



Kuros Biosciences



Creating a leading orthobiologics company

Kuros Biosciences AG, Switzerland

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Strategic Acquisition

Kuros builds a commercial stage orthobiologics business

- Kuros' goal is to become a leading orthobiologics business built on clinically-proven technology
- This transaction will combine two unique, proprietary and complementary technologies:
 - The synthetic surface science technology of Xpand
 - The fibrin/PTH biologics technology of Kuros.
- The combined entity is well positioned to have leading products in key segments of the orthobiologics field
- Creates opportunity to build an integrated business with promising products both on the market and in development

Strategic Acquisition

Key facts of the combined entity

- MagnetOs, a novel bone graft substitute received CE-Mark in July 2016 and has been submitted for 510k approval in the US
- Neuroseal (KUR-023), a novel biomaterial for dural sealing is being submitted for CE-Mark with EU commercialization planned for 2017
- KUR-111 and KUR-113 have been successfully tested in large, well-controlled Phase 2b clinical trials and their further development continues as planned
- Management team and staff significantly strengthened with extensive knowledge of orthobiologics including manufacturing
- In view of products reaching the market Kuros is now preparing for commercialization activities in 2017

Acquisition of Xpand in an all share deal

Adds up to 2.105 mln shares in addition to 5.08 mln shares outstanding

- Acquisition of Xpand via share swap Kuros Biosciences AG against Xpand
- Issuance of up to 2.105 mln shares out of authorized capital – no shareholder approval required
 - 1.365 mln deliverable upon closing
 - 0.37 mln deliverable upon putty approval in EU
 - 0.37 mln deliverable upon putty approval in US
- Xpand represents 21% after closing (non-diluted)
- Implied market cap CHF 97 mln after closing (non-diluted) based on a share price of CHF 15.00
- Prof. Joost de Bruijn (founder and CEO of Xpand) to join the executive management team
- Frank-Jan van der Velden (founder and Head of Business Affairs and Finance at Xpand) to join the executive management team and proposed to join the Board of Kuros
- Prof. Clemens van Blitterswijk (co-founder of LSP, extensive experience in the orthobiologics field, key opinion leader) proposed to join the Board of Kuros

Xpand

The Opportunity – significant advancement of corporate development

- Immediately adds a CE marked orthobiologic to the product pipeline
- Significantly strengthens asset base and commercial value
- Synergistic as enlarged asset base justifies building focused commercialization capabilities
- Same promotion channels and sales points as Kuros' orthobiologic products
 - KOLs/Surgeons and other users
 - Payers/Hospitals
- Current Xpand organization complements in house expertise in Regulatory/Quality and Manufacturing
- Potential access to non-dilutive financing (EU grants)
- Adds EU hub to the organization (clinical and distribution)

Robust Pipeline of Assets

Orthobiologic programs

Synthetics (CE Mark/510k)				
Product	Initial Indications	Preclinical	Registration	Market Approval
MagnetOs Granules EU	Orthopedics and Dental	CE Mark approval received		
MagnetOs Granules US	Spinal Fusion (Posterolateral)	510k application submitted		
MagnetOs Putty EU	Orthopedics and Dental	Submission being prepared		
MagnetOs Putty US	Spinal Fusion (Posterolateral)	Submission being prepared		

Fibrin/PTH (NDA/MAA)					
Product	Initial Indications	Preclinical	Phase 1	Phase 2	Phase 3
KUR-111 EU & US	Tibial Plateau Fractures – long bone	Phase 2 Trial Completed			
KUR-113 EU & US	Tibial Shaft Fractures – long bone	Phase 2 Trial Completed			
	Spinal Fusion – vertebral bone	Preparation for Phase 2			
KUR-112	Solitary Bone Cysts	Awaiting RPD Renewal			

Robust Pipeline of Late-Stage Assets

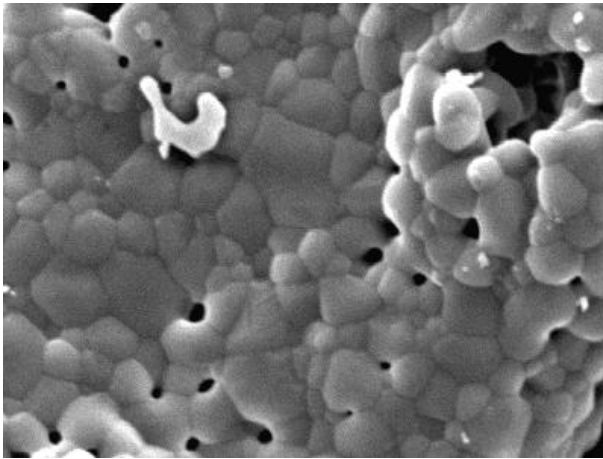
Sealants

Sealant (CE Mark/PMA)				
Product	Initial Indications	Preclinical	Pilot	Pivotal
Neuroseal EU	Dural sealant cranial	Being filed for CE Mark		
Neuroseal US	Dural sealant cranial	PMA trial in planning		

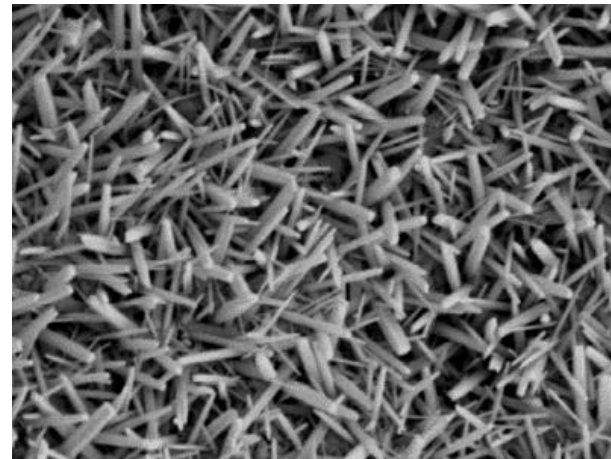
MagnetOs Bone Graft Substitute

Innovative Surface Science Technology

- Xpand's proprietary Surface Science Technology allows the generation of novel bone graft substitutes with a unique structure



Standard calcium phosphate



MagnetOs

- MagnetOs' unique structure elicits safe and localized bone formation and subsequent implant resorption

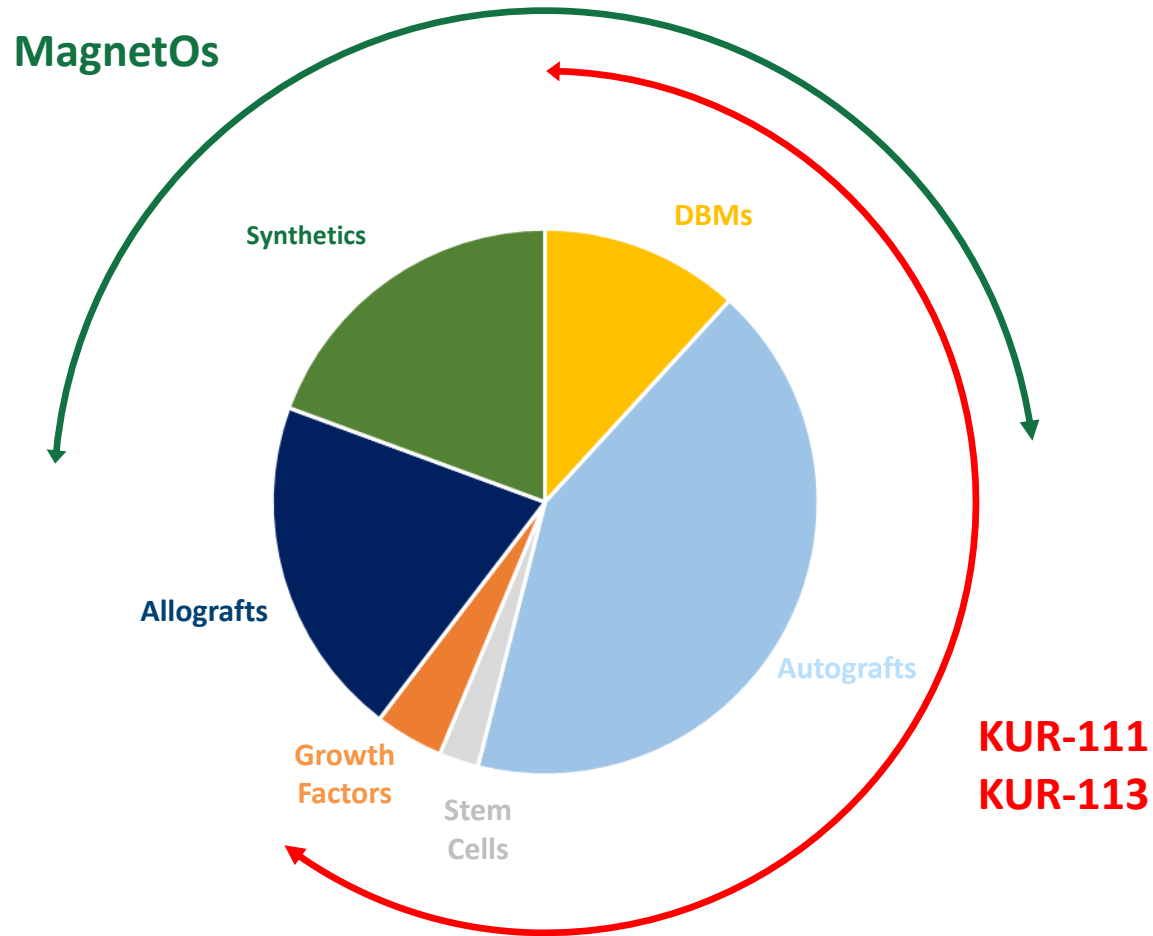
MagnetOs – Granules & Putty

Innovative Surface Science Technology

- MagnetOs has been shown to elicit fast and effective bone formation in predictive models
- MagnetOs demonstrated to lead to progressive bone formation and implant resorption and to be equivalent to autograft, the current gold-standard
- MagnetOs Granules have received CE mark and have been submitted for US approval
- MagnetOs Putty is in late-stage development and is planned to be submitted for CE Mark and US approval in 2017

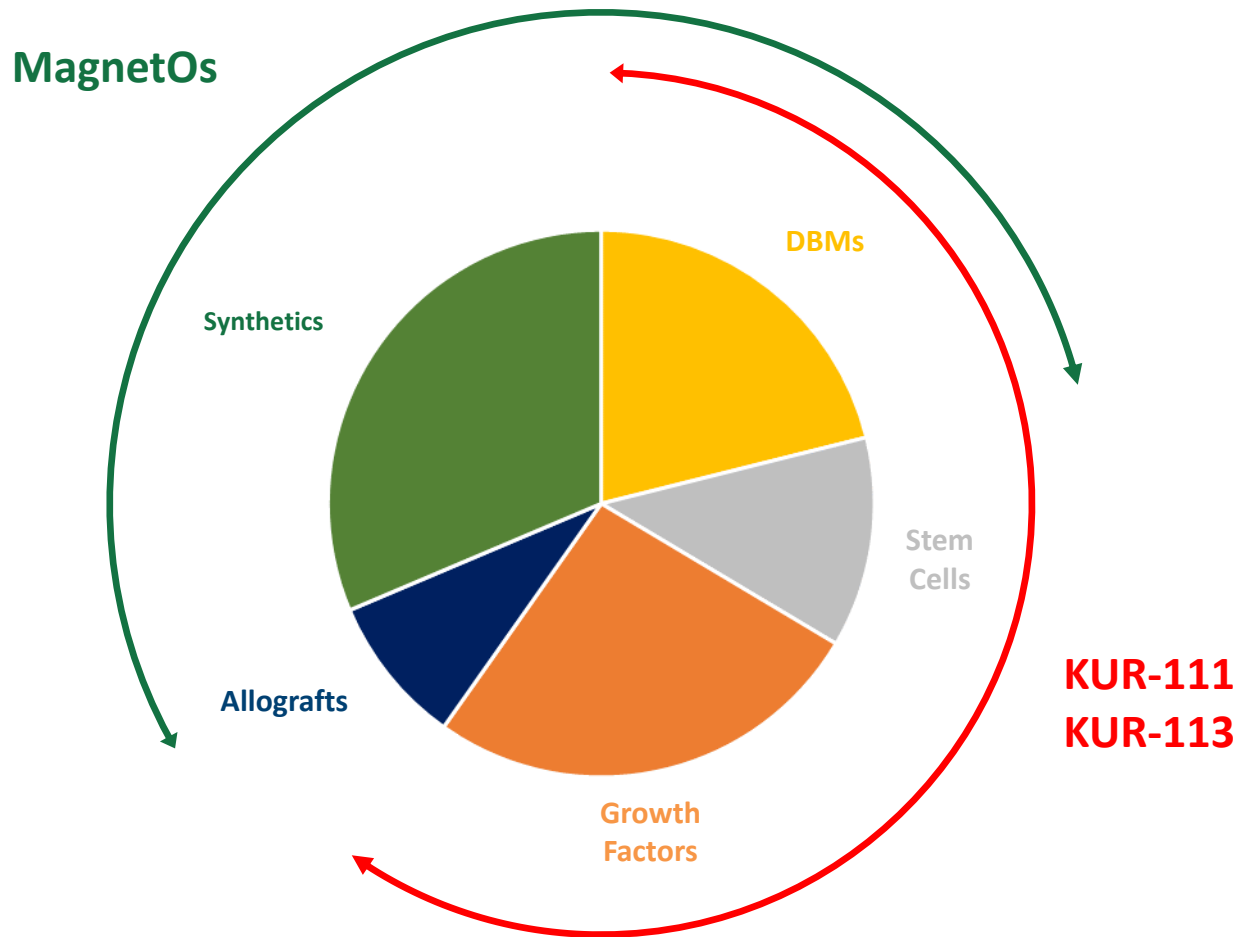
Breakdown of the US/EU5 Bone Graft Substitute Procedures

Total Number of Procedures = 3.1 M



Breakdown of the US/EU5 Bone Graft Substitute Market

Total sales = \$1.9 bn



(Autograft opportunity not considered)

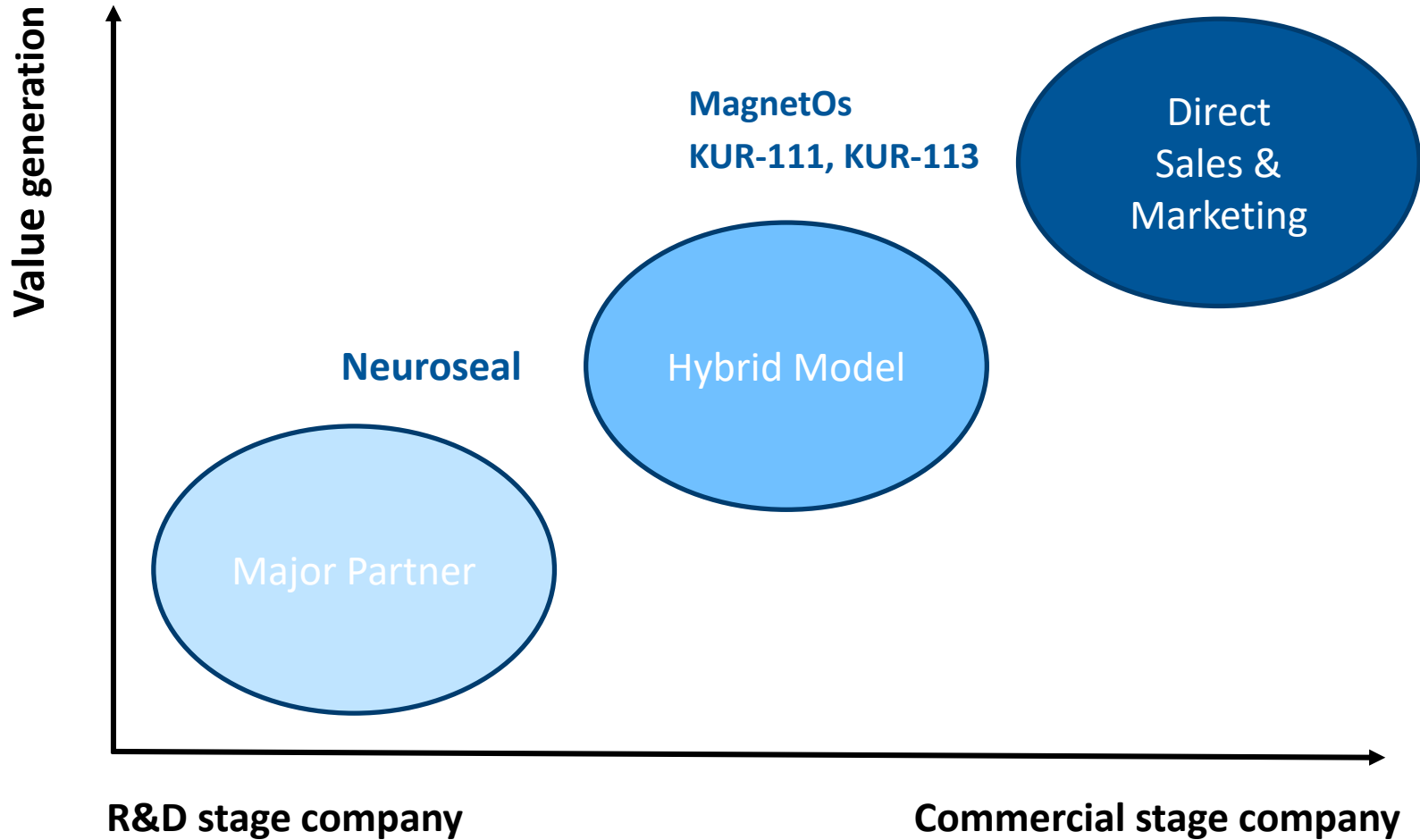
Opportunity for an Orthobiologics Speciality Company

Changing landscape favours focused and proven orthobiologics

- Healthcare landscape continues to move towards providing value rather than volume – increasing evidence-based medicine
- Safe and cost-effective products continue to be increasingly attractive
- Currently most orthobiologic products are sold by the large orthopaedic companies thus orthobiologic sales are driven by hardware (cages, screws, plates, artificial joints, etc.)
- Salesforces are not set up specifically for scientific and medical sell of sophisticated orthobiologics
- The efficacy of most orthobiologic products have not been proven by well-controlled clinical studies
- Hence there is a clear opportunity to enter the orthobiologic market based on clinically-proven technology marketed by a focused, specialized and knowledgeable salesforce

Kuros' potential business models

Moving towards commercial stage company



Milestones

Value inflection points of combined entity in the next 18 months

- ✓ MagnetOs Granules CE-Mark (EU) obtained (Q2/2016)
- ✓ MagnetOs Granules submitted for approval in the US (Q3/2016)
- ✓ Neuroseal being submitted for CE-Mark (EU) approval (Q4/2016)
- MagnetOs Putty submitted for US approval (planned for Q3/2017)
- MagnetOs Putty submitted for CE Mark (planned for Q4/2017)
- Neuroseal submitted for IDE study in the US (planned for Q4/2017)
- KUR-113 submitted for large Phase 2, multi-centre, well-controlled spinal fusion clinical study (planned for H1/2018)