

Kuros Biosciences reports results for the full year 2018

Financial highlights

- **CHF 19.0 million cash & cash equivalents, trade and other receivables as at December 31, 2018**
- **Net operating costs decreased to CHF 14.3 million**

Operational highlights

- **First U.S. & European sales of MagnetOs**
- **Commercial rollout in the U.S. and Europe on track**
- **Preparation for Phase II clinical study of Fibrin-PTH in spine on track**
- **Raised CHF 16.1 million to advance product pipeline and commercialization of MagnetOs**

Schlieren (Zurich), Switzerland, April 12, 2019 – Kuros Biosciences successfully delivered on its targets in 2018, realizing first sales of MagnetOs and confirming its successful transition into a fully-fledged orthobiologics company with scientific, clinical, and commercial excellence in bone regeneration.

Kuros raised gross proceeds of CHF 16.1 million from a capital increase to advance its pipeline, in particular the Phase II clinical study of its proprietary KUR-113 product candidate in spinal fusion, and to progress commercialization of MagnetOs in the U.S. and selected geographies in Europe.

The commercial rollout of MagnetOs continues apace in both the U.S. and Europe, after first sales were recorded in 2018.

Joost de Bruijn, Chief Executive Officer, said: “We have made significant progress at all fronts in 2018, making this a transformational year for our company as we pursue our new strategy. The first sales of MagnetOs are a significant achievement and a marker in the history of the company, as we focus on the commercial opportunity of cutting-edge orthobiologics and the commercial rollout is advancing on both sides of the Atlantic. Beyond this, we are driving forward the exciting clinical program with Fibrin-PTH in spinal fusion, which represents a huge commercial opportunity.”

Financial position

Cash and cash equivalents (including trade and other receivables) as at December 31, 2018, amounted to CHF 19.0 million, compared with CHF 17.0 million as at December 31, 2017.

Net operating costs decreased to CHF 14.3 million (2017: CHF 16.8 million) primarily due to lower General and Administrative costs of CHF 8.9 million (2017: CHF 15.2 million) which contained costs for personnel and other costs for administration and maintenance. Costs for research and development increased to CHF 6.9 million (2017: CHF 4.5 million), which are mainly external costs for the preparation of the Phase II study (spine indication) of fibrin PTH, as well as depreciation of intangible and tangible assets. Other income amounted to CHF 1.5 million (2017: CHF 2.9 million) and mainly consisted of proceeds from sub-lease agreements.

Revenues amounted to CHF 0.7 million (2017: CHF 0.5 million) and originated primarily from product sales of CHF 0.5 million (2017: CHF 0 million) and revenues from collaborations of CHF 0.2 million (2017: 0.5 million) related to a milestone payment from the Checkmate agreement.

The Net loss for 2018 amounted to CHF 11.7 million, compared to CHF 16.5 million in 2017. The main reason for the substantial decrease of CHF 4.8 million are a reduction in General and Administrative expenses and income tax effects.

Key figures	2018	2017
In TCHF, IFRS		
Revenue	715	534
Cost of goods sold	(96)	-
- <i>Research and development costs</i>	<i>(6,882)</i>	<i>(4,470)</i>
- <i>General and administrative costs</i>	<i>(8,934)</i>	<i>(15,242)</i>
- <i>Other income</i>	<i>1,470</i>	<i>2,935</i>
Net operating costs	(14,346)	(16,777)
Operating income/(loss)	(13,727)	(16,243)
Net financial income/(loss)	(86)	(350)
Income taxes	2,120	109
Net income/(loss)	(11,693)	(16,484)
Net income/(loss) per share (in CHF)	(1.34)	(2.32)
Cash and cash equivalents, trade and other receivables	18,961	17,024

Recent developments after the reporting period

On February 8, 2019 Kuros' Dutch subsidiary, Kuros Biosciences BV, has signed a private label Original Equipment Manufacturer (OEM) agreement with SeaSpine Holdings Corporation

(NASDAQ: SPNE), a global medical technology company focused on surgical solutions for the treatment of spinal disorders. Under the agreement, Kuros will supply the bone graft in various forms and SeaSpine will market the products under the brand name OsteoCurrent in the U.S. and other selected markets in Europe, South America and the Middle East, providing the necessary regulatory approvals are achieved. Initial sales in the U.S. are expected prior to the end of H1 2019. Terms of the agreement were not disclosed.

On March 13, Kuros received clearance for the Kuros TLIF cage from the U.S. Food and Drug Administration (FDA).

Pfizer Vaccines LLC. has recently informed Kuros that it will discontinue the development of the licensed legacy programs from former Cytos Biotechnology Ltd. and therefore the agreements were terminated.

On April 8, the U.S. Food and Drug Administration's Office of Combination Products (OCP) notified Kuros that the Center for Drug Evaluation and Research (CDER) will have primary review of the fibrin-PTH (KUR-113) Combination Product, paving the way for filing an Investigational New Drug (IND) application to initiate human clinical studies. Importantly, the FDA has also indicated that KUR-113 would not work only or be limited to Kuros's own proprietary cage, but may be used with multiple cleared cages to achieve spinal fusion. This potentially opens up a substantially larger opportunity in the spinal fusion market.

In April 2019, Kuros entered into a convertible bond financing agreement with Nice & Green S.A. for up to a maximum of CHF 5 million. Nice & Green is a private Swiss company which specializes in financing solutions tailored to the requirements of listed growth companies in the biotech and clean-tech industries. This agreement can be extended for an additional CHF 5 million over a further 12 months. The facility enables Kuros to draw 12 equal tranches representing 100,000 shares each over 12 months against issuance of convertible bonds. The convertible bonds are mandatory convertible into equity at the discretion of Nice & Green S.A. within a period of 12 months, with a conversion rate of 95% of the lowest volume-weighted average price during the six trading days preceding the conversion date.

Outlook

Kuros' products are advancing according to plan, with MagnetOs generating sales in the U.S. and in Europe. Kuros is financed to further drive the commercialization of MagnetOs in the U.S. and to execute the Phase II clinical study of Fibrin-PTH in spinal fusion.

The annual report 2018 is available on our corporate website under the following link

http://www.kuros.ch/uploads/Reports_and_Presentations/Kuros_Annual_Report_2018.pdf

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About Kuros Biosciences AG

Kuros Biosciences is focused on the development of innovative products for tissue repair and regeneration and is located in Schlieren (Zurich), Switzerland, Bilthoven, The Netherlands and Burlington (MA), U.S.A. The Company is listed according to the International Financial Reporting Standard on the SIX Swiss Exchange under the symbol KURN. Visit www.kurosbio.com for additional information on Kuros, its science and product pipeline.

Forward Looking Statements

This media release contains certain forward-looking statements that involve risks and uncertainties that could cause actual results to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. You are urged to consider statements that include the words "will" or "expect" or the negative of those words or other similar words to be uncertain and forward-looking. Factors that may cause actual results to differ materially from any future results expressed or implied by any forward-looking statements include scientific, business, economic and financial factors, Against the background of these uncertainties, readers should not rely on forward-looking statements. The Company assumes no responsibility for updating forward-looking statements or adapting them to future events or developments.