



## Kuros Biosciences Reports Financial Results for First Half-Year of 2016

- **Merger successfully completed:** Cytos Biotechnology and Kuros Biosurgery Holding have combined their businesses to create Kuros Biosciences, a future leader in tissue repair and regeneration.
- **Lead products progressing:** KUR-023 is being readied for CE mark submission while development of orthobiologics assets continues apace.
- **Key positions filled and staff significantly expanded:** Industry expert elected as new Board member, Chief Medical Officer and Chief Development Officer appointed and employees increased substantially.

Schlieren (Zurich), Switzerland, September 29, 2016 – Kuros Biosciences today announced for the first time financial figures after the merger of Cytos Biotechnology and Kuros Biosurgery on January 18, 2016. For the first six months of 2016, the Company reported revenues of CHF 1.1 million primarily from a milestone payment. Net operating costs increased to CHF 15.1 million as a result of an impairment and modifications of share-based payments in connection with the merger. Net loss for the first half-year 2016 rose to CHF 13.3 million. Cash reserves at the end of the reporting period amounted to CHF 17.5 million.

“We are pleased to report that we have now successfully combined the two businesses, as well as substantially increased our employee base, while continuing to progress our lead programs. We acquired new talent and industry expertise for the Board of Directors, the Executive Board and other key functions and now have a staff of 14 employees and growing”, commented Didier Cowling, Chief Executive Officer of Kuros Biosciences.

“The reverse merger between Cytos Biotechnology and Kuros Biosurgery Holding closed on January 18, 2016. For accounting purposes in accordance to IFRS 3, the legal acquiree Kuros Biosurgery Holding was identified as the acquiring entity. As a consequence, the interim financial figures for 2016 of the merged company are a continuation of those of Kuros Biosurgery Holding and not comparable to the published figures of former Cytos for the same period in 2015”, explained Harry Welten, Chief Financial Officer of Kuros Biosciences.

### Key figures

in TCHF, IFRS	Six months ended June 30, 2016	Six months ended June 30, 2015
Revenue	1,055	30
Research and development	(5,215)	(149)
General and administrative	(11,054)	(972)
Other income	1,161	–
Net operating costs	(15,108)	(1,121)
Net financial result	955	(413)
Net loss	(13,255)	(1,458)
Cash reserves	17,446	764
Number of employees (FTE)	14	5

The Interim Report 2016 can be downloaded at [www.kuros.ch/investors/reports-presentations.html](http://www.kuros.ch/investors/reports-presentations.html).



**Higher cash reserves due to exercise of conversion rights**

Cash available for financing the operations of Kuros Biosciences amounted to CHF 17.4 million as per June 30, 2016. This is CHF 1.5 million higher than on December 31, 2015 (CHF 15.9 million) as a result of the exercise of conversion rights before the closing of the merger. The gross cash burn for operating activities, as calculated on the cash flow statement, was CHF 3.8 million during the first six months of 2016 or CHF 0.6 million per month, compared to CHF 0.8 million and CHF 0.1 million on average per month in the previous year.

**First Checkmate milestone payments results in increased revenues**

Revenues amounted to CHF 1.1 million (first half-year 2015: TCHF 30) and originated primarily from a milestone payment from Checkmate after a first melanoma patient was dosed in a Phase 1b multi-center, open-label study with CMP-001.

**Impairment and modifications of share-based payments impact net result**

Net operating costs increased to CHF 15.1 million (first half-year 2015: CHF 1.1 million). Expenses for research and development of CHF 5.2 million included a full impairment of the Arbutus agreement (CHF 3.1 million) and costs associated with the preparation of filing for CE mark ahead of market approval of KUR-023. Expenses for general and administrative amounted to CHF 11.1 million primarily due to costs associated with the modification of share-based payments in connection with merger (exchange of options of former Kuros Biosurgery Holding for options of Kuros Biosciences) of CHF 6.1 million. Other income was CHF 1.1 million (first half-year 2015: CHF 0) and included proceeds from sublease agreements.

The net financial result was CHF 1.0 million (first half-year 2015: CHF –0.4 million). Since the increase of expenses significantly outpaced the growth of revenues and the financial result, Kuros Biosciences reports a net loss of CHF 13.3 million for the first half-year 2016 (first half-year 2015: CHF 1.5 million).

**Outlook and news flow**

Preparations for the submission of KUR-023 to be CE marked are advancing according to plan. The potential approval and commercial launch of the sealant in the European Union is expected in 2017. Kuros Biosciences is planning a second clinical study to support approval of the product in the United States of America. Furthermore, preparations are underway to advance KUR-111 and KUR-113 towards Phase III development after their successful Phase IIb clinical trials.

Kuros Biosciences is financed with sufficient cash reserves to launch KUR-023 in the European markets. In addition, funds available will allow Kuros Biosciences to prepare for a pivotal study of its lead orthobiologic product candidate.

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**About Kuros Biosciences**

*Kuros Biosciences is focused on the development of innovative products for tissue repair and regeneration and is located in Schlieren (Zurich), Switzerland. The Company is listed according to the International Financial Reporting Standard on the SIX Swiss Exchange under the symbol KURN. Visit [www.kuros.ch](http://www.kuros.ch) 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.*