Kuros Biosciences Reports Results for First Half 2020

Financial and Operational Highlights

- **CHF 16.0 million cash & cash equivalents, trade and other receivables as at June 30, 2020**
- **Revenues increased to CHF 1.3 million driven by strong MagnetOs sales, up 42% versus H1 2019**
- **Net operating costs of CHF 7.5 million led by higher marketing expenses**
- **Several trial sites activated for the Fibrin-PTH phase II clinical study, ready to enroll patients**
- **Strengthened Fibrin-PTH IP estate with U.S. patent covering PTH containing matrices for spinal fusion**
- **MagnetOs preclinical data demonstrate superiority to market-leading synthetic bone grafts in spinal fusion**
- **Positive clinical outcomes from investigator-led clinical study of MagnetOs**

Schlieren (Zurich), Switzerland, August 12, 2020 – Kuros Biosciences, a leader in next generation bone graft technologies, today reported its results for the first half year 2020. Despite the adverse impact of COVID-19 on elective surgery, Kuros accelerated sales of its lead product MagnetOs, which increased by 42% compared to the same period last year. In addition, the clinical development of Fibrin-PTH (KUR-113) continued apace, with several sites initiated in the STRUCTURE Phase II clinical study and ready to begin enrolling patients.

Joost de Bruijn, Chief Executive Officer, said: "In the first half of 2020, we achieved impressive growth in product sales, despite COVID-19 related disruptions to elective surgery in this period. This is an important step towards establishing our MagnetOs bone grafts as standard of care. Based on feedback from leading spine surgeons, we are confident that MagnetOs is best-in-class and has the potential to capture substantial revenue in the $2.2 billion bone grafting market."

De Bruijn added: "We continue to advance the Fibrin-PTH program in spinal fusion. Three sites are already activated for the Phase II trial for single level transforaminal lumbar interbody fusion (TLIF) procedures in patients with degenerative disc disease and the first patient is expected imminently. This program is particularly exciting as it represents a substantial commercial opportunity. Growing global awareness and interest in Fibrin-PTH is evident as the lead investigator of our STRUCTURE clinical trial, Dr. J Chi, recently opened the Korean American Spine Society meeting with a presentation on Fibrin-PTH."

Developments in H1

In the first half of 2020, Kuros has added to the body of data supporting the use of MagnetOs as an alternative to gold standard treatment autograft. These included data from a clinically relevant model comparing MagnetOs with autologous bone, Vitoss® BA2X (Stryker Corp.) and Novabone Putty® (Novabone Products, LLC) in instrumented posterolateral spinal fusion in sheep. The study

concluded that MagnetOs is an appropriate alternative to autograft when used as a standalone graft and was significantly better at achieving uniform, solid and stable fusions than the comparator products.

Kuros has also received powerful results of a U.S. investigator-led retrospective chart review of 25 cervical and 52 lumbar reconstruction patients, who underwent circumferential- or anterior column only interbody reconstruction surgery with MagnetOs to achieve solid spinal arthrodesis. Lumbar fusion rates were 94/97 levels (96.9%) while cervical fusion was confirmed in 75/80 (93.8%) levels. Modified Prolo scores showed Meaningful Clinically Important Differences (MCID) in 74/77 patients.

Kornelis Poelstra, MD, PhD, of The Robotic Spine Institute of Silicon Valley and principal investigator of the study, said: "Our work clearly demonstrates that for patients in need of complex cervical or lumbar reconstruction surgery, MagnetOs is a viable substitute to autograft for reliable augmentation of interbody arthrodesis formation with excellent clinical outcomes."

In 2020 H1, Kuros also strengthened its patent portfolio with a U.S. patent covering the use of PTH containing matrices for spinal fusion, further extending the remaining patent life.

Financial position
Cash and cash equivalents (including trade and other receivables) amounted to CHF 16.0 million as per June 30, 2020, compared with CHF 21.9 million as per December 31, 2019.

- Net operating costs amounted to CHF 7.5 million (first half 2019: CHF 6.1 million).
- Costs for research and development which includes costs for the preparation of the Phase II study (spine indication) of Fibrin PTH decreased to CHF 3.1 million (first half 2019: CHF 3.4 million).
- General and administrative costs increased to CHF 2.4 million (first half 2019: CHF 2.0 million) as 2019 was impacted by a non-cash settlement gain from the pension fund due to personnel reduction.
- Sales and marketing expenses increased to CHF 2.1 million (first half 2019: CHF 0.9 million). These were previously included in General and Administrative costs and are now reported separately. The increase is mainly due to an increase in headcount of sales personnel in the US and expanded marketing efforts for MagnetOs.
- Revenues amounted to CHF 1.3 million (first half 2019: CHF 0.9 million) and originated from product sales. Other income amounted to CHF 0.1 million (first half 2019 CHF 0.2 million).
- The net loss for the six months ended June 30, 2020 amounted to CHF 5.8 million (first half 2019: CHF 5.2 million).

Key figures In TCHF, IFRS	H1 2020	H1 2019
Product sales	1,295	910
Research and development costs	(3,128)	(3,423)
General and administrative costs	(2,438)	(2,007)
Sales and marketing costs	(2,069)	(882)
Other income	120	182
Net operating costs	(7,515)	(6,130)
Operating loss	(6,372)	(5,358)
Net financial loss	(130)	(243)
Net loss	(5,840)	(5,227)
Net loss per share (in CHF)	(0.26)	(0.35)
Cash and cash equivalents, trade and other receivables	16,043	13,436

Outlook

The evolving COVID-19 pandemic and its impact on the commercialization and clinical trial enrolment of the Group's products and programs is being continuously monitored. Kuros has reviewed its exposure to COVID-19 and other emerging business risks that could impact the financial performance or position of the Group as at June 30, 2020, and believes it remains well placed to grow its revenues.

The half year report is available via the following link:
https://kurosbio.com/resources/kuros-interim-results-2020/

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About MagnetOs

MagnetOs bone graft has an advanced submicron surface topography which leads to the formation of bone, rather than scar tissue, following implantation. In preclinical models, MagnetOs preferentially directs early wound healing toward the bone-forming pathway, meaning that bone can be formed even in soft tissues without the need for added cells or growth factors, resulting in an osteoinductive claim in Europe. MagnetOs

promotes local bone formation equivalent to current gold standard, autograft. A substantial number of clinically relevant and predictive studies have demonstrated its equivalence to the current gold standard (patient's own bone, which may not be available in sufficient quantities and/or involves morbidity, costs and pain associated with its harvesting from another healthy site of the patient's body). MagnetOs is now supported by more than three years of clinical experience since its launch in the United Kingdom in May 2017. For more information, see: www.magnetosbonegraft.com

US indications statement

MagnetOs is an implant intended to fill bony voids or gaps of the skeletal system, i.e., posterolateral spine. MagnetOs must be used with autograft as a bone graft extender in the posterolateral spine. These osseous defects may be surgically created or the result of traumatic injury to the bone and are not intrinsic to the stability of the bony structure.

EU indications statement

MagnetOs is intended for use as bone void filler for voids and gaps that are not intrinsic to the stability of the bony structure. MagnetOs is indicated for use in the treatment of surgically created osseous defects or osseous defects resulting from traumatic injury to the bone. MagnetOs is intended to be packed into bony voids or gaps of the skeletal system (i.e. extremities, spine, cranial, mandible, maxilla and pelvis) and may be combined with autogenous bone. MagnetOs should not be used to treat large defects that in the surgeon's opinion would fail to heal spontaneously. In load bearing situations, MagnetOs is to be used in conjunction with internal or external fixation devices.

About Kuros Biosciences AG

Kuros Biosciences is a leader in next generation synthetic bone graft technologies for targeted and controlled bone healing. Kuros's bone graft substitute, MagnetOs, is commercialized in the US and UK for use in posterolateral spinal fusions. Kuros's lead product in development, Fibrin PTH, a drug-biologic combination for spinal interbody fusion, is entering a phase 2 clinical trial in the U.S. Kuros is located in Schlieren (Zurich), Switzerland, Bilthoven, The Netherlands and Burlington (MA), U.S.A. Kuros is listed 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. Kuros assumes no responsibility for updating forward-looking statements or adapting them to future events or developments.