
Expenses/(income) recorded in other comprehensive income	61,652	(35,223)

Change in the pension obligation

In CHF	2022	2021
Pension obligation on 1 Jan.	435,862	166,522
Interest expense on pension obligation	1,312	526
Current service cost	38,436	36,329
Employee contributions	35,329	26,830
Past service cost	(17,523)	
Benefits contributed and paid out (net)	(35,831)	129,572
Administrative expenses	218	83
Actuarial gains/(losses)	(96,940)	76,000
Pension obligation on 31 Dec.	360,863	435,862

Change in plan assets

In CHF	2022	2021
Plan assets on 1 Jan.	330,807	106,402
Interest income on plan assets	1,045	396
Employer contributions	35,329	26,830
Employee contributions	35,329	26,830
Benefits contributed/(paid out)	(35,831)	129,572
Return on plan assets (without interest)	(35,288)	40,777
Plan assets on 31 Dec.	331,391	330,807

Actuarial assumptions

In CHF	2022	2021
Discount rate on 1 Jan.	0.30%	0.20%
Discount rate on 31 Dec.	2.20%	0.30%
Expected rate of salary increases	2.00%	2.00%
Expected future pension increases	2.20%	1.00%
Average life expectancy at age 65 – men (number of years)	22.26	22.26
Average life expectancy at age 65 – women (number of years)	24.32	24.32
Duration	14.20	19.00

Sensitivity analysis present value of the obligations

	-0.25% / -1 year	2022 In CHF	+0.25% / +1 year
Change in life expectancy	358,472		363,247
Change in future salary increases	358,752	360,863	364,272
Change in discount rate	355,488		366,379

Sensitivity analysis of expectancy of future service cost

In CHF	
Current estimate of service cost for 2022	33,293
Expected service cost for 2023 at 0.25% change in the discount rate	30,908
Expected service cost for 2023 at 0.25% change in the expected interest result	34,246

6.3 Earnings per share

a) Basic earnings per share

In CHF per share	2022	2021
Basic earnings per share	2.72	11.30

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	14,312,028	53,418,475
Weighted average number of ordinary shares for calculating the basic earnings per share	5,258,945	4,728,045

b) Diluted earnings per share

In CHF per share	2022	2021
Diluted earnings per share	2.00	8.66

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	14,312,028	53,418,475
Interest expense on convertible bonds, net of tax	170,100	170,100
Profit attributable to the shareholders (diluted)	14,482,128	53,588,575
Weighted average number of ordinary shares (basic)	5,258,945	4,728,045
Impact of the conversion of the convertible bonds	1,996,859	1,459,720
Weighted average of the ordinary shares (diluted)	7,255,804	6,187,765

After the reporting date, there was a capital increase from conditional capital (included in the diluted result).

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	31/12/2022	31/12/2021
Liabilities (without deferred tax liabilities)	(62,479,663)	(65,902,225)
Cash and cash equivalents	221,035	1,956,351
Net debt	(62,258,628)	(63,945,874)
Equity	337,703,727	319,219,038
Net debt to equity ratio	18.44%	20.03%

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 financial assets / projects 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
31/12/2021							
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
31/12/2022							
Interest free		607,291				607,291	607,291
Finance leases			108,900	283,368		392,268	392,268
Floating interest-rate instruments							
Fixed interest-rate instruments	0.25%			30,173,175	33,594,000	63,767,175	60,236,828 ¹
Total		607,291	108,900	30,456,543	33,594,000	64,766,734	61,236,387

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	31/12/2022	31/12/2021
Cash and cash equivalents	221,035	1,956,351
Financial assets measured at amortised costs	5,100,102	3,603,296
Measured at the respective market value (fair value) through profit and loss	129,656,221	95,452,804
Financial liabilities		
In CHF	31/12/2022	31/12/2021
Financial liabilities at measured at amortized cost	61,236,387	63,845,914
Development of financial liabilities		
In CHF	31/12/2022	31/12/2021
Status as at 1 Jan.	(63,845,914)	(52,747,233)
Repayment of financial liabilities	487,207	635,531
Conversions	2,899,000	15,725,000
Change in the equity components of convertible bond and convertible loan	165,012	(3,695,360)
Addition of financial liabilities	(941,692)	(531,397)
Taking out of financial liabilities (convertible loan)		30,173,175
Status as at 31 Dec.	(61,236,387)	(63,845,914)

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.

Carrying amount at 31/12/2022								
In CHF	Reference	Fair value	Mandatory at FVTPL	FVOCI debt instruments	FVOCI equity instruments	Financial assets at amortised costs	Other financial liabilities	Total
Financial assets at fair value								
Projects	5.1	129,656,221						129,656,221
Financial assets not measured at fair value								
Financial assets (loan)						5,100,102		5,100,102
Trade receivables	5.9					545,211		545,211
Other receivables						411,547		411,547
Cash and cash equivalents	5.10					221,035		221,035
Financial liabilities measured at fair value								
Convertible bond - Equity components	5.8				2,645,140			2,645,140
Convertible loan - Equity components	5.8				885,207			885,207
Financial liabilities not measured at fair value								
Convertible bond – Borrowed capital components	5.8					(33,594,000)		(33,594,000)
Convertible loan – Borrowed capital components	5.8					(30,173,175)		(30,173,175)
Lease liability						(392,268)		(392,268)
Other liabilities						(267,691)		(267,691)
Trade payables						(627,002)		(627,002)

Fair value as at 31/12/2022					
In CHF	Reference	Level 1	Level 2	Level 3	Total
Financial assets at fair value					
Projects	5.1	157,992		129,498,229	129,656,221
Financial assets not measured at fair value					
Financial assets (loan)					
Trade receivables	5.9	545,211			545,211
Other receivables		411,547			411,547
Cash and cash equivalents	5.10	221,035			221,035
Financial liabilities measured at fair value					
Convertible bond – Equity components	5.8			2,645,140	2,645,140
Convertible loan – Equity components	5.8			885,207	885,207
Financial liabilities not measured at fair value					
Convertible bond – Borrowed capital components	5.8		(33,594,000)		(33,594,000)
Convertible loan – Borrowed capital components			(30,173,175)		(30,173,175)
Lease liability			(392,268)		(392,268)
Other liabilities					
Trade payables					

Carrying amount at 31/12/2021								
In CHF	Reference	Fair value	Mandatory at FVTPL	FVOCI debt instruments	FVOCI equity instruments	Financial assets at amortised costs	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 – Borrowed capital components	5.8					(36,493,000)		(36,493,000)
Convertible loan – Borrowed capital 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 as at 31/12/2021

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 – Borrowed capital components	5.8		(36,493,000)		(36,493,000)
Convertible loan – Borrowed capital 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	2022	2021	2022	2021
Advice from related parties			278,844	275,000
The following balances were outstanding at the end of the reporting period:				
Pending consulting services from related parties			75,433	75,000
Loans to or from related companies and persons				
	Loans to related parties		Loans from related parties	
In CHF	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Other shareholder credit balances				
Convertible bond				
David L. Deck, Principality of Monaco			17,028,000	17,028,000
Gilbert Schöni, United Arab Emirates			14,258,000	16,158,000
Convertible loan				
David L. Deck, Principality of Monaco, Board of Directors			13,424,267	13,424,267
Gilbert Schöni, United Arab Emirates			13,424,267	13,424,267
Oliver R. Baumann, CEO & Board of Directors			3,324,641	3,324,641
Total			61,459,175	63,359,175

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.

	2022	2021
Shares created under the employee share ownership plan	0 shares	64,660 shares
Average fair value according to the market price upon granting	CHF 52.46/share	CHF 52.46/share
Recorded personnel expenses from share-based remuneration (expenses are distributed over the granting period)	897,712	1,103,927

6.8 Remuneration of key management personnel

Remuneration of key management personnel comprises:

In CHF	2022	2021
Fixed basic salary	544,200	449,138
Bonus	45,072	
Flat-rate expenses	32,500	26,500
Social security contributions and pension benefits	83,434	181,597
Other long-term benefits		
Benefits in connection with termination of the employment relationship		
Share-based remuneration (non-cash benefit)	136,680	756,447
Total	964,339	1,279,385

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

previous 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	31/12/2022	31/12/2021
In CHF		
As at 1 January	496,791	195,058
Depreciation amount for the financial year	(106,279)	(34,606)
Additions to rights of use		531,397
Disposals of rights of use		(195,058)
Balance as at 31 December	390,512	496,791

Lease liabilities	31/12/2022	31/12/2021
In CHF		
As at 1 January	496,791	193,307
Payments in the financial year	(104,523)	(34,606)
Addition to lease liabilities		531,397
Disposals of lease liabilities		(193,307)
Balance as at 31 December	392,268	496,791

Amounts recorded in the income statement	31/12/2022	31/12/2021
In CHF		
Interest expenses for lease liabilities	(4,377)	(1,695)
Lease expenses on low value assets		
Amortisation of rights of use	(106,279)	(34,606)

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.

The Group estimates that potential future lease payments, assuming the renewal options (of a further 5 years of use in each case) are exercised, will result in a lease liability (cash outflow) of 500,000.

6.10 Employees

The average number of employees was 9. The following number of employees were employed at balance sheet date.

	31/12/2022	31/12/2021
Employees	13	13
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)
	Carl von Halem (CFO)
	Dr Frank Plöger (CSO)
	Beat Kläui (Head of Tax & Accounting)
	Christian Faber (Head of Legal & Compliance)
Board of Directors	Dr Bernhard Scholz (Chairman)
	Simon Schöni (Member)
	Mark Müller (Member)
	Dr Michael B. Klein (Member)
	Christian Faber (Member)
	Oliver R. Baumann (Member)
	Désirée Dosch (Member)
	Dr Norbert Windhab (Member)
	David L. Deck (Member)

Dr Klein and Mr Faber resigned at the 2022 Annual General Meeting. Ms Dosch, Dr Windhab and Mr Deck joined as new members.

6.12 Subsequent events

Since the reporting date, a capital increase from conditional capital in the amount of 59,640 registered shares at a price of CHF 25.00 was created by converting the convertible bond in the total amount of CHF 1,491,000.

In addition, 407,638 shares in Laxxon Medical Corp. were sold as part of a secondary market transaction. The company received CHF 2.97 million in liquid funds from this.

Zurich, 19/04/2023



Signed by Dr Bernhard Scholz
Chairman of the Board of Directors



Tel. +41 56 483 02 45
www.bdo.ch
baden@bdo.ch

BDO AG
Täferstrasse 16
5405 Baden-Dättwil

AUDITOR’S REPORT

To the Annual General Meeting of Xlife Sciences AG, Zürich

Audit report on 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 statement of financial position as at 31 December 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the consolidated financial statements (pages 55 to 109) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of the consolidated results of its operations 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 Standards on Auditing (Schweizer Standards zur Abschlussprüfung - SA-CH). Our responsibilities under those provisions and standards are further described 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 we have fulfilled our other professional obligations in accordance with these requirements.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the reporting 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.

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www.bdo.ch
baden@bdo.ch

BDO AG
Täferstrasse 16
5405 Baden-Dättwil

Key audit matters	How the most important audit matters have been taken into consideration in our audit
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Value of financial assets (projects)

Financial assets include shares in Project Companies amounting to CHF 129,656,221. These projects are measured at fair value. The audit of the valuation of the shares in Project Companies is an especially important matter, as the projects account for approximately 26% of the assets in the consolidated financial statements and the valuation of these projects involves significant estimates. The estimated fair value can differ from the values that would have been used if an active market for the financial assets existed.

The Company uses a valuation technique that is based, among other things, on the estimated probabilities of achieving defined project milestones based on current views and risk-adjusted discount rates, in order to estimate considered fair values. The determination of such input factors requires the exercise of judgement by the management. Other assessments at a later date may result in values that differ from those of the Project Companies presented at the present time.

For further information, we refer to the disclosures made in the “5.1 Financial investments / assets at fair value” section in the notes to the consolidated financial statements.

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

We have consulted the management and the independent experts involved on the procedure and the underlying assumptions.

We have checked the plausibility of various assumptions based on internal and publicly accessible documents.

We have examined the valuations for technical and actuarial accuracy.

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

We have verified the plausibility of the Company’s valuations based on calculations using our own model.

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

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Other information

The Board of Directors is responsible for the other information. The other information includes the information contained in the annual report but does not include the consolidated financial statements, the annual accounts, the remuneration report and our related reports.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of conclusion thereon.

As part of our audit, we have a responsibility to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, on the basis of the work we carry out, we conclude that a material misstatement has been made in this other information, we are bound to report on this fact. We have nothing to report 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 the internal controls as the Board of Directors determines are 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 continuing operations 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 as to 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 ISAs and SA-CH will always detect a material misstatement, if present. Misstatements may result from fraud or error and are considered material if, individually or in 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 consolidated financial statements can be found on the EXPERTsuisse website: <http://expertsuisse.ch/wirtschaftspruefungrevi-sionsbericht>. This description is an integral part of our report.

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Report on other statutory and legal requirements

In accordance with article 728a(1)(3) Swiss Code of Obligations and Swiss Auditing Standard PS-CH 890, we confirm that an internal control system designed for the preparation of consolidated financial statements has been established in accordance with the instructions of the Board of Directors.

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

Baden-Dättwil, 19 April 2023

BDO Ltd

Thomas Schmid
Auditor in Charge
Licensed Audit Expert

ppa. Isabella Nay
Licensed Audit Expert

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ANNUAL FINANCIAL
STATEMENTS OF XLIFE
SCIENCES AG

Balance sheet as at 31 December 2022

In CHF	Notes	31/12/2022	31/12/2021
ASSETS			
Working capital			
Cash and cash equivalents		117,352	1,762,228
Receivables		735,543	332,806
from third parties		0	0
To shareholders		42,139	58,715
from related parties		693,405	274,091
Other current receivables		87,741	135,173
from third parties		69,376	82,548
from related parties		18,365	52,625
Prepaid expenses		33,568	22,264
Total current assets		974,204	2,252,470
Non-current assets			
Financial assets – loan	Notes to the annual financial statements	7,774,918	5,274,140
Financial assets – projects	Notes to the annual financial statements	52,848,771	59,823,943
Investments	Notes to the annual financial statements	43,134,716	44,141,138
Mobile property, plant and equipment		99,445	128,632
Total non-current assets		103,857,850	109,367,853
Total assets		104,832,054	111,620,323
LIABILITIES			
Trade payables		602,813	321,083
from third parties		527,380	321,083
from related parties		75,433	0
Other current liabilities		1,165,267	2,667,533
from third parties		128,444	178,978
To shareholders		0	1,795
Obligation for subsequent payments of equity to group companies		1,036,823	2,486,760
Deferred income		724,973	1,556,362
Current provisions		99,740	39,740
Total current borrowed capital		2,592,792	4,584,719
Non-current borrowed capital			
Convertible bond/loan		63,767,175	66,666,175
from third parties	Notes to the annual financial statements	33,594,000	36,493,000
To shareholders	Notes to the annual financial statements	30,173,175	30,173,175
Non-current provisions		60,000	60,000
Total non-current borrowed capital		63,827,175	66,726,175
Total borrowed capital		66,419,967	71,310,894
Equity			
Share capital		5,283,723	5,059,268
Statutory capital reserves			
Reserves from capital contributions (premium)		50,517,759	43,425,721
Balance carried forward		-17,389,395	-8,175,560
Carried forward		-8,175,560	-3,844,776
Net result		-9,213,835	-4,330,784
Total equity		38,412,087	40,309,429
Total liabilities		104,832,054	111,620,323

Income Statement for the financial period ending 31 December

In CHF	Notes	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021
Net income from goods and services			
Revenue from services to projects		834,127	726,237
Other income		10,298	910
Changes in del credere and sales deductions		-86,000	-33,500
Third-party expenses		-442,191	-442,109
Gross profit		316,234	251,538
Personnel expenses			
Notes to the annual financial statements		-1,262,687	-1,088,937
Other operating expenses			
Notes to the annual financial statements		-1,933,858	-3,209,282
Depreciation and impairment of property, plant and equipment		-29,186	-21,334
Value adjustments on financial assets		-6,463,271	0
Operating earnings before interest and tax		-9,372,768	-4,068,015
Financial income (incl. currency translation gains)			
		458,094	381,418
Financial expenses (incl. currency translation losses)			
		-717,089	-629,624
Operating earnings before tax		-9,372,768	-4,316,221
Non-operating revenue			
		35,849	18,000
Non-operating expenses			
		-41,140	-15,428
Extraordinary income			
		501,228	0
Result for the year before taxes		-9,135,827	-4,313,649
Direct taxes			
		-78,008	-17,135
Net result		-9,213,835	-4,330,784

Notes to the Annual Financial Statements as at 31/12/2022

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	01/01/2022 -31/12/2022	01/01/2021 -31/12/2021
Other operating expenses		
Rent	161,442	117,986
Maintenance & repairs	31,691	60,349
Vehicle expenses	56,498	42,247
Electricity, water, disposal	11,058	2,911
Fees and charges, property insurance policies	4,390	268,523
Administration and communication	260,882	243,382
Bookkeeping and auditing	339,877	441,883
Consultancy expenses and costs of capital increase	813,349	1,844,352
Capital market expenses	59,731	23,596
Advertising and marketing	32,190	60,895
Travel and representation expenses, advertising	117,485	79,465
Clinical trials	0	0
Other operating expenses	45,264	23,693
Total other operating expenses	1,933,858	3,209,282
Personnel expenses		
Salaries	1,066,534	880,341
Social security payments	170,595	183,300
of which employee benefits BVG (occupational pensions)	41,782	25,726
Other personnel expenses	25,557	25,296
Total personnel expenses	1,262,687	1,088,937

Liability to pension funds

As at 31/12/2022, liabilities to the employee pension fund are as follows CHF 12,400.50 (previous year 14,598.00).

Convertible bond 2019 issue

In CHF	31/12/2022	31/12/2021
Total nominal amount	33,594,000	36,493,000
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

	31/12/2022	31/12/2021
Total nominal amount	30,173,175	30,173,175
Interest rate	0.25%	0.25%
Final maturity	22/12/2026	22/12/2026
Conversion right at any time until 22/12/2026 at the price	CHF 46.20/share	CHF 46.20/share

Rent liabilities (unless terminable/expired within 12 months of the reporting date)

	Residual obligation	31/12/2022	31/12/2021
up to 1 year		108,900	108,900
1 to 5 years		290,400	399,300
over 5 years		0	0

Lease liabilities (unless terminable/expired within 12 months of the reporting date)

	Residual obligation	31/12/2022	31/12/2021
up to 1 year		52,928	42,715
1 to 5 years		83,231	96,158
over 5 years		0	0

Auditor's fee

	31/12/2022	31/12/2021
Auditing services	15,000	15,000
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 share-holders	Number of shares / % of voting rights (rounded up) ¹	Purchase positions for derivative investments / % of the voting rights (rounded up)	Total purchase positions / % of the voting rights (rounded up)
David L. Deck Monaco, Principality of Monaco ²	1,317,641 / 24.94%	Convertible loan ³ with a total nominal amount of CHF 13,424,267.25 with 290,568 conversion rights, convertible into 290,568 shares / 5.50%	2,289,329 / 43.33%
		Convertible bond with a total nominal amount of CHF 17,028,000 with 17,028 conversion rights, convertible into 681,120 shares / 12.89%	
		Total: 971,688 shares / 18.39%	
Gilbert Schöni Ras Al Khaimah, United Arab Emirates	1,167,895 / 22.10%	Convertible loan with a total nominal amount of CHF 13,424,267.25 with 290,568 conversion rights, convertible into 290,568 shares / 5.50%	2,028,783 / 38.40%
		Convertible bond with a total nominal amount of CHF 14,258,000 with 14,258 conversion rights, convertible into 570,320 shares / 10.79%	
		Total: 860,888 shares / 16.29%	
Oliver R. Baumann ⁴ Zumikon, Switzerland	368,700 / 6.98%	Convertible loan with a total nominal amount of CHF 3,324,640.50 with 71,961 conversion rights, convertible into 71,961 shares / 1.36%	440,661 / 8.34%
		Total: 71,961 shares / 1.36%	

¹ Based on the Company's share capital of CHF 5,283,723.00, corresponding to 5,283,723 shares with a nominal value of CHF 1.00 each, entered in the Commercial Register of the Canton of Zurich on 31 December 2022.

² 1,317,641 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 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.

⁴ The 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	31/12/2022	31/12/2021
Lysatpharma GmbH, Eisenberg, Germany	1,530,548	1,108,681
alytas therapeutics GmbH, Jena, Germany	622,094	616,509
Synimmune Biotech AG, Vaduz, Liechtenstein	1,611,928	1,251,895
FUSE-AI GmbH, Hamburg, Germany	49,373	0
clyxop devices GmbH, Erfurt, Germany	148,118	98,434
saniva diagnostics GmbH, Erfurt, Germany	919,316	632,052
inflamed pharma GmbH, Jena, Germany	760,337	580,244
x-nuclear diagnostics GmbH, Erfurt, Germany	225,445	70,779
x-kidney diagnostics GmbH, Erfurt, Germany	153,055	129,519
Ix Therapeutics GmbH, Hamburg, Germany	567,784	518,075
Xsight Optics GmbH, Jena, Germany	361,900	51,808
xprot GmbH, Mainz, Germany	69,122	
Axenoll Life Sciences AG, Zürich, Switzerland	375,231	
QUADIRA BIOSCIENCES AG, Solothurn, Switzerland	40,000	40,000
Inventum Genetics GmbH, Mainz, Germany	315,984	176,146
Xlife Sciences GmbH, Mainz, Germany	24,686	
Total loans	7,774,918	5,274,140

	Share	Value	
Laxxon Medical Corp., Nevada, United States	4.7%	2,600,000	2,600,000
saniva diagnostics GmbH, Erfurt, Germany	19.0%	554,987	554,987
FUSE-AI GmbH, Hamburg, Germany	35.0%	1,238,824	1,238,824
Synimmune Biotech AG, Vaduz, Liechtenstein	37.4%	10,156,737	15,878,000
Axenoll Life Sciences AG, Zürich, Switzerland	14.0%	2,497,250	2,497,250
Lysatpharma GmbH, Eisenberg, Germany	25.2%	26,058,920	26,058,920
Vitruvia Medical AG, Anglikon, Switzerland	5.5%	157,992	900,000
Veraxa Biotech AG, Zurich, Switzerland	18.2%	7,641,100	8,200,756
panmabs GmbH, Mainz, Germany	46.2%	36,797	28,682
xarma life sciences GmbH, Mainz, Germany	46.2%	93,658	74,725
novaxomx GmbH, Frankfurt am Main, Germany	40.0%	20,706	
Baliopharm AG, Rheinach, Switzerland ¹		1,791,800	1,791,800
Total financial assets		52,848,771	59,823,943
Inventum Genetics GmbH, Mainz, Germany	100.0%	27,175	27,175
inflamed pharma GmbH, Jena, Germany	75.0%	18,871	18,871
clyxop devices GmbH, Erfurt, Germany	70.0%	18,999	18,999
x-nuclear diagnostics GmbH, Erfurt, Germany	100.0%	26,645	26,645
x-kidney diagnostics GmbH, Erfurt, Germany	100.0%	26,761	26,761
palleos healthcare GmbH, Wiesbaden, Germany	50.0%	4,731,590	5,800,910
Ix Therapeutics GmbH, Hamburg, Germany	50.0%	13,963	13,963
Xsight Optics GmbH, Jena, Germany	80.0%	22,004	22,004
alytas therapeutics GmbH, Jena, Germany	51.0%	38,084,122	38,084,122
xprot GmbH, Mainz, Germany	100.0%	26,688	26,688
QUADIRA BIOSCIENCES AG, Solothurn, Switzerland	50.0%	75,000	75,000
XRNA Biotech GmbH, Zürich, Switzerland	100.0%	20,000	
Xlife Sciences GmbH, Mainz, Germany	100.0%	26,441	25,000
x-diagnostics GmbH, Zurich, Switzerland	100.0%		
Novum Technologie GmbH, Jena, Germany	66.7%	16,458	
Total investments		43,134,717	44,141,138
Total projects		95,983,488	103,965,081
Total financial assets & investments		103,758,405	109,239,221

¹ These are purchased royalties under a licence agreement without direct investment.

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

As at 31 December 2022, 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 are any pending.

The number of shares awarded to the Board of Directors for the period from the Annual General Meeting 2022 to 2023 is shown below, as well as the Management for the term of office 2022.

The members of the Board of Directors Dr Michael B. Klein and Christian Faber resigned at the Annual General Meeting on 20/06/2022. The awarded shares were calculated from 01/01/2022 to 20/06/2022. The Board members Désirée Dosch, David L. Deck and Dr Norbert Windhab were newly elected.

Board of Directors	Title	Shares
Dr Bernhard Scholz	Chairman of the Board of Directors	1,782
Simon Schöni	Member of the Board of Directors	1,077
Mark Müller	Member of the Board of Directors	1,436
Oliver R. Baumann	Member of the Board of Directors	532
Désirée Dosch	Member of the Board of Directors	691
David L. Deck	Member of the Board of Directors	532
Dr Norbert Windhab	Member of the Board of Directors	691
Dr Michael B. Klein	Member of the Board of Directors	466
Christian Faber	Member of the Board of Directors	699

Management	Title	Shares
Oliver R. Baumann	CEO	5,362
Carl von Halem	CFO	1,718
Dr Frank Plöger	CSO	1,226
Christian Faber	Head of Legal & Compliance	1,500
Beat Kläui	Head of Tax & Accounting	700

Financing obligations

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

	31/12/2022	31/12/2021
Obligations to make capital repayments to Group companies	1,036,823	2,486,760
Obligations to make capital repayments for projects	0	0
Total recognised capital repayment obligations	1,036,823	2,486,760

Reserves from capital contributions

Formal approval of the capital contributions of the year 2022 by the tax authorities is still pending. As part of the approval of capital contributions from previous years, expenses incurred earlier in the reporting year could be offset against the capital contribution reserve. This resulted in extraordinary income.

Subsequent events

Since the reporting date, a capital increase from the conditional capital in the amount of 59,640 registered shares at a price of CHF 25.00 was created by converting the convertible bond in the total amount of CHF 1,491,000.

In addition, 407,638 shares in Laxxon Medical Corp. were sold as part of a secondary market transaction. The company received CHF 2.97 million in liquid funds from this.

Extrapolation of net loss

In CHF	2022	2021
Net loss at the beginning of the financial year	-8,175,560	-3,844,776
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	-9,213,835	-4,330,784
Net loss at the disposal of the general meeting	-17,389,395	-8,175,560

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

In CHF	2022 Application of the Board of Directors	2021 Resolution of the general meeting
Net loss at the disposal of the general meeting	-17,389,395	-8,175,560
Allocation to the statutory revenue reserves	0	0
Distribution to shareholders	0	0
Carryforward	-17,389,395	-8,175,560



Tel. +41 56 483 02 45
www.bdo.ch
baden@bdo.ch

BDO AG
Täferstrasse 16
5405 Baden-Dättwil

AUDITOR’S REPORT

To the Annual General Meeting of Xlife Sciences AG, Zürich

Report on the audit of the annual financial statements

Audit opinion

We have audited the financial statements of Xlife Sciences AG (the Company), which comprise the statement of financial position as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the financial statements (pages 115 to 123) do comply with Swiss law and the Articles of Association.

Basis for the audit opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the Company in accordance with Swiss law and the requirements of the profession, and we 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 serve as a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the reporting period. These matters were considered in the context of our audit of the 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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Tel. +41 56 483 02 45
www.bdo.ch
baden@bdo.ch

BDO AG
Täferstrasse 16
5405 Baden-Dättwil

Key audit matters	How the most important audit matters have been taken into consideration in our audit
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Value of financial assets (projects)

Financial assets include shares in Project Companies in the amount of CHF 52,848,771. These projects are accounted for at historical 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 audit of the recoverability of the shares in the Project Companies is a particularly important audit matter, as the projects account for approximately 50% of the assets and the valuation of these projects involves significant estimates. The estimated fair value can differ from the values that would have been used if an active market for the financial assets existed.

The Company uses a valuation technique that is based, among other things, on the estimated probabilities of achieving defined project milestones based on current views and risk-adjusted discount rates, in order to estimate considered fair values. The determination of such input factors requires the exercise of judgement by the management. Other assessments at a later date may result in values that differ from those of the Project Companies accounted for at the present time.

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

We assess the valuations prepared by the Company with the involvement of independent experts.

We have consulted the management and the independent experts involved on the procedure and the underlying assumptions.

We have checked the plausibility of various assumptions based on internal and publicly accessible documents.

We have examined the valuations for technical and actuarial accuracy.

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

We have verified the plausibility of the Company’s valuations based on calculations using our own model.

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

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

Key audit matters

How the most important audit matters have been taken into consideration in our audit

Recoverability of investments

The assets include investments amounting to CHF 43,134,716. These investments are carried at historical cost less any necessary impairment. An impairment loss must be recognised as soon as the fair value of the investments is lower than the historical cost.

We assess the valuations prepared by the Company with the involvement of independent experts.

We have consulted the management and the independent experts involved on the procedure and the underlying assumptions.

The audit of the recoverability of the investments is a particularly important audit matter, as the investments account for approximately 41% of the assets and the valuation of these investments involves significant estimates. The estimated fair value can differ from the values that would have been used if an active market for these investments existed.

We have checked the plausibility of various assumptions based on internal and publicly accessible documents.

We have examined the valuations for technical and actuarial accuracy.

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

The Company uses a valuation technique that is based, among other things, on the estimated probabilities of achieving defined project milestones based on current views and risk-adjusted discount rates, in order to estimate current fair values. The determination of such input factors requires the exercise of judgement by the management. Other assessments at a later date may result in values that differ from those of the investments presented at the present time.

We have verified the plausibility of the Company's valuations based on calculations using our own model.

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

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

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Other information

The Board of Directors is responsible for the other information. The other information includes the information contained in the annual report but does not include the financial statements, the consolidated financial statements, the remuneration report and our related reports.

Our opinion on the financial statements does not cover the other information and we do not express any form of conclusion thereon.

As part of our audit, we have a responsibility to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, on the basis of the work we carry out, we conclude that a material misstatement has been made in this other information, we are bound to report on this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

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

In preparing the 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 continuing operations 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 financial statements

Our objectives are to obtain reasonable assurance as to whether the 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 SA-CH will always detect a material misstatement, if present. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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Tel. +41 56 483 02 45
www.bdo.ch
baden@bdo.ch

BDO AG
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Report on other statutory and legal requirements

In accordance with article 728a(1)(3) Swiss Code of Obligations and Swiss Auditing Standard PS-CH 890, we confirm that an internal control system designed for the preparation of financial statements has been established in accordance with the instructions of the Board of Directors.

We further confirm that the proposed carrying forward of accumulated losses complies with Swiss law and the Company's Articles of Association and recommend that the financial statements submitted to you be approved.

Baden-Dättwil, 19 April 2023

BDO Ltd

Thomas Schmid
Auditor in Charge
Licensed Audit Expert

ppa. 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 Swiss Ordinance against Excessive Remuneration in Listed Stock Corporations (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften - **“VegüV”**), and complies with the Directive on Information Relating to Corporate Governance issued by the SIX Exchange Regulation.

During the reporting period, from 1 January 2022 to 31 December 2022, Xlife Sciences AG (the

“Company”) was not yet fully subject to the VegüV, as the Company has only been listed on the Sparks Segment of the SIX Swiss Exchange since 11 February 2022. The Articles of Association of the Company were adapted to the requirements of the VegüV at last year's Annual General Meeting on 20 June 2022 in view of the listing of the shares.

This remuneration report describes the remuneration policy of the Company and contains information on the remuneration of the members of the Board of Directors and the Management of the Company.

II PRINCIPLES OF REMUNERATION

Article	Summary
Principles of remuneration for the members of the Board of Directors (Art. 19)	<p>Members of the Board of Directors may receive (i) fixed basic remuneration and, where applicable, fixed remuneration for membership of committees or specific duties on the Board of Directors and (ii) long-term variable remuneration, where applicable, based on the sustainable long-term success of the Company. The latter is share-based unless otherwise determined by the Board of Directors.</p> <p>Remuneration can be arranged in cash, shares, options or similar instruments. The Board of Directors sets the terms and conditions for this.</p>
Principles of remuneration for members of the Management (Art. 20)	<p>The remuneration for the members of the Management is divided into fixed and variable remuneration elements. Fixed remuneration consists of a base salary paid in cash and other remuneration elements and benefits (such as lump-sum expense allowances, other lump-sum expenses) and benefits (such as pension benefits). Variable remuneration may include elements of short-term and long-term variable remuneration. The short-term remuneration elements are based on performance values that take into account the Company's or the Group's result compared to the market, other companies or comparable benchmarks, and the achievement of which is usually measured over a one-year period. It shall be paid in cash unless the Board of Directors determines otherwise. Long-term remuneration elements reflect the sustainable, long-term performance of the Company or the Group and are share-based, unless the Board of Directors decides otherwise.</p> <p>Remuneration can be arranged in cash, shares, options or similar instruments. The Board of Directors sets the terms and conditions for this.</p>
Approval of remuneration by the General Meeting (Art. 21)	<p>The General Meeting approves the total amounts (i) for the maximum remuneration of the Board of Directors for the period until the next ordinary General Meeting and (ii) for the maximum total remuneration of the Management for the coming business year separately each year.</p>
Additional amount for changes in the Management (Art. 22)	<p>To the extent that the maximum total amount of remuneration approved by the General Meeting does not cover the remuneration of one or more persons who become members of the Management or are promoted within the Management after approval by the General Meeting, an additional amount for the Chief Executive Officer of 40 per cent and for each other member of the Management of 20 per cent of the last approved total amount of the maximum remuneration of the Management may be paid.</p>
Loans and credit (Art. 25)	<p>The Company may grant loans or credit to members of the Management at arm's length conditions up to a total amount not exceeding 20 per cent of the current fixed annual remuneration per person.</p>

The complete Articles of Association¹ are available at the following website: https://uploads-ssl.webflow.com/5e7cc9673075be768d3b-46f/63c99e3937992cb13073a498_20230111_Xlife%20Sciences%20AG_Statuten.pdf

In addition, the organisational regulations and the Compensation Committee Regulations define the responsibilities and tasks of the Compensation Committee and the Board of Directors in more detail.

The responsibilities and division of duties between the General Meeting, the Board of Directors and the Compensation Committee and the CEO are explained below:

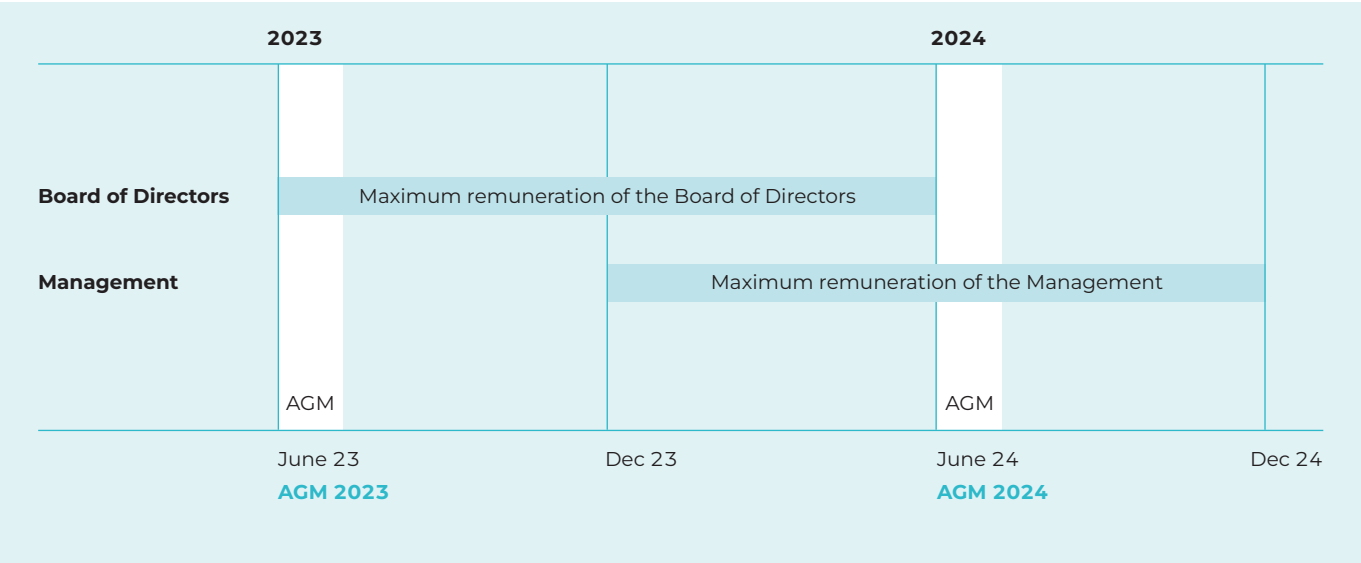
	CEO	Compensation Committee	Board of Directors	General Meeting
Basis (Articles of Association)	Preparation	Preparation	Approval	
Remuneration Report		Proposal	Approval	
Maximum amount of remuneration for the Board of Directors		Proposal	Audit	Approval
Maximum amount of remuneration for the Management		Proposal	Audit	Approval
Determination of the remuneration for the individual members of the Board of Directors		Proposal	Approval	
Determination of the remuneration for the individual members of the Management		Proposal	Approval	

The Board of Directors will present the following agenda items concerning remuneration to the General Meeting at the upcoming General Meeting 2023:

- The maximum amount for the remuneration of the Board of Directors until the Annual General Meeting 2024 is CHF 900,000. This includes all variable and fixed salary elements of the seven members of the Board of Directors.
- The maximum amount for the remuneration of the Management for the financial year 2024 comprises a total of CHF 1,900,000. This refers to all variable and fixed salary components for Mr Oliver R. Baumann, Mr Carl von Halem, Dr Frank Plöger, Mr Christian Faber and Mr Beat Kläui.

- For the operational activities of Mr. David L. Deck, representing full employment, a cash remuneration of CHF 300,000 is proposed retroactively for the term of office from the Annual General Meeting 2022 until the Annual General Meeting 2023.

¹ These are the current statutes as at 11 January 2023.



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 Association¹, the General Meeting elects the members of the Compensation Committee individually for a term of office until the next General Meeting. Re-election is permitted. The Compensation Committee constitutes itself. The Chair of the Compensation Committee is appointed by the Board of Directors.

For the description of the duties and responsibilities of the Compensation Committee, see the Corporate Governance Report, *Chapter III.A.7. Compensation Committee*.

Members and Chair of the Compensation Committee:

Name	Position
Mark S. Müller	Chair of the Compensation Committee
Simon Schöni	Member of the Compensation Committee
Dr Bernhard Scholz	Member of the Compensation Committee

¹ These are the current statutes as at 11 January 2023.

		Board of Directors	Management
Fixed Salary components	Annual basic salary in cash	X ¹	X
	Annual basic salary in shares	X	X
	Pension contributions		X
	Flat-rate expenses		X
Variable Salary components	Short-Term Incentive Plan (STIP)		X
	Long-Term Incentive Plan (LTIP)		X

¹A member of the Board of Directors who has resigned receives a fixed cash remuneration each month until the Annual General Meeting 2022. For an additional member of the Board of Directors, cash compensation is requested retroactively for the term of office of the General Meeting 2022 to 2023 due to his additional operating expenses. 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 or for the period between two General Meetings. In the event of early termination of the contract, remuneration is paid pro rata through the share programme. The usual non-competition clauses at competitor companies apply. At the request of the Company, the member of the Board of Directors must resign from office. The contracting parties may withdraw from the mandate contract at any time. Remuneration is based on the share package which is allocated after 12 months and has a vesting period of 24 months.

Contracts of the Management:

The members of the Management have permanent contracts. The Management receives a monthly fixed salary in cash plus a fixed share programme, which is adjusted by a variable, performance-based remuneration. In this way, the Company aims to retain the 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 (Art. 23(1)). The notice period is up to 3 months.

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

Components	Instrument	Reason	Criteria
Fixed salary component			
Basic salary	Monthly cash remuneration and employee share programme	Attract, motivate and retain talented and qualified leaders	Responsibilities and scope of the position; qualifications and skills of employees; financial considerations; Market conditions and competitiveness
Pension payments and other benefits	Pension plan, insurances and lump-sum expenses	Provide coverage for 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 salary component			
Short-Term Incentive Plan (STIP)	Annual bonus in cash or shares	Motivate and reward employees for the achievement of annual/ short-term financial, operational and strategic targets and demonstrated commitment	Achieving pre-determined performance targets (e.g. financial, operational and personal) at the end of a financial year through an MBO process
Long-Term Incentive Plan (LTIP)	Annual employee share programme	Incentive to remain at the Company and at the same time to participate in the positive development of the Company.	In addition to three financial performance indicators, the LTIP also takes sustainability targets into account.

V REMUNERATION SYSTEM FOR THE BOARD OF DIRECTORS

1. Remuneration approach

Since the formation of the Compensation Committee, the remuneration has been proposed and decided by the Board of Directors. With the exception of two members who are operationally involved in the company, the Board of Directors has waived cash remuneration and is remunerated through a fixed share programme. The annual remuneration is set at a moderate level compared to the market and is intended to demonstrate commitment to the company and the business model. The share package is distributed annually on a pro rata basis. In the event of early dissolution, the shares will be issued pro rata. With the exception of former Board member Christian Faber, who left the Board of Directors at the 2022 Annual General Meeting, all members exclusively receive a share package.

2. Remuneration of the Board of Directors for the year 2022

The Board of Directors is remunerated with a fixed share programme every financial year. Only one

Christian Faber will receive monthly remuneration of EUR 2,500 per month for his additional work as CCO of the Company until his departure with the Annual General Meeting 2022. For the operational activities of the member of the Board of Directors David L. Deck, retroactive remuneration for the term of office from the 2022 Annual General Meeting to the 2023 Annual General Meeting is to be voted on at the Annual General Meeting. It is anticipated that Mr Deck will be compensated with a monthly fee of CHF 25,000. According to the conditions of participation of the employee share programme, the shares are created annually after 12 months. The shares have a vesting period of 24 months. The shares are only distributed to the employees and the non-cash benefit is only settled after the end of the vesting period. The subscription price of the employee share corresponds to the nominal value of the shares.

member also receives a fixed salary component in cash. In the event of an early termination of the agreement, the shares shall be remunerated pro rata.

Remuneration 2022										
Member of the Board of Directors	Function in the Board of Directors	Function in the Audit Committee	Function in the Compensation Committee	Number of shares in 2022	Shares in CHF	Cash remuneration in CHF	OASI - Employer share ¹	OASI - Employee share ¹	OBP - Employer share ¹	OBP - Employee share ¹
Dr Bernhard Scholz	President	Member	Member	1,782	77,398	0.00	0.00	0.00	0.00	0.00
Simon Schöni	Member		Member	1,077	44,940	0.00	0.00	0.00	0.00	0.00
Christian Faber ²	Member			699	36,650	14,040	0.00	0.00	0.00	0.00
Dr Michael B. Klein	Member			466	24,433	0.00	0.00	0.00	0.00	0.00
Mark S. Müller	Member		Chair	1,436	62,275	0.00	0.00	0.00	0.00	0.00
Oliver R. Baumann ³	Member			532	17,832	0.00	0.00	0.00	0.00	0.00
Désirée Dosch	Member	Member		691	23,182	0.00	0.00	0.00	0.00	0.00
Dr Norbert Windhab	Member	Chair		691	23,182	0.00	0.00	0.00	0.00	0.00
David L. Deck	Member			532	17,832	0.00	0.00	0.00	0.00	0.00
Total				7,904	327,725	14,040	0.00	0.00	0.00	0.00

¹ The remuneration / shares of the Board of Directors have not yet been settled, therefore the social security settlement is not yet shown here.
² Mr Christian Faber receives a cash remuneration in EUR. The annual average exchange rate of 1.00482 was used here.
³ Mr Baumann's remuneration for serving on the Board of Directors until 20/06/2022 is shown in the financial statements under Management. Here the period 20/06/2022 to 31/12/2022 is shown

Remuneration 2021									
Member of the Board of Directors	Function in the Board of Directors	Function in the Compensation Committee	Number of shares in 2021	Shares in CHF	Cash remuneration in CHF	OASI - Employer share	OASI - Employee share	OBP - Employer share	OBP - Employee share
Dr Bernhard Scholz	President		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	Chair	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	28,538.66	15,014.55	15,014.55	0.00	0.00

¹ Christian Faber receives a cash remuneration of an additional EUR 2,200 per month or EUR 26,400 per year. This corresponds to CHF 28,538.66 at an annual average rate of 1.08101.
² The remuneration of Oliver R. Baumann for his activities as a member of the Board of Directors is covered in the description of his salary structure as a member of the Management.

3. Loans, credits and remuneration with related parties

As at 31 December 2022, 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 are any pending.

VI REMUNERATION SYSTEM FOR THE MANAGEMENT

1. Remuneration approach

In 2021, the Management was categorised into the Management in the narrower and the broader sense. Currently, all members of the Management have permanent employment contracts with a maximum notice period of 3 months.

The remuneration of the members of the Management board consists of a fixed basic salary (cash, pension payments, lump-sum expense allowance, other lump-sum expenses) and a performance-related variable remuneration (cash, employee shares).

The amount of the fixed and variable remuneration is determined by the Board of Directors at the request of the Compensation Committee. As the Company's shares were still listed for trading in the over-the-counter segment of the Munich Stock Exchange until 10 February 2022, the Company was not subject to the requirement that the total amount be approved by the General Meeting.

The fixed remuneration consists of a basic salary paid in cash on a monthly basis. Employer contributions for staff pension schemes, 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 expense allowance.

Employee share programme:

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

Short-Term Incentive Plan (STIP):

The short-term incentive programme 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 to the market, other companies or comparable benchmarks, calculated and/or individual targets, the achievement of which is usually measured over a one-year period. Short-term remuneration elements can be granted in cash or shares.

For the year ending 31 December 2022, the short-term objectives for the management included both financial and individual performance objectives, which are reviewed in an individual MBO process by the Compensation Committee.

According to the assessment of the Compensation Committee, the CEO and the extended Management have achieved their targets in 2022, which is why the entire agreed remuneration has been applied.

Long-Term Incentive Plan (LTIP):

The objective of the Long-Term Incentive Plan (LTIP) is to motivate employees in the long term and to provide them with optimal prospects as an attractive employer.

The goal is to retain key employees in the Company for the long term. Employees with an appropriate track record qualify for the LTIP at the earliest 24 months after the start of employment, in exceptional cases this may be after 12 months at the earliest.

The LTIP should reflect the company's long-term, sustainable and ambitious growth targets and take the form of a share programme.

The shares are created through a capital increase (conditional capital) at the beginning of the period (payment of nominal value by employees) and are freely available after a vesting period of 12 months or are considered allocated. The difference from the effective share price at settlement is taxed as a non-cash benefit for the employee. The employee must be in a non-terminated employment relationship, have achieved 100% target attainment according to the MBO process and have gone above and beyond the normal job description for his/her employer.

The final allocation is reviewed every 12 months by the Management and the Compensation Committee and the employee is informed at the qualification interview. The LTIP is not a guaranteed salary component and may be wholly or partially waived.

In the 2022 financial year, a total of 19,725 shares were allocated to the Company's employees.

Highest total remuneration:

Mr Oliver R. Baumann will be a member of the Management in the narrower sense in 2022. The other members are counted as part of the Management in the broader sense. In 2022, Oliver R. Baumann, CEO, received the highest total remuneration. The details of the remuneration are shown in the table below. In addition, the total remuneration of the Management is shown.

Social security contributions and contributions to AHV/IV/EO/ALV are paid in equal parts by the Company and the respective employee. The Company handles the affiliation to a pension fund in accordance with the legal requirements. Half of the savings contributions are paid by the Company and half by the employee.

The decision on the remuneration of the management board was made once by the entire Board of Directors with the exclusion of Mr Oliver R. Baumann.

Remuneration in CHF in 2022	CEO	Management (in the broader sense)
Fixed basic salary (gross)	304,800.00	666,652.93
Bonus	30,000.00	45,072.24
Flat-rate expenses	25,999.80	31,999.80
Other flat-rate expenses	0.00	500.00
OASI - Employer share	29,687.65	45,071.05
OASI - Employee share	29,687.65	45,071.05
OBP - Employer share	11,271.60	21,754.05
OBP - Employee share	11,271.60	21,754.05
Social security contributions abroad - Employer	0.00	16,609.21
Social security contributions abroad - Employee	0.00	14,423.41
Total fixed remuneration	401,759.05	827,659.29
Total variable remuneration¹	136,680.00 (34% of the fixed remuneration)	136,680.00 (17% of the fixed remuneration)
Total remuneration	538,439.05	964,339.29

* The variable remuneration of Mr Oliver R. Baumann includes an allocation from the employee share programme of 5,100 shares. In particular, this includes the 465 shares for his active service as a member of the Board of Directors for the term of office (01/01/2022-20/06/2022).

Remuneration in CHF in 2021	CEO	Management (in the broader sense)
Fixed basic salary (gross)	283,966.75	449,137.95
Flat-rate expenses	25,999.80	26,499.80
OASI - Employer share	58,444.45	62,577.80
OASI - Employee share	58,455.45	62,577.80
OBP - Employer share	10,672.10	11,222.10
OBP - Employee share	10,672.10	11,222.10
Social security contributions abroad - Employer	0.00	18,411.78
Social security contributions abroad - Employee	0.00	15,585.09
Total fixed remuneration	353,083.30	541,349.63
Total variable remuneration¹	684,612.00 (194% of the fixed remuneration)	756,447.00 (140% of the fixed remuneration)
Total remuneration	1,037,695.30	1,279,384.85

¹ The variable remuneration of Mr Oliver R. Baumann includes an allocation from the employee share programme of 6,800 shares, as well as an allocation of 7,000 shares from 2021. In particular, this includes the 1,000 shares for his work as a member of the Board of Directors.

2. Loans, credits and remuneration with related parties

As at 31 December 2022, 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 are any pending.

The number of shares awarded in the 2022 financial year and the aggregate number of shares awarded independently of the respective allocation are shown below:

2022			
Board of Directors	Title	Shares in 2022	Shares until 2023
Dr Bernhard Scholz	Chairman of the Board of Directors	1,782	6,200
Simon Schöni	Member of the Board of Directors	1,077	3,490
Christian Faber ¹	Member of the Board of Directors	699	2,840
Dr Michael B. Klein ¹	Member of the Board of Directors	466	1,903
Mark S. Müller	Member of the Board of Directors	1,436	5,600
Oliver R. Baumann ²	Member of the Board of Directors	532	1,000
Désirée Dosch	Member of the Board of Directors	691	1,300
Dr Norbert Windhab	Member of the Board of Directors	691	1,300
David L. Deck	Member of the Board of Directors	532	22,700
Management	Title	Shares in 2022	Shares until 2027
Oliver R. Baumann	CEO	5,362	78,522
Carl v. Halem	CFO	1,718	22,389
Dr Frank Plöger	CSO	1,226	18,053
Christian Faber	Head of Legal & Compliance	1,500	6,000
Beat Kläui	Head of Tax & Accounting	700	3,700

¹ Mr Faber and Dr Klein resigned from the Board of Directors with effect from the 2022 Annual General Meeting.
² The allocation for Mr Baumann has only been shown separately here since the 2022 General Meeting.

2021		
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 Müller	Member of the Board of Directors	4,300
Oliver R. Baumann ¹	Member of the Board of Directors	
Management	Title	Shares
Oliver R. Baumann	CEO	46,625
Carl v. Halem	CFO	0
Dr Frank Plöger	CSO	1,000
Beat Kläui	Head of Tax & Accounting	1,500

¹ The value for Oliver R. Baumann is shown in the Management table.



Tel. +41 56 483 02 45

Fax +41 56 483 02 55

www.bdo.ch

BDO AG
Täferstrasse 16
5405 Baden-Dättwil

REPORT OF THE STATUTORY AUDITOR

To the general meeting of Xlife Sciences AG, Zürich

Report on the Audit of the Compensation Report

Opinion

We have audited the Compensation Report of Xlife Sciences AG (the Company) for the year ended December 31, 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (VegüV in section V in table 2 remuneration of the Board of Directors for the year 2022 and in section VI in the table remuneration of the Executive Board for the year 2022 of the Compensation Report.

In our opinion, the information on remuneration, loans and advances in the accompanying Compensation Report (pages 129 to 138) complies with Swiss law and Art.14-16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the Auditor’s Responsibilities for the Audit of the Compensation Report section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the information included in Section V in the table 2. Compensation of the Board of Directors for the year 2022 and in Section VI in the table Compensation of the Executive Board for the year 2022 in the Compensation Report, the consolidated financial statements, the annual financial statements, and our related reports. Our audit opinion on the Compensation Report does not cover the other information, and we do not express any form of audit conclusion thereon. In connection with our audit, we have a responsibility to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report 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 that fact.

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



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www.bdo.ch
baden@bdo.ch

BDO AG
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5405 Baden-Dättwil

Board of directors' Responsibilities for the Compensation Report

The board of directors is responsible for the preparation of a Compensation Report in accordance with the provisions 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 a Compensation Report that is free from material misstatement, whether due to fraud or error. The board of directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SA-CH will always detect a material misstatement when it exists. Misstatements can arise 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 this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Baden-Dättwil, April 19, 2023

BDO Ltd

Thomas Schmid
Auditor in Charge
Licensed Audit Expert

ppa. Isabella Nay
Licensed Audit Expert

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Important deadlines

General Meeting 2023:

20 June 2023

Semi-Annual Report 2023:

21 September 2023

For roadshows and conferences please consult

<https://www.xlifesciences.ch/veranstaltungen>

Contact

For Investors:

Dennis Lennartz, Head IR DACH,

dennis.lennartz@xlifesciences.ch

For Media:

Valentin Handschin, IRF,

handschin@irf-reputation.ch

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Text: IRF/Xlife Sciences
Design: atelier MUY



Xlife Sciences AG
Talacker 35
CH-8001 Zurich
Switzerland

+41 (0) 44 385 84 60
www.xlifesciences.ch