



# Annual Report 2023



# Annual Report 2023

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# Spexis at a glance

Spexis is a clinical-stage biopharmaceutical company headquartered in Allschwil, Switzerland and focused on macrocycle therapeutics for rare diseases and cancer. Our initial rare disease focus is on rare, chronic pulmonary indications, an area of significant unmet medical need and which we estimate represents a USD 15 billion global market. On the oncology front, we are initially focused on CXCR4/CXCR7 active molecules discovered and developed applying our leading macrocyclic peptide technology platform, which is the result of over 25 years and USD 400 million of cumulative research and investment. With our pipeline of potentially transformative molecules - and as our name implies (“hope”, from the Latin spes) - we aim to deliver substantial benefits to patients and meaningful value to our stakeholders and society.

## Disclaimer

By order dated 30 November 2023, the Basel-Landschaft West Civil District Court granted the company a provisional debt-restructuring moratorium for a period of four months until 8 April 2024 and extended it until 8 August 2024 by decision dated 9 April 2024. The preparation of this financial report is the sole responsibility of the Board of Directors. The information provided therein has neither been reviewed nor approved by the Administrator. No claims can therefore be derived from this document with regards to the current moratorium or its Administrator.

# Corporate Governance

This corporate governance section of the annual report of Spexis Ltd (the “Company”) follows the structure and numbering of the SIX Swiss Exchange Directive on Information relating to Corporate Governance and takes into account the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse. The board of directors of the Company (the “Board of Directors” or “Board”) believes that good corporate governance is essential to ensure that our company is managed for the long-term benefit of shareholders.

Complete copies of our organizational rules (the “Organizational Rules”), corporate governance guidelines committee charters for each of our Compensation and Nomination Committee (“CNC”) as well as our Audit and Finance Committee (“AFC”) and code of conduct (“Code of Conduct”) are available on the “Investor Relations – Corporate Governance” section of our website, which is located at [www.spexisbio.com](http://www.spexisbio.com). Alternatively, you can request a copy of any of these documents by writing us at Spexis Ltd, Hegenheimerweg 125, CH-4123 Allschwil, Attention: Investor Relations or by e-mail at [info@spexisbio.com](mailto:info@spexisbio.com).

## 1 Group structure and shareholders

### 1.1 Group structure

Spexis Ltd is based in Allschwil, Switzerland, near Basel (Registered Number CHE-108.535.251). It is listed on the SIX Swiss Exchange (Valor: 10621379, ISIN: CH0106213793, SIX: SPEX). Market capitalization as of December 31, 2023 was CHF 2.3 million. As of December 31, 2023, there were no other listed companies belonging to the Company.

The Company has six unlisted subsidiaries, three of which were set up for the purpose of acting as agents for the registration of its clinical trials in the European Union, the United Kingdom and the US. The other subsidiaries were acquired as part of the merger with Enbiotix Inc. Spexis Ltd holds 100% equity interest in all direct subsidiaries, whereby the shares of EnBiotix Inc. and Spexis Australia Pty Ltd have been pledged to lenders and are currently subject to enforcement proceedings (see pages 56-57, 92).

- Polyphor UK Ltd. is based in London, UK (Registered Number 08045435) and was founded in 2012. The nominal share capital as of December 31, 2022 was GBP 1'000.
- Polyphor Deutschland GmbH, is based in Lörrach, Germany was incorporated in 2019. The nominal share capital as of December 31, 2022 was EUR 25'000.
- EnBiotix Inc. is based in Boston Massachusetts, USA and was founded in 2010. The nominal share capital as of December 31, 2022 was USD 15'044. EnBiotix Inc has two subsidiaries:
  - Spexis Germany GmbH is based in Leipzig, Germany and was founded in 2015. The nominal share capital as of December 31, 2022 was EUR 25'000
  - EnBiotix (Switzerland) GmbH based in Switzerland and was founded in 2021. The nominal share capital as of December 31, 2022 was CHF 20'000.

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- Spexis Australia Pty Ltd is based in Melbourne, Australia and was founded in 2023. The nominal share capital has not yet been paid in by end of 2023.

## 1.2 Significant shareholders

Shareholders with shares amounting to 3% or more of Company's issued ordinary share capital as of December 31, 2023 are shown in the financial statements of the Company on page 100.

## 1.3 Cross-shareholdings

As of the date of this Report, there are no cross-shareholdings of the Company that exceed 5% of the holdings of capital rights on both sides.

## 2 Capital structure

### 2.1 Capital

As per December 31, 2023, the share capital registered in the commercial register amounted to CHF 975'709, divided into 48'785'463 shares. As per December 31, 2023, 10'179'032 registered shares with a nominal value of CHF 0.02 per share have been issued from the Company's conditional share capital in connection with the exercise convertible bonds and have not been registered in the commercial register as per December 31, 2023. The registration of these 10'179'032 registered shares in the commercial register is expected to occur in June, 2024. Taking into account the issuance of these 10'179'032 registered shares, on December 31, 2023 the Company's share capital amounted to CHF 1'179'290, divided into 58'964'495 registered shares with a nominal value of CHF 0.02 per share.

### 2.2 Capital band and conditional capital

#### **Capital band (previously authorized share capital) – (article 3a):**

The annual general meeting held on June 26, 2023 authorized a capital band between CHF 975'709 (lower limit) and CHF 1'463'564 (upper limit) which could lead to an increase of 24'392'731 registered shares. The Board of Directors is authorized to increase the share capital up to the upper limit at any time and as often as required until June 25, 2028. If the share capital increases as a result of an increase from conditional capital the upper and lower limits of the capital range shall increase in an amount corresponding to such increase in the share capital.

The Board of Directors shall determine the time of the issuance, the issue price, the manner in which the new registered shares have to be paid up, the date from which the registered shares carry the right to dividends, the conditions for the exercise of the pre-emptive rights and the allotment of pre-emptive rights that have not been exercised. The Board of Directors may allow the pre-emptive rights that have not been exercised to

# Corporate Governance

expire, or it may place with third parties such rights or registered shares, the pre-emptive rights of which have not been exercised, at market conditions or use them otherwise in the interest of the Company.

The Board of Directors is authorized to withdraw or limit the pre-emptive rights of the shareholders and to allot them to third parties: (a) if the issue price of the new registered shares is determined by reference to the market price; or (b) for the acquisition of an enterprise, part of an enterprise or participations, or for the financing or refinancing of any of such acquisition; or (c) for purposes of broadening the shareholder constituency of the Company in certain financial or investor markets, for purposes of the participation of strategic partners, or in connection with the listing of new registered shares on domestic or foreign stock exchanges; or (d) for purposes of granting an over-allotment option (Green shoe) of up to 15% of the number of registered shares offered in a base-tranche in a placement or sale of registered shares to the respective initial purchaser(s) or underwriter(s); or (e) for raising of capital (including private placements) in a fast and flexible manner which probably could not be reached without the exclusion of the statutory pre-emptive right of the existing shareholders.

## **Conditional Share Capital for Employee Benefit Plans (article 3c):**

The share capital of the Company shall be increased by an amount not exceeding CHF 16'804 through the issue of a maximum of 840'227 registered shares, payable in full, each with a nominal value of CHF 0.02, in connection with the exercise of option rights granted to any employee of the Company or a subsidiary, and any consultant, members of the Board of Directors, or other person providing services to the Company or a subsidiary.

Shareholders' subscription rights shall be excluded with regard to these shares. These new registered shares may be issued at a price below the current market price. The Board of Directors shall specify the precise conditions of issue including the issue price of the shares.

## **Conditional Share Capital for Employee Benefit Plans (article 3d):**

The share capital of the Company shall be increased by an amount not exceeding CHF 68'060 through the issue of a maximum of 3'403'001 registered shares, payable in full, each with a nominal value of CHF 0.02, in connection with the exercise of option rights granted to any employee of the Company or a subsidiary, and any consultant, members of the Board of Directors, or other person providing services to the Company or a subsidiary.

Shareholders' subscription rights shall be excluded with regard to these shares. These new registered shares may be issued at a price below the current market price. The Board of Directors shall specify the precise conditions of issue including the issue price of the shares.



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## Conditional Capital for Bonds and Similar Debt Instruments (article 3b):

The share capital of the Company shall be increased by a maximum amount of CHF 402'990 through the issuance of a maximum of 20'149'503 registered shares, payable in full, each with a nominal value of CHF 0.02 through the exercise of conversion and/or option rights granted in connection with bonds or similar instruments, issued or to be issued by the Company or by subsidiaries of the Company, including convertible debt instruments.

Taking into account option exercises as per December 31, 2023, the conditional share capital as per article 3b of the articles of association amounted to CHF 284'274 divided into 10'220'471 shares.

Shareholders' subscription rights are excluded. Shareholders' advance subscription rights with regard to the new bonds or similar instruments may be restricted or excluded by decision of the Board of Directors in order to finance or refinance the acquisition of companies, parts of companies or holdings, or new investments planned by the Company, or in order to issue convertible bonds or similar instruments on the international capital markets or through private placement. If advance subscription rights are excluded, then (1) the instruments are to be placed at market conditions, (2) the exercise period is not to exceed ten years from the date of issue of option rights and twenty years for conversion rights and (3) the conversion or exercise price for the new shares is to be set at least in line with the market conditions prevailing at the date on which the instruments are issued.

## 2.3 Changes in capital

The following table shows the changes in share capital of the Company from January 1, 2020 until December 31, 2023:

<b>Date of Share Issuance Registration</b>	<b>New Nominal Share Capital in Swiss Francs</b>	<b>Number of Shares issued</b>
April 6, 2020 <sup>(1)</sup>	22'126'414	11'063'207 Shares at CHF 2 each
May 6, 2021 <sup>(1)</sup>	22'449'632	11'224'816 Shares at CHF 2 each
June 14, 2021 <sup>(2)</sup>	224'496.32	11'224'816 Shares at CHF 0.02 each
December 29, 2021 <sup>(3)</sup>	927'515.54	46'375'777 Shares at CHF 0.02 each
March 30, 2022 <sup>(3)</sup>	951'101.16	47'555'058 Shares at CHF 0.02 each
April 26, 2022 <sup>(1)</sup>	954'240.74	47'712'037 Shares at CHF 0.02 each
June 1, 2023 <sup>(1)</sup>	975'709.26	48'785'463 Shares at CHF 0.02 each

<sup>(1)</sup> Capital increase from conditional capital (exercise of options).

<sup>(2)</sup> Reduction of nominal value of the shares from CHF 2 to CHF 0.02 each, as resolved by the annual general meeting on April 6, 2021.

<sup>(3)</sup> Capital increase in connection with the merger with EnBiotix Inc.



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## 2.4 Shares

As of December 31, 2023, the registered share capital of the Company, as recorded in the commercial register, amounts to CHF 975'709 and is divided into 48'785'463 registered shares, with a nominal value of CHF 0.02 per share. The share capital is fully paid in and non-assessable. Each Share carries one vote. The Company does not have any preference shares (Vorzugsaktien).

## 2.5 Dividend-right certificates and participation certificates

As of December 31, 2023, the Company has not issued any non-voting equity securities, such as participation certificates (Partizipationsscheine) or profit sharing certificates (Genussscheine).

## 2.6 Limitations on transferability and nominee registrations

According to article 4 of the articles of association, acquirers of shares will be registered in the share register without limitation as shareholders upon request, if they expressly certify that they acquired the shares in their own name and for their own account. The Board of Directors may register nominees as shareholders with voting rights up to a maximum of 2% of the currently issued share capital. Beyond that limit, registered shares of nominees shall only be entered as voting if the nominees in question disclose in writing the names, addresses and shareholdings of the persons on whose account they hold 2% percent or more of the currently issued share capital. Nominees are persons who do not expressly declare in the registration application that they are holding the shares on their own account. After hearing the registered shareholder or nominee, the Board of Directors may remove entries in the share register with retroactive effect as per the date of entry, if such entry was based on false information. The party affected must be informed of such removal immediately. The restrictions on registration also apply to shares that are subscribed or acquired by exercising a subscription, option or conversion right.

The Company has not put in place formal rules for the granting of exceptions from this provision and has not granted any exceptions during the year 2023.

## 2.7 Convertible bonds and options

### **Conditional Share Capital for Employee Benefit Plans:**

For the amount of outstanding conditional capital available for employee benefit plans, see Section 2.2 above.

Details are shown in the notes to the consolidated financial statement, page 52.

# Corporate Governance

## **Conditional Capital for Bonds and Similar Debt Instruments:**

For the amount of outstanding conditional capital available for bonds and similar debt instruments, see Section 2.2 above. In July 2020 the Company entered into an equity-linked financing arrangement with the French company IRIS to raise a gross amount of up to CHF 19.3 million over the period of two years. The agreement was renewed in July of 2022 for a gross amount of up to CHF 15.0m through 2024. IRIS will receive Company shares to be created from the Company's conditional capital based on this interest-free mandatory convertible bonds program. It remains at the sole discretion of the Company to suspend or terminate the staggered financing. IRIS is committed to buy on a monthly basis over a period of two years twenty-four tranches of CHF 625'000 of unsecured zero-coupon mandatorily convertible bonds. The program can be tailor-made in terms of period and tranche size, according to the Company's financing needs. During the term of the financing, IRIS will convert each month the mandatory convertible bonds into shares at a discount to the applicable volume weighted average price (VWAP). These shares are expected to be sold on the market or in block trades.

Details are shown in the notes to the consolidated financial statement, page 52.

## **3 Board of Directors**

The Board of Directors consists of 5 non-executive members and one executive member (Jeffrey Wager as CEO). None of the non-Executive members of the Board of Directors (i) has significant business connections with the Company or its subsidiaries or (ii) is or was a member of the Company's or its subsidiaries' management during 2023 or the three previous financial years. Jeffrey Wager is the Company's CEO and has a number of (currently unpaid) operational management roles at the Company's subsidiaries. Dennis Ausiello is the lead independent director.

# Corporate Governance

## Board of Directors

### 3.1/3.2 Members of the Board of Directors



#### Jeffrey D. Wager

M.D., American

CHAIRMAN

Between 2011-2017, Jeff Wager was co-creator and board observer to Grupo Biotoscana SL, a Latin American specialty pharma roll-up financed by Advent International and Essex Woodlands Healthcare Ventures, focused on cancer, infectious and rare diseases, leading to its USD 1 billion 2017 IPO on sales of ~\$240M and 600 staff in 10 LatAm markets. From 2006 – 2010, he formed and led Artisan Pharma, Inc. as its founding CEO, raising \$53M, building the entire team and implementing a 750 patient, 17 country Phase IIb/III study ultimately leading to Artisan's acquisition by Asahi Kasei Pharma Corporation (Japan) in 2011. In 2000, Jeff formed Apeiron Partners, a FINRA-registered life sciences investment bank focused on corporate spin-outs, M+A, corporate venture capital and principal investments. In the process, successfully completed six spin-outs, including Targacept, Inc. (NASDAQ:TRGT), Artisan Pharma (from Asahi Kasei), Biocritica (\$120M annual revenue Xigris® franchise from Eli Lilly) and KBI Bio-Pharma (acquired by JSR Corporation (Japan)). Between 2003 and 2006, advised on the

establishment and investment of Z-Cube s.r.l., the €60M corporate venture fund of the Zambon Group, a privately held Italian pharmaceutical company. Between 1995-2000, Jeff was with Medical Science Partners, a Harvard-founded VC fund focused on forming spin-outs from the Harvard medical system, including deCODE, ICAGEN, Inspire, Oravax (subsequently Acambis), ZYCOS, Inc. and Diatide, amongst others.

Jeff Wager began his career with a life sciences unit of the Bank of Tokyo, where he led business development, responsible for helping Japanese pharmaceutical clients establish overseas affiliates, design and conduct overseas clinical development and structure strategic alliances. Jeff is also a co-founder and Chairman of Proterris, Inc., a phase II/III clinical-stage firm focused on therapeutic uses of low-dose gaseous and small molecule carbon monoxide for transplant, fibrosis, and oncology indications. Jeff Wager earned his MD from Rush Medical College and his MBA from the University of Chicago.

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**Dennis Ausiello**  
**M.D., American**  
VICE-CHAIRMAN

Dennis A. Ausiello is the Jackson Distinguished Professor of Clinical Medicine at Harvard Medical School. He is concurrently the Director, Emeritus of the Harvard Medical School's M.D./ Ph.D. Program. He is also Chair of Medicine, Emeritus, and Director of the Center for Assessment Technology and Continuous Health (CATCH) at Massachusetts General Hospital. Dennis was the former Lead Director of the board of directors at Pfizer, Inc. Previously, and served as an editor of Cecil's Textbook of Medicine. Dennis Ausiello serves on the board of directors of Alnylam Pharmaceuticals and Seres Therapeutics, Inc. and previously served on the board of directors of Pfizer, where he currently serves on the advisory board. Dennis received his B.S. from Harvard College and his M.D. from the University of Pennsylvania School of Medicine. Throughout his career, Dennis Ausiello has made substantial contributions to the study of epithelial biology in the areas of membrane protein trafficking, ion channel regulation and signal transduction, and has published numerous articles, book chapters and textbooks.



**Bernard Bollag**  
**MBA, Swiss**  
BOARD MEMBER

Bernard Bollag, MBA, has more than 20 years' senior finance leadership experience across publicly listed and privately held companies. As Group Treasurer at Syngenta during 2000-2005, he played an important role in establishing financial governance by developing the funding and risk structures for the Group in its initial years. At Unisys before, Bernard held several senior finance roles in corporate and operations, leading and participating in key performance improvement programs. Bernard was CFO of UK's HomeSun Ltd., helping to steer the company to a successful exit. Prior to that as CFO of the Aktiva Group, he led a Family Office held group of companies and investments, to pre-serve value across the financial crisis. Bernard is the founder and Managing Director of Beaufort Capital, a boutique assisting owners of private equity assets in creating value for their investments. Bernard brings to the Board a keen expertise in funding and investment markets, as well as a track record of leading and supporting organizations to deliver on their strategic goals. Bernard Bollag received his MBA in Finance from the Columbia Business School in New York and holds a BA in Economics from the Bar Ilan University of Tel-Aviv.

# Corporate Governance



**Kuno Sommer**  
**Ph.D., Swiss**  
BOARD MEMBER

Kuno Sommer, Ph.D., today focuses on active board memberships in the life sciences sector as non-executive member. He is Chairman of the Board of The Bachem Group; the Sunstar group; TargImmune and Kenta Biotech AG. In his last operational role he headed the contract research division of Harlan Laboratories Ltd. From 2000 until 2006 he was CEO of Berna Biotech Ltd, which was sold to Crucell N.V. in 2006 (today Johnson & Johnson). Starting in 1986 at F. Hoffmann-La Roche Ltd he worked in various functions until 1999 and spent 4 years in the US. In his last position at Roche he became a member of the Executive Committee, responsible for the Flavours and Fragrances division (today Givaudan Ltd).

Dr. Sommer holds a Ph.D. in Business Administration from the University of Basel.



**Robert Clarke**  
**Ph.D., American**  
BOARD MEMBER

Robert Clarke, has served as Chief Executive Officer / Board Member / Co-founder of Kinaset Therapeutics since 2020. He was previously Chief Executive Officer at Pulmatrix Inc. (NASDAQ:PULM), a clinical-stage respiratory drug delivery company, from 2012 to 2019 and successfully brought the company public in 2015. He joined Pulmatrix in 2004 as the first Ph.D.-level scientist and was appointed Chief Scientific Officer in 2010. In that role he was focused on developing the Pulmatrix technologies for the treatment of respiratory diseases. During his tenure as Chief Executive Officer, Pulmatrix raised more than \$50 million in public equity, \$80 million in venture capital funding and more than \$10 million in non-dilutive funding to support the company's development programs. Prior to his tenure at Pulmatrix, Robert was Associate Director, Life Sciences at Alkermes. He holds Board seats at several institutions including Johns Hopkins University and Boston University College of Engineering. Robert Clarke holds a Ph.D. in physiology from Johns Hopkins University and completed his post-doctoral training in respiratory biology at Brigham and Women's Hospital and Harvard University.

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**Dan Hartman**  
**M.D., American**  
**BOARD MEMBER**

Dan Hartman is currently Director, Integrated Development for the Gates Foundation, leading a team that provides technical expertise in product development to other foundation teams and their partners. He joined the foundation in 2012 in his current role and served simultaneously as interim director of the Malaria team from 2016 to 2018. Dan has extensive management and pharmaceutical experience. Before joining the foundation, he served for four years as president and CEO of Great Lakes Drug Development, a consulting company providing strategic and operational support for early drug development projects. Previously, he served as senior vice president of product development at deCODE genetics, executive director of Pfizer Global Research and Development, and vice president of global clinical development at Esperion Therapeutics, and he held clinical research positions at Eli Lilly & Company. He has also provided consultation to the biopharmaceutical venture capital community and serves as a member/ advisor on several nonprofit boards. Dan served as a member of the National Institutes of Health's National Center for Advancing Translational Sciences and Cures Acceleration Network advisory board from 2016 to 2019 and was

president of the American Society for Clinical Pharmacology & Therapeutics. Dan Hartman has received numerous awards, including Inventor of the Year from the Intellectual Property Owners Association. He received his bachelor's degree from Calvin College and his medical degree from Wayne State University. Dan was trained in internal medicine and completed a fellowship in pulmonary medicine at Indiana University, where he also served as chief medical resident.

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## 3.3 Permitted Activities pursuant to Article 734e CO

According to article 34 of the Company's articles of association, the members of the Board of Directors can have not more than the following number of mandates outside of the Company, either as members of the Board of Directors, the senior management or an administrative body of a legal entity which is obliged to be registered in the Swiss commercial register or an equivalent foreign register: a) seven mandates for publicly traded companies pursuant to Article 727 para. 1 number 1 CO; b) eight mandates for companies pursuant to Article 727 para. 1 number 2 CO; and c) five mandates for companies which do not fulfil the criteria under a) and b) hereunder. Mandates held in several legal entities each operating under the same management or same beneficial owner (Group) are deemed to be a single mandate. If a legal entity fulfills several of the above mentioned criteria, it can be freely counted towards any category. Mandates in legal entities which are controlled by the Company or which control the Company and honorary mandates in charitable legal entities are exempt from the above restrictions.

## 3.4 Elections and terms of office

The members of the Board of Directors (including the chairperson) are individually elected by the meeting of shareholders for a term of one year until the end of the next Annual General Meeting (AGM), provided that such member does not resign or is not replaced during his term. The members of the Board of Directors may be re-elected without limitation.

Name	Function	Committee memberships	First elected	End of current period	Year of birth
Jeff Wager	Chairman		2021	2024	1962
Dennis Ausiello	Vice-Chairman	AFC CNC	2021	2024	1945
Kuno Sommer	Member	CNC	2012	2024	1956
Bernard Bollag	Member	AFC (Chair)	2013	2024	1961
Robert Clarke	Member	CNC (Chair)	2021	2024	1968
Dan Hartman	Member		2021	2024	1962

## 3.5 Internal organizational structure

The Board of Directors has adopted Organizational Rules (including Charters for the Compensation and Nomination Committee and the Audit and Finance Committee), which define the essential roles and responsibilities of the Board of Directors, the committees of the Board, the Chairman of the Board, the CEO and the executive management (the "Executive Committee").

In accordance with good corporate governance standards, the Board of Directors has established two sub-committees, with membership determined according to expertise.



# Corporate Governance

## Compensation and Nomination Committee:

The Compensation and Nomination Committee (“CNC”) consists of Robert Clarke (Chair), Kuno Sommer and Dennis Ausiello. In case of vacancies on the CNC, the Board shall appoint from among its members substitutes for a term of office extending until completion of the following Annual General Meeting (AGM).

The CNC is established as a permanent committee of the Board of Directors. The CNC shall assist the Board in establishing the compensation of the members of the Board, the CEO and the Executive Committee (Geschäftsleitung), and the guidelines for nomination and election of the members of the Board, its committees and the CEO.

The CNC shall have the following responsibilities:

- to draw up principles for compensation of members of the Board of Directors and the Executive Committee and to submit them to the Board of Directors for approval;
- to propose to the Board of Directors the resolution to be submitted to the AGM for the maximum total compensation of the Board of Directors and Executive Committee;
- subject to and within the bounds of the maximum compensation approved by the AGM, to request approval by the Board of Directors of the individual remuneration packages to be paid to members of the Board of Directors and members of the Executive Committee;
- to request approval by the Board of Directors regarding the determination of the compensation-related targets for the Executive Committee;
- to request approval by the Board of Directors regarding the adjustments to the articles of association relating to remuneration;
- to prepare the Compensation Report and submit it to the Board of Directors;
- to propose to the Board the contractual terms (if any) and compensation of the members of the Board (incl. the Chairman of the Board) and the CEO.
- to determine, upon proposal by the CEO, the terms of employment, promotion or termination of the other members of the Executive Committee (except for the CEO).
- to determine, upon proposal by the CEO, the grants and awards under incentive-based compensation plans and equity-based plans, in each case consistent with the terms of such plans, provided that such grants and awards shall be within the bounds of the maximum compensation approved by the AGM;
- to evaluate the Executive Committee's performance in light of the goals and objectives; and
- to oversee annual evaluation of the Board and the Executive Committee for the prior year.

## Audit and Finance Committee:

The Audit and Finance Committee (“AFC”) consists of Bernard Bollag (Chair) and Dennis Ausiello. The term of office of the members of the AFC is until the next AGM. Re-election is possible. The Board of Directors appoints the chairperson.

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The AFC is established as a permanent committee of the Board of Directors. The Board of Directors is ultimately responsible for the general policies and management of the Company, amongst others for the accounting, financial controls, and financial planning. The Audit and Finance Committee prepares recommendations to the Board of Directors that may be approved by the Board of Directors.

The Audit and Finance Committee shall make an independent assessment of the quality of external auditors, the financial statements and the internal controls and assists the Board in fulfilling its duties to supervise management.

In particular, the AFC has the following duties and responsibilities:

- assess the effectiveness and independence of the external auditors (the statutory auditors and group auditors) and the internal controls;
- make a quality assessment of the financial risk management framework and monitor its implementation within the Company;
- decide upon audit work outside the regular audit of the yearly accounts, including operational audits and system audits;
- review the individual and consolidated financial statements and discuss these with the CFO and, separately with the responsible person(s) of the external auditors;
- decide whether the statutory and consolidated financial statements are to be recommended to the Board for presentation to the AGM;
- assess the performance and the fees charged by the external auditors and ascertain their independence;
- review the scope of the prospective external audit and the estimated audit fees;
- take notice of all comments including on critical accounting policies and practices from the external auditors;
- support the Board of Directors in preparing the decision on appointment and/or removal of the external auditors;
- discuss with the CFO any legal matters (including the status of purchase, financial and business development agreements) that may have a material impact on the Company's financial statements or which could materially impact the Company's balance sheet;
- evaluate the CFO's principles and proposals for, and formulate recommendations to the Board of Directors in regards to financial planning; and
- review finance policy and operations in treasury, controlling, insurance, taxes and investment and acquisitions.

## **3.6 Definition of areas of responsibility**

The Board's non-transferable and inalienable duties include: (i) the ultimate management of the Company and the giving of the necessary directives in this regard; (ii) the determination of the organization of the Company; (iii) the structuring of the accounting system, financial controls and financial planning; (iv) the appointment and removal of the

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persons entrusted with the management and representation of the Company; (v) the ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with applicable law, the articles of association, regulations and directives; (vi) the preparation of the annual report as well as the preparation of shareholders' meetings and the implementation of their resolutions; (vii) notification of the judge in case of over-indebtedness; (viii) the adoption of resolutions concerning increases in share capital to the extent that such power is vested in the Board, including resolutions concerning the confirmation of capital increases and respective amendments to the articles of association, and (ix) the non-transferable and inalienable duties and powers of the Board pursuant to the Swiss Federal Merger Act (Fusionsgesetz) and any other applicable law.

In accordance with Swiss law, the articles of association and the Organizational Rules and subject to those matters that lie within the responsibility of the Board by law, the articles of association and the Organizational Rules, the Board of Directors has delegated the Company's management to the CEO, who leads the top tier of the Company's Executive Committee.

## **3.7 Information and control instruments vis-à-vis the executive committee**

The Board of Directors receives regular reports regarding the financial and business situation of the Company and semi-annual reports presented by the CEO. In general, the Executive Committee informs the Board of Directors at each meeting about the current course of business and important transactions. Furthermore, the Board of Directors is informed about the most important key figures. Under Spexis' Management Information System (MIS) a monthly report with balance sheet, income statement and other operating key figures as well as comments is prepared. The balance sheet, income statement, cash flow statement and various key figures are prepared and consolidated on a monthly basis. These figures are compared with the budget. At the meetings of the Board of Directors, the financial reports are discussed with the Executive Committee. Extraordinary events and important decisions are brought to the attention of all members of the Board of Directors immediately. The Company also has an internal control system (ICS) and a risk management system, which are described under the heading Risk assessment on page 94. Spexis does not have an internal audit department.

## **4 Executive Committee**

In the following section the Executive Committee composition is shown as per December 31, 2023. The Executive Committee consists of 1 member, which has a number of (unpaid) operational management roles at the Company's subsidiaries.

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## Executive Committee

### 4.1/4.2 Members of the Executive Committee



**Jeffrey D. Wager**  
**M.D., American**  
CHAIRMAN

Between 2011-2017, Jeff Wager was co-creator and board observer to Grupo Biotoscana SL, a Latin American specialty pharma roll-up financed by Advent International and Essex Woodlands Healthcare Ventures, focused on cancer, infectious and rare diseases, leading to its USD 1 billion 2017 IPO on sales of ~\$240M and 600 staff in 10 LatAm markets. From 2006 – 2010, he formed and led Artisan Pharma, Inc. as its founding CEO, raising \$53M, building the entire team and implementing a 750 patient, 17 country Phase IIb/III study ultimately leading to Artisan's acquisition by Asahi Kasei Pharma Corporation (Japan) in 2011. In 2000, Jeff formed Apeiron Partners, a FINRA-registered life sciences investment bank focused on corporate spin-outs, M+A, corporate venture capital and principal investments. In the process, successfully completed six spin-outs, including Targacept, Inc. (NASDAQ:TRGT), Artisan Pharma (from Asahi Kasei), Biocritica (\$120M annual revenue Xigris® franchise from Eli Lilly) and KBI Bio-Pharma (acquired by JSR Corporation (Japan)). Between 2003 and 2006, advised on the

establishment and investment of Z-Cube s.r.l., the €60M corporate venture fund of the Zambon Group, a privately held Italian pharmaceutical company. Between 1995-2000, Jeff was with Medical Science Partners, a Harvard-founded VC fund focused on forming spin-outs from the Harvard medical system, including deCODE, ICAgen, Inspire, Oravax (subsequently Acambis), ZYCOS, Inc. and Diatide, amongst others.

Jeff Wager began his career with a life sciences unit of the Bank of Tokyo, where he led business development, responsible for helping Japanese pharmaceutical clients establish overseas affiliates, design and conduct overseas clinical development and structure strategic alliances. Jeff is also a co-founder and Chairman of Proterris, Inc., a phase II/III clinical-stage firm focused on therapeutic uses of low-dose gaseous and small molecule carbon monoxide for transplant, fibrosis, and oncology indications. Jeff Wager earned his MD from Rush Medical College and his MBA from the University of Chicago.

# Corporate Governance

Name	Function	Year of joining Spexis	Year of birth
Jeffrey D. Wager	Chief Executive Officer	2021	1962

## 4.3 Rules on the number of permitted activities

According to article 35 of the Company's articles of association, each member of the Executive Committee may, with approval of the CNC, cumulatively assume not more than the following number of mandates in the Board of Directors, the senior management or an administrative body of a legal entity which is obliged to be registered in the Swiss commercial register or an equivalent foreign register: a) two mandates for publicly traded companies pursuant to Article 727 para. 1 number 1 CO; (b) one mandate for companies pursuant to Article 727 para. 1 number 2 CO; and c) two mandates for companies which do not fulfil the criteria under litera a) and b) hereunder.

Mandates held in several legal entities each operating under the same management or same beneficial owner (group) are deemed to be a single mandate. If a legal entity fulfills several of the above mentioned criteria, it can be freely counted towards any category. The following mandates are exempt from these restrictions: a) mandates in legal entities which are controlled by the Company or which control the Company and b) honorary mandates in charitable legal entities.

## 4.4 Management contracts

There are no management or service contracts with third parties.

## 5 Compensation, shareholdings and loans

For details on the compensation of the members of the Board of Directors and the Executive Committee as well as the employee stock ownership plans of the Company, please refer to the compensation report starting on page 39 of this annual report.

Details on shares and options held by the Board of Directors and the Executive Committee and the rules in the articles of association regarding compensation and loans to members of the Board of Directors and the Executive Committee can be found in the compensation report starting on page 39 of this annual report.

## 6 Shareholder's participation rights

### 6.1 Voting rights restrictions and representation

Shareholders who are entered in the share register of the Company are entitled to vote at general meetings of shareholders. The deadline for being entered in the share register is set approximately 14 days prior to the general meeting of shareholders. The exact date is made public with the press release following the presentation of the financial results to

# Corporate Governance

the public for the full year ending on 31 December. For limitations on transferability and nominee registrations see Section 2.6.

## 6.2 Quorums required by the articles of association

Shareholders' resolutions generally require the approval of an absolute majority of the votes represented at the general meeting of shareholders (with abstentions, blank or invalid ballots being counted towards the total number of votes whose majority is to be reached) unless otherwise required by Swiss law or the articles of association. The resolutions requiring the approval of an absolute majority of the votes represented include, inter alia, amendments to the articles of association (subject to exceptions), the election and removal of the Chairman and the members of the Board, the independent voting rights representative and the auditors, approval of the annual report and the financial statements, approval of dividends (if any), approval of the aggregate amounts of compensation of the members of the Board and the Executive Committee, releasing the members of the Board and the Executive Committee from liability for matters disclosed to the general meeting of shareholders, and ordering an independent investigation into specific matters proposed to the general meeting (Sonderprüfung).

A resolution passed at a general meeting of shareholders with a qualified majority of at least two-thirds of the votes represented and the absolute majority of the nominal share capital represented at such meeting (a "Qualified Majority") is required by law and/or the articles of association for, among others:

- (i) modifications of the Company's purpose;
- (ii) the creation of shares with preferential voting rights;
- (iii) restrictions of the transferability of registered shares and the easing or lifting of such restrictions;
- (iv) an authorised or conditional share capital increase;
- (v) a share capital increase by conversion of equity surplus, against contributions in kind or for purposes of an acquisition of assets, or the granting of special benefits;
- (vi) the limitation or exclusion of pre-emptive rights of shareholders;
- (vii) the relocation of the registered office of the Company; and
- (viii) the dissolution of the Company. The Qualified Majority requirement and, in some instances, other qualified majority requirements, apply by law to a merger (Fusion), demerger (Spaltung) or conversion (Umwandlung) of the Company. The introduction or abolition of any provision of the articles of association providing for a higher majority requirement than is prescribed by law must be adopted by such majority.

Shareholders of the Company may elect to be represented by proxy at general meetings of shareholders, by the independent voting rights representative, by their legal representative(s), or, by means of a written proxy or by any other proxy who need not be a shareholder.

# Corporate Governance

## **6.3 Convocation of the general meeting of shareholders**

General meetings of shareholders are convened by the Board of Directors. The Annual General Meeting (AGM) shall be called by the Board of Directors, or, if necessary, by the Auditors. It may also be called by the Liquidator.

## **6.4 Inclusion of items on the agenda**

Shareholders holding shares with a nominal value of at least 5% of the share capital may at least 45 days prior to the meeting of shareholders demand that an item be included in the agenda; and, in the case of elections, the names of the proposed candidates shall be given. No resolution shall be passed on items for which no proper notice has been given, excluding the provisions regarding meetings of all shareholders; this prohibition does not apply to proposals to call an extraordinary meeting of shareholders or to initiate a special audit. No prior notice is required for proposals concerning items included in the agenda and discussions that do not result in the adoption of resolutions. A meeting of shareholders must be also held for reasons stated by law.

## **6.5 Entries in the share register**

The relevant date determining the right of shareholders to participate in the meeting of shareholders on the basis of entries in the share register is set by the Board of Directors in the invitation to the meeting of shareholders.

## **7 Changes of control and defense measures**

### **7.1 Duty to make an offer**

There is no provision on opting-out or opting-up in the articles of association of the Company. The threshold of 33 1/3% of the voting rights of an offeree company specified in Article 135 of the Financial Market Infrastructure Act (FMIA) is thus applicable.

### **7.2 Clauses on changes of control**

There is no contractual agreement for members of the Board of Directors or members of the Executive Committee in the event of change in control. However, the Company's ESOP2013 and ESOP2019 provide for an acceleration of vesting in the event of a change of control.

## **8 Auditors**

### **8.1 Duration of the mandate and term office of lead auditor**

By resolution of the shareholders on June 26, 2023 Deloitte AG, Meret Oppenheim-Strasse 1a, 4053 Basel have been elected as the Company's statutory auditors for the financial year 2023.



# Corporate Governance

Mr. Matthias Gschwend has been lead auditor since 2023. The term of office of the lead auditor is seven years.

## **8.2 Auditing fees**

The total auditing fees in connection with auditing the statutory financial statements of Spexis Ltd, as well as the consolidated financial statements charged by EY in the year under review was CHF 126'505. The newly appointed auditors from Deloitte have charged CHF 70'000 for the half-year review 2023 and preparatory work of the 2023 annual audit.

## **8.3 Additional fees**

During the year ending December 31, 2023, additional fees amounting to CHF 23'800 were billed by EY for audit related work in connection with providing audit opinions for capital reduction, capital increase and other general audit related services.

## **8.4 Information instruments pertaining to the external audit**

The Board of Directors is responsible for the evaluation of the external audit and decides on an annual basis on the scope of the external audit and its audit plan. The auditor prepares an annual report for the Board of Directors. There is at least one meeting between the external auditors and the Board of Directors.

The external auditors meet with the AFC to present their plan, scope, audit approach, budget and audit results. The AFC reviews these and evaluates the independence of the external auditors from a risk analysis perspective. In addition to that, the auditors present their opinions resulting from an integrated audit, along with an annual management letter.

## **9 Information Policy**

The most important information tools of the Company are the annual and semi-annual reports, the website, the presentation of financial statements, media releases and the Annual General Meeting (AGM). The corporate website of the Company can be accessed at [www.spexisbio.com](http://www.spexisbio.com).

Spexis is a listed company. The Listing Rules of the SIX Swiss Exchange can be found at: <https://www.ser-ag.com/dam/downloads/regulation/listing/listing-rules/LR-en.pdf>

The Investor Relations department is available to respond to your questions on Corporate Governance matters. You can contact us by phone (+41 61 567 16 00) or by writing to us at Spexis Ltd, Hegenheimermattweg 125, CH-4123 Allschwil, Attention: Investor Relations or by e-mail at [info@spexisbio.com](mailto:info@spexisbio.com).

# Corporate Governance

## 10 Quiet Periods

According to the Company's insider trading policy, trading securities of the Company is prohibited for insiders during the periods commencing at the close of business on the date that is two weeks before the end of any financial close of the Company and ends twenty-four (24) hours following the public release of earnings data for such period. In addition, the Company's compliance officer may declare a closed period if, in the judgment of the compliance officer, insider information is available within the Company that would make transactions by insiders inappropriate.

# Compensation Report

## 1 Introduction

The compensation report describes our compensation philosophy and principles, as well as the governance framework related to the compensation of the Board of Directors (Board) and the Executive Committee (EC) of Spexis AG. The report also provides details of the compensation made to the Board and to the EC for the respective reporting year and their shareholding in the Company. This report is based on Section 5 of the annex to the Corporate Governance Directive issued by SIX Swiss Exchange and Articles 13 to 16 of the Ordinance against Excessive Compensation in Listed Stock Companies (OaEC). The compensation report aims to create transparency regarding the compensation provided by the Company.

## 2 Compensation Policy

The objectives of the compensation policy include attracting, retaining, and motivating employees to achieve results. The compensation policy is designed to support a performance culture. The compensation policy balances short- and long-term incentive components to reflect the responsibility of the employees' roles and we believe that we align the interests of the Board, management, and employees with the interests of the Company and its shareholders.

## 3 Compensation Periods and Approval by Shareholders

Our Annual General Shareholders' Meeting (AGM or General Meeting) must vote each year on the approval of motions from the Board concerning the aggregate maximum amount of compensation for the Board and separately for the EC until the following AGM. For the Board, the compensation period starts after the AGM and ends on the day before the AGM of the subsequent year. Concerning the Board compensation, the approval of the shareholders for fixed compensation is prospective. For the compensation of the EC, the approval of the shareholders is prospective allowing the Board to set targets and reward achievements of corporate and individual goals for each member of the EC.

## 4 Responsibilities of the Compensation and Nomination Committee

### 4.1 Composition of the Compensation and Nomination Committee

Our members of the Compensation and Nomination Committee (CNC) are elected by the General Meeting for a one-year term. The General Meeting held on June 26, 2023, elected Dennis Ausiello, Robert Clarke and Kuno Sommer as the members.

### 4.2 Tasks/Competences of the CNC

The CNC reviews and validates the compensation policies, compensation models, and principles of compensation for the members of the Board, the EC, and the Company's total compensation costs. It assists the Board in determining the compensation system

# Compensation Report

and the principles of compensation in the preparation of motions for the General Meeting to approve compensation. The CNC may submit proposals and recommendations to the Board on all matters pertaining to compensation. All final decisions are taken by the Board within the framework approved by the General Meeting.

On an ongoing basis, the CNC reviews and monitors the compensation policy in light of the Company's business strategy, corporate goals, and values. The CNC aims to safeguard the long-term interests of our shareholders while allowing Spexis AG to attract and retain employees with the required qualifications. The CNC reviews periodically the stock option ownership program regarding its suitability for incentivizing employees and aligning with corporate goals.

For more information about the CNC responsibilities, see note 3.5 in the Corporate Governance report.

## **5 Description of Benchmarks Used, Salary Comparisons, and Support from External Consultants**

In 2020, we performed a benchmark study with an external consultancy firm (Kienbaum) to assess the market competitiveness of our compensation levels, to get a benchmarking against industry standards of compensation levels, and to better understand market trends. Due to the structural changes of the Company, benchmark topics were not addressed in 2023 as initially planned.

## **6 Rules in the Articles Regarding Compensation**

Our Articles of Association include rules regarding (i) principles of compensation of the Board and the EC (Articles 30 to 32 and 37), (ii) rules on say-on-pay (Article 17), (iii) agreements regarding compensation of the Board and EC (Article 33), and (iv) loans and credits and pension benefits not based on occupational pension schemes (Article 36).

### **A Principles of Compensation**

According to Articles 30 to 32 of our Articles of Association and subject to the approval by the General Meeting, the compensation payable to the members of the Board may include the following elements:

- a) a fixed basic remuneration
- b) a fixed committee fee for work in a committee of the Board
- c) a possible additional compensation of the Board for the preceding business year and
- d) an equity-based remuneration.

We may pay such compensation in cash, non-cash benefits, options, shares, or equity-based instruments in the Company. Subject to the approval by the General Meeting, the members of the Board may receive remuneration in cash at customary conditions for

# Compensation Report

advisory services rendered outside their capacity as Board member for the benefit of the Company or companies under its control. The General Meeting may approve an additional bonus for the members of the Board in exceptional cases.

Subject to the approval by the General Meeting, the compensation payable to our members of the EC may include the following elements:

- a) a fixed remuneration payable in cash
- b) a performance-related remuneration payable in cash (variable)
- c) an equity-based remuneration.

The performance-related remuneration depends on our business success and the individual performance of the member of the EC based on the achievement of pre-determined targets during a business year. Our Board determines annually at the beginning of each business year the decisive targets of the Company and their weighting upon proposal by the Compensation Committee. Our Board also determines the amount of the performance-related cash remuneration for each member of the EC, which according to our Articles of Association may not exceed 100 percent of the respective individual fixed remuneration for the same year.

According to Article 32 of our Articles of Association, if new members of the EC are appointed for current or new positions of the EC after the General Meeting has approved the maximum total compensation for members of the EC for the year in question, we may pay the new members an additional amount. Such an additional amount payable to all new members of the EC may not exceed 50% of the respective total compensation (fixed, performance-related, and equity-based) already approved by the General Meeting. We may pay the additional compensation only if the total compensation amount already approved by the General Meeting for the compensation of the members of the EC is insufficient to compensate the newly appointed members.

According to Article 37 of our Articles of Association, compensation may be paid in the form of shares, options or other equity-related instruments. The Board of Directors shall determine grant, vesting, exercise, restriction and forfeiture conditions and periods. The lock-up or vesting period shall be at least three years whereby the Board may foresee a shorter period for valid reasons. The conditions may provide for continuation, acceleration or removal of vesting, exercise, restriction, and forfeiture conditions and periods, for payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case in the event of pre-determined events such as a change of control or termination of service.

# Compensation Report

## **B Rules on Say-on-Pay at the General Meeting of Shareholders**

The Compensation Ordinance requires a “say on pay” approval mechanism for the compensation of the Board and the EC pursuant to which the shareholders must vote separately on the compensation of the Board and the EC on an annual basis.

Pursuant to Article 17 of our Articles of Association, the General Meeting must approve each year separately the total maximum amounts for:

- a) the compensation of the Board for the next term of office, whereby the cash-based and the equity-based compensation may be voted in two separate votes;
- b) a possible additional compensation of the Board for the preceding business year; and
- c) the compensation of the EC for the next business year after the General Meeting, whereby the cash-based and the equity-based compensation may be voted on in two separate votes.

If our General Meeting refuses to approve a respective motion by the Board, the Board may either submit a new motion at the same meeting or determine a maximum total remuneration or several maximum partial remunerations, subject to the relevant principles of the compensation, and submit them to the next General Meeting for approval.

## **C Compensation Agreements**

According to Article 33 of our Articles of Association, agreements on compensation with members of the Board may not exceed the term of a maximum of one year. Employment agreements of the members of the EC are principally concluded for an indefinite period whereas a notice period may not exceed 12 months by the end of each month. If an employment agreement is concluded for a fixed term, such term may not exceed one year.

A post-contractual non-compete agreement shall be permitted, provided that the duration does not exceed twelve months and that the related compensation does not exceed the amount of individual compensation of the preceding twelve months.

We may pay fixed expenses up to the amount approved by the tax authorities. We may reimburse additional expenses not covered by such an arrangement following the presentation of the supporting receipts. Such fixed and itemized expenses are not subject to a vote by the General Meeting.

# Compensation Report

## **D Loans, Credits and Pension Benefits not based on Occupational Pension Schemes**

According to Article 36 of our Articles of Association, we may not grant loans, credits or securities to the members of the Board and the EC, except advances in the maximum amount of CHF 200'000 per person for attorney's fees, court, and other similar costs required for the defense of third-party liability claims.

## **7 Voting procedures at the 2023 General Meeting**

We proposed the following votes on compensation for shareholder approval:

- 1 Board of Directors
  - The maximum total amount of the fixed compensation for the period between the 2023 General Meeting and the 2024 General Meeting.
  - The maximum total amount for an allocation of stock options under the Employee Stock Options Plan (ESOP2019).
  
- 2 Executive Committee
  - The maximum total amount of the fixed and variable compensation payable in the business year 2024.
  - The maximum total amount for an allocation of employee stock options under the Employee Stock Options Plan (ESOP2019).

## **8 Board of Directors Compensation**

### **A Overview**

The members of the Board receive a fixed annual cash compensation, including Board membership and sub-committee memberships and a grant of options. Any stock options granted are non-transferable, except in the case of death. In case of death, only vested options are transferable. For the Board, the compensation period starts after the Annual General Meetings (AGM) and ends on the day before the AGM of the subsequent year. Stock options as of the ESOP2013 for the Board vest after the AGM until the day before the AGM of the subsequent year. Stock options as of the ESOP2019 for the Board vest 25% on the grant date, thereafter 25% vest on each of the three consecutive calendar quarters following the grant date.

When granting options, the Board may deviate from this vesting schedule in individual cases. During such vesting periods, employee stock options may lapse subject to certain conditions as defined by the ESOPs. The term of the employee stock options granted is 10 years for the ESOP2013 and 7 years for the ESOP2019. For more information about



# Compensation Report

the underlying Plan, see note 20 “Share-based payment arrangements” in the consolidated financial statements.

Both components, cash fees and stock option allocation, do not depend on the achievement of corporate goals or the individual performance of a Board member. Additionally, we assume the payment of the employer's social security contributions due on these amounts wherever such is applicable. Board members do not receive any variable compensation.

## **B Cash compensation approved at the 2023 AGM for the period between AGM 2023 and AGM 2024**

At our 2023 General Meeting, the shareholders approved for the period between the 2023 and the 2024 General Meeting a total cash compensation for the entire Board of a maximum of **CHF 278'300** (2022: CHF 278'300), including social security contributions and including a maximum of **CHF 20'000** for additional consultancy services by Board members.

## **C Equity-based compensation approved at the 2023 AGM for the period between AGM 2023 and AGM 2024**

At our 2023 General Meeting, the shareholders approved for the entire Board a total maximum amount of **CHF 65'618** plus related social security contributions (2022: CHF 251'744) to be granted in a maximum of **250'000 options** (2022: 250'000) for the period until the 2024 General Meeting.

## **D Disclosure of total compensation of members of the Board – 2023 AGM to 2024 AGM**

<b>AGM 2023- AGM 2024 in CHF</b>	<b>Annual Cash Fee</b>	<b>Consult- ancy Fee</b>	<b>Value of Stock Options<sup>1</sup></b>	<b>Social Security<sup>2</sup></b>	<b>Total Compens- ation</b>	<b>Number of stock options granted</b>
Wager Jeffrey <sup>3</sup>	30'000	-	-	-	30'000	-
Ausiello Dennis	15'000	-	-	-	15'000	-
Sommer Kuno	22'500	-	-	525	23'025	-
Bollag Bernard	22'500	-	-	1'440	23'940	-
Hartman Dan	15'000	-	-	-	15'000	-
Clarke Robert	15'000	-	-	-	15'000	-
<b>Total</b>	<b>120'000</b>	<b>-</b>	<b>-</b>	<b>1'965</b>	<b>121'965</b>	<b>-</b>

<sup>1</sup> Reflects value of share-based payments in accordance with IFRS 2 at grant. Such stock option values are theoretical values and do not reflect income tax values and do also take into consideration certain vesting provisions.

<sup>2</sup> Covers all employer-paid statutory social security contributions.

<sup>3</sup> Jeffrey Wager, as Chairman and CEO has one consolidated number of stock options - listed under Article 9D

# Compensation Report

## E Disclosure of total compensation of members of the Board – 2022 AGM to 2023 AGM

AGM 2022- AGM 2023 in CHF	Annual Cash Fee	Consult- ancy Fee	Value of Stock Options <sup>1</sup>	Social Security <sup>2</sup>	Total Compens- ation	Number of stock options granted
Wager Jeffrey <sup>3</sup>	60'000	-	-	-	60'000	-
Ausiello Dennis	30'000	-	30'561	-	60'561	50'000
Sommer Kuno	30'000	-	30'561	705	61'266	50'000
Bollag Bernard	30'000	-	30'561	1'932	62'493	50'000
Hartman Dan	30'000	-	30'561	-	60'561	50'000
Clarke Robert	30'000	-	30'561	-	60'561	50'000
<b>Total</b>	<b>210'000</b>	<b>-</b>	<b>152'805</b>	<b>2'637</b>	<b>365'442</b>	<b>250'000</b>

<sup>1</sup> Reflects value of share-based payments in accordance with IFRS 2 at grant. Such stock option values are theoretical values and do not reflect income tax values and do also take into consideration certain vesting provisions.

<sup>2</sup> Covers all employer-paid statutory social security contributions.

<sup>3</sup> Jeffrey Wager, as Chairman and CEO has one consolidated number of stock options - listed under Article 9D

## 9 Executive Committee Compensation

### A Overview

Our members of the EC receive a fixed annual base salary (including the base salary, social security contributions, and payments to the pension fund) which takes into consideration the scope and responsibilities of the role.

In addition, our EC members receive a performance-related annual bonus, expressed as a percentage of the annual base salary. Depending on their function, the target bonus ranges between 25% and 45% of the annual base salary for the members of the EC.

The payment of performance-based remuneration depends on the achievement by the EC member of pre-defined objectives and on the achievement of the corporate objectives.

The corporate objectives are adopted by the Board and reflect the short-, medium- and long-term goals of the Company. These relate to the financing and economics of the Company, as well as to the progress on the development of our products.

The individual objectives reflect the corporate goals, as well as the objectives within the area of responsibility of the EC member.

# Compensation Report

Our members of the EC receive a grant of stock options at the discretion of the CNC's evaluation, Board approval and based on the role and responsibility of the respective member of the EC. Any stock options granted are non-transferable, except in case of death. According to the ESOP2013 and ESOP2019, 25% of the stock options vest after a period of one year from the grant date, thereafter, each calendar quarter 6.25% of the total stock options vest for twelve calendar quarters. When granting options, the Board may deviate from this vesting schedule in individual cases. During such vesting periods, employee stock options may lapse or become forfeited subject to certain conditions as defined by the ESOP2013 and the ESOP2019. Such conditions relate to death, retirement, disability, and termination of, or resignation from, employment. In such cases, only the vested options, as well as options for certain pre-specified periods may be exercised, while the remaining options lapse. The term of the employee stock options granted is 10 years for the ESOP2013 and 7 years for the ESOP2019. For more information about the ESOP2013 and ESOP2019, see note 20 "Share-based payment arrangements" in the consolidated financial statements.

The Company pension fund insures the annual base salary of the EC. For further details please see note 18 "Employee benefits" of the consolidated financial statements.

Other benefits include one-off anniversary payments of CHF 1'500, CHF 3'000, CHF 4'500, CHF 6'000, and CHF 7'500 after 5, 10, 15, 20, and 25 years of service respectively. An expense regulation for flat rate charges ("Pauschalspesen") for Executive Committee members has been approved by the tax authority Basel-Landschaft.

Our employment agreements with EC members stipulate a notice period between one and three months at the end of each month. They do not contain any "golden parachutes" in case of a change of control, or any severance provisions in case of termination of employment.

## **B Cash compensation approved at the 2022 and 2023 AGMs**

At our 2022 General Meeting, the shareholders approved a maximum total compensation for the EC payable in 2023 as follows: **CHF 1'700'000** for fixed (non-performance-related) compensation and **CHF 900'000** for variable (performance related) compensation (relating to the performance in 2022 but generally payable only in the first quarter of 2023).

At our 2023 General Meeting, the shareholders approved a maximum total compensation for the EC payable in 2024 as follows: **CHF 2'600'000** for fixed (non-performance-related) compensation and **CHF 900'000** for the variable (performance related) compensation (relating to the performance in 2023 but generally payable only in the first quarter of 2024).

## **C Equity-based compensation approved at the 2022 and 2023 AGMs**

# Compensation Report

At our 2022 General Meeting, the shareholders approved a total maximum grant of **2'400'000** options to the EC with a maximum value at the time of grant of **CHF 2'405'452** plus related social security costs estimated at CHF 146'812.

At our 2023 General Meeting, the shareholders approved a total maximum grant of **1'000'000 options** to the EC with a maximum value at the time of grant of **CHF 310'000** plus related social security costs estimated at CHF 18'675.

## D Disclosure of compensation of members of the Executive Committee paid during the year 2023

2023 in CHF	Annual Cash Fee	Cash bonus	Stock Options <sup>1</sup>	Social Security <sup>2</sup>	Total Compens- ation	Number of stock options granted
Wager Jeffrey	284'728	-	-	9'085	293'813	-
3 former EC members (leavers) <sup>3</sup>	578'112	-	-	35'080	613'192	-
<b>Total existing EC members</b>	<b>862'840</b>	<b>-</b>	<b>-</b>	<b>44'165</b>	<b>907'005</b>	<b>-</b>

<sup>1</sup> Reflects value of share-based payments in accordance with IFRS 2 at grant. Such stock option values are theoretical values and do not reflect income tax values and do also take into consideration certain vesting provisions.

<sup>2</sup> Covers all employer-paid statutory social security contributions (AHV/IV/ALV for Swiss-based parties) and employer pension contributions to Spexis's pension fund.

<sup>3</sup> Juergen Froelich left the company at the end of March 2023 (continued as consultant in a part-time role), Stephan Wehselau left the company at the end of June 2023, Hernan Levett left the company at the end of June 2023.

## E Disclosure of compensation of members of the Executive Committee paid during the year 2022

2022 in CHF	Annual Cash Fee	Cash bonus	Stock Options <sup>1</sup>	Social Security <sup>2</sup>	Total Compens- ation	Number of stock options granted
Wager Jeffrey	307'293	-	-	15'482	322'775	700'000
Other 3 members of the EC	960'340	104'104	-	112'685	1'177'129	1'700'000
<b>Total existing EC members<sup>3</sup></b>	<b>1'267'633</b>	<b>104'104</b>	<b>-</b>	<b>128'167</b>	<b>1'499'904</b>	<b>2'400'000</b>
3 former EC members (leavers) <sup>4</sup>	110'215	187'702	-	37'377	335'294	-
<b>Grand Total</b>	<b>1'377'848</b>	<b>291'806</b>	<b>-</b>	<b>165'544</b>	<b>1'835'198</b>	<b>2'400'000</b>

<sup>1</sup> Reflects value of share-based payments in accordance with IFRS 2 at grant. Such stock option values are theoretical values and do not reflect income tax values and do also take into consideration certain vesting provisions.

# Compensation Report

<sup>2</sup> Covers all employer-paid statutory social security contributions (AHV/IV/ALV for Swiss-based parties) and employer pension contributions to Spexis's pension fund.

<sup>3</sup> Reflects all active members of the EC for the full year 2022.

<sup>4</sup> Leavers:

Gohkan Batur, former CEO - on payroll till end of March 2022 (CHF 78'279 + social charges of CHF 25'583) and payout of 2021 bonus (CHF 139'644)

Franziska Müller, former Head of HR- employed till end of March 2022 and 2021 Bonus

Daniel Obrecht, former CSO - 2021 Bonus payment in 2022 - retired end of December 2021

## 10 Executive Agreements

The employment contracts with the EC members are compliant with the CO and the Company's Articles of Association. Any post-contractual non-compete clauses for the period after termination of an employment agreement shall not exceed one year with the maximum compensation for such a period not exceeding the last total annual compensation of the EC member in question and is limited by industry and geography.

## 11 Loans and Credits

No loans, credits, or securities have been granted to members of the Board and the EC, except the following loans granted by EnBiotix, Inc. in connection with the exercise of stock options before the merger with Spexis (at the time still named Polyphor AG):

Name	Loan Amount (USD)
Jeffrey D. Wager	4'838.33
Robert Clarke	29'500.00

## 12 Compensation of Former Members of the Board and Executive Committee

Regarding former Board members, Spexis AG made no payments in the period under review nor the previous period. The compensation of former members of the Executive Committee is disclosed in the table in section 9 D above.

# Compensation Report

## 13 Shareholdings of Members of the Board and Executive Committee

### A Disclosure of shareholdings in the Company of Board members for the year 2023

Board December 31, 2022	Number of shares	Number of share options (vested)	Number of share options (unvested)
Wager Jeffrey <sup>1</sup>	9'048'383	306'250	393'750
Ausiello Dennis	488'379	50'000	-
Sommer Kuno	5'000	69'000	-
Bollag Bernard	5'240	64'250	-
Hartman Dan	105'554	50'000	-
Clarke Robert	87'211	50'000	-
<b>Total</b>	<b>9'739'767</b>	<b>589'500</b>	<b>393'750</b>

<sup>1</sup> Of total shares 7'184'301 held indirectly by Aperion Holdings Limited that is beneficially owned

### B Disclosure of shareholdings in the Company of EC members for the year 2023

Executive Committee December 31, 2023	Number of shares	Number of share options (vested)	Number of share options (unvested)
Wager Jeffrey <sup>1</sup>	9'048'383	306'250	393'750
Juergen Froehlich	377'203	218'750	281'250
Hernan Levett	-	267'938	-
Stephan Wehselau <sup>2</sup>	357'563	187'500	-
<b>Total</b>	<b>9'783'149</b>	<b>980'438</b>	<b>675'000</b>

<sup>1</sup> Of total shares 7'184'301 held indirectly by Aperion Holdings Limited that is beneficially owned

<sup>2</sup> Shares held by NIK Beteiligungsgesellschaft that is beneficially owned by Stephan Wehselau

### C Disclosure of shareholdings in the Company of Board members for the year 2022

Board December 31, 2022	Number of shares	Number of share options (vested)	Number of share options (unvested)
Wager Jeffrey <sup>1</sup>	9'048'383	-	700'000
Ausiello Dennis	488'379	50'000	-
Sommer Kuno	5'000	69'000	-
Bollag Bernard	5'240	64'250	-
Hartman Dan	105'554	50'000	-
Clarke Robert	87'211	50'000	-
<b>Total</b>	<b>9'739'767</b>	<b>283'250</b>	<b>700'000</b>

<sup>1</sup> Of total shares 7'184'301 held indirectly by Aperion Holdings Limited that is beneficially owned

# Compensation Report

## D Disclosure of shareholdings in the Company of EC members for the year 2022

<b>Executive Committee December 31, 2022</b>	<b>Number of shares</b>	<b>Number of share options (vested)</b>	<b>Number of share options (unvested)</b>
Wager Jeffrey <sup>1</sup>	9'048'383	-	700'000
Juergen Froehlich	377'203	-	500'000
Hernan Levett	-	42'938	600'000
Stephan Wehselau <sup>2</sup>	357'563	-	600'000
<b>Total</b>	<b>9'783'149</b>	<b>42'938</b>	<b>2'400'000</b>

<sup>1</sup> Of total shares 7'184'301 held indirectly by Aperion Holdings Limited that is beneficially owned

<sup>2</sup> Shares held by NIK Beteiligungsgesellschaft that is beneficially owned by Stephan Wehselau

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(unaudited)



## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Consolidated statement of financial position

in CHF	Notes	Going concern values (unaudited) 31.12.2023 CHF	Liquidation values (unaudited) 31.12.2023 CHF	31.12.2022 CHF
<b>Assets</b>				
<i>Current assets</i>				
Cash and cash equivalents	5/2.2	511'497	485'766	1'804'586
Other accounts receivable	6/2.2	451'295	10'582'266	1'057'911
Prepaid expenses and accrued income	7/2.2	2'323'752	-	225'408
<b>Total current assets</b>		<b>3'286'543</b>	<b>11'068'032</b>	<b>3'087'905</b>
<i>Non-current assets</i>				
Property, plant and equipment	8/2.2	326'849	858'968	516'869
Right-of-use assets	9	-	-	1'199'827
Intangible assets (excl. goodwill)	10/2.2	5'022'891	3'950'035	10'045'747
Goodwill	11/2.2	7'694'018	-	14'653'983
Financial assets (rent deposit)	12	447'617	447'617	447'406
<b>Total non-current assets</b>		<b>13'491'375</b>	<b>5'256'619</b>	<b>26'863'832</b>
<b>Total assets</b>		<b>16'777'918</b>	<b>16'324'651</b>	<b>29'951'737</b>
<b>Liabilities and shareholders' equity</b>				
<i>Current liabilities</i>				
Trade accounts payable	13/2.2	3'278'905	1'834'561	1'455'921
Other accounts payable	13/2.2	70'397	7'069'488	74'713
Current lease liability	9	859'605	859'605	846'055
Current portion of debt	14/2.2	1'747'165	1'524'692	646'045
Accrued expenses	15/2.2	2'758'377	2'752'650	2'979'872
<b>Total current liabilities</b>		<b>8'714'449</b>	<b>14'040'997</b>	<b>6'002'605</b>
<i>Non-current liabilities</i>				
Pension liabilities	16	-	-	-
Non-current lease liability	9	2'435'570	2'435'570	3'295'176
Non-current portion of debt	14/2.2	3'340'076	3'067'737	1'251'977
<b>Total non-current liabilities</b>		<b>5'775'647</b>	<b>5'503'308</b>	<b>4'547'152</b>
<b>Total liabilities</b>		<b>14'490'096</b>	<b>19'544'305</b>	<b>10'549'758</b>
<i>Shareholders' equity</i>				
Share capital	17	1'179'290	1'179'290	975'709
Additional paid-in capital		54'728'717	86'898'745	51'192'811
Foreign exchange translation reserve		-418'506	3'932	1'000'098
Accumulated deficit		-53'201'678	-91'301'620	-33'766'639
Equity attributable to Spexis' shareholders		2'287'822	-3'219'653	19'401'979
Non-controlling interest		-	-	-
<b>Total shareholders' equity</b>		<b>2'287'822</b>	<b>-3'219'653</b>	<b>19'401'979</b>
<b>Total liabilities and shareholders' equity</b>		<b>16'777'918</b>	<b>16'324'651</b>	<b>29'951'737</b>

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Consolidated income statement for the year ended December 31

In CHF	Notes	2023 (unaudited)	2022
Other income	4	755'149	1'475'132
Research and development		-12'232'212	-12'661'822
Marketing and sales		-720'352	-1'122'846
General and administrative		-8'352'439	-6'356'875
<b>Net operating expenses</b>		<b>-20'549'855</b>	<b>-18'666'411</b>
<b>Operating loss</b>		<b>-20'549'855</b>	<b>-18'666'411</b>
Financial income	20	173'587	13'397
Financial expenses	20	-974'053	-163'520
Net foreign exchange gain		1'731'453	263'532
<b>Net loss for the period</b>		<b>-19'618'868</b>	<b>-18'553'002</b>
- of which attributable to Spexis' shareholders		-19'618'868	-18'553'002
- of which attributable to non-controlling interest		-	-
Net loss per share (basic)	23	-0.37	-0.38
Net loss per share (diluted)	23	-0.37	-0.38

### Consolidated statement of comprehensive income for the year ended December 31

in CHF	Notes	2023 (unaudited)	2022
<b>Net loss for the period</b>		<b>-19'618'868</b>	<b>-18'553'002</b>
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</i>			
Cumulative translation differences		-1'418'604	297'663
<i>Other comprehensive income that will not be reclassified to profit in subsequent periods</i>			
Remeasurement of pension liabilities	16	-	4'278'960
<b>Other comprehensive income/(loss)</b>		<b>-1'418'604</b>	<b>4'576'623</b>
<b>Total comprehensive loss</b>		<b>-21'037'472</b>	<b>-13'976'379</b>
- of which attributable to Spexis' shareholders		-21'037'472	-13'976'379
- of which attributable to non-controlling interest		-	-

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Consolidated statement of cash flows for the year ended December 31

in CHF	Notes	2023 (unaudited)	2022
<b>Net loss for the period</b>		<b>-19'618'868</b>	<b>-18'553'002</b>
Adjustments for			
- Other non-cash items		1'186'271	75'963
- Depreciation and amortization	8/9/10	892'471	1'418'514
- Impairment of goodwill	11	6'959'965	3'425'036
- Impairment other	9/10	5'520'232	-
- Net finance costs	20	800'466	150'123
- Share-based compensation	18	183'829	2'154'340
- Net foreign exchange gain		-1'731'453	-263'532
Changes in			
- Other accounts receivable		682'182	596'055
- Prepaid expenses and accrued income		-2'380'699	2'074'137
- Trade and other accounts payable		1'943'963	-1'160'821
- Accrued expenses and employee benefits		-34'821	-1'885'590
- Interest received		115'930	13'397
<b>Net cash from operating activities</b>		<b>-5'480'533</b>	<b>-11'955'381</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		-	-16'925
<b>Net cash from investing activities</b>		<b>-</b>	<b>-16'925</b>
<b>Cash flows from financing activities</b>			
Proceeds from convertible loans	14	2'711'400	-
Proceeds from long term loans	14	2'398'440	-
Transaction costs of capital increases		-9'257	-33'020
Proceeds from convertible notes	14	625'000	-
Repayment of lease liabilities	9	-705'977	-857'191
Repayment of infrastructure loan	14	-269'712	-278'713
Interest paid		-396'697	-163'520
<b>Net cash from financing activities</b>		<b>4'353'196</b>	<b>-1'332'444</b>
<b>Net decrease in cash equivalents</b>		<b>-1'127'338</b>	<b>-13'304'750</b>
<b>Cash and cash equivalents at January 1st</b>		<b>1'804'586</b>	<b>14'368'240</b>
Effect of movements in exchange rates on cash and cash equivalents		-165'752	741'095
<b>Cash and cash equivalents as at end of period</b>		<b>511'497</b>	<b>1'804'586</b>

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Consolidated statement of changes in shareholders' equity for the year ended December 31

In CHF	Notes	Share capital	Additional paid-in capital	Foreign exchange translation reserve	Accumulated deficit	Equity attributable to Spexis' shareholders	Non-controlling interest	Total shareholders' equity
<b>Balance as of January 1, 2022</b>		951'101	50'110'685	702'435	-21'646'939	30'117'283	106'458	30'223'741
Net loss of the period					-18'553'002	-18'553'002		-18'553'002
Other comprehensive income				297'663	4'278'960	4'576'623		4'576'623
<b>Total comprehensive loss</b>		-	-	297'663	-14'274'042	-13'976'379	-	-13'976'379
Share-based compensation			186'945		2'154'340	2'341'285		2'341'285
Capital increase to acquire non-controlling interest		3'140	103'318			106'458	-106'458	-0
Capital increase from conversion of notes		21'469	983'908			1'005'376		1'005'376
Transaction costs of capital increases			-192'046			-192'046		-192'046
<b>Balance as of December 31, 2022</b>		975'709	51'192'811	1'000'098	-33'766'639	19'401'979	-	19'401'979
<b>Unaudited</b>								
<b>Balance as of January 1, 2023</b>		975'709	51'192'811	1'000'098	-33'766'640	19'401'979	-	19'401'979
Net loss of the period					-19'618'868	-19'618'868		-19'618'868
Other comprehensive income				-1'418'604	-	-1'418'604		-1'418'604
<b>Total comprehensive loss</b>		-	-	-1'418'604	-19'618'868	-21'037'472	-	-21'037'472
Share-based compensation	18				183'829	183'829		183'829
Capital increase from convertible loans	14/17	130'397	2'530'310			2'660'707		2'660'707
Interest accrued from convertible loan	17		42'231			42'231		42'231
Capital increase from conversion of notes	14	73'184	507'478			580'662		580'662
Transaction costs of capital increases			-			-26'608		-26'608
Equity part of loans with warrant coverage	14		482'494			482'494		482'494
<b>Balance as of December 31, 2023</b>		1'179'290	54'728'717	418'506	-53'201'679	2'287'822	-	2'287'822

## **Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)**

### **Notes to the Consolidated Financial Statements as of December 31, 2023**

#### **1 General information**

Spexis Ltd (“Spexis” or the “Company”, and together with its subsidiaries “the Group”) is a clinical stage, Swiss specialty pharma company.

The legal domicile of the Company is: Spexis AG, Hegenheimermattweg 125, 4123 Allschwil, Switzerland. The Company is listed on the SIX Swiss Exchange under securities no. 10621379 (ISIN CH0106213793, ticker symbol “SPEX”).

The Company was originally incorporated under the name Polyphor Ltd and renamed to Spexis Ltd. as of December 29, 2021, following the legal acquisition of EnBiotix, Inc. in a share exchange transaction.

Spexis is a research-driven clinical-stage biopharmaceutical company based in Allschwil, Switzerland with a strategic focus on macrocycle therapeutics for rare diseases and oncology.

#### **2 Summary of significant accounting policies**

##### **2.1 Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies set forth below have been consistently applied for all years presented.

The consolidated financial statements have been prepared on a historical cost basis - except for items that are required to be accounted for at fair value - and are presented in Swiss Francs (CHF), rounded to the nearest Swiss Franc. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

On November 30, 2023 Spexis was granted a provisional moratorium for 4 months by the Western District Court of the Canton Basel-Landschaft after alleged events of default by SPRIM Global Investments (SGI on various secured loans in the aggregate principal amount of USD 4.5 Mio which Spexis AG, EnBiotix, Inc. (the wholly-owned subsidiary of Spexis) and Spexis Australia Pty Ltd. entered into these loans with SGI throughout 2023. For its part, Spexis contends that the alleged events of default have not occurred. The moratorium was extended for a further 4 months on April 9, 2024.

The Company being in an extended provisional moratorium until August 8, 2024 and given the material uncertainty regarding the future of the Company the status of the pledged entities (Enbiotix Inc. and Spexis Australia Pty Ltd) and its assets (principally ColiFin® rights ex-Europe and Murepavadin inhaled) and no secured capital commitments besides the commitment from IRIS (see note 14), the Group’s board and management decided to present the financial statements under both going concern and liquidation assumptions. Absent any financing secured during the term of the current moratorium, there is a substantial risk that the Company will have to be liquidated.

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

To generate the consolidated going concern balance sheet, the key assumptions used were the following:

- That pursuant to ongoing, good faith negotiations with SGI announced publicly on November 29, 2023, and notwithstanding the enforcement actions undertaken by SGI and contested by Spexis, SGI has agreed in good faith to enter into discussions with Spexis with the view to reaching an agreement on a potential restructuring of the loans from SGI which may include the provision for an additional capital commitment, with the ultimate purpose of supporting the progression of the COPILOT trial.
- This being said, the Company deemed it prudent to impair the value of the capitalized intangible assets of EnBiotix, Inc., its subsidiaries and Spexis Australia Pty Ltd. by 50%, in the event the parties could not reach agreement on debt restructuring.

To generate the consolidated liquidation balance sheet, the following key assumptions were used:

- That despite the good faith negotiations announced on November 29, 2023, no assurance can be provided to Spexis stakeholders that i) the parties will indeed reach a debt restructuring agreement, and/or ii) that the enforcement actions undertaken by SGI will be suspended or reversed, and/or iii) said enforcement actions will not be augmented in the coming weeks or months.
- Accordingly, to provide for these possibilities, the liquidation balance sheet presents the conservative view of the outcome of SGI negotiations and consolidates neither the assets or liabilities of EnBiotix, Inc., its subsidiaries and Spexis Australia Pty Ltd. in their entirety but reflects reasonable proceeds resulting from the deposition of such assets.
- Further, more detailed assumptions underlying the presentation of the liquidation balance sheet is provided in section 2.2 below.

The unaudited consolidated financial statements were authorised for issue by the Company's Board of Directors on May 30, 2024 and are subject to approval of the annual general meeting of shareholders on June 28, 2024.

## 2.2 Liquidation balance sheet

In the liquidation balance sheet, the following assumptions were made:

- The key assumptions for the liquidation values are the sale of several assets of Spexis AG and the sale and deconsolidation of Enbiotix Inc, including its subsidiaries and Spexis Australia Pyt Ltd.
- Other accounts receivable: Includes proceeds from an assumed sale of pledged assets Enbiotix Inc. and its subsidiaries and assets as well as Spexis Australia Pyt Ltd estimated to be in excess of CHF 10'281'356, which would allow the repayment the existing CHF 7'011'327 originating from the intercompany loan of Enbiotix Inc to Spexis AG .
- Prepaid expenses were reduced because they were presented partially as gross values (please refer to note 7 / also led to lower debt) and rest was assessed not to be recoverable.

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

- Property plant and equipment were estimated to have a market value of CHF 857'178, based on an average between a minimal and a target price from an external valuation report.
- Spexis AG's additional intangible assets were estimated to have a market value of CHF 3'450'000 for its preclinical and clinical antibiotic assets.
- Intercompany liabilities to Enbiotix Inc. were categorized as third-party liabilities.
- Additional costs of CHF 1'900'000 were accrued for 12 months of forward operating costs.

#### 2.3 Functional and presentation currency

These consolidated financial statements are presented in Swiss Francs (CHF) which is Spexis' functional currency.

#### 2.4 Consolidation

The consolidated financial statements include the Company and its subsidiaries. As used in these statements, Control exists when the investor (in this case of the Company) is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee. Control is normally evidenced when the Company owns, either directly or indirectly, more than 50% of the voting rights or potential voting rights of a company's share capital that are currently exercisable. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are deconsolidated from the date control ceases.

All inter-company balances, transactions and unrealized gains on transactions have been eliminated in the consolidated financial statement. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The following entities are within the scope of consolidation:

December 31, 2023

Company	Registered	Currency	Nominal capital	Equity Interest
Spexis Ltd	Switzerland	CHF	1'179'290	
EnBiotix (Switzerland) GmbH*	Switzerland	CHF	20'000	100.00%
EnBiotix, Inc.*	USA	USD	5	100.00%
Polyphor UK Ltd	United Kingdom	GBP	1'000	100.00%
Spexis Germany GmbH**	Germany	EUR	25'000	100.00%
Polyphor Deutschland GmbH	Germany	EUR	25'000	100.00%
Spexis Australia Pty Ltd*	Australia	AUD	0	100.00%

\* Entities subject to a pledge as security for certain lenders; enforcement proceedings ongoing (see Note 2.1)

\*\* Enbiotix GmbH was renamed to Spexis Germany GmbH in 2023

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

December 31, 2022

Company	Registered	Currency	Nominal capital	Equity Interest
Spexis Ltd	Switzerland	CHF	975'709	
EnBiotix (Switzerland) GmbH	Switzerland	CHF	20'000	100.00%
EnBiotix, Inc.	USA	USD	15'044	100.00%
Polyphor UK Ltd	United Kingdom	GBP	1'000	100.00%
EnBiotix GmbH	Germany	EUR	25'000	100.00%
Polyphor Deutschland GmbH	Germany	EUR	25'000	100.00%

#### 2.5 Adoption of new accounting standards and changes in accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of amendments in IFRS effective as of January 1, 2023. The amendments effective as of January 1, 2023 do not have a material impact on the consolidated financial statements of the Group. The following amendments/new standards apply for the first time in 2023: definition of accounting estimates (amendments to IAS 8), disclosure of accounting policies (amendments to IAS 1 and IFRS practice statement 2), deferred tax related to assets and liabilities arising from a single transaction/pillar two model rules (amendments to IAS 12) and insurance contracts (IFRS 17).

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### 2.6 Use of judgement and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the affected assets or liabilities in future periods.

##### Estimates and assumptions

The key assumptions at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to valuation of other accounts receivable at liquidation value (note 6), intangible assets not yet in use (note 10), valuation of goodwill (note 11), other accounts payable at liquidation value (note 13) and valuation of defined benefit obligation (note 16).

Intangible assets not yet in use and goodwill are reviewed annually for impairment, or more frequently if there are indications of impairment. To assess whether any impairment exists, estimates of expected future cash flows are used. Actual outcomes could vary significantly from such estimates. Other estimates relate to factors such as changes in discount rates and market capitalization of Spexis.



## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### 2.7 Foreign currency translation

All companies in the Group use their functional currency and items in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions are translated in the functional currency at the exchange rates pre-vailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, as well as from the translation of monetary assets and liabilities de-nominated in foreign currencies are recognized in the income statement.

Upon consolidation, assets and liabilities of the subsidiaries reporting in foreign currency are translated into Swiss Francs using the exchange rate at the reporting date. Their income statements are translated at the average yearly exchange rates of the reporting year.

The exchange rates of the foreign currencies are as follows:

	Income statement in CHF average rates per end of period		Statement of financial position in CHF year-end rates	
	2023	2022	December 31, 2023	December 31, 2022
1 USD	0.91463	0.96501	0.84128	0.92341
1 EUR	0.98568	1.02095	0.92870	0.98587
1 GBP	1.13253	1.19972	1.07063	1.11355

#### 2.8 Financial assets

Financial assets are classified at initial recognition as subsequently measured at amortised cost or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables, if any, are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to be held to collect contractual cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

Spexis' financial assets at amortised cost comprise cash and cash equivalents, other accounts receivable, rent deposits and loans. Subsequent to initial recognition, these financial instruments are carried at amortised cost using the effective interest method and are subject to an impairment assessment applying the expected credit loss (ECL) model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead determines a loss allowance on life-time ECLs at each reporting date.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

#### 2.9 Property, plant and equipment

Property, plant and equipment is measured at historical cost less accumulated depreciation and impairment losses. The cost includes acquisition costs and any directly attributable costs of bringing the asset to its working condition and location for its intended use. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

When assets are sold or disposed of, any gain or loss resulting from their disposal is included in the income statement.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the income statement.

The assets' useful life and residual values are reviewed and adjusted if appropriate at each reporting date.

The estimated useful lives are summarized as follows:

Office furniture	2-4 years
Laboratory equipment	1-8 years
IT equipment, office machines	1-3 years
Laboratory & building infrastructure "leasehold improvements"	1-10 years

**Notes to the Consolidated Financial Statements as of December 31, 2023**

**2.10 Intangible assets**

Intangible assets that have been acquired through a business combination are initially recorded at fair value. Intangible assets acquired separately are measured on initial recognition at cost where it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be reliably measured. Intangible assets with finite lives are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the income statement. The amortization period and amortization method are reviewed annually.

Technology Platforms have been acquired through the business combination with Polyphor and are initially recorded at fair value. They relate to PEMfinder® and MacroFinder® screening libraries. Future economic benefits from Technology Platforms are expected from selling these to industry partners engaged in drug discovery.

The Technology Platforms are amortised on a straight-line basis over the estimated remaining useful life of 2 years based on the use of the compounds by screening activities as well as dilution of purity over time.

Intangible assets not yet in use or with indefinite life are not amortized but tested for impairment annually. Murepavadin has entered into phase 1 and currently in development phase.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognized in the income statement as incurred.

The Group has no intangible assets with indefinite lives, except for goodwill.

**2.11 Goodwill**

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. Negative goodwill is immediately recognised as income. After initial recognition goodwill is recognised at cost less accumulated impairment.

The impairment test is performed at least annually in December or when an impairment indicator is identified. Goodwill is monitored at Group level and has thus been allocated to the cash generating unit Spexis Ltd, e.g. at Group level.

If part of a cash-generating unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

**2.12 Leases**

**As a lessee**

The Group only leases its offices and laboratory property. The Group recognises a right-of-use-asset and a lease liability for its leases. The right-of-use asset is measured at cost, less any accumulated

**Notes to the Consolidated Financial Statements as of December 31, 2023**

depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) and variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**As a lessor**

The Group has three sub-leases in place for its leased property in Allschwil. The sub-lease contracts are classified as operating lease due to the fact that the minimal sublease term is much shorter than the head lease.

**2.13 Impairment of property, plant and equipment, intangible assets, goodwill, technology platforms and right-of-use assets**

An impairment assessment is carried out when there is evidence that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's or cash-generating unit's recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or asset groups.

Goodwill and intangible assets not yet in use are tested for impairment annually, or more frequently if there are indications of impairment. The recoverable amount of the cash generating unit is assessed based on fair value less costs of disposal. The Group has identified one CGU, namely the operating segment focusing on the research and development and prospective commercialisation of respiratory therapeutics addressing high unmet medical need.

Impairment losses are recognized in the income statement. When an impairment loss arises, the useful life of the asset in question is reviewed and, if necessary, the future depreciation/amortization charge is accelerated.

An impairment loss for goodwill is not reversed.

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

#### 2.14 Provisions

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

#### 2.15 Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, interest-bearing debt, derivatives and accrued expenses.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate amortisation process.

Derivatives embedded in financial liabilities which are not closely related to the host contract are bifurcated at the inception of the financing facility.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

If the contractual cashflows of a modified debt instrument are not substantially different from the cashflows of the original debt instrument, the debt instrument is not derecognised. However, the amortised cost of the instrument is adjusted to the net present value of the revised cashflows discounted at the original effective interest rate with the difference recognized in the income statement.

#### 2.16 Equity

The costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs are comprised of only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

Additional paid-in capital represents payments or contributions made by shareholders in addition to share capital.

Foreign exchange translation reserve is the result of different foreign exchange rates used for translation of foreign equity and profit and loss into the presentation currency (CHF) of the group.

Accumulated deficit are accumulated losses the group has recorded since inception.

Non-controlling interests represented shares held by third parties in subsidiaries and reflect the non-controlling shareholders' proportionate interest in the pre-combination carrying amounts of the legal subsidiary EnBiotix' net assets.

**Notes to the Consolidated Financial Statements as of December 31, 2023**

**2.17 Grants**

Grants received from governmental and other organisations are recognised in the statement of financial position initially as accrued income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognized as other income on a systematic basis in the same periods in which the expenses are incurred.

**2.18 Research and development**

Research and development (“R&D”) expenses are charged to the income statement when incurred. Spexis considers that the regulatory and other uncertainties inherent in the development of its product candidates preclude it from capitalizing development costs.

Costs of applying for patents for internally developed products, costs of defending existing patents and costs of challenging patents held by third parties where these are considered invalid, are considered part of development expense and expensed as incurred.

**2.19 Employee benefit costs**

Wages, salaries, social security contributions, paid annual leave, sick leave and other benefits are paid or accrued undiscounted in the year in which the associated services are rendered by employees of the Group. Legal or constructive obligations such as short-term bonuses are recognized for the amount expected to be paid in the year in which the services are provided and are presented under accrued expenses.

The Group operates two pension schemes in Switzerland; one for employees and one for members of the Executive Management.

The assets of the pension plans are held in separate trustee-administered funds. Contributions to these funds are made by both the employees and the Company in accordance with Swiss legal requirements and the plan rules. The plans qualify as defined benefit plans under IFRS and provide for an annuity or a lump sum payment on retirement. In addition, the plan covers disability and death-in service.

The Group’s net obligation in respect of the defined benefit plans is calculated by estimating the amounts of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net

## **Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)**

### **Notes to the Consolidated Financial Statements as of December 31, 2023**

defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the income statement.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### **2.20 Share-based compensation**

The Group's share-based compensation plans qualify as equity-settled plans and the fair value is determined at the grant date. The fair value of the employee services received in exchange for the grant of shares or share options is recognized as an expense over the relevant vesting period in line with the graded vesting patterns of the awards. At each reporting date, the Group revises its estimates of the number of options or other equity instruments that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the income statement and a corresponding adjustment to equity.

#### **2.21 Taxation**

Income tax expense comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

##### **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current tax assets and liabilities are offset only if certain criteria are met.

##### **Deferred income taxes**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

#### 3 Segment information

The Group has one operating segment focusing on the research and development and prospective commercialisation of respiratory therapeutics addressing high unmet medical need.

The Group has not recorded any revenue in 2023 and 2022. Non-current assets excluding financial assets of the group amount to CHF 13'043'758 (2022: CHF 26'416'426) and are almost entirely located in Switzerland.

#### 4 Other income

	2023 CHF	2022 CHF
Grants	566'176	1'294'608
Subleases	159'799	144'688
Other	29'174	35'837
<b>Total</b>	<b>755'149</b>	<b>1'475'132</b>

Grant income relates to a cost reimbursement research sub award agreement between the former Polyphor and the Trustees of Boston University to initiate and complete the pre-clinical development of Thanatin.

Based on several sub lease-agreements relating to the sub-lease of laboratories and office space in the main building in Allschwil, Spexis recognised CHF 159'799 in other income.

#### 5 Cash and cash equivalents

Cash and cash equivalents almost only contain cash held at banks. Cash is mainly held with banks in Switzerland, Germany and the United States.

Cash and cash equivalents restricted for credit card payments and bank guarantees in the amount of CHF 66'667 and EUR 6'708 are pledged at December 31, 2023 (2022: CHF 100'000 and EUR 50'000). Regarding expected credit loss on cash and cash equivalents the low credit risk exemption has been applied.

#### 6 Other accounts receivable

The other accounts receivable consist mostly of amounts due from clinical study activities, VAT re-claims and receivables against current and former employees originating from loans granted for exercised employee stock options. An expected credit loss (ECL) of CHF 36'785 (2022: CHF 40'376) was individually assessed of other accounts receivable in total of CHF 488'080 (2022: CHF 1'098'287).



## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

The total impairment loss recognized amounts to zero in the reporting period (2022: CHF 596'762). Other accounts receivable are normally due within 30-180 days and bear no interest.

For liquidation values please refer to note 2.2.

#### 7 Prepaid expenses and accrued income

	December 31, 2022 CHF	December 31, 2021 CHF
Prepaid expenses	2'323'752	225'408
Accrued income	-	-
<b>Total</b>	<b>2'323'752</b>	<b>225'408</b>

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

#### 8 Property, plant and equipment

Property, plant and equipment CHF	Leasehold Improvements	Office Equipment	Laboratory Equipment	IT Equipment	Others	Total
Cost at January 1, 2022	716'994	7'511	400'395	43'040	8'796	1'176'736
Additions	-	-	-	-	16'925	16'925
<b>Cost at December 31, 2022</b>	<b>716'994</b>	<b>7'511</b>	<b>400'395</b>	<b>43'040</b>	<b>25'721</b>	<b>1'193'661</b>
Accumulated depreciation at January 1, 2022	-	-	-	-	-	-
Additions	437'275	3'980	188'954	38'881	7'702	676'792
<b>Accumulated depreciation at December 31, 2022</b>	<b>437'275</b>	<b>3'980</b>	<b>188'954</b>	<b>38'881</b>	<b>7'702</b>	<b>676'792</b>
<b>Net book value at December 31, 2022</b>	<b>279'719</b>	<b>3'531</b>	<b>211'441</b>	<b>4'159</b>	<b>18'019</b>	<b>516'869</b>
Cost at January 1, 2023	716'994	7'511	400'395	43'040	25'721	1'193'661
Additions	-	-	-	-	-	-
<b>Cost at December 31, 2023</b>	<b>716'994</b>	<b>7'511</b>	<b>400'395</b>	<b>43'040</b>	<b>25'721</b>	<b>1'193'661</b>
Accumulated depreciation at January 1, 2023	437'275	3'980	188'954	38'881	7'702	676'792
Additions	102'927	2'513	80'165	1'372	3'043	190'020
<b>Accumulated depreciation at December 31, 2023</b>	<b>540'202</b>	<b>6'493</b>	<b>269'119</b>	<b>40'253</b>	<b>10'745</b>	<b>866'812</b>
<b>Net book value at December 31, 2023</b>	<b>176'792</b>	<b>1'018</b>	<b>131'276</b>	<b>2'787</b>	<b>14'976</b>	<b>326'849</b>

**Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

	<b>2023</b>	<b>2022</b>
	<b>CHF</b>	<b>CHF</b>
Depreciation has been charged to:		
Research and development	100'322	362'910
Marketing and sales	5'238	30'747
General and administrative	84'459	283'135
<b>Total</b>	<b>190'020</b>	<b>676'792</b>

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

#### 9 Right-of-use asset / lease liability

Right-of-use asset	2023 CHF	2022 CHF
<b>As at January 1</b>	<b>1'199'827</b>	<b>1'446'288</b>
Modifications and reassessments	-	43'933
Depreciation expenses	-252'595	-291'866
Impairment expenses	-947'232	-
Currency translation effects	-	1'472
<b>As at December 31</b>	<b>0</b>	<b>1'199'827</b>

Lease liability	2023 CHF	2022 CHF
<b>As at January 1</b>	<b>-4'141'231</b>	<b>-4'953'017</b>
Modifications and reassessments	-	-43'933
Interest expenses	-59'698	-73'147
Payments (not all paid yet)	905'752	930'339
Currency translation effects	-	-1'472
<b>As at December 31</b>	<b>-3'295'176</b>	<b>-4'141'231</b>

	2023 CHF	2022 CHF
Right-of-use asset	0	1'199'827
Lease liability	3'295'176	4'141'231
- thereof current	859'605	846'055
- thereof non-current	2'435'570	3'295'176
Depreciation expense	252'595	291'866
Cash-out flow current portion of lease liability	705'977	857'191
Interest expense on leases	59'698	73'147
Short-term lease expenses	-	-
Expenses low value asset	-	-
Income from sublease agreements	159'799	144'688

As of December 31, 2023 management and board came to the conclusion that the recoverable amount (value in use) of the right-of-use asset (relating to rental agreement for the office building on Hegenheimerweg) had been reduced to zero due to the significant reduction in the number of employees and the consequential unused office space (leads to lower expected future cash flows), which is why the right-of-use asset was fully impaired. The discount rate used to calculate the value in use was 1.59%, which is unchanged from the previous year.

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

#### 10 Intangible assets

<b>Intangible assets (excl. goodwill) CHF</b>	<b>Technology Platform</b>	<b>Inhaled Murepavadin</b>	<b>Others</b>	<b>Total</b>
Cost at January 1, 2022	1'349'568	9'146'000	36	10'495'604
Cost at December 31, 2022	1'349'568	9'146'000	36	10'495'604
Accumulated amortization at January 1, 2022	-	-	-	-
Additions	449'857	-	-	449'857
<b>Accumulated amortization at December 31, 2022</b>	<b>449'857</b>	<b>-</b>	<b>-</b>	<b>449'857</b>
<b>Net book value at December 31, 2022</b>	<b>899'711</b>	<b>9'146'000</b>	<b>36</b>	<b>10'045'747</b>
Cost at January 1, 2023	1'349'568	9'146'000	36	10'495'604
<b>Cost at December 31, 2023</b>	<b>1'349'568</b>	<b>9'146'000</b>	<b>36</b>	<b>10'495'604</b>
Accumulated amortization at January 1, 2023	449'857	-	-	449'857
Additions	449'857	-	-	449'857
<b>Accumulated amortization at December 31, 2023</b>	<b>899'714</b>	<b>-</b>	<b>-</b>	<b>899'714</b>
Accumulated impairment at January 1, 2023	-	-	-	-
Additions	-	4'573'000	-	4'573'000
<b>Accumulated impairment at December 31, 2023</b>	<b>-</b>	<b>4'573'000</b>	<b>-</b>	<b>4'573'000</b>
<b>Net book value at December 31, 2023</b>	<b>449'854</b>	<b>4'573'000</b>	<b>36</b>	<b>5'022'891</b>

Inhaled Murepavadin is an intangible which is not yet in use, and accordingly no amortization was recorded. As of December 31, 2023 management and board came to the conclusion that due to uncertainty regarding the status of the pledged assets (leads to lower expected future cash flows) the recoverable amount (value in use) has to be reduced by 50%. The discount rate used to calculate the value in use was 16.4%, which is unchanged from the previous year.

Technology Platforms relate to PEMfinder® and MacroFinder® screening libraries. Polyphor had reached commercial proof of concept, as exemplified by the deal terms of the Novartis PEMfinder® and Boehringer Ingelheim MacroFinder® collaborations entered into in the past thus confirming that future revenues can be generated due to these proprietary and patent protected drug discovery tools.

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

<b>Amortization has been charged to:</b>	<b>2023 CHF</b>	<b>2022 CHF</b>
Research and development	2'651'849	241'223
Marketing and sales	138'468	20'437
General and administrative	2'232'540	188'197
<b>Total</b>	<b>5'022'857</b>	<b>449'857</b>

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

#### 11 Goodwill

	<b>Goodwill</b>	
Cost at January 1, 2022	18'079'019	
<b>Cost at December 31, 2022</b>	<b>18'079'019</b>	
Impairment at January 1, 2022	-	
Additions	3'425'036	
<b>Impairment at December 31, 2022</b>	<b>3'425'036</b>	
<b>Net book value at December 31, 2022</b>	<b>14'653'983</b>	
Cost at January 1, 2023	18'079'019	
Cost at December 31, 2023	18'079'019	
Impairment at January 1, 2023	3'425'036	
Additions	6'959'965	
<b>Impairment at December 31, 2023</b>	<b>10'385'001</b>	
<b>Net book value at December 31, 2023</b>	<b>7'694'018</b>	
<b>Impairment has been charged to:</b>	<b>2022 CHF</b>	<b>2021 CHF</b>
Research and development	3'674'558	1'836'578
Marketing and sales	191'869	155'599
General and administrative	3'093'538	1'432'859
<b>Total</b>	<b>6'959'965</b>	<b>3'425'036</b>

Goodwill of CHF 14'653'983 before impairment and of CHF 7'694'018 after (2022: CHF 14'653'983) originates from the reverse acquisition of the former Polyphor by EnBiotix, Inc. in December 2021.

Goodwill is monitored at Group level and has thus been allocated to the cash generating unit Spexis Ltd, e.g. at Group level. The impairment test is performed at least annually in December or when an impairment indicator is identified.

The Group performs the goodwill impairment test annually or when an impairment indicator is identified by determining the recoverable amount. At December 31, 2023, the recoverable amount of the cash generating unit was assessed based on fair value less costs of disposal using the Spexis share price (fair value level 1). The Group has identified one CGU, namely the operating segment focusing on the research and development and prospective commercialisation of respiratory therapeutics addressing high unmet medical need.

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

In CHF	December 31, 2023	December 31, 2022
Share outstanding	58'964'495	48'785'463
Treasury shares	-	-
<b>Shares outstanding</b>	<b>58'964'495</b>	<b>48'785'463</b>
Share price in CHF	0.04	0.41
<b>Market capitalisation / Fair value</b>	<b>2'358'580</b>	<b>20'002'040</b>
Estimated cost of disposal (3%)	-70'757	-600'061
<b>Fair value less cost of disposal</b>	<b>2'287'822</b>	<b>19'401'979</b>
Carrying amount of equity before impairment	9'247'787	22'827'015
Headroom	-	-
Impairment charge	-6'959'965	-3'425'036
<b>Sensitivity Analysis</b>		
In CHF		
<b>Market capitalisation / Fair value</b>	<b>2'358'580</b>	<b>20'002'040</b>
Estimated cost of disposal (3%)	-70'757	-600'061
<b>Fair value less cost of disposal</b>	<b>2'287'822</b>	<b>19'401'979</b>
<b>Carrying amount of equity before impairment</b>	<b>9'247'787</b>	<b>22'827'015</b>
<b>Reduction of share price in CHF by 10%</b>	<b>2'059'040</b>	<b>17'461'781</b>
Headroom	-	-
Impairment charge	-7'188'747	-5'365'234
<b>Increase of share price in CHF by 10%</b>	<b>2'516'605</b>	<b>21'342'176</b>
Headroom	-	-
Impairment charge	-6'731'183	-1'484'839
Break-even share price	0.16	0.47
<b>Estimated cost of disposal 2%</b>	<b>2'311'408</b>	<b>19'601'999</b>
Headroom	-	-
Impairment charge	-6'936'379	-3'225'016
<b>Estimated cost of disposal 5%</b>	<b>2'240'651</b>	<b>19'001'938</b>
Headroom	-	-
Impairment charge	-7'007'137	-3'825'077

## 12 Financial assets

Financial assets consist primarily of a rent deposit of CHF 447'617 (2022: CHF 447'406).



## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

#### 13 Trade and other accounts payable

Trade accounts payable are non-interest bearing and usually settled within 30 to 60 days. Other accounts payable comprise amounts due to social security institutions and tax at source.

For liquidation values please refer to note 2.2.

#### 14 Debt

	December 31, 2023 CHF	December 31, 2022 CHF
Current convertible notes (IRIS)	425'192	327'500
Derivative financial instrument (IRIS)	54'718	24'651
Current portion of infrastructure loan	309'904	293'895
Current portion of term loan 1 (SGI)	746'905	-
Current portion of term loan 2 (SGI)	210'446	-
<b>Total current portion of debt</b>	<b>1'747'165</b>	<b>646'045</b>
Non-current portion of infrastructure loan	942'073	1'251'977
Non-current portion of term loan 1 (SGI)	567'302	-
Non-current portion of term loan 2 (SGI)	1'046'866	-
Non-current portion of term loan 3 (SGI)	783'835	-
<b>Total non-current portion of debt</b>	<b>3'340'076</b>	<b>1'251'977</b>

**IRIS:** In July 2022 Spexis announced that it had renewed the equity-linked financing arrangement with IRIS to raise a gross amount of up to CHF 15'000'000 over a period of two years. If amounts are drawn by Spexis, IRIS will receive Spexis shares to be created from the Company's conditional capital based on this interest-free mandatory convertible bonds program. It remains at the sole discretion of Spexis to suspend or terminate the staggered financing. If Spexis elects to draw down any amounts, IRIS is committed to buy over a period of two years twenty-four tranches of CHF 625'000 of unsecured zero-coupon mandatory convertible bonds. The program can be tailor-made in terms of period and tranche size, according to Spexis' financing needs. During the term of the financing, for any financing amounts drawn by Spexis, IRIS will convert the mandatory convertible bonds into shares at a discount to the applicable volume weighted average price (VWAP). In 2023 Spexis has drawn one new tranche of CHF 625'000. The available facility under this agreement amounts to CHF 14'375'000 as of December 31, 2023.

The IRIS convertible notes are classified as a hybrid contract containing a host that is a financial liability at amortized costs and embedded derivatives separated from the host. The embedded derivatives of the convertible notes are closely related to each other and are therefore accounted for as a single instrument (i.e. compound derivative). The conversion based on the market share price the conversion right triggers a variable number of shares. The embedded derivative is classified as a financial liability and measured at fair value through profit and loss. The IRIS convertible notes and embedded derivatives developed as follows:

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

	Convertible notes CHF	Current derivative financial instruments CHF
<b>January 1, 2022</b>	<b>1'262'500</b>	<b>95'027</b>
Initial recognition of derivative financial instruments	-	-
Carrying amount of convertible notes converted into shares	-935'000	-
Derecognition of derivative financial instruments on conversion of notes	-	-70'376
<b>December 31, 2022</b>	<b>327'500</b>	<b>24'651</b>
Initial recognition of new tranche drawn down measured at amortized costs	542'965	-
Financial costs in profit and loss statement from subsequent measurement of tranche at amortized costs	52'227	
Initial recognition of derivative financial instruments	-	75'162
Carrying amount of convertible notes converted into shares	-497'500	-
Derecognition of derivative financial instruments on conversion of notes	-	-83'162
Fair value adjustment of derivative financial instruments	-	38'067
<b>December 31, 2023</b>	<b>425'192</b>	<b>54'718</b>

#### Fair value hierarchy of financial instruments

	December 31, 2023 CHF			December 31, 2022 CHF		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative financial instrument (IRIS)	-	54'718	-	-	24'651	-
<b>Total</b>	<b>-</b>	<b>54'718</b>	<b>-</b>	<b>-</b>	<b>24'651</b>	<b>-</b>

**SGI:** In 2023 Spexis announced the closing of several capital commitments from SPRIM Global Investments (Singapore) (“SGI”). The capital commitments were split into several separate loans:

- USD 1'000'000: This amount was converted into equity at a price of CHF 0.32 per share as of May 5, 2023.
- USD 1'750'000: Term loan 1 was directly paid to an external party – representing a non-cash transaction – which will support Spexis in carrying out the COPIOLT study (refer to note 7) and was reflected in Spexis' books as a prepayment and a loan. The loan is interest bearing at margin + SOFR (secured overnight financing rate). Spexis only pays interest on the used amount (amount used as of December 31, 2023: CHF 500'000). The maturity date will be April 18, 2025 and first partial repayment is expected to happen at the end of June 2024. The loan has warrant coverage and is therefore a compound financial instrument and split into a liability and an equity part according to the proportional fair value method. The liability part is a financial instrument and measured according to IFRS 9. As the loan is not held for trading and not designated at fair value through profit and loss the liability part is initially measured at fair value minus transaction costs and subsequently at amortized cost with an effective interest rate of 28.73%. The fair value of the warrant was calculated with the Black-Scholes model.

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

- USD 1'750'000: Term loan 2 was paid to Spexis and is interest bearing at margin + SOFR (secured over-night financing rate). The maturity date will be October 18, 2026 and first partially repayment is expected to happen at the end of June 2024. Term loan 2 has the same characteristics as term loan 1. Please refer to paragraph above regarding classification and measurement. The effective interest rate used for term loan 2 is 27.42%
- USD 1'500'000: This amount was converted into equity at a price of CHF 0.35 per share as of August 29, 2023.
- USD 1'043'872: Term loan 3 was paid to Spexis in August 2023 and is interest bearing at margin + SOFR (secured over-night financing rate). The maturity date will be August 15, 2026. The full amount must be repaid at maturity date. Term loan 3 has the same characteristics as term loan 2. Please refer to paragraph above regarding classification and measurement. The effective interest rate used for term loan 3 is 24.20%

Above debts are secured pledges over certain assets of the Group, in particular the shares in EnBiotix Inc. and Spexis Australia Pty Ltd. Enforcement proceedings relating to these pledged shares are ongoing (see sections 2.1. and 2.2. above) as a result of SGI declaring default on Term Loan 3. These proceedings include SGI moving to appoint receivers for both EnBiotix, Inc. and Spexis Australia Pty Ltd. Spexis Ltd. asserts that both the declaration of default and the resulting receivership appointments noted above are unfounded and unjust, and reserves its legal rights pertaining thereto whilst it undertakes good faith negotiations with SGI to restructure this debt and resolve the dispute, as reported in the Company's November 29, 2023 press release.

#### Infrastructure loan

Polyphor AG, one of the predecessors of Spexis Ltd. obtained a loan to finance the laboratory and building infrastructure in its research building which matures in September 2027. As of December 31, 2023, the carrying amount of the loan amounts to CHF 1'251'977 (2022: CHF 1'545'871).

**Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

**Cash flow from financial liabilities**

<b>CHF</b>	<b>31.12.2022</b>	<b>inflows</b>	<b>outflows</b>	<b>FV change of derivative</b>	<b>Derecognition of derivative financial instruments</b>	<b>other changes</b>	<b>31.12.2023</b>
Current convertible notes (IRIS)	327'500	625'000				-527'308	425'192
Derivative financial instrument (IRIS)	24'651			38'067	-83'162	75'162	54'718
Infrastructure loan	1'545'871		-307'482			13'587	1'251'976
Term loan 1 (SGI)	-	-	-140'470	-	-	1'454'677	1'314'207
Term loan 2 (SGI)	-	1'516'647	-141'166	-	-	-118'169	1'257'312
Term loan 3 (SGI)	-	881'793	-28'476	-	-	-69'482	783'835
<b>Total</b>	<b>1'898'022</b>	<b>3'023'440</b>	<b>-617'593</b>	<b>38'067</b>	<b>-83'162</b>	<b>828'467</b>	<b>5'087'241</b>

  

<b>CHF</b>	<b>31.12.2021</b>	<b>inflows</b>	<b>outflows</b>	<b>FV change of derivative</b>	<b>Derecognition of derivative financial instruments</b>	<b>other changes</b>	<b>31.12.2022</b>
Current convertible notes (IRIS)	1'262'500	-	-	-	-	-935'000	327'500
Derivative financial instrument (IRIS)	95'027	-	-	-	-70'376	-	24'651
Infrastructure loan	1'824'584	-	-368'978	-	-	90'266	1'545'871
<b>Total</b>	<b>3'182'111</b>	<b>-</b>	<b>-368'978</b>	<b>-</b>	<b>-70'376</b>	<b>-844'734</b>	<b>1'898'022</b>

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

#### 15 Accrued expenses

Accrued expenses relate primarily to employee benefits and other operating expenses. The employee expenses are non-financial liabilities. Other operating expenses (financial) include accruals for auditor fees, clinical costs and third-party contractors/advisors.

	December 31, 2023 CHF	December 31, 2022 CHF
Accrued salary Jeffrey D. Wager (non-financial)	841'280	923'410
Employee expenses (non-financial)	70'400	380'476
Other operating expenses (financial)	1'846'697	1'675'985
<b>Total</b>	<b>2'758'377</b>	<b>2'979'872</b>

#### 16 Employee benefits

In accordance with the Swiss pension fund law “Federal Act on Occupational Old Age, Survivors’ and Invalidity Pension Provision” (“OPA”), Spexis Ltd, Allschwil is affiliated with a collective independent pension fund. The fund provides for retirement benefits, as well as risk benefits (death and disability). The company entered into an agreement with “Vita Sammelstiftungen” (“Vita”) for occupational benefits. Vita is responsible for the governance of the plan; its board is composed of an equal number of representatives from the employers and employees chosen from all affiliated companies. Vita has set up investment guidelines, defining in particular the strategic allocation with margins. Vita has reinsured its risks (investment risk, mortality and disability risks) with Zurich Life Insurance Company Ltd Zurich Investment Foundation manages the savings capital/investments on behalf of Vita. The accumulated saving capital is allocated to each insured individual and consists of annual contributions, saving credits and interest credits. In certain situations, additional payments or increased periodic contributions by the employer may become due based on the pension plans’ funded status as measured under Swiss pension rules (OPA). The assets cannot revert to the employer. Contributions to the plans are shared equally between the employer and the employees. Contributions are computed as percentage of the salary, depending on age.

	December 31, 2023 CHF	December 31, 2022 CHF
<b>Net defined benefit liabilities</b>	-	-

For half-year closing 2023 an actuary prepared a valuation report (with reduced scope). This valuation showed net defined benefit liabilities of zero. For year end 2023 no new calculation by an actuary was prepared as board and management assess that due to significant reduction in headcount and no major changes in assumptions the net defined benefit liabilities would be zero as of December 31, 2023 as well and therefore no material impact on the financial statements can be concluded. The independent pension fund’s funding ratio is 104.7% as of December 31, 2023 (December 31, 2022: 100.5%).

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

#### 17 Share capital

##### Ordinary share capital

Spexis Ltd share capital at December 31, 2023 consisted of 58'964'495 shares with a nominal value of CHF 0.02 each. Already registered in the commercial register is an amount of 48'785'463 common shares.

No dividends were declared or paid by the Company for the year under review (2022: zero).

Number of shares	Total Shares	Currency	Nominal value
<b>Shares issued by Spexis Ltd. at January 1, 2022</b>	<b>47'555'058</b>	<b>CHF</b>	<b>951'101</b>
Capital increase to acquire non-controlling interest	156'979		3'140
Capital increase from conversion of notes	1'073'426		21'469
<b>Shares issued by Spexis Ltd. at December 31, 2022</b>	<b>48'785'463</b>	<b>CHF</b>	<b>975'709</b>
<b>Shares issued by Spexis Ltd. at January 1, 2023</b>	<b>48'785'463</b>	<b>CHF</b>	<b>975'709</b>
Capital increase from convertible loans	6'519'847		130'397
Capital increase from conversion of notes	3'659'185		73'184
<b>Shares issued by Spexis Ltd. at December 31, 2023</b>	<b>58'964'495</b>	<b>CHF</b>	<b>1'179'290</b>

##### Capital band (previously authorized share capital)

The annual general meeting held on June 26, 2023 authorized a capital band between CHF 975'709 (lower limit) and CHF 1'463'564 (upper limit) which could lead to an increase of 24'392'731 registered shares. The Board of Directors is authorized to increase the share capital up to the upper limit at any time and as often as required until June 25, 2028. If the share capital increases as a result of an increase from conditional capital the upper and lower limits of the capital range shall increase in an amount corresponding to such increase in the share capital.

##### Conditional share capital

The conditional share capital exclusively reserved for the participants of the employee stock option plan amounts to 4'243'228 registered shares. At the general meeting the conditional share capital has been additionally increased by another amount of CHF 32'202 equivalent to a maximum of 1'610'139 registered shares reserved for convertible bonds or other similar financial instruments.

As of December 31, 2023, the Company had conditional share capital pursuant to which the share capital may be increased by a maximum amount of CHF 284'274 through the issue of a maximum of 14'213'699 registered shares. The amount of CHF 84'865 of the conditional share capital is exclusively reserved for the members of the employee stock option plan.

##### Loan with characteristics of equity

In February 2023 SGI granted an initial loan of CHF 461'500 to Spexis. The loan is mandatorily convertible until February 7, 2025 and is interest bearing at 10.0%. Interest will be accrued and converted

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

into shares at maturity date as well. As the fixed-for-fixed criteria according to IAS 32 is met the entire loan including accrued interest is classified as equity. The conversion price will be CHF 0.425 per share and at maturity date the loan would be converted into an additional 1'303'356 shares.

#### Warrants

In 2023 Spexis granted warrants to buy shares of the company to parties which committed capital. No additional consideration was paid for these warrants and one warrant gives the right to buy one share.

<b>December 31, 2023</b>			
<b>Outstanding warrants (number)</b>	<b>Exercise price (CHF)</b>	<b>Remaining contractual life years</b>	<b>Exercisable (number)</b>
271'471	0.50	1.1	
1'032'270	0.32	2.3	
727'993	0.39	2.6	
1'032'270	0.32	3.8	
<b>3'064'004</b>			<b>3'064'004</b>

  

<b>December 31, 2022</b>			
<b>Outstanding warrants (number)</b>	<b>Exercise price (CHF)</b>	<b>Remaining contractual life years</b>	<b>Exercisable (number)</b>
-	-	-	
-			-

## 18 Share-based payment arrangements

### ESOP 2019

The ESOP 2019 is a share option plan under which eligible persons like Members of the Executive Management and employees of the company obtain rights to acquire options. Under this plan, holders of vested options are entitled to purchase shares at a price which is equal to the Company's average share price of the last twenty trading days of the months of the grant. The fair value of the stock options has been determined at the grant date based on the closing share price on SIX Swiss Exchange using the Black-Scholes model. 25% of the stock options vest one year after grant start date and the balance (75%) vest in twelve quarterly equal instalments of 6.25% per calendar quarter. The maximum term for exercising the options is 7 years.

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

#### ESOP 2019 (Board)

Along with the ESOP2019 there is an additional share option plan exclusively for members of the board. This share option program is based exactly on the terms of the ESOP2019 but with 25% of the options vesting immediately at grant date and the remaining 75% vesting in three quarterly instalments.

In 2023 no new options were granted under the share option plans, 834'196 options forfeited and 5'950 expired.

In August 2023 the Group offered employees who were still employed to lower the strike price of their options to CHF 0.5. Due to that 1'526'267 options were restriking which led to additional costs in 2023 of CHF 110'782.

The movements in the number of all stock options are as follows:

Stock option movements	Options (number)	Weighted average exercise price (CHF)	Weighted average remaining contractual life (years)	Exercisable (number)
<b>Balance outstanding at December 31, 2021</b>	<b>515'282</b>	<b>6.03</b>	<b>5.6</b>	<b>515'282</b>
Granted	2'922'029	1.73		
Expired	-			
Forfeited	-166'333	5.44		
Exercised				
<b>Balance outstanding at December 31, 2022</b>	<b>3'270'978</b>	<b>2.10</b>	<b>5.9</b>	<b>621'324</b>
Granted	-	-		
Expired	-5'950	5.00		
Forfeited	-834'196	1.16		
Exercised	-			
<b>Balance outstanding at December 31, 2023</b>	<b>2'430'833</b>	<b>1.72</b>	<b>4.9</b>	<b>1'654'685</b>

December 31, 2023			
Outstanding options (number)	Exercise price (CHF)	Weighted average remaining contractual life (years)	
1'132'886	0.50	4.9	
4'469	1.28	5.2	
971'042	1.75	5.1	
112'682	5.00	3.9	
116'329	5.69	3.2	
14'750	7.22	3.5	
78'674	7.46	4.3	
<b>2'430'833</b>			



## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

December 31, 2022		
Outstanding options (number)	Exercise price (CHF)	Weighted average remaining contractual life (years)
49'699	1.28	6.2
69'597	1.37	6.2
2'780'358	1.75	6.0
118'633	5.00	4.7
134'667	5.69	4.2
14'750	7.22	4.5
103'275	7.46	5.2
<b>3'270'978</b>		

The expenses for share-based compensation amounted for 2023 to CHF 183'829 (2022: CHF 2'341'285).

#### 19 Expenses by nature – additional details

	2023 CHF	2022 CHF
Other income	755'149	1'475'132
Cost of materials	-110'288	-153'270
Cost of third party services	-1'020'808	-3'142'173
Employee expenses	-3'935'726	-7'588'166
Patent and trademark expenses	-641'210	-561'670
Other operating expenses	-2'169'893	-3'852'715
Impairment charges	-12'534'608	-3'425'036
Depreciation and amortization	-892'471	-1'418'514
<b>Total net operating expenses</b>	<b>-20'549'855</b>	<b>-18'666'411</b>
Employee expenses have been charged to:		
Research and development	-2'077'892	-4'068'938
Marketing and sales	-108'498	-344'730
General and administrative	-1'749'336	-3'174'498
<b>Total</b>	<b>-3'935'726</b>	<b>-7'588'166</b>
Depreciation, amortization and impairment has been charged to:		
Research and development	-7'088'911	-2'893'482
Marketing and sales	-370'152	-191'021
General and administrative	-5'968'016	-1'759'047
<b>Total</b>	<b>-13'427'079</b>	<b>-4'843'550</b>

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

#### 20 Financial result

##### Financial expenses

	2023 CHF	2022 CHF
Other interest expense	875'307	90'265
Interest expense on leases	59'698	73'147
Fair value changes of derivatives	38'067	-
Other financial expense	981	108
<b>Total</b>	<b>974'053</b>	<b>163'520</b>

##### Financial income

The financial income comprises nearly entirely of interest received on the prepayment relating to the loan from SGI which was directly paid to an external party (please also refer to note 7).

#### 21 Income taxes and deferred taxes

As the Group companies do not generate profits, no current or deferred income taxes have been charged or credited to the Group.

The Group has the following temporary differences:

	2023 CHF	2022 CHF
<b>Deferred taxes</b>		
Deductible temporary differences		
Intangible assets	152'046	182'524
Debt	-	3'919
Lease liability	466'314	599'737
Pension liabilities	-	-
Taxable temporary differences:		
Current assets	-	-32'611
Right-of-use asset	-	-173'760
Accrued expenses	-	-165'192
Debt	-34'695	-12'465
<b>Net deductible temporary differences</b>	<b>583'665</b>	<b>402'152</b>
Deferred tax asset (not recognised)	-583'665	-402'152
<b>Deferred tax asset recognised in the balance sheet</b>	<b>-</b>	<b>-</b>

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

Unrecognized tax loss carry-forwards expire as follows:

<b>Tax loss carry-forwards</b>	<b>2023 CHF</b>	<b>2022 CHF</b>
up to 1 year	21'193'708	34'651'850
1-5 years	198'029'208	175'329'235
more than 5 years	91'934'615	81'716'199
<b>Total</b>	<b>311'157'531</b>	<b>291'697'284</b>

Unrecognised tax loss carry-forwards consist of tax losses in the US which begin to expire in 2030, tax losses in Switzerland which expire after 7 years and tax losses in Germany which do not expire.

The Group's expected tax rate is 15.37% (2022: 19.82%) for the period under review which is the weighted average of the tax rates in the tax jurisdictions in which the Group operates.

The following table shows the reconciliation between expected and effective taxes:

<b>Income tax reconciliation</b>	<b>2023 CHF</b>	<b>2022 CHF</b>
Net income/(loss) before taxes	-19'618'868	-18'553'002
Tax expense/(income) at applicable tax rate 15.37% (2022: 19.82%)	-3'015'128	-3'677'256
Tax effect of non-deductible expenses	33'089	387'781
Tax effect from differences between the tax rates	-467'043	337'714
Effect of unrecognised deferred taxes on tax loss carry-forwards	3'395'992	2'407'595
Effect of unrecognised deferred taxes on temporary differences	53'089	535'939
Other effects	-	8'227
<b>Effective tax income/(expenses)</b>	<b>0</b>	<b>-0</b>
<b>Effective tax rate</b>	<b>0%</b>	<b>0%</b>

## 22 Commitments

The Group has not entered into any contracts resulting in capital commitments.

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

#### 23 Earnings per share (EPS)

Basic and diluted earnings per share have been computed based upon the weighted average number of registered shares outstanding. Basic earnings per share excludes any dilutive effects of options, warrants, convertible notes and preferred shares. Outstanding employee shares options to purchase registered share, convertible notes and preferred shares are not included in the computation of the diluted earnings per share as the effect would have been anti-dilutive.

For the period ending	2023	2022
Basic and diluted earnings	CHF	CHF
Net loss attributable to the ordinary shareholders	-19'618'868	-18'553'002

  

Weighted average number of shares	Shares	Shares
Weighted average number of ordinary shares (basic)	53'012'526	48'197'650
Weighted average number of ordinary shares (diluted)	53'012'526	48'197'650

  

Earnings per share	2023	2022
	CHF	CHF
Basic earnings per share	-0.37	-0.38
Diluted earnings per share	-0.37	-0.38

#### 24 Financial Risk Management Objectives and Policies

Spexis is a clinical stage biotech group with R&D activities in Switzerland, the US and Germany. The Group is exposed to limited financial risks, mainly foreign exchange rate, credit liquidity risk, and interest rate risk. Spexis's overall financial risk management program focuses on securing capital protection to ensure that the funds provided by its investors will be available for the primary purpose to ensure going concern.

As a consequence, it is Spexis's policy to reduce material exposures to foreign currencies, to invest liquidity in cash and other liquid instruments, and to limit its financial counterparties to highly rated financial institutions.

##### 24.1 Foreign exchange risk

Spexis' primary exposure to foreign exchange risk arises from its balances in CHF, EUR and USD held by its Swiss and US entities. When unmatched, financial risk is produced by fluctuations between the functional and the foreign currency.

Spexis' policy is to match the risk exposure by holding a limited amount of its liquidity reserves in foreign currencies. This is typically done over a 12 month horizon. The ongoing management of foreign currencies is based on the budget for the forthcoming 12 months. Thereby the aim is to cover the net expenditures (expenditure less income) for each respective foreign currency by converting into the applicable foreign currency 100% of the budgeted net expenses for the forthcoming 6 months and 50% of the net expenses for the 6 months thereafter.

The impact on the pre-tax result of the Group of a reasonably possible change in exchange rates on the Group's net exposure would be as follows:

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

Foreign exchange rate (in CHF)

<b>2023</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>
+ 5%	-41'626	-913'082	2'252
- 5%	41'626	913'082	-2'252

  

<b>2022</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>
+ 5%	-46'333	-786'017	452
- 5%	46'333	786'017	-452

#### 24.2 Interest rate risk

Spexis is financed with different instruments that are classified as liabilities or equity under IFRS. Interest rates are all fixed until maturity and only the term loans granted in 2023 have a variable part (SOFR - secured over-night financing rate). Management closely monitors the development of the variable rate. Since the first grant of loan in April 2023 the rate stayed relatively stable, and management thinks that it is currently on a higher level with less likeliness of further going up. Therefore, no specific risk mitigating measures are being taken now.

#### 24.3 Credit and Counterparty risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty goes bankrupt or if a financial instrument fails to meet its contractual obligations. The Group has only minor credit and counterparty risks on receivables and other financial assets as of December 31, 2022. Credit risk is addressed through periodic risk analyses resulting in appropriate loss allowances. Cash is only held with banks, which are primarily distributed between banking institutions in the US (16% First Republic Bank) and Switzerland (84% mostly Zürcher Kantonalbank).

Spexis currently holds its cash deposits and handles its financial transactions solely with highly rated financial institutions.

#### 24.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Currently the Group is financed primarily through liabilities and equity. Spexis' treasury calculates on a rolling basis the needs for settling the current expenses against the need for optimized financial investments. The maturity analysis of contractually agreed cash flows (principal and interest) of the Group's financial liabilities is as follows:

<b>CHF</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>			
		<b>1 to 3 months</b>	<b>4 to 12 months</b>	<b>2-5 months</b>	<b>more than 5 years</b>
Trade and other accounts payable	<b>3'215'222</b>	3'215'222	-	-	-
Accrued expenses	<b>1'846'697</b>	1'846'697	-	-	-
Infrastructure loan	<b>1'251'977</b>	92'245	276'734	1'014'690	-
Lease liabilities	<b>3'295'176</b>	226'438	679'314	2'490'819	-

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

Current derivative financial instruments (IRIS)	54'718	-	-	-	-
Current convertible notes (IRIS)	425'192	-	-	-	-
Term loan 1 (SGI)	1'314'207	62'570	1'027'255	601'410	-
Term loan 2 (SGI)	1'257'312	62'570	487'548	1'328'828	-
Term loan 3 (SGI)	783'835	37'323	111'969	965'276	-
<b>Total as per December 31, 2023</b>	<b>13'444'335</b>	<b>5'380'601</b>	<b>956'048</b>	<b>3'505'508</b>	<b>-</b>
Trade and other accounts payable	1'412'272	1'412'272	-	-	-
Accrued expenses	1'675'985	1'675'985	-	-	-
Infrastructure loan	1'545'871	92'245	276'734	1'383'668	-
Lease liabilities	4'141'230	226'438	679'314	3'396'571	-
Current derivative financial instruments (IRIS)	24'651	-	-	-	-
Current convertible notes (IRIS)	327'500	-	-	-	-
<b>Total as per December 31, 2022</b>	<b>9'127'509</b>	<b>3'406'940</b>	<b>956'048</b>	<b>4'780'239</b>	<b>-</b>

## 25 Categories of financial instruments and fair value disclosures

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. The carrying amounts are a reasonable approximation of fair values.

For the period ended December 31, 2023 CHF	Book value	Financial assets at amortized costs	Financial liability at FVTPL	Other liabilities at amortized costs
<b>Assets</b>				
Cash and cash equivalents	511'497	511'497	-	-
Other accounts receivable	372'638	372'638	-	-
Financial assets	447'617	447'617	-	-
<b>Total</b>	<b>1'331'751</b>	<b>1'331'751</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>				
Trade accounts payable	3'171'525	-	-	3'171'525
Other accounts payable	43'697	-	-	43'697
Lease liabilities (current and non-current)	3'295'176	-	-	3'295'176
Debt (current and non-current)	5'087'241	-	54'718	5'032'523
Accrued expenses	1'846'697	-	-	1'846'697
<b>Total</b>	<b>13'444'335</b>	<b>-</b>	<b>54'718</b>	<b>13'389'617</b>

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

For the period ended December 31, 2022 CHF	Book value	Financial assets at amortized costs	Financial liability at FVTPL	Other liabilities at amortized costs
<b>Assets</b>				
Cash and cash equivalents	1'804'586	1'804'586	-	-
Other accounts receivable	634'650	634'650	-	-
Financial assets	447'406	447'406	-	-
<b>Total</b>	<b>2'886'641</b>	<b>2'886'641</b>	-	-
<b>Liabilities</b>				
Trade accounts payable	1'409'096	-	-	1'409'096
Other accounts payable	3'176	-	-	3'176
Lease liabilities (current and non-current)	4'141'230	-	-	4'141'230
Debt (current and non-current)	1'898'022	-	24'651	1'873'371
Accrued expenses	1'675'985	-	-	1'675'985
<b>Total</b>	<b>9'127'509</b>	-	<b>24'651</b>	<b>9'102'859</b>

The fair value measurements are categorized into different levels in the fair value hierarchy based on the input and techniques used. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value measurement for the derivative is classified in level 2. The fair value of the derivative is calculated as the difference between the contribution paid and the liability at conversion date using a VWAP factor and a conversion price factor (contractual granted discount). The valuation technique and the input factors are periodically reviewed and adjusted if necessary.

## 26 Capital management

The capital of Spexis is managed and monitored at Group level. The objective of capital management at Spexis is to ensure the continuity of operations on a sustainable basis, provide the financial resources to enable investments in areas that deliver future benefits for patients and customers. Spexis defines the capital that it manages as invested interest-bearing liabilities and equity.

## Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)

### Notes to the Consolidated Financial Statements as of December 31, 2023

#### 27 Transactions with related parties

Key management includes the Executive Management and the Board of Directors. It consists of 1-4 (2022: 4) member of Executive Management and 6 (2022: 6) members of the Board of Directors.

	2023 CHF	2022 CHF
Short-term employee benefits	940'641	2'047'835
Share-based compensation	58'030	2'107'522
<b>Total</b>	<b>998'671</b>	<b>4'155'358</b>

Balance sheet items against related parties	December 31, 2023	December 31, 2022
Accrued salary Jeffrey D. Wager (non-financial)	841'280	923'410

#### 28 Pledged amounts to secure own liabilities

In 2023 the Group has pledged the shares of its subsidiaries EnBiotix, Inc. and Spexis Australia Pty Ltd, which contribute CHF 4'101'160 of net assets to the Group's consolidated financial statements, and intangible assets in the amount of CHF 4'573'000 to secure the debt granted by SGI to the Group.

As Spexis announced on 8 November 2023, SGI issued notices of events of default in respect of the existing loans granted by SGI to Spexis and Spexis Australia Pty Ltd. SGI and have subsequently taken actions seeking to enforce certain security interests which Spexis and its subsidiaries have granted in favour of SGI in connection with such loans including the shares of EnBiotix, Inc. and Spexis Australia Pty Ltd, and certain of the intellectual property housed within these entities and their subsidiaries. The Company asserts that the declarations of default outlined above are unfounded, and as announced in its subsequent press release dated 29 November 2023, is engaged in good faith negotiations with SGI towards debt restructuring and reversal of all enforcement proceedings.

#### 29 Significant events after the balance sheet date

On January 15, 2024 Spexis announced the sale of an preclinical antibiotic program to Basilea Pharmaceutica for payments of up to CHF 2.0 million, whereof CHF 1.25m were received by Spexis as of May 2024.

On April 17, 2024 Spexis announced that i) the Western District Court of the Canton Basel-Landschaft granted Spexis' request to extend its provisional moratorium by an additional 4 months and ii) that Santhera Pharmaceuticals Holding AG (Pratteln, Switzerland) terminated the February 2018 agreement wherein Spexis (formerly Polyphor) out-licensed worldwide rights of lonodelestat, its novel, inhaled neutrophil elastase inhibitor, to Santhera. All rights to lonodelestat and all data generated by Santhera on lonodelestat during the term of the license shall revert to Spexis during a brief transition period.

In Q2 2024, SGI initiated, through its appointed receiver, a so-called "sales process" of the entities EnBiotix, Inc. and Spexis Australia Pty, Ltd., in parallel with its ongoing negotiations with the Company regarding restructuring of the debt and settlement of the dispute between the parties pertaining thereto. The Company maintains that since the declaration of default levied by SGI reported on November 8,



**Consolidated Financial Statements – Spexis Ltd and its subsidiaries (unaudited)**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

2023 is unfounded and unjust, so is then SGI's sales process proceedings and reserves all legal remedies pertaining thereto.

## Financial Statements – Spexis Ltd (unaudited)

### Balance Sheet as at December 31, 2023

	Going concern values (unaudited) 31.12.2023 CHF	Liquidation values (unaudited) 31.12.2023 CHF	31.12.2022 CHF
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	463'865	463'865	1'466'634
Other accounts receivable	310'479	310'479	864'533
Prepaid expenses	146'434	-	176'557
<b>Total current assets</b>	<b>920'777</b>	<b>774'344</b>	<b>2'507'725</b>
<b>Non-current assets</b>			
Financial assets (rent deposit)	447'617	447'617	447'406
Loan to related parties	1'504'385	-	33'434
Investment	21'141'495	-	53'662'663
Proceeds from a sale of pledged assets		10'281'356	
Property, plant and equipment	326'849	857'718	516'869
Technology Platforms	449'856	500'000	899'712
Additional assets	-	3'450'000	-
Intangible assets	35	35	35
<b>Total non-current assets</b>	<b>23'870'238</b>	<b>15'536'726</b>	<b>55'560'119</b>
<b>TOTAL ASSETS</b>	<b>24'791'015</b>	<b>16'311'069</b>	<b>58'067'843</b>

## Financial Statements – Spexis Ltd (unaudited)

### Balance Sheet as at December 31, 2023

	Going concern values (unaudited) 31.12.2023 CHF	Liquidation values (unaudited) 31.12.2023 CHF	31.12.2022 CHF
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Trade accounts payable to third parties	1'853'483	1'853'483	1'215'105
Other short-term liabilities to related parties	7'848'504		8'082'563
Current portion of debt	1'533'160	9'381'664	324'467
Other accounts payable	52'712	52'712	74'713
Current convertible notes (IRIS)	455'000	455'000	327'500
Accrued expenses	807'202	5'747'202	989'133
<b>Current liabilities</b>	<b>12'550'060</b>	<b>17'490'060</b>	<b>11'013'481</b>
Long-term portion of debt	3'222'182	3'222'182	1'307'132
<b>Non-current liabilities</b>	<b>3'222'182</b>	<b>3'222'182</b>	<b>1'307'132</b>
<b>Total liabilities</b>	<b>15'772'242</b>	<b>20'712'242</b>	<b>12'320'612</b>
<b>Shareholders' equity</b>			
Share capital	1'179'290	1'179'290	975'709
Legal capital reserves			
Reserves from capital contributions	399'091'297	399'091'297	396'624'778
Accumulated losses			
Loss carryforward	-351'853'256	-351'853'256	-323'683'311
Loss for the year	-39'398'557	-52'818'503	-28'169'945
Accumulated losses	-391'251'814	-404'671'759	-351'853'256
<b>Total shareholders' equity</b>	<b>9'018'773</b>	<b>-4'401'173</b>	<b>45'747'231</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>24'791'015</b>	<b>16'311'069</b>	<b>58'067'843</b>

## Financial Statements – Spexis Ltd (unaudited)

### Income statement for the year 2023

	2023 (unaudited) CHF	2022 CHF
<b>Income</b>		
Revenue from services and collaborations	-	-
<b>Other income</b>	734'491	1'475'003
<b>Total income</b>	<b>734'491</b>	<b>1'475'003</b>
<b>Expenses</b>		
Cost of materials	-110'288	-153'270
Research and development expenses	-381'749	-2'285'851
Employee expenses	-3'333'144	-4'547'455
Other operating expenses	-3'540'411	-4'531'137
Impairment of investment	-33'025'435	-17'294'935
Depreciation and amortization	-190'020	-1'126'648
<b>Total operating expenses</b>	<b>-40'581'046</b>	<b>-29'939'297</b>
<b>Operating loss before interest and taxes</b>	<b>-39'846'556</b>	<b>-28'464'294</b>
Financial income	325	25
Financial expenses	-361'718	-57'009
Net foreign exchange gain	817'391	381'333
<b>Net loss before taxes</b>	<b>-39'390'557</b>	<b>-28'139'945</b>
Tax expenses	-8'000	-30'000
<b>NET LOSS FOR THE YEAR</b>	<b>-39'398'557</b>	<b>-28'169'945</b>

## Financial Statements – Spexis Ltd (unaudited)

### Income statement for the year 2023

#### 1 Accounting principles

##### 1.1 General Aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

On November 30, 2023 Spexis has been granted a provisional moratorium for 4 months by the Western District Court of the Canton Basel-Landschaft after alleged events of default by SPRIM Global Investments (SGI) of default on various secured loans in the aggregate principal amount of USD 4.5 Mio which Spexis AG, EnBiotix, Inc. (the wholly-owned subsidiary of Spexis) and Spexis Australia Pty Ltd. have entered into with SGI in 2023. For its part, Spexis contends that the alleged events of default have not occurred. The moratorium was extended for a further 4 months in April 2024.

The Company being in an extended provisional moratorium until August 8, 2024 and given the material uncertainty regarding the future of the Company the status of the pledged entities (Enbiotix Inc. and Spexis Australia Pty Ltd) and its assets (principally ColiFin® rights ex-Europe and Murepavadin inhaled) and no secured capital commitments besides the commitment from IRIS (see note 3.7), the Group's board and management decided to present the financial statements under both going concern and liquidation assumptions. Absent any financing secured during the term of the current moratorium, there is a substantial risk that the Company will have to be liquidated.

To generate the going concern balance sheet, the key assumptions used were the following:

- That pursuant to ongoing, good faith negotiations with SGI announced publicly on November 29, 2023, and notwithstanding the enforcement actions undertaken by SGI and contested by Spexis, SGI has agreed in good faith to enter into discussions with Spexis with the view to reaching an agreement on a potential restructuring of the loans from SGI which may include the provision for an additional capital commitment, with the ultimate purpose of supporting the progression of the COPILOT trial.
- This being said, the Company deemed it prudent to impair the value of the investment in EnBiotix, Inc., its subsidiaries and Spexis Australia Pty Ltd. by 50%, in the event the parties could not reach agreement on debt restructuring.

To generate the consolidated liquidation balance sheet, the following key assumptions were used:

- That despite the good faith negotiations announced on November 29, 2023, no assurance can be provided to Spexis stakeholders that i) the parties will indeed reach a debt restructuring agreement, and/or ii) that the enforcement actions undertaken by SGI will be suspended or reversed, and/or iii) said enforcement actions will not be augmented in the coming weeks or months.
- Accordingly, to provide for these possibilities, the liquidation balance sheet presents the conservative view of the outcome of SGI negotiations derecognizes the investment in EnBiotix, Inc., its subsidiaries and Spexis Australia Pty but reflects reasonable proceeds resulting from the deposition of such assets.

## Financial Statements – Spexis Ltd (unaudited)

### Income statement for the year 2023

- Further, more detailed assumptions underlying the presentation of the liquidation balance sheet is provided in section 2.2 below.

#### 1.2 Name Change and Acquisition of Enbiotix, Inc.

The Company was originally incorporated under the name Polyphor Ltd. and renamed to Spexis Ltd. as of December 29, 2021, following the legal acquisition of EnBiotix, Inc. in a share exchange transaction.

## 2 Information on Income Statement and Balance Sheet Items

### 2.1 Other operating expenses

Other operating expenses	2023 CHF	2022 CHF
Legal, consulting and audit expenses	-864'560	-996'061
Patent & trademark expenses	-566'858	-503'898
Rent expenses	-906'157	-905'854
Other expenses	-1'302'837	-2'125'324
<b>Total other operating expenses</b>	<b>-3'540'411</b>	<b>-4'531'137</b>

### 2.2 Debt

Debt	31.12.2023 CHF	31.12.2022 CHF
Fixed loan	1'533'160	324'467
<b>Total short term portion of debt</b>	<b>1'533'160</b>	<b>324'467</b>
Fixed loan	3'222'182	1'307'132
<b>Total long term portion of debt</b>	<b>3'222'182</b>	<b>1'307'132</b>

### 2.3 Pledged assets

In 2023 Spexis has pledged the shares of its subsidiaries EnBiotix, Inc. and Spexis Australia Pty Ltd, to secure the debt of CHF 2'944'480 to Spexis and CHF 833'148 to Spexis Australia granted by SGI.

As Spexis announced on 8 November 2023, SGI issued notices of events of default in respect of the existing loans granted by SGI to Spexis and Spexis Australia Pty Ltd. SGI and have subsequently taken actions seeking to enforce certain security interests which Spexis and its subsidiaries have granted in favour of SGI in connection with such loans including the shares of EnBiotix, Inc. and Spexis Australia Pty Ltd, and certain of the intellectual property housed within these entities and their subsidiaries. The Company asserts that the declarations of default outlined above are unfounded, and as announced in its subsequent press release dated 29 November 2023, is engaged in good faith negotiations with SGI towards debt restructuring and reversal of all enforcement proceedings.

## Financial Statements – Spexis Ltd (unaudited)

### Income statement for the year 2023

#### 2.4 Impairment

Investment of CHF 42'223'461 after initial impairment (2022: CHF 53'662'663) originates from the legal acquisition of the former Enbiotix Inc by Polyphor, Inc. in December 2021, representing mainly the acquired assets ColiFin and Inhaled Murepavadin.

Spexis Ltd performs an impairment test annually or when an impairment indicator is identified by determining the recoverable amount and covers as well as the annual impairment test on the assets under development. At December 31, 2023, given the decreased market capitalization of the group, the recoverable amount of the assets under development was assessed using the practical method, based on 1/3 of the NPV of the assets and on 2/3 of the group's consolidated equity.

Given the uncertainty regarding the status of the pledged entities (Enbiotix Inc. and Spexis Australia Pyt Ltd) and its assets (ColiFin® rights ex-Europe and Murepavadin inhaled) as of December 31, 2023, the Group's board and management decided to perform an additional impairment by 50%, giving a total investment of CHF 21'141'495 (2022: CHF 53'662'663).

#### 2.5 Liquidation balance sheet

In the liquidation balance sheet, the following assumptions were made:

- Prepaid expenses and loans given to group companies were assessed to not be recoverable.
- Proceeds from sale of pledged assets Enbiotix Inc and its subsidiaries and assets as well as Spexis Australia Pyt Ltd is estimated to be in excess of CHF 10'281'356, which would allow the repayment the existing CHF 7'011'327 originating from the intercompany loan of Enbiotix Inc to Spexis AG .
- Property plant and equipment were estimated to have a market value of CHF 857'178, based on a average between a minimal and a target priced of an external valuation report.
- Spexis AG's additional assets were estimated to have a market value of CHF 3'450'000 for it's preclinical and clinical antibiotic assets (see also note 3.9)
- Intercompany liabilities to Enbiotix Inc. and Spexis Australia Pyt Ltd were categorized as third-party liabilities.
- Additional costs of CHF 4'940'000 were accrued for 12 months of operating costs and the future liabilities until end of the lease term of the building.

#### 2.6 Participations

	31.12.2023	31.12.2022
Polyphor UK Ltd., London, United Kingdom		
Paid-in capital (GBP)	1'000	1'000
Share in capital and voting rights in %	100	100
Polyphor Deutschland GmbH, Lörrach, Germany		
Paid-in capital (EUR)	25'000	25'000
Share in capital and voting rights in %	100	100

## Financial Statements – Spexis Ltd (unaudited)

### Income statement for the year 2023

Enbiotix Inc., Delaware, USA		
Paid-in capital (USD)	5	15'044
Share in capital and voting rights in %	100	100
Spexis Australia Pty Ltd., Melbourne, Australia		
Paid-in capital (USD)	0	
Share in capital and voting rights in %	100	

Additionally, to direct investments, the company holds 100% each of Spexis Germany GmbH, Leipzig, Germany and Enbiotix (Switzerland) GmbH, Basel, Switzerland.

### 2.7 Capital increases

	31.12.2023 CHF	31.12.2022 CHF
<b>Share capital and legal reserves</b>		
Share capital	1'179'290	975'709
Reserves from capital contributions	399'091'297	396'624'778
<b>Share capital and legal reserves</b>	<b>400'270'587</b>	<b>397'600'487</b>
Accumulated losses		
Loss carryforward	-351'853'256	-323'683'311
Loss for the year	-39'398'557	-28'169'945
<b>Accumulated losses</b>	<b>-391'251'814</b>	<b>-351'853'256</b>
<b>Total shareholders' equity</b>	<b>9'018'773</b>	<b>45'747'231</b>

At December 31, 2023 Spexis Ltd. share capital consisted of 58'964'495 shares with a nominal value of CHF 0.02 each (2022: 48'785'463 /CHF 0.02).

No dividends were declared or paid by the company for the year under review (2022: nil)

The annual general meeting held on June 26, 2023 authorized a capital band between CHF 975'709 (lower limit) and CHF 1'463'564 (upper limit) which could lead to an increase of 24'392'731 registered shares. The Board of Directors is authorized to increase the share capital up to the upper limit at any time and as often as required until June 25, 2028. If the share capital increases as a result of an increase from conditional capital the upper and lower limits of the capital range shall increase in an amount corresponding to such increase in the share capital.

As of December 31, 2023, the Company had conditional share capital pursuant to which the share capital may be increased by a maximum amount of CHF 284'274 (2022: CHF 455'652) through the issue of a maximum of 14'213'699 (2022: 22'782'592) registered shares. An amount of CHF 84'865 (2022: CHF 84'865) of the conditional share capital is exclusively reserved for the members of the employee stock option plan. The other part is reserved for the conversion of convertible bonds or other similar financial instruments.

The reserves from capital contributions include the premium after the issue costs from prior capital increases as well as from capital increases in the year 2023. From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as a repayment of share capital,



## Financial Statements – Spexis Ltd (unaudited)

### Income statement for the year 2023

provided that the company distributes taxable dividends to the same extent from other reserves. The Swiss Federal Tax Administration (SFTA) has not finally confirmed that it will recognise the increases during the period under review in disclosed reserves from capital contributions as a capital contribution as per art. 5 para.1bis Withholding Tax Act.

### 3 Other information

#### 3.1 Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, did not exceed 50.

#### 3.2 Liabilities to pension fund

Liabilities to pension fund were CHF 107'677 at December 31, 2023 (2022: nil).

#### 3.3 Restricted cash

At December 31, 2023 cash and cash equivalents in the amount of CHF 66'667 (2022: CHF 100'000) and EUR 6'708 (2022: EUR 50'000) are additionally restricted.

#### 3.4 Significant shareholders

The following shareholders owed more than 5 percent of voting rights as at 31 December:

	31.12.2023	31.12.2022
Jeffrey D. Wager <sup>1</sup>	15.3%	18.6%
RLG Business Corporation	10.4%	12.5%
Vectura Group Limited	7.3%	8.8%
Multi Invest VCC Investment	6.4%	-

<sup>1</sup> indirect holding by Aperion Holdings Limited that is beneficially owned by Jeffrey D. Wager

#### 3.5 Share or options on shares for member of the board, employees

In 2023 no options on shares were allocated to members of the board or to employees.

In 2022 the following options on shares were allocated to members of the board, to employees. The following information relates to the allocation in 2022 (valued at the average fair value of CHF 1.26 for each option):

2022	Options	
	Quantity	Value (CHF)
Allocated to Board of Directors / Management	2'650'000	3'494'959
Allocated to employees	272'029	172'872
<b>Total</b>	<b>2'922'029</b>	<b>3'667'831</b>

## Financial Statements – Spexis Ltd (unaudited)

### Income statement for the year 2023

#### 3.6 Equity owned by Management and the Board of Directors, including any related parties

As per December 31, 2023 the Board of Directors and the Management owned the following shares and options:

<b>Board of Directors</b>	<b>Number of shares</b>	<b>Number of share options (vested)</b>	<b>Number of share options (unvested)</b>
Kuno Sommer	5'000	69'000	-
Bernhard Bollag	5'240	64'250	-
Jeffrey D. Wager <sup>1</sup>	9'048'383	306'250	393'750
Dennis Ausiello	488'379	50'000	-
Robert Clarke	87'211	50'000	-
Dan Hartman	105'554	50'000	-
<b>Total</b>	<b>9'739'767</b>	<b>589'500</b>	<b>393'750</b>

<sup>1</sup> Of total shares 7'184'301 held indirectly by Aperion Holdings Limited that is beneficially owned by Jeffrey D. Wager

<b>Management</b>	<b>Number of shares</b>	<b>Number of share options (vested)</b>	<b>Number of share options (unvested)</b>
Jeffrey D. Wager <sup>1</sup>	9'048'383	306'250	393'750
Juergen Froehlich	377'203	218'750	281'250
Hernan Levett	-	267'938	-
Stephan Wehselau <sup>2</sup>	357'563	187'500	-
<b>Total</b>	<b>9'783'149</b>	<b>42'938</b>	<b>2'400'000</b>

<sup>1</sup> Of total shares 7'184'301 held indirectly by Aperion Holdings Limited that is beneficially owned by Jeffrey D. Wager

<sup>2</sup> Shares held by NIK Beteiligungsgesellschaft that is beneficially owned by Stephan Wehselau

As per December 31, 2022 the Board of Directors and the Management owned the following shares and options:

<b>Board of Directors</b>	<b>Number of shares</b>	<b>Number of share options (vested)</b>	<b>Number of share options (unvested)</b>
Kuno Sommer	5'000	69'000	-
Bernhard Bollag	5'240	64'250	-
Jeffrey D. Wager <sup>1</sup>	9'048'383	-	700'000
Dennis Ausiello	488'379	50'000	-
Robert Clarke	87'211	50'000	-
Dan Hartman	105'554	50'000	-
<b>Total</b>	<b>9'739'767</b>	<b>283'250</b>	<b>700'000</b>

<sup>1</sup> Of total shares 7'184'301 held indirectly by Aperion Holdings Limited that is beneficially owned by Jeffrey D. Wager

## Financial Statements – Spexis Ltd (unaudited)

### Income statement for the year 2023

Management	Number of shares	Number of share options (vested)	Number of share options (unvested)
Jeffrey D. Wager <sup>1</sup>	9'048'383	-	700'000
Juergen Froehlich	377'203	-	500'000
Hernan Levett	-	42'938	600'000
Stephan Wehselau <sup>2</sup>	357'563	-	600'000
<b>Total</b>	<b>9'783'149</b>	<b>42'938</b>	<b>2'400'000</b>

<sup>1</sup> Of total shares 7'184'301 held indirectly by Aperion Holdings Limited that is beneficially owned by Jeffrey D. Wager

<sup>2</sup> Shares held by NIK Beteiligungsgesellschaft that is beneficially owned by Stephan Wehselau

### 3.7 Current convertible notes (IRIS)

On July 27, 2022, Spexis announced that it has renewed the equity-linked financing arrangement with the French company IRIS. The remaining CHF 13.6 million of the original agreement was replaced with a new equity-linked financing agreement to raise a gross amount of up to CHF 15.0 million over a period of two years. If amounts are drawn by Spexis, IRIS will receive Spexis shares to be created from the Company's conditional capital based on this interest-free mandatory convertible bonds program. It remains at the sole discretion of Spexis to suspend or terminate the staggered financing. If Spexis elects to draw down any amounts, IRIS is committed to buy on a monthly basis over a period of two years twenty-four tranches of CHF 625'000 of unsecured zero-coupon mandatory convertible bonds. The program can be tailor-made in terms of period and tranche size, according to Spexis's financing needs. During the term of the financing, for any financing amounts drawn by Spexis, IRIS will convert each month the mandatory convertible bonds into shares at a discount to the applicable volume weighted average price (VWAP).

As of December 31, 2023, the carrying amount of the host for notes issued but not yet converted amounted to CHF 455'000 (2022: CHF 327'500) and is included in the balance sheet under current liabilities.

### 3.8 Residual amount of leasing obligations

The maturity of leasing obligations which have a residual term of more than twelve months or which cannot be canceled within the next twelve months is as follows:

	31.12.2023 CHF	31.12.2022 CHF
Up to 1 year	905'752	914'872
1–5 years	2'490'819	3'397'331
More than 5 years	-	-
<b>Total</b>	<b>3'396'571</b>	<b>4'312'204</b>

### 3.9 Significant events after the balance sheet date

On January 15, 2024 Spexis announced the sale of an preclinical antibiotic program to Basilea Pharmaceutica for payments of up to CHF 2.0 million, whereof CHF 1.25m were received by Spexis as of May 2024.

## **Financial Statements – Spexis Ltd (unaudited)**

### **Income statement for the year 2023**

On April 17, 2024 Spexis announced that i) the Western District Court of the Canton Basel-Landschaft granted Spexis' request to extend its provisional moratorium by an additional 4 months and ii) that Santhera Pharmaceuticals Holding AG (Pratteln, Switzerland) terminated the February 2018 agreement wherein Spexis (formerly Polyphor) out-licensed worldwide rights of lonodelestat, its novel, inhaled neutrophil elastase inhibitor, to Santhera. All rights to lonodelestat and all data generated by Santhera on lonodelestat during the term of the license shall revert to Spexis during a brief transition period.

In Q2 2024, SGI initiated, through its appointed receiver, a so-called “sales process” of the entities EnBiotix, Inc. and Spexis Australia Pty, Ltd., in parallel with its ongoing negotiations with the Company regarding restructuring of the debt and settlement of the dispute between the parties pertaining thereto. The Company maintains that since the declaration of default levied by SGI reported on November 8, 2023 is unfounded and unjust, so is then SGI's sales process proceedings and reserves all legal remedies pertaining thereto.

## Financial Statements – Spexis Ltd (unaudited)

### Notes to the Financial Statements as at December 31, 2023

**Proposal by the Board of Directors for the loss to be carried forward, subject to the approval of the Annual General Meeting:**

	<b>2023 CHF</b>
Loss carryforward	-351'853'256
Loss for the year	-39'398'557
<b>Balance to be carried forward</b>	<b>-391'251'814</b>

Imprint

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Overall Responsibility

Spexis Ltd

Photography

Michel Matthey de L'Etang

Cover photo | National Cancer Institute

Contact

Investor Relations

T +41 61 567 16 00 | [ir@spexisbio.com](mailto:ir@spexisbio.com)

