Kuros Biosciences reports results for the full year 2022

March 15, 2023

Financial highlights

- **Direct sales of MagnetOs rose 75% from CHF 6.9 million to CHF 12.1 million in 2022. Total revenue from medical devices CHF 13.3 million, up from CHF 8.3 million**
- **Revenue from collaboration CHF 4.7 million vs CHF 5.5 million in 2021, due to licensing agreement with Checkmate Pharmaceuticals**
- **Cash & cash equivalents, trade and other receivables amounted to CHF 27.7 million as of December 31, 2022**
- **Eligible for up to USD 21.3 million in further pre-commercial milestones from Checkmate licensing agreement**
- **Up to USD 142.5 million in sales milestones from XOMA purchase agreement**

Operational highlights

- **MagnetOs surpassed the important milestone of 10,000 patients treated**
- **First comparison of MagnetOs granules to gold standard shows 78% fusion rate compared to 42% for autograft**
- **Enrollment in randomized phase 2 study of Fibrin PTH completed and enrollment in second, non-randomized phase on track**

Outlook

- **Medical devices segment (MagnetOs) is expected to become cashflow positive in the second half of 2023**
- **Financed to accelerate commercial roll-out of MagnetOs in the U.S. and to complete Phase 2 clinical study of Fibrin-PTH in spine, with initial data expected by the end of 2023**

Schlieren (Zurich), Switzerland, March 15, 2023 – Kuros Biosciences today announces continued robust progress with its results for full year 2022, increasing MagnetOs direct sales by 75% and completing enrollment of the randomized stage of the Phase 2 spine study for Fibrin-PTH, confirming its successful transition into a fully-fledged orthobiologics company with scientific, clinical, and commercial excellence in bone regeneration. Total revenue from medical devices came in at CHF 13.3 million (vs FY 2021: CHF 8.3 million), increased by 59% and 56% on a constant currency basis.

MagnetOs achieved strong sales growth in the U.S. and passed the important milestone of 10,000 patients treated worldwide, demonstrating its utility in real-world practice as well as in controlled trial environments.

Joost de Bruijn, Chief Executive Officer, said: “Kuros Biosciences has achieved a year of impressive continued upward sales momentum, outstanding progress with clinical development and strong business performance, underlining our growing success as a leading orthobiolgics company. Our MagnetOs bone graft technology reached several notable goals including new commercial launches, which extended the product line and strengthened the MagnetOs family brand, as well as passing the major milestone of 10,000 patients treated worldwide and completing enrollment of patients in the PARTNER clinical trial. We made more encouraging progress during 2022 with our Fibrin-PTH clinical program, which represents a substantial commercial opportunity for the company. We continued to receive milestone payments from our agreement with Regeneron, which has acquired Checkmate Pharmaceuticals, and we successfully conducted a CHF 6 million private placement, maintaining a strong cash position as we move forward into 2023.”

Financial position

General remark – Direct sales of MagnetOs increased by 75%
In 2022, direct sales of MagnetOs rose 75% from 6.9 million to CHF 12.1 million in 2022. Total revenue from medical devices came in at CHF 13.3 million (vs FY 2021: CHF 8.3 million), increased by 59% and 56% on a constant currency basis. Revenues from collaborations amounted to CHF 4.7 million (vs FY 2021: CHF 5.5 million). Cost of goods sold amounted to CHF 7.2 million (vs FY 2021: CHF 3.7 million) of which CHF 2.2 million (vs FY 2021: CHF 2.2 million) is the amortization from currently marketed products and CHF 3.6 million (vs FY 2021: CHF nil) is due to an impairment of goodwill.

Financial position and other assets
Funds available for financing the operations of Kuros amounted to CHF 27.7 million as of December 31, 2022, which included cash and cash equivalents, trade and other receivables. This is a decrease of CHF 3.0 million from CHF 30.7 million as of

December 31, 2021. The decrease is mainly driven by a net operating cash outflow partially compensated by a CHF 6.0 million capital increase through a private placement of 3,750,000 new shares.

As of December 31, 2022, total intangible assets amounted to CHF 19.4 million (vs FY 2021: CHF 22.6 million) and goodwill amounts to CHF 29.3 million (vs FY 2021: CHF 33.4 million). The decrease in the goodwill amount is driven by an impairment after re-assessing the expected timeline for clinical development of the licensing agreement with Checkmate (now: acquired by Regeneron Pharmaceuticals).

Operating loss
Operating costs amounted to CHF 24.2 million, compared to CHF 18.8 million in the previous year. The increase is primarily driven by sales and marketing costs because of the growing commercial activities. Research and development costs increased from CHF 5.0 million in 2021 to CHF 5.2 million in 2022. General and administrative costs increased from CHF 6.3 million in 2021 to CHF 6.6 million in 2022. Sales and marketing costs increased from CHF 7.7 million in 2021 to CHF 12.8 million in 2022, mainly due to increased sales force headcount and general sales costs. Other income amounted to CHF 0.4 million (2021: CHF 0.2 million).

Net finance expense
Finance costs amounted to CHF 2.5 million (2021: CHF 0.8 million) which is mainly the result of foreign exchange and revaluation of financial liability to XOMA upon receipt of the Change of Control milestone payment.

Key figures	**2022**	**2021**
In TCHF, IFRS		
– Revenue from product sales	*13,265*	*8,341*
– Revenue from collaborations	*4,721*	*5,474*
Total Revenue	17,986	13,815
Cost of Goods sold	(7,217)	(3,749)
– Research and development costs	*(5,194)*	*(4,989)*
– General and administrative costs	*(6,598)*	*(6,329)*
– Sales and marketing costs	*(12,785)*	*(7,723)*
– Other income	*362*	*208*
Net operating costs	(24,215)	(18,833)
Operating loss	(13,446)	(8,767)
Net finance expense	(2,545)	(787)
Income taxes	1,396	2,013
Net loss	(14,595)	(7,541)
Net loss per share (in CHF)	(0.43)	(0.23)
Cash and cash equivalents, trade and other receivables	27,683	30,670

Events after the reporting period
In February 2023, the Group terminated the supply agreement with Seaspine.

The Group noted on Friday, March 10, 2023, that funds equal to a low single-digit percentage of total cash were at stake as U.S. financial regulators have decided to take Silicon Valley Bank off the market. On March 12, 2023, the U.S. government announced that all Silicon Valley Bank deposits will be guaranteed. The Group will take the appropriate steps to further mitigate the associated financial risks by installing remedies and further reducing the respective counterparty risk.

Outlook
Kuros' products are advancing according to plan, with MagnetOs continue to generate sales growth in the U.S. and in Europe, it is expected that this product segment becomes cashflow positive in the second half of 2023. Kuros is financed to accelerate the commercial roll-out of MagnetOs in the U.S. and to complete the Phase 2 clinical study of Fibrin-PTH in spine, with the first data expected to be available by end of 2023.

The annual report 2022 is available on our corporate website under the following link:
https://kurosbio.com/resources/kuros-annual-report-2022/

We will discuss the results of 2022 in a virtual call on March 21, 2023, at 2pm CET. If you wish to participate, please register in advance for this webinar:
https://octavian-ch.my.webex.com/octavian-ch.my-en/j.php?MTID=mc689956bed61446357a4fe9415b53d7e

After registering, you will receive a confirmation email containing information about joining the webinar.

Upcoming Events

May 8, 2023 Annual General Meeting

Aug 9, 2023 Half-Year Report H1 2023

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About MagnetOs
*MagnetOs isn't like other bone grafts. It grows bone even in soft tissue thanks to its unique NeedleGrip surface technology which provides traction for our body's vitally important 'pro-healing' immune cells (M2 macrophages). This in turn, unlocks previously untapped potential to stimulate stem cells – and form new bone throughout the graft. The growing body of science behind NeedleGrip is called osteoimmunology. But for surgeons and their patients it means one thing: a more efficient and predictable fusion. *†‡1-3*

Indications statement
Please refer to the instructions for use for your local region for a full list of indications, contraindications, warnings, and precautions.

About Fibrin-PTH (KUR-113)
Fibrin-PTH (KUR-113) consists of a natural fibrin-based healing matrix with an immobilized targeted bone growth factor (truncated human parathyroid hormone (PTH) analog. Fibrin-PTH (KUR-113) is designed to be applied directly into and around an intervertebral body fusion device as a gel, where it polymerizes in situ. Fibrin-PTH (KUR-113) functions via the well-established mechanism of action of parathyroid hormone; has been demonstrated in animal models of spinal fusion to be comparable to rhBMP-2; and has been shown in preclinical studies to be easy to use and ideal for open or minimally invasive techniques4. The safety & efficacy of Fibrin-PTH (KUR-113) has not yet been evaluated for spinal fusion in humans.*

About Kuros Biosciences
Kuros Biosciences is a fast-growing leader in the development of spinal fusion biologics that ease the burden of back pain. With locations in the United States, Switzerland and the Netherlands, the company is listed on the SIX Swiss Exchange. The company's first commercial product, MagnetOs, is a unique synthetic bone graft that has already been used successfully across three continents and in over 10,000 spinal fusion surgeries. The next candidate in the Kuros pipeline is Fibrin-PTH – the first drug-biologic combination for interbody spinal fusions, currently undergoing a Phase 2 clinical trial in the U.S. For more information on the company, its products and pipeline, visit kurosbio.com.

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.

1. Van Dijk, et al. eCM. 2021;41:756-73.
2. Duan, et al. eCM. 2019;37:60-73.
3. Van Dijk, et al. Clin Spine Surg. 2020;33(6):E276-E287.
4. Data on file.

**Results from in vivo laboratory testing may not be predictive of clinical experience in humans. For important safety and intended use information please visit kurosbio.com.*
†MagnetOs is not cleared by the FDA or TGA as an osteoinductive bone graft.
‡MagnetOs has been proven to generate more predictable fusions than two commercially available alternatives in an ovine model of posterolateral fusion.