



Schlieren, April 25, 2017

To the shareholders of  
Kuros Biosciences Ltd

**Kuros** Biosciences

## Invitation to the 19th Ordinary General Meeting

**Date:** May 22, 2017 at 16.00  
**Place:** Kuros Biosciences Ltd  
Wagistrasse 25, CH-8952 Schlieren (Zurich/Switzerland)

### Agenda Items and Proposals of the Board of Directors

#### 1. Approval of the Annual Report, Annual Financial Statements, and Consolidated Financial Statements for the year 2016.

The Board of Directors proposes to approve the Annual Report, the Annual Financial Statements, and the Consolidated Financial Statements of Kuros Biosciences Ltd for the year 2016, and to take note of the Reports of the Auditors.

#### 2. Appropriation of Annual Results

The Board of Directors proposes that the net loss of the year 2016 in the amount of CHF 4'500'440.23 is added to the loss brought forward of CHF 61'655'126.04 resulting in a new balance of loss brought forward of CHF 66'165'566.27 to be carried forward to the new accounts.

#### 3. Discharge of the Members of the Board of Directors and the Executive Committee

The Board of Directors proposes that the members of the Board of Directors and the Executive Committee are discharged from their liabilities for their activities in the year 2016.

#### 4. Compensation for the Members of the Board of Directors and the Executive Committee

The Board of Directors proposes to hold the following separate votes on the non-performance related and the variable compensation of the Board of Directors and the Executive Board:

##### 4.a Vote on Total Non-Performance-Related Compensation for Members of the Board of Directors for the period up to the next ordinary General Meeting

The Board of Directors proposes that shareholders approve the total maximum amount of non-performance-related compensation for the members of the Board of Directors for the period up to the next ordinary General Meeting, i.e. CHF 308'000.00.

#### **4.b Vote on Options for Members of the Board of Directors for the period up to the next ordinary General Meeting**

The Board of Directors proposes that shareholders approve the grant of a maximum number of 13'000 options for the members of the Board of Directors for the period up to the next ordinary General Meeting with a duration of five years, a regular vesting of twelve months, a full vesting upon change of control and a strike of CHF 18.30 with a current maximum value of all options of CHF 102'700.00.

#### **4.c Vote on Total Non-Performance-Related Compensation for Members of the Executive Committee up to June 30, 2018**

The Board of Directors proposes that shareholders approve the total maximum amount of non-performance-related cash compensation for members of the Executive Committee (nine positions) for the period up to June 30, 2018 of CHF 3'129'993.00 (cash base compensation plus social security costs).

#### **4.d Vote on Total Variable Compensation for Members of the Executive Committee for the calendar year 2017**

The Board of Directors proposes that shareholders approve an amount of CHF 1'285'514.00 (cash base compensation plus social security costs) of variable compensation for the members of the Executive Committee (nine positions) for the calendar year 2017.

#### **4.e Vote on Options for Members of the Executive Committee for the calendar year 2017**

The Board of Directors proposes that shareholders approve the grant of a maximum number of 323'986 options for the members of the Executive Committee for the calendar year 2017 with a duration of five years, a regular vesting of four years, a full vesting upon change of control and a strike of CHF 18.30 with a current maximum value of all options of CHF 2'559'489.00.

### **5. Election of the Members of the Board**

The Board of Directors proposes the re-election of Christian Itin as member and as Chairman of the Board, Leanna Caron, Didier Cowling, Gerhard Ries and Harry Welten as members of the Board of Directors and to elect Clemens van Blitterswijk, Frank-Jan van der Velden, Giacomo Di Nepi and Ivan Cohen-Tanugi as new members of the Board of Directors each until the end of the next ordinary Shareholders' Meeting.

#### **5.a Re-Election of Christian Itin as member and Chairman of the Board of Directors**

#### **5.b Re-Election of Leanna Caron**

#### **5.c Re-Election of Didier Cowling**

#### **5.d Re-Election of Gerhard Ries**

#### **5.e Re-Election of Harry Welten**

### **5.f Election of Clemens van Blitterswijk**

Professor Clemens van Blitterswijk, PhD, is the Department Chair and Professor at MERLN Institute for Technology-Inspired Regenerative Medicine at Maastricht University, The Netherlands. Prof van Blitterswijk has founded nine companies over the years. He is recipient of numerous national and international awards like recently “the most entrepreneurial professor of the Netherlands”. Prof van Blitterswijk brings over two decades of entrepreneurial science to the Kuros team. He has authored and co-authored over 350 scientific papers and is inventor on more than 100 patents. He has published three books as an editor, and contributed to many more as a contributing author. Prof van Blitterswijk is a biologist by training and has a PhD in Medicine from Leiden University, The Netherlands. Prof. van Blitterswijk is Dutch citizen.

### **5.g Election of Frank-Jan van der Velden**

Frank-Jan van der Velden, MBA, co-founded Xpand Biotechnology B.V. (“Xpand”) in 2005, which became a wholly owned subsidiary of Kuros Biosciences AG in January 2017, and has been a member of Kuros’ Executive Committee since the acquisition. He was co-founder of several other companies in the field of regenerative medicine amongst others CellCoTec B.V., Progentix Orthobiology B.V. and Materiomics B.V. Prior to co-founding Xpand, Mr. van der Velden was partner at Krüger & Partners management consultants for ten years after 10 years as director of Quote Media Holding. Currently Mr. van der Velden is chairman of the supervisory board of TIIN Techfund III (venture capital fund for technology start-ups), board member of RiverDiagnostics International (a manufacturer of Raman spectroscopy equipment for life science application) and member of the executive committee of Materiomics B.V. (high-throughput screening for cell-surface topography interaction). Mr. van der Velden is a graduate of Erasmus University Rotterdam School of Management, The Netherlands and Dutch citizen.

### **5.h Election of Giacomo Di Nepi**

Giacomo Di Nepi brings over 30 years’ experience in the industry. Currently, he is CEO of Polyphor Ltd, Allschwil, Switzerland. Before, he was Executive Vice President and General Manager, Europe for InterMune Inc., where he launched Esbriet, an orphan drug, and built from scratch a USD 140 million and 200 people business – until the acquisition of InterMune by Roche for USD 8.3 billion. Prior, he was in senior leadership responsibilities with Takeda and Novartis, where he was member of the Pharma Executive Committee. Previously, Di Nepi was a Partner with McKinsey&Co. He currently serves on the boards of Geneuro (GNRO.PA) and NTC, a privately held company. Giacomo Di Nepi holds a degree in Economics from Bocconi University, Milan, Italy, and an MBA from INSEAD, Fontainebleau, France. He is Italian citizen.

### **5.i Election of Ivan Cohen-Tanugi**

Dr. Ivan Cohen-Tanugi has been named as Chief Executive Officer (CEO) of Kuros in April 2017. He brings more than 20 years of experience in leadership roles in the life sciences industry. He held various managing positions at Sanofi, Roche, Amgen, Teva, Eyeevensys and Stallergenes-Greer including as Head of Amgen Europe Nephrology, General Manager Teva North America Biologics & Specialty and CEO of Eyeevensys. He received his medical degree at Grenoble School of Medicine, France, and obtained a MBA at H.E.C. Business School, Paris, France. Dr. Cohen-Tanugi is French and US citizen.

## 6. Election to the Compensation Committee

The Board of Directors proposes the re-election of Gerhard Ries and the election of Leanna Caron as members of the Compensation Committee, each until the end of the next ordinary General Meeting.

### 6.a Re-Election of Gerhard Ries

### 6.b Election of Leanna Caron

## 7. Election of the Independent Proxy

The Board of Directors proposes for election as independent proxy for a one-year term of office: Andreas G. Keller, attorney-at-law, Gehrenholzpark 2g, CH-8055 Zurich.

## 8. Election of the Auditors

The Board of Directors proposes to re-elect PricewaterhouseCoopers Ltd, Basel, as auditors of Kuros Biosciences Ltd for a term of office of one year.

## 9. Increase and Adjustment of Conditional Share Capital for Employee Benefit Plans

The Board of Directors proposes the following resolution:

The Conditional Share Capital for Employees, Persons in comparable Positions and Board Members shall be increased from currently 800'000 to 1'208'389 registered shares with a nominal value of CHF 1.00 and be divided into registered shares to be issued for options granted under the employee participation plans, in force until the end of the year 2015, and registered shares to be issued for options granted under the under the employee participation plans, in force starting from the year 2016. Article 3c para. 1 of the Articles of Association is amended and shall read as follows:

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### **Art. 3c Conditional Capital for Employees, Persons of Comparable Positions and Board Members**

The share capital of the Company increases in the nominal value of up to CHF 248'389.00 by issuance of up to 248'389 fully paid-in registered Shares with a nominal value of CHF 1.00 each, subject to the exercise of options granted by the Company to employees of the Company or its subsidiaries, persons of a comparable position and Board members under the employee participation plans, in force until the end of the year 2015.

The share capital of the Company increases in the nominal value of up to CHF 960'000.00 by issuance of up to 960'000 fully paid-in registered Shares with

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### **Art. 3c Bedingtes Aktienkapital für Arbeitnehmer, Personen in vergleichbaren Positionen und Verwaltungsratsmitglieder**

Das Aktienkapital der Gesellschaft erhöht sich um den Nennbetrag von bis zu CHF 248'389.00 durch Ausgabe von bis zu 248'389 vollständig zu liberierenden Namenaktien mit einem Nennwert von je CHF 1.00, sollten die Optionsrechte, welche die Gesellschaft ihren Arbeitnehmern, den Arbeitnehmern ihrer Tochtergesellschaften, Personen in vergleichbaren Positionen und Verwaltungsratsmitgliedern unter den bis zum Ende des Jahres 2015 geltenden Mitarbeiterbeteiligungsplänen eingeräumt hat, ausgeübt werden.

Das Aktienkapital der Gesellschaft erhöht sich um den Nennbetrag von bis zu CHF 960'000.00 durch Ausgabe von bis zu 960'000 vollständig zu liberie-

a nominal value of CHF 1.00 each, subject to the exercise of options granted by the Company to employees of the Company or its subsidiaries, persons of a comparable position and Board members under the employee participation plans, in force starting from the year 2016.

renden Namenaktien mit einem Nennwert von je CHF 1.00, sollten die Optionsrechte, welche die Gesellschaft ihren Arbeitnehmern, den Arbeitnehmern ihrer Tochtergesellschaften, Personen in vergleichbaren Positionen und Verwaltungsratsmitgliedern unter den ab dem Jahr 2016 geltenden Mitarbeiterbeteiligungsplänen eingeräumt hat, ausgeübt werden.

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Comment: The Company currently has 752'016 outstanding options. Pursuant to employee participation plans dated 2012–2015, many options have been granted with a strike price far above the market price per share of the Company. These options date back to times prior to the acquisition of Kuros Biosurgery Holding Ltd by Cytos Biotechnology Ltd in January 2016. In order to limit the issuance of shares based on options granted prior to 2016 and to allow the Company the issuance of shares granted for options as from 2016, the Board of Directors proposes to split the conditional capital as follows: Shares shall be issuable for options granted until 2015 on the one hand and for options granted as from 2016 on the other hand. Simultaneously, the Board of Directors proposes an increase of the conditional share capital allowing the Company the issuance of shares for options granted from 2016 on.

## **10. Increase and Adjustment of Authorized Share Capital**

The Board of Directors proposes the following resolution:

The Authorized Share Capital shall be increased from currently 1'177'141 to 3'224'661 registered shares with a nominal value of CHF 1.00 each, corresponding to 50% of the currently issued share capital. Article 3d para. 1 of the Articles of Association is amended and shall henceforth read as follows:

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### **Art. 3d Authorized Share Capital**

The Board of Directors is authorized, at any time until May 21, 2019 to increase the share capital by a maximum of CHF 3'224'661.00 through the issuance of a maximum of 3'224'661 registered shares, to be fully paid up, with a nominal value of CHF 1.00 each. Increases by underwriting as well as partial increases are permissible. The issue price, the time of dividend entitlement, and the type of contribution will be determined by the Board of Directors. Upon acquisition, the new shares will be subject to the transfer restrictions pursuant to Art. 4 of the Articles of Association.

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### **Art. 3d Genehmigtes Aktienkapital**

Der Verwaltungsrat ist ermächtigt, jederzeit bis zum 21. Mai 2019, das Aktienkapital im Maximalbetrag von CHF 3'224'661.00 durch Ausgabe von höchstens 3'224'661 vollständig zu liberierenden Namenaktien mit einem Nennwert von je CHF 1.00 zu erhöhen. Erhöhungen auf dem Wege der Festübernahme sowie Erhöhungen in Teilbeträgen sind gestattet. Der jeweilige Ausgabebetrag, der Zeitpunkt der Dividendenberechtigung und die Art der Einlagen werden vom Verwaltungsrat bestimmt. Nach dem Kauf unterliegen die neuen Namenaktien den Übertragungsbeschränkungen gemäss Art. 4 der Statuten.

## Annual Report

The Annual Report including the Annual Financial Statements of Kuros Biosciences Ltd, the Consolidated Financial Statements and the Reports of the auditors for the financial year 2016 will be available for inspection by shareholders from April 26, 2017, onwards at the domicile of Kuros Biosciences Ltd, Wagistrasse 25, CH-8952 Schlieren (Zurich). The Annual Report together with the reports of the auditors will be sent to the shareholders upon their request.

## Admission cards

**Admission and voting cards will be mailed to shareholders from May 15, 2017 only upon receipt of the completed reply form.**

Subject to a later sale of shares (see below), all shareholders registered on May 12, 2017 in the share register of Kuros Biosciences Ltd as shareholders with voting rights will be entitled to vote at the Shareholders' Meeting of Kuros Biosciences Ltd. Accordingly, all shareholders registered in the share register on May 12, 2017 will receive a reply and proxy form. Admission cards can be ordered with the reply form until May 19, 2017 from Kuros Biosciences Ltd, Aktienregister, c/o Nimbus AG, Postfach, CH-8866 Ziegelbrücke.

## Sale of shares

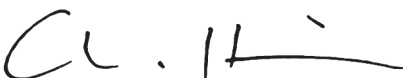
In the case of a sale of shares the respective admission cards (including the voting materials) become null and void and have to be returned to Kuros Biosciences Ltd, Aktienregister, c/o Nimbus AG, Postfach, CH-8866 Ziegelbrücke. In the case of a sale or sale of some but not all of the shares stated on an admission card, the admission card and the voting material must be presented for correction at the information desk on the day of the Shareholders' Meeting.

## Proxies

A shareholder can be represented at the Shareholders' Meeting by a legal representative, a duly authorized person or by the independent proxy, Andreas G. Keller, attorney-at-law (please use the proxy form). There is now also the possibility to order an admission card or to cast a proxy vote to the independent proxy electronically (online). You can register under <https://kuros.shapp.ch> with your personal login data. The electronic registration as well as any changes of votes cast electronically can be done until May 21, 2017 the very latest.

For the Board of Directors:

The Chairman



Dr. Christian Itin

*This is an unofficial translation of the German invitation. Please note that the German version prevails and that the English translation is not legally binding. The Shareholders' Meeting will be held in German. The Company will strive to provide a summary translation into English.*