# 2023 *Annual Report* Kuros Biosciences

Kuros Biosciences

# Table of Contents

# Highlights of the last 15 Months

| | |
|---|---|
| **February 16, 2023** | Kuros Biosciences Announces Changes to Executive Management Team |
| **February 21, 2023** | Kuros Biosciences Announces Publication of Supportive Osteoimmunology Data for MagnetOs Bone Graft |
| **March 15, 2023** | Kuros Biosciences Reports Results for the Full Year 2022 |
| **April 27, 2023** | Kuros Biosciences Reports 168% Increase in Direct MagnetOs Sales in the First Quarter of 2023 |
| **May 8, 2023** | Annual General Meeting of Kuros Biosciences Approves all Resolutions |
| **July 13, 2023** | Kuros Biosciences Announces Completion of Enrollment in the Fibrin-PTH Phase 2 Trial |
| **August 9, 2023** | Kuros Biosciences Reports Results for First Half 2023 |
| **October 12, 2023** | Kuros Biosciences Reports a 150% Increase in Direct MagnetOs Sales in the First Nine Months of 2023 and Announces Changes within the Executive Management |
| **November 28, 2023** | Kuros Biosciences Receives FDA Clearance for Use of MagnetOs in Interbody Spinal Cages |
| **December 27, 2023** | Kuros Biosciences Announces Results from Two Prospective Randomized Clinical Trials: STRUCTURE and MAXA |
| **January 4, 2024** | Kuros Biosciences Announces Three Advancements Related to its MagnetOs Portfolio Including Impressive Fusion Data from MAXA Prospective Randomized Clinical Trial and Two 510(k) Clearances from FDA |
| **January 31, 2024** | Kuros Biosciences Receives US FDA 510(k) Clearance for MagnetOs Granules for Interbody Use and Regulatory Clearance of MagnetOs Granules and MagnetOs Putty in New Zealand |
| **February 1, 2024** | Kuros Biosciences to Present at the CG 2024 Musculoskeletal Conference |

Dates correspond to the official announcements.

# *Letter to Shareholders*

Dear Shareholders,

Kuros Biosciences experienced a tremendous year in 2023 as we built a newly focused, scientifically led and clinically proven, pure play MedTech business. The record sales revenue, coupled with the global expansion efforts and a dedicated strategy marks the past year as a successful transition period. Early in 2023, we initiated a 5-year strategic plan process with a clearly stated vision of the company on how Kuros will drive shareholder value.

***To be a trusted global leader with an advanced orthobiologics portfolio, providing reliable, clinically proven solutions to hospitals, surgeons, and their patients***

In 2023, we recorded CHF 33.6 million in global revenue, a 153 % increase over 2022 of CHF 13.3 million and as a result over 25,000 patients have received MagnetOs in their orthopedic procedures. This significant revenue growth is a result of a well-executed plan of geographic expansion led by our expert commercial, marketing, and customer service teams. In addition, our continued investment in innovation, operational excellence in manufacturing, quality and logistics has ensured that we will meet and exceed our customers' demands so that no patient will miss treatment.

Project Fusion, which is the culmination of our scientific, preclinical, and clinical studies surrounding MagnetOs produced over 150+ presentations, 26 publication submissions, several issued publications, and the training of over 300+ new physicians. The MAXA study, which is a level 1, randomized controlled clinical trial, comparing MagnetOs to the gold standard autograft, was the highlight of the year. MAXA demonstrated a fusion rate for MagnetOs of 79% compared to 47% in the gold standard autograft group. Furthermore, when reviewing a hard to heal patient population such as smokers, the comparison was even more positive with MagnetOs at 80% and the autograft group at 32%. This very compelling data highlights the effectiveness and uniqueness of our MagnetOs technology platform.

In addition to putting forth the highest level of clinical evidence amongst our peers, we continue to work on increased product opportunities, markets, and clearances. In Q4 of 2023, we received several new market clearances from the FDA for MagnetOs including the ability to market MagnetOs to the anterior interbody space, a market that we had previously positioned for Fibrin-PTH, a development product for Kuros. The spinal interbody space clearance increases the total current market opportunity for MagnetOs at $2.4B and with the overwhelming clinical evidence from the MAXA study, we decided to discontinue further investment in the Fibrin-PTH program.

On the back of a strong sales performance, reflected in record sales of CHF 33.6 million, Kuros ended the year with an EBITDA loss of CHF 5.9 million. These strong financial performance indicators resulted in cash and cash equivalents of CHF 14.2 million and a corresponding cash runway beyond the 15-month mark. The financial results are evidence of our dedicated operational and strategic capital allocation. We have invested in targeted growth initiatives to further expand the business, drive innovation, and operational improvements, and we have wisely managed our fixed cost structure to benefit from our operating leverage to increase return on capital. With the decision to focus our financial resources on the MagnetOs part and not to proceed into Phase 3 with Fibrin-PTH, we have made a major step towards reaching cash flow break-even much earlier. These strong financial results underline our commitment to increasing shareholder value by balancing high sales growth with targeted profitability.

In 2023, Kuros initiated the transition to a full-scale commercial organization focused on becoming the trusted partner to surgeons and hospitals by providing clinically proven products at an economic value. We would like to thank our highly engaged employees, partners and contracted agents for their commitment to Kuros and our clinicians for allowing us to be their trusted partner when treating their patients. Finally, we want to sincerely thank our shareholders for their continuing trust and support for our efforts.

Best wishes to you all,

Prof. Dr. Clemens van Blitterswijk

Chairman of the Board

Chris Fair

Chief Executive Officer

# *Our Ambition and Products*

## *Kuros Biosciences Ltd*

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, the Netherlands, and Switzerland, the company is listed on the SIX Swiss Exchange. The company's first commercial product, MagnetOs, is a unique advanced bone graft substitute that has already been used across three continents and in over 25,000 fusion surgeries.

Spine-related pain is taking a huge toll on our society: more physician visits, more bed days and more days off work than any other condition.

Our Mission: To discover, develop and deliver innovative biologic fusion technologies.

Our Contribution: We believe that a greater quality and quantity of science holds the key to easing the burden of back surgery. Every day, we put our 150 years' combined research experience to work in achieving this, which includes:

- A commercial and research footprint that spans 3 continents and covers 19 markets
- >25,000 patients treated with MagnetOs worldwide
- 10 well-controlled clinical trials initiated, with 3 level 1 studies having been completed and meeting primary endpoints
- >25 biologics-related patents
- 4 teams of internationally renowned clinical and scientific experts, including 18 Key Opinion Leader (KOL) spine surgeons

Our Focus: Today, nearly 1 in 5 spinal fusions fail. But, what can we do to change this situation – for the benefit of patients, surgeons and wider society? This is the question that drives us at Kuros. Every day our team works across three continents to unlock the hidden secrets of bone healing through our research, development & technology program: Project Fusion. To deliver the ideal bone graft, we believe you need the highest quality & quantity of scientific evidence behind it. Which is why Project Fusion brings together an unprecedented blend of scientific, pre-clinical and clinical studies – all aimed at making the unpredictable…predictable.

## *The field of Orthobiologics*

There is a requirement for bone generation in many different clinical situations, including during fracture repair, joint replacement and treatments where bones need to be fused together such as in spinal fusion. Bone generation is usually promoted by applying a bone graft or a bone graft substitute into the space where the new bone is required. Bone graft can either be the patient's own bone (autograft) or suitably processed bone from another individual (allograft). Autograft is bone that is surgically transplanted from a healthy site of a patient's body. This surgical transplantation has the potential for significant morbidity for the patient and increases surgery time and costs. While allograft does not share these disadvantages, it is processed cadaveric tissue, which is much less efficacious than autograft. Bone graft substitutes represent efficient and cost-effective alternatives to autograft or allograft. Three major categories of bone graft substitutes are synthetics, cell-based allografts/matrices and growth factor-based products. Kuros' leading orthobiologic product, backed by level 1 clinical data, provides an alternative to suboptimal synthetic, cell-based allograft and growth factor-based solutions with an innovative product that addresses the shortcomings of existing products in each of these product groups.

Many patients suffer from chronic back pain due to degeneration, trauma, or instability of the spine. When the pain can no longer be addressed by conservative treatment, a common solution is to fuse two or more vertebrae, i.e.,

perform a spinal fusion. This is achieved by removal of the damaged disc, placement of a titanium or PEEK (polyether ether ketone) implant for immediate post-operative stability and implantation of a bone graft or bone graft substitute to promote bone growth between the vertebrae for long-term stability and pain relief.

## *MagnetOs for spinal fusion*

MagnetOs is a bone graft like no other: thanks to its NeedleGrip™ surface technology, it grows bone even in soft issues.[*] This surface technology provides traction for our body's vitally important 'pro-healing' immune cells (M2 macrophages). [†‡1,2] This in turn, unlocks previously untapped potential to stimulate stem cells – and form new bone throughout the graft.[†§3-5] The growing body of science behind NeedleGrip is called osteoimmunology. But for surgeons and their patients it means one thing: a more predictable fusion.[¶2]

## *Level 1 clinical data demonstrating MagnetOs equivalence to autograft (MAXA)*

In a recent clinical trial, MagnetOs was evaluated as a standalone alternative to autograft in an instrumented posterolateral fusion (PLF) model in 91 patients and a total of 128 segments. Notably, 19% of the patients in this study were smokers (and 35% were ex-smokers) – an extremely challenging patient population when it comes to achieving fusion. In the 91 subjects that were analyzed after one year, a fusion rate of 79% was observed with MagnetOs compared to a 47% fusion rate with autograft (the intrapatient control), as evaluated by independent reviewers using fine-cut computed tomography (CT) scans. In the patients who were smokers, a fusion rate of 80% was observed with MagnetOs compared to just 32% with autograft, further demonstrating that MagnetOs should be the preferred choice for predictable fusions.

The difficult PLF study design was chosen to give surgeons greater confidence in MagnetOs and its ability to enable predictable fusions, even in a difficult-to-treat population of patients.

The MAXA study is designed as a multi-center, observer-blinded, randomized, controlled, non-inferiority trial with intrapatient comparisons. This study compared MagnetOs standalone to autograft for posterolateral fusion. A challenging real-world population of patients requiring up to four-level instrumented posterolateral fusion (T10 – S2) were included, and lumbar/thoracolumbar fusion was assessed by CT-scan 12 months after surgery. Patients were randomized to have MagnetOs placed on one side of the spine and the gold standard autograft (at least 50% bone harvested from the iliac crest of the greater pelvis) on the other side of the spine, allowing each patient to act as its own control.

## MagnetOs Product Family *– getting a grip on non-unions with NeedleGrip surface technology*

As speed, efficiency and product handling are critical for surgeons, MagnetOs is available in various forms to meet their perioperative needs across multiple clinical situations. Kuros has market clearance for MagnetOs Granules and MagnetOs Putty in the EU (CE-mark) and additionally MagnetOs Easypack Putty and MagnetOs Flex Matrix in the US (FDA 510(k)) as bone void fillers for use in the spine.

In 2023, MagnetOs Putty was cleared for standalone use in the US. This means the product can be used without the need for autograft (patients'own bone), which can be difficult to extract and vary in quality/efficacy. MagnetOs Easypack Putty and MagnetOs Flex Matrix were also cleared for use in the interbody space in the US. Interbody cages are being used in almost half of the estimated 1.5 million instrumented spinal fusion procedures conducted annually in the USA. Kuros now has a substantial commercial opportunity to re-engage with surgeons who were previously unable to use MagnetOs Easypack Putty or MagnetOs Flex Matrix on-label, and are now able to use the products in any interbody cage cleared for use with a bone void filler.

Each MagnetOs formulation is stored at ambient temperature, ready to use, and free from human tissue, providing efficiency, easy storage and peace of mind for hospitals and surgeons.

In addition to clearance for use in spine, Kuros has market clearance for MagnetOs Granules and MagnetOs Putty for use as a bone void filler in orthopedics in both the EU (CE-mark) and US (FDA 510(k)). In addition, MagnetOs Granules and MagnetOs Putty are cleared for use in dental indications in the EU.

| MagnetOs (CE Mark/510(k)) | Therapeutic area |
|---|---|
| MagnetOs Granules EU | Spine, extremeties, cranial, mandible, maxilla, pelvis |
| MagnetOs Putty EU | Spine, extremeties, cranial, mandible, maxilla, pelvis |
| MagnetOs Granules US | Spine (Posterolateral fusion & interbody) |
| MagnetOs Putty US | Spine (Posterolateral fusion) |
| MagnetOs Easypack Putty US | Spine (Posterolateral fusion & interbody) |
| MagnetOs Flex Matrix US | Spine (Posterolateral fusion & interbody) |

## *Investigational products*

### Fibrin-PTH (KUR-113)

Kuros' Fibrin-PTH-based product candidate KUR-113 is designed to promote controlled and targeted bone formation. Fibrin-PTH (KUR-113) consists of a natural healing matrix (fibrin sealant) combined with a bone growth factor (TGplPTH1-34, a variant of parathyroid hormone). Both components are medicinal products with a significant history of safe use. A phase 2 clinical study (STRUCTURE) of Fibrin-PTH (KUR-113) for interbody spinal fusion is being conducted under an investigational new drug application in the US.

In the STRUCTURE study Fibrin-PTH (KUR-113) is compared to local autograft in single-level transforaminal lumbar interbody fusion (TLIF). Interim analysis of the randomized part of the study showed a good safety profile in both experimental groups. Observed adverse events were typical for spinal fusion surgeries. There were no Fibrin-PTH (KUR-113)-related serious adverse events. Both study groups did well in terms of clinical parameters. The Oswestry disability score (ODI) was improved by 44 points in the Fibrin-PTH (KUR-113) group and by 40 points in the autograft control group. Likewise, visual analog scale (VAS) scores improved by 50 points for the Fibrin-PTH (KUR-113) group and by 36 points for the autograft control group. In this limited population of patients, the interbody fusion outcome with Fibrin-PTH (KUR-113) did not outperform the autograft control group. MagnetOs mixed with autograft, which was used in both study groups for the more challenging to fuse posterolateral fusion, showed fusion outcomes that were comparable to the autograft group in the interbody space.

Considering the outstanding clinical results of MagnetOs in the STRUCTURE and MAXA studies, and the recent FDA interbody clearance for MagnetOs, Kuros has decided to focus its resources on MagnetOs and not to proceed to Phase 3 with Fibrin-PTH.

References:


[1] Duan, et al. *eCM*. 2019; 37:60-73.
[2] Van Dijk, et al. *eCM*. 2021; 41:756-73.
[3] Van Dijk, et al. *JOR Spine*. 2018; e1039.
[4] Van Dijk, et al. *J Biomed Mater Res. Part B: Appl Biomater*. 2019; 107(6):2080-2090.
[5] Van Dijk, et al. *Clin Spine Surg*. 2020; 33(6):E276–E287.


[*] In large animal models
[†] 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 as an osteoinductive bone graft
[§] For a 510(k)-cleared synthetic bone graft.
[¶] MagnetOs has been proven to generate more predictable fusions that two commercially available alternatives in an ovine model of posterolateral fusion.



Kuros Biosciences

# Corporate Governance Report ***2023***



Kuros Biosciences

# Corporate Governance Report 2023

## Preface and Important Information

Kuros Biosciences AG (henceforth called "Kuros" or "Company" or, together with its subsidiaries, collectively the "Group") is a Swiss-based MedTech company focused on the development of innovative products for tissue repair and bone regeneration (orthobiology). Kuros is listed according to the International Reporting Standard on the SIX Swiss Exchange ("SIX") under the symbol KURN.

Kuros is incorporated in Switzerland and is the ultimate parent company of the Group since January 18, 2016.

As of December 31, 2023, the total headcount of the Group amounted to 80 employees. The legal domicile of the Company headquarter is Wagistrasse 25, 8952 Schlieren, Switzerland.

The Board of Directors ("Board") approved this Corporate Governance Report on March 12, 2024.

The information published below conforms to the Corporate Governance Directive ("DCG") of the SIX. The numbering of the subsections was made based on the Annex to the DCG.

## Group Structure and Shareholders (DCG 1)

Group structure (DCG 1.1)

The group structure is as follows:

- Kuros Biosciences AG (Schlieren, Switzerland), the parent company is listed according to the International Reporting standard on the SIX and 100% shareholder of the following subsidiaries:
    - Kuros Biosurgery AG (Schlieren, Switzerland)
    - Kuros Biosciences B.V. (Bilthoven, the Netherlands) which holds 100% of the shares of RevisiOs B.V. (Bilthoven, Netherlands)
    - Kuros Biosciences USA, Inc. (Boston, Massachusetts, USA)
    - Kuros US LLC (Delaware, USA)
    - Kuros US Royalty Fund (US) LLC (Delaware, USA)

| | |
|---|---|
| Security number - Kuros Biosciences AG | 1,102,521 |
| ISIN | CH0325814116 |
| Ticker symbol | KURN |
| Market capitalization on December 31, 2023 | CHF128.4 million |

The Company is a corporation established under Swiss law with its registered office in Schlieren, Switzerland. As of December 31, 2023, the Group consists of the parent company Kuros Biosciences AG and six non-listed subsidiaries:

| Name | Share capital (in thousands) | |
|---|---|---|
| Kuros Biosurgery AG, Schlieren, Switzerland | CHF | 435 |
| Kuros Biosciences B.V., Bilthoven, The Netherlands | EUR | 18 |
| RevisiOs B.V., Bilthoven, The Netherlands | EUR | 22 |
| Kuros Biosciences USA Inc., Boston, USA | USD | 1 |
| Kuros US LLC, Delaware, USA | | – |
| Kuros US Royalty Fund (US) LLC, Delaware, USA | | – |

## Significant shareholders (DCG 1.2)

According to disclosure notifications filed with the Company to the SIX, the following Shareholders hold more than 3% of the share capital of the Company as of December 31, 2023.

| Name | Shareholding / Purchase Positions* |
|---|---|
| Optiverder BV, Delft, The Netherlands | 25.6 % |
| Pegasus Global Opportunity Fund, Ltd. | 4.8 % |
| Joost D. de Bruijn, Amersfoort, The Netherlands | 3.2 % |

* The shareholdings or purchase positions indicated in this table correspond to the amounts as disclosed on the SIX website as of December 31, 2023. Information on disclosure notifications during the year concerning significant shareholders and financial instruments may be found on the SIX website on: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

As of December 31, 2023, the company holds purchase positions of 0.1% (treasury shares) and sale positions of 4.3% (equity-awards). The Company has not entered into any agreement with any Shareholder regarding the voting or holding of shares. To the knowledge of the Company, no Shareholders are linked by any shareholder agreement.

## Cross-shareholdings (DCG 1.3)

There are no cross-shareholdings.

# *Capital Structure as of December 31, 2023 (DCG 2)*

The capital structure of the Company is as per the excerpts below from the articles of association (the "Articles") as of May 8, 2023, valid as of December 31, 2023, available on the Company's website at: https://kurosbio.com/resources/articles-of-association/

## Capital (DCG 2.1)

"Art. 3a Share Capital and Shares

The share capital of the Company is CHF 3,656,137.80 and fully paid-in. It is divided into 36,561,378 registered shares with a nominal value of CHF 0.10 each."

## Conditional capital (DCG 2.2)

"Art. 3b Conditional Share Capital for Bonds or Similar Debt Instruments
[1] The share capital of the Company shall be increased by a maximum amount of CHF 180,000.00 through the issue of a maximum of 1'800,000 registered shares, payable in full, each with a nominal value of CHF 0.10 through the exercise of conversion and/or option rights granted in connection with bonds or similar instruments, issued or to be issued by the Company or by subsidiaries of the Company, including convertible debt instruments. The exercise of the option rights and the waiver of such right shall be made in writing on paper or in electronic form.

[2] Shareholders' subscription rights for these shares are excluded. Shareholders' advance subscription rights with regard to the new bonds or similar instruments may be restricted or excluded by decision of the Board of Directors in order to finance or refinance the acquisition of companies, parts of companies or holdings, or new investments planned by the Company, or in order to issue convertible bonds or similar instruments on the international capital markets or through private placement. If advance subscription rights are excluded, then (1) the instruments are to be placed at market conditions, (2) the exercise period is not to exceed ten years from the date of issue of option rights and twenty years for conversion rights and (3) the conversion or exercise price for the new shares is to be set at least in line with the market conditions prevailing at the date on which the instruments are issued. Shareholders' advance subscription rights with regard to the new bonds or similar instruments may further be restricted or excluded by decision of the Board of Directors in connection with debt financing that is not convertible into equity and which with a prevailing probability would not have been obtainable without such restriction or exclusion.

[3] The acquisition of registered shares through the exercise of conversion or option rights and any transfers of registered shares shall be subject to the restrictions specified in Article 4 of the Articles of Association."

"Art. 3c Conditional Share Capital for Employees, Persons of comparable Positions and Board Members

[1] The share capital of the Company increases in the nominal value of up to CHF 24,838.90 by issuance of up to 248,389 fully paid-in registered Shares with a nominal value of CHF 0.10 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 furthermore increases in the nominal value of up to CHF 410,682.40 by issuance of up to 4,106,824 fully paid-in registered Shares with a nominal value of CHF 0.10 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.

The exercise of the option rights and the waiver of such rights shall be made in writing on paper or in electronic form.

[2] The pre-emptive rights of the shareholders shall be excluded. The conditions of the grant of the options, as the amount of the issue of the shares, the time of the entitlement for dividends as well as the kind of contribution, shall be determined by the Board of Directors in the form of special rules (Stock Option Plans).

[3] The further transfer of the registered Shares acquired by the exercise of equity-awards under this article shall be subject to the restrictions of Article 4 of these Articles of Association."

## Capital Band (DCG 2.2)

The Company has not created a capital band.

## Changes in capital (DCG 2.3)

Description of changes in capital that have taken place within the last three financial years:

| in TCHF, IFRS | Share capital | Share premium | Treasury shares | Other reserves | Retained earnings/ accumulated loss | Translation Differences | Total |
|---|---|---|---|---|---|---|---|
| **As of January 1, 2021** | **32,811** | **125,061** | **(17)** | **19,898** | **(94,272)** | **1,120** | **84,601** |
| Loss for the period | – | – | – | – | (7,541) | – | (7,541) |
| Other comprehensive income | – | – | – | – | 225 | (698) | (473) |
| Share capital reduction | (29,530) | 29,530 | – | – | – | – | – |
| Share based payment | – | – | – | 389 | – | – | 389 |
| **As of December 31, 2021** | **3,281** | **154,591** | **(17)** | **20,287** | **(101,588)** | **422** | **76,976** |
| | | | | | | | |
| **As of January 1, 2022** | **3,281** | **154,591** | **(17)** | **20,287** | **(101,588)** | **422** | **76,976** |
| Loss for the period | – | – | – | – | (14,595) | – | (14,595) |
| Other comprehensive income | – | – | – | – | 349 | (841) | (492) |
| Capital increase, net | 375 | 5,566 | – | – | – | – | 5,941 |
| Share based payment | – | – | – | 1,030 | – | – | 1,030 |
| **As of December 31, 2022** | **3,656** | **160,157** | **(17)** | **21,317** | **(115,834)** | **(419)** | **68,860** |
| | | | | | | | |
| **As of January 1, 2023** | **3,656** | **160,157** | **(17)** | **21,317** | **(115,834)** | **(419)** | **68,860** |
| Loss for the period | – | – | – | – | (13,727) | – | (13,727) |
| Other comprehensive income | – | – | – | – | 90 | 71 | 161 |
| Appropriation of accumulated loss | – | (87,320) | – | – | 87,320 | – | – |
| Exercise of share options | 22 | 479 | – | – | – | – | 501 |
| Share based payment | – | – | – | 917 | – | – | 917 |
| **As of December 31, 2023** | **3,678** | **73,316** | **(17)** | **22,234** | **(42,151)** | **(348)** | **56,712** |

For further information, see the consolidated statements of change in Shareholders' equity.

## Shares and participation certificates (DCG 2.4)

The Company has only one class of shares, i.e., registered shares with a nominal value of CHF 0.10 each. Each share is fully paid-in and carries one vote and equal dividend rights with no privileges. The Company has no outstanding participation certificates.

The Company's shares are not certified. Shareholders are not entitled to request printing and delivery of share certificates; however, any Shareholder may at any time request the Company to issue a confirmation of its shareholding.

### Dividend-right certificates (DCG 2.5)

The Company has not issued any dividend-right certificates.

### Limitations on transferability and nominee registrations (DCG 2.6)

If buyers of registered shares explicitly declare in the request for registration that they have bought the registered shares in their own name and for their own account, they will be registered in the share register as Shareholders with voting rights. Article 4 of the Articles provides that shareholders may register their shares in the name of a nominee ("Nominee") and may exercise their voting rights by giving instructions to the Nominee to vote on their behalf. However, a Nominee holding more than 3% of the Company's share capital may be registered only if the identity of the beneficial owners of shares claiming 0.5% or more of the Company's share capital is disclosed.

To remove or amend the above-mentioned limitations on transferability and nominee registrations, the approval of (i) at least two-thirds of the votes represented and (ii) the majority of the represented share capital at the respective General Meeting would be required.

### Convertible bonds, options and restricted share units (DCG 2.7)

As of December 31, 2023, the Company has no outstanding convertible loans.

The following table applies to all valid share options outstanding as of December 31, 2023:

| Exercise price (CHF) | Options* (number) | Remaining life (years unless stated otherwise) | Exercisable options (number) |
|---|---|---|---|
| 3.12 | 4,071 | 1.6 | 4,071 |
| 3.12 | 3,118 | 1.4 | 3,118 |
| 3.12 | 1,217 | 0.9 | 1,217 |
| 2.95 | 136,888 | 0.8 | 136,888 |
| 2.76 | 54,278 | 0.2 | 54,278 |
| 2.45 | 5,308 | 3.3 | 5,308 |
| 2.45 | 1,005 | 2.6 | 1,005 |
| 2.45 | 1,550 | 1.6 | 1,550 |
| 2.45 | 2,422 | 1.4 | 2,422 |
| 2.45 | 8,559 | 1.1 | 8,559 |
| 2.42 | 14,063 | 0.8 | 14,063 |
| 2.42 | 12,875 | 0.4 | 12,875 |
| 2.30 | 3,210 | 2.1 | 3,210 |
| 2.30 | 10,968 | 1.6 | 10,968 |
| 2.27 | 2,500 | 1.6 | 2,500 |
| 2.18 | 400,000 | 4.8 | – |
| 2.10 | 23,000 | 4.8 | – |
| 2.09 | 515,877 | 1.2 | 492,757 |
| 2.03 | 50,000 | 3.1 | 21,875 |
| 2.02 | 2,494 | 2.1 | 2,494 |
| 2.00 | 229,473 | 1.9 | 229,473 |
| 1.93 | 18,362 | 3.3 | 18,362 |
| 1.90 | 5,000 | 3.3 | 1,875 |
| 1.73 | 63,243 | 3.8 | 15,810 |
| 1.73 | 654,229 | 3.7 | 215,965 |
| 1.63 | 18,792 | 3.8 | 4,698 |
| 1.47 | 17,467 | 4.0 | 17,467 |
| 1.40 | 94,899 | 4.5 | 94,899 |
| 1.40 | 1,009,769 | 4.5 | – |
| **Total** | **3,364,637** | | **1,377,707** |

* Includes all outstanding options within the Group

The total 3,364,637 outstanding options represent CHF 336,463.70 of nominal capital. Each option entitles the option holder to purchase one share. For further details please see note 20 to the consolidated financial statements.

The following table applies to all restricted share units (RSUs) outstanding as of December 31, 2023:

| Share price at grant date (CHF) | RSUs* (number) | Remaining life (years unless stated otherwise) |
|---|---|---|
| 2.18 | 79,703 | 3.8 |
| 1.40 | 194,298 | 3.5 |
| 1.63 | 43,523 | 2.8 |
| 1.73 | 1,075 | 2.8 |
| 1.73 | 349,783 | 2.7 |
| **Total** | **668,382** | |

* Includes all RSUs outstanding within the Group

The total 668,382 outstanding options represent CHF 66,838.20 of nominal capital. Each RSUs entitles the RSUs holder to one share. For further details please see note 20 to the consolidated financial statements.

## *Board of Directors (DCG 3)*

### Members of the Board of Directors (DCG 3.1/3.4)

| Name, Position, Nationality | Year of birth | First elected | Elected until | Compensation & Nomination Committee | Audit Committee | Research & Development Committee |
|---|---|---|---|---|---|---|
| Clemens van Blitterswijk, PhD<br>Chairman, The Netherlands | 1957 | 2017 | 2024 | ✪ | | ✪ |
| Leanna Caron[1], MBA<br>Vice-Chairperson, Canada | 1968 | 2016 | | | | |
| Scott Bruder, MD<br>Member, USA | 1962 | 2018 | 2024 | | ✪ | ✉ |
| Oliver Walker, MBA<br>Member, Switzerland | 1969 | 2018 | 2024 | ✉ | ✉ | |
| Joost de Bruijn, PhD<br>Member, The Netherlands | 1966 | 2018 | 2024 | | | ✪ |

[1] term as member of the Board ended on May 8, 2023

✉ *Chairman*

✪ *Member*

### Clemens van Blitterswijk

Professor van Blitterswijk has served Kuros as chairman of the board of directors since 2018 and has been a member of the board since 2017. He is one of only four distinguished professors at Maastricht University and holds the chair of Complex Tissue Regeneration. Professor van Blitterswijk has published over 500 scientific papers, ranks among the top 10-20 scientists worldwide in the fields of tissue engineering and regenerative medicine based on total citations to his work and has received numerous national and international honors and awards, among which most recently, the Klaas de Groot Award of the European Society for Biomaterials and the Acta Biomaterialia gold award, the latter presented at the American Society for Biomaterials in San Diego. He has founded over 10 companies and is an inventor on over 100 patents. He is the founding partner of the LSP/EQT HEF venture funds and venture partner at EQT Life Science. He is also a board member of Xeltis AG. His work spans from novel biomaterials to synthetic life. He is Dutch citizen.

### Scott Bruder

Scott P. Bruder, MD, PhD, has enjoyed a long and distinguished career in the discovery, development and commercialization of products to diagnose and treat patients around the world. He founded the Bruder Consulting & Venture Group in 2014 after 25 years in the industrial sector, serving in the C-Suites of Stryker Corporation as the Chief Medical and Scientific Officer, and at BD, as the Chief Science and Technology Officer. Previously, while at Johnson & Johnson, he and his team built a portfolio of tissue repair products for the DePuy franchise before establishing a new business unit known as J&J Regenerative Therapeutics, LLC.

In addition to his tenure through industry, Dr. Bruder has maintained an active academic presence, serving as a Professor of Biomedical Engineering at Case Western Reserve University since 2011, after 13 years as faculty in the Department of Orthopedic Surgery. Dr. Bruder holds an Honors ScB from Brown University, both an MD and PhD from Case, and received post-graduate clinical training at Albert Einstein Medical Center and the University of Pennsylvania.

### Oliver Walker

Oliver Walker is a senior executive with more than 25 years of experience in international companies, both listed and privately-held, and was active in high growth industries and mature industries alike. He is the Managing Partner of a Swiss private equity management company CGS Management AG, and serves on the board of several privately-owned companies.

Amongst other senior positions, he was previously the CEO of Evolva, a Swiss stock listed industrial biotech company, the Executive Vice President and CFO of several leading Life Science Companies, including Sivantos (Singapore), Nobel Biocare, Sonova, and Stratec Medical (all Switzerland). Oliver Walker holds a MSc in Business Administration & Economics from the University of Berne, Switzerland. Mr. Walker is a Swiss citizen.

### Joost de Bruijn

Joost de Bruijn, PhD, FBSE, is the Executive Director and President, Innovation & Strategy Kuros. He held the position of Chief Executive Officer of Kuros from 2017 to 2023. He also holds the position of Professor of Biomaterials at Queen Mary University of London, UK (since 2004) and was Professor of Regenerative Medicine and Entrepreneurship at Twente University, The Netherlands from 2011-2019. Prof. Dr. de Bruijn was the founder and CEO of Xpand Biotechnology B.V. that was acquired by Kuros Biosciences AG early 2017. Prior to this, he was involved with Progentix Orthobiology BV (founder & CEO) that was acquired by NuVasive Inc. (now Globus Medical, Inc.), Scinus Cell Expansion BV (founder & CEO) and IsoTis Orthobiologics NV.

Prof. Dr. de Bruijn has 35 years of experience in academia and the life science industry and, as a serial entrepreneur, has brought several technologies to the clinic. He is author on close to 200 peer-reviewed publications and an inventor of 35 patents and patent families. Prof. Dr. de Bruijn is scientific editor of the world's first open-access journal, European Cells and Materials, and reviewer for numerous international biomaterials, tissue engineering and

regenerative medicine journals. He received his PhD Cum Laude from Leiden University in 1993 and is a citizen of The Netherlands.

### Former Members

#### Leanna Caron

Leanna Caron served in the Board of Directors from 2016 to May 2023. She is a global business executive, has extensive experience in the pharmaceutical, biotech, and medical devices industries. She is a respected sales, marketing, business development, and overall general management leader with demonstrated effectiveness in corporate governance. Leanna currently holds the following positions: CEO and Board Chair of Nexilis AG, Vice Chair of Kuros Biosciences AG, and Director of Skate Canada.

Previous roles include Executive Vice President and Chief Commercial Officer at Ag-Novos Healthcare, overseeing all aspects of global commercial development, commercialization, and corporate communications; Vice President and General Manager at Sanofi, overseeing the Cell Therapy & Regenerative Medicine business unit. In this capacity, she led the turn-around of a fully integrated global division, rendering it profitable after years of financial losses. She has also held senior positions at Genzyme and Merck in the United States, Canada, and Europe, and has led several international teams to successfully launch niche/orphan and blockbuster products globally.

Ms Caron completed her degree in Pharmacy at the University of Toronto (Canada) and MBA at Concordia and Cornell Universities.

#### 1.1.1 Other activities and vested interests (DCG 3.2/3.3)

Other than as described above and in the Compensation Report, none of the members of the Board has any position in governing or supervisory bodies of any major organization, institution, or foundation under private or public law, permanent management or consultancy function for major interest groups, official function, or political mandate.

Pursuant to article 40 of the articles of association, each member of the Board may cumulatively assume not more than the following number of mandates in the board of directors, the superior management, or an administrative body of a legal entity, which is obliged to be registered in the Swiss commercial register or an equivalent foreign register: a) seven mandates for publicly traded companies in the sense art. 727 para. 1 number 1 Code of Obligation ("CO"); b) eight mandates for companies not publicly traded in the sense of art. 727 para. 1 number 2 CO; and c) five mandates for companies which do not fulfill the criteria under a) and b). Mandates held in several legal entities each operating under the same management or same beneficial owner (group) are deemed to be a single mandate. If a legal entity fulfills several of the above-mentioned criteria, it can be freely counted towards any category. Mandates in legal entities which are controlled by the Company or which control the Company and honorary mandates in charitable legal entities are excluded from these restrictions. See article 40 of the Articles for more details.

#### 1.1.2 Elections and terms of office (DCG 3.4)

The Articles provide in article 23 that the Board must consist of three to nine board members. As of December 31, 2023, it consisted of 4 members.

Since January 1, 2014, each member of the Board is elected individually for a maximum term of one year and maybe re-elected for a consecutive term at the following General Meeting. The term of office of a Board member is one year as determined by Swiss law.

The Chairman of the Board as well as the members of the Compensation Committee and the independent voting rights representative ("Independent Proxy") are elected individually by the General Meeting for a one-year term of office.

### 1.1.3 Internal organizational structure (DCG 3.5)

The functions of the Chairman of the Board include the following:

- Preparing, calling, and chairing the meeting of the Board and the General Meeting
- Supervision of the implementation of resolutions passed by the Board or the General Meeting
- Representation of the Board to the public, public authorities and the Shareholders.

The Board constitutes itself and appoints its chairman, vice-chairman and the secretary, who needs not to be a member of the Board.

The Board has established three permanent committees to carry out specific duties: the Compensation & Nomination Committee, the Audit Committee as well as the Research & Development Committee, each in general consisting of two or more members of the Board. The Board appoints the members of its committees. Members of the committees were all non-executive directors in 2023.

The Board convened thirteen times in 2023. In addition, contacts between meetings are as required. Members of senior management regularly attend meetings of the Board to report on areas of the business within their responsibility and to respond to questions. One part of the meetings always takes place with the Executive Committee. No consultants, with the exception of the Company's lawyer, participated in Board meetings in 2023

Attendance at the Board and committee meetings in 2023:

| Name | Board[1] | Compensation & Nomination Committee[1] | Audit Committee[1] | R&D Committee[1] |
|---|---|---|---|---|
| Clemens van Blitterswijk | 12 | 2 | | 2 |
| Leanna Caron | 4 | | | |
| Scott Bruder | 12 | | 3 | 2 |
| Oliver Walker | 13 | 2 | 3 | |
| Joost de Bruijn | 12 | | | 2 |

[1] The majority of conferences were held via telephone

#### Compensation & Nomination Committee

The Compensation & Nomination Committee meets as often as business requires. In 2023, the Compensation Committee held two meetings. The chairperson of the Committee reports to the Chairman of the Board after each meeting and informs the Board at its next meeting on the activities as well as decisions taken by the Committee and the considerations that led to such decisions. Urgent matters are communicated to the Chairman without delay.

The Compensation Committee has the following duties (excerpt from the Compensation & Nomination Committee Charter of Kuros as approved by the Board on June 22, 2023, and available on the Company's website at https://kurosbio.com/resources/compensation-committee-charter/ )

4.1 Board and Executive Board Compensation Policies
The Committee shall:

4.1.1 prepare and recommend to the Board for approval a compensation policy for the Board (the "Director Compensation Policy"), and thereafter annually review such policy and recommend changes, if any, for approval by the Board;

4.1.2 prepare and recommend to the Board for approval a compensation policy for the executive board, and thereafter annually review such policy and recommend changes, if any, for approval by the Board.

Such compensation policies shall provide for near- and long-term compensation, including variable compensation for the executive board, that (1) is designed to attract, motivate and retain persons with the necessary skills and character, (2) is consistent with market conditions, and in the case of variable compensation, consistent with the Company's and the individual's performance, and (3) aligns the interests of the members of the Board and the executive board with the interests of the Company.

4.2 General Compensation Policies
The Committee shall periodically review the Company's compensation policies for its employees who are not members of the executive board.

4.3 Board Compensation
The Committee shall review and recommend to the Board for approval any compensation and other payments to present and former non-employee directors of the Company to the extent not already provided for in the Director Compensation Policy.

4.4 Executive Board Compensation and Contracts
The Committee shall:

4.4.1. evaluate annually the performance the CEO, and submit such evaluation for review and discussion by the Board, in each case in executive session without the presence of the CEO;

4.4.2. review and discuss the annual performance evaluation of the members of the executive board presented by the CEO to the Committee;

4.4.3. review and recommend for approval by the Board the annual base salary, incentive compensation and equity compensation of the CEO, and in consultation with the CEO, of the other members of the executive board, and the overall compensation of the CEO and executive board; and

4.4.4. review and approve any employment contracts, severance contracts, or other agreements that the Company proposes to enter into with any present, future or former members of the executive board; provided that the key terms of such contracts shall be submitted for approval by the Board.

4.5 Incentive, Equity Compensation and Perquisite Benefits Plans
The Committee shall:

4.5.1 establish an incentive compensation plan providing for variable compensation of the members of the executive board based on the achievement of the Company's corporate goals

and the individuals' performance, and approve any changes to such plan as may be proposed by the CEO from time to time;

4.5.2 approve any incentive compensation plans providing for variable compensation of employees of the Company (other than the members of the executive board) and any changes thereto, as may be proposed by the CEO from time to time;

4.5.3 develop and periodically review equity compensation plans, and submit such plans and any changes to such plans to the Board for approval; and

4.5.4 review and approve any perquisite benefits plans proposed by the CEO for the members of the executive board.

4.6 Corporate Goals
The Committee shall:

4.6.1 review the annual corporate goals proposed by the CEO, and recommend such goals as approved by the Committee for approval by the Board;

4.6.2 determine the level of achievement of the corporate goals as approved by the Board upon completion of each calendar year, and apply such achievement level to the determination of the variable compensation of the members of the executive board in accordance with the applicable incentive compensation plan.

4.7 Compensation Report
The Committee shall review and approve the annual compensation report to be published together with the publication of in the Company's annual report, and any other required public disclosure statements on compensation and benefits.

4.8 Director Qualifications and Nomination
The Committee shall:

4.8.1. establish and periodically review the qualification criteria for Board candidates, with the goal of achieving a composition of the Board that collectively has the skills and experience needed to determine the strategy of the Company and oversee the management in executing the Company's strategy and achieving its objectives; and

4.8.2. conduct the search for Board candidates based on the qualification criteria established by the Committee and any other criteria that the Committee may consider appropriate and recommend suitable candidates to the Board to be nominated for election by the shareholders.

4.9 Board and Committee Governance and Composition
The Committee shall:

4.9.1. periodically review the policies and principles for corporate governance of the Company, including the Internal Regulations, and recommend changes, if any, to the Board for approval;

4.9.2 make recommendations to the Board on Board and committee compositions, including the Board and committee chairpersons and the size of the Board and the committees, taking into account the independence standards established by applicable laws, regulations, the committee charters and corporate governance principles.

4.10 CEO and Executive Board Nominations
The Committee shall be responsible for

4.10.1 for conducting the search for candidates for the position of CEO of the Company, and shall recommend suitable candidates for evaluation and appointment by the Board.

4.10.2 for conducting the search for candidates for executive board positions and shall recommend candidates for evaluation by the Committee. The Committee shall evaluate such candidates and shall recommend suitable candidates for evaluation and appointment by the Board.

4.11 Board Performance Review

The Committee may:

4.11.1 establish a process for, and conduct an annual review of the performance of the Board, its committees, and individual Board members in their role as members of the Board or a committee of the Board;

4.11.2 consider the results of any performance review when determining whether or not to recommend the nomination of a director for an additional term on the Board or a committee, and for developing proposals for improving corporate governance policies and effectiveness of the Board and its committees.

4.12 Succession Plan

The Committee shall prepare and review annually a succession plan for the directors of the Board, the CEO, and the members of the executive board.

4.13 Corporate Governance Disclosures

The Committee shall review and approve the corporate governance report of the Company for inclusion in the annual report as well as any other written public disclosures on corporate governance matters.

4.14 Code of Conduct Review

The Committee shall:

4.14.1 periodically review the Company's code of conduct (the "Code") and recommend changes to the Board for approval as may be appropriate from time to time;

4.14.2 periodically review management's monitoring of the Company's compliance with the Code and ensure that management has the proper system in place to enforce the Code; and

4.14.3 review potential conflicts of interest of Board members and other matters that may be assigned for review by the Committee in the Code.

4.15 Committee Performance Review

The Committee shall evaluate its own performance as part of the Board performance assessment process established by the Committee.

4.16 Committee Charter

The Committee shall review this Charter annually and submit any recommended changes to the Board for approval.

## Audit Committee

The Audit Committee meets as often as business requires. In 2023, the Audit Committee held three meetings. The chairperson of the Committee reports to the Chairman of the Board after each meeting and informs the Board at its next meeting on the activities as well as decisions taken by the Committee and the considerations that led to such decisions. Urgent matters are communicated to the Chairman of the Board without delay.

The Audit Committee has the following duties (excerpt from the Audit Committee Charter of Kuros as approved by the Board on January 18, 2016, and available on the Company's website at https://kurosbio.com/resources/audit-committee-charter/ )

4.1 Financial Statements

The Committee shall:

- review and discuss with management and the Auditor the annual and quarterly financial statements and reports intended for publication as well as any other financial statements intended for publication;
- approve the financial statements for publication;
- inform the Board on its assessment of the financial statements and decide whether to recommend the statutory and consolidated financial statements to the Board for approval and presentation to the general shareholders' meeting;
- review in cooperation with the Auditor and the management whether the accounting principles applied by the Company and its subsidiaries are appropriate in view of the size and complexity of the Company.

4.2 Interaction with the Company's External Auditor (the "Auditor")

The Committee shall:

- review and assess the qualifications, independence, performance and effectiveness of the Auditor, and recommend to the Board the nomination of the Auditor for the election by the general assembly of shareholders;
- review the scope of the prospective audit by the Auditor, the estimated fees, and any other matters pertaining to such audit as the Committee may deem appropriate;
- approve any audit and non-audit services proposed to be provided by the Auditor to the Company to ensure Auditor independence; provided that the chairperson of the Committee may pre-approve such services between scheduled Committee meetings subject to the ratification of such approvals by the Committee at a subsequent meeting;
- review and assess the Auditor's report, management letters and take notice of all comments of the Auditor on accounting procedures and systems of control;
- review with the Auditors and management the Auditor's reports to the Committee/Board on critical accounting policies and practices used (and any changes therein), on alternative treatments of financial information discussed with management and on other material written communication between the Auditor and management;
- review with the Auditor any audit problems or difficulties and management's response, including any restrictions on the scope of the Auditor's activities or on access to requested information, and any significant disagreements with management.

4.3 Internal Control Over Financial Reporting, Risk Management, Compliance and Contingent Liabilities

The Committee shall:

- at least annually monitor, review and discuss with the Auditor and with management the adequacy and effectiveness of the Company's policies and procedures regarding internal controls over financial reporting and risk assessment, and the Company's compliance therewith;
- periodically review the Company's policies and procedures for risk management and assess the effectiveness thereof;
- periodically review the Company's policies and procedures designed to ensure compliance with laws, regulations and internal rules and policies;
- discuss with management and, if appropriate, the Company's external advisors any legal matters (including the status of pending or threatened litigation) that may have a material impact on the Company's financial statements and any material reports or inquiries from regulatory or

governmental agencies which could materially impact the Company's contingent liabilities and risks.

4.4 Annual Committee Performance Review
The Committee shall evaluate its own performance on an annual basis as part of the Board performance assessment process established by the Nomination and Corporate Governance Committee.

4.5 Committee Charter
The Committee shall review this Charter annually and submit any recommended changes to the Board for approval.

### Research and Development Committee

The Research and Development Committee meets as often as business requires, but at least once per year. In 2023 the Research and Development Committee held two meetings. The chairperson of the Committee reports to the Chairman of the Board after each meeting and informs the Board at its next meeting on the activities as well as decisions taken by the Committee and the considerations that led to such decisions. Urgent matters are communicated to the Chairman without delay.

The Research and Development Committee has the following duties (excerpt from the Audit Committee Charter of Kuros as approved by the Board on March 2, 2020, and available on the Company's website at https://kurosbio.com/resources/rd-committee-charter/ )

4.1 The Committee shall meet with the Company's chief medical officer and chief development officer or any other member of the executive management of the Company that the Committee deems advisable at least twice per year to review the progress of the Company's product pipeline, including a review and analysis of the progress and results of the Company's studies and trials.

4.2 The Committee shall assess the progress of each of the Company's products against its targets, taking into account the results of the Company's studies and trials.

4.3 The Committee shall review and pre-approve (prior to public release) the Company's material public disclosures related to its product pipeline, research and development efforts, results of studies and trials, status of drug applications, and communications with public authorities or any other competent body.

4.4 The Committee shall make a presentation to the Board at least twice per year, together with written documentation, summarizing all significant findings concerning the progress of the Company's product pipeline, including any material information that impacts the Company's public disclosures regarding those products, the results of related studies and trials, the status of the Company's drug applications, and communications with the with public authorities or any other competent body.

4.5 The Committee shall evaluate its own performance on an annual basis as part of the Board performance assessment process established by the Nomination and Corporate Governance Committee.

4.6 The Committee shall review this Charter annually and submit any recommended changes to the Board for approval.

### Definitions of areas of responsibility (DCG 3.6)

The Board has the power to make decisions on all matters which are not vested in the General Meeting or delegated to any other corporate body or person by Swiss law, the respective Articles or the internal regulations of the Company ("Internal Regulations"). The Board supervises, monitors and controls the management. The Board enacts guidelines for business policy and is regularly informed about the course of business. The Board is entitled to

pass resolutions concerning all matters, which are not reserved or entrusted to the General Meeting or another organ of the corporation by law, the Articles, or Internal Regulations.

All executive functions within the Company not reserved for the Board or the Chairman as defined by Swiss law or stated in the Articles or the Internal Regulations are delegated to the CEO and the Executive Committee. The CEO chairs the Executive Committee and is responsible for its organization.

In accordance with article 716a of the CO and article 26 of the Articles, the Board has the following non-delegable and inalienable duties (excerpt from the Internal Regulations of Kuros as approved by the Board on June 22, 2023, and available on the Company's website at https://kurosbio.com/resources/internal-regulations/

### 3.5 Non-transferable and Irrevocable Duties

Pursuant to the Swiss Code of Obligations, the Board has the following non-transferable and inalienable duties:

a) overall management of the Company and issuing the required directives;
b) the determination of the organization of the Company;
c) the administration of accounting, financial control and financial planning;
d) the appointment and dismissal the persons entrusted with the management and the representation of the Company and granting of signatures;
e) the overall supervision of the persons entrusted with the management of the Company, in particular with regard to compliance with the law Articles of Association, operational regulations and directives;
f) the preparation of the annual report and the General Meeting and implementing the resolutions adopted by the General Meeting;
g) the preparation of the compensation report and to request approval by the General Meeting regarding compensation of the Board and the Executive Committee; and
h) the filing of a request for a debt restructuring moratorium and the notification of the court if the Company is overindebted.

### 3.6 Additional Duties and Competences

The following business transactions (as also specified in Annex 6.1) need the prior approval of the Board:

i) Any mergers, acquisitions, partnerships, alliances, licensing transaction with a size and/or Project NPV above CHF 2 million;
j) adopt a yearly operating budget and investment budget and any material change to any such budget as amended from time to time (material being a decision leading to a projected increase or decrease of 10% or more on total costs or total revenues) and engage in a transaction which would result in such a material deviation from the budget;
k) hire or dismiss the members of the Executive Committee;
l) establish principles of employee benefits, employee pension fund, employee insurance;
m) initiate or pursue legal actions, litigation or other official proceedings of material significance in terms of financial exposure or risk (whereby management may take protective and interim measures regardless of the significance);
n) approve any borrowing guarantee or any other form of security provided by the Company for any third party, grant any surety or any indemnity to a third party, in each case exceeding CHF 250,000;
o) approve the establishment or closure of branches, subsidiaries, agencies, administrative or representation offices, both in Switzerland and abroad;
p) review and approve any arrangement for any joint venture or partnership by the Company or for any acquisition by the Company of any equity interest in another company or undertaking or the acquisition of any business or part thereof from another undertaking exceeding CHF 500,000;
q) acquire, encumber and sell real estate and approve any lease for real property with yearly costs for the Company of more than CHF 200,000 or nine years of duration;
r) approve the creation of any mortgage, charge, lien, encumbrance or other third party right over any of the Company's IP assets;

s) approve and/or ratify all obligations and agreements entered into outside the ordinary course of business;
t) determine the compensation of the members of the Board within the frame- work set by the General Meeting;
u) adopt and amend a stock option plan; and
v) approve any transactions with a member of the Board, the Executive Committee or a shareholder or a person related thereto.

### Information and control instruments versus the Executive Committee (DCG 3.7)

The members of the Board regularly receive comprehensive management reports designed to provide them with an update about business activities in general and developments in clinical trials, regulatory development, finance, and any other matters of importance. These reports are discussed during Board meetings together with the members of the Executive Committee. In addition, strategic discussions are held. A condensed financial statement, drafted on the same financial principles (IFRS) as the annual report, was distributed in 2023 to the members of the Board for the periods of the first six months

### Insider Trading Policy

The Company has an Insider Trading Policy to prevent insider trading. Kuros is committed to, and expect its employees, officers, and directors ("Associates") to comply with the provisions to prevent inappropriate insider trading. Specifically, any insider who has knowledge of price-sensitive information is prohibited from trading securities to which such information pertains. Associates shall not disclose such information to third parties or encourage any other person to trade in such securities. A violation of this policy may result in disciplinary action, including termination of employment without notice. In addition, a violation may result in criminal prosecution of the insider based on article 142 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA), which prohibits trading or passing on insider information. All Associates are responsible and accountable for complying with the provisions of this Policy as well as with all applicable laws and regulations. The Insider Trading Policy is available on the Company's website at https://kurosbio.com/resources/insider-trading-policy/

### Code of Conduct

The Company has a Code of Conduct. Kuros is committed to and expects all its Associates to observe the highest standards of ethical business conduct and to comply with the letter and spirit of all laws and regulations applicable in the countries or regions where the Company engages in business. All Associates are responsible and accountable for complying with the provisions of this Code as well as with all applicable laws and regulations. The Code of Conduct is available on the Company's website at https://kurosbio.com/resources/code-of-conduct/

The Company has currently no internal audit function.

In 2023, none of the members of the Board, except for Joost de Bruijn (CEO), participated in any meeting of the Executive Committee.

In 2023, the CFO was present at all meetings of the Audit Committee. If deemed appropriate by any member of the Audit Committee, parts of the committee meetings take place without the presence of members of the Executive Committee.

# *Executive Committee (DCG 4)*

## Members of the Executive Committee (DCG 4.1)

| Name | Year of birth | Nationality | Position |
|---|---|---|---|
| Joost de Bruijn, PhD[1] | 1966 | The Netherlands | Executive Director and President of Innovation & Strategy |
| Chris Fair[2] | 1970 | USA | Chief Executive Officer |
| Daniel Geiger[3] | 1971 | Switzerland | Chief Financial Officer |
| Sjoerd Musters[4] | 1980 | The Netherlands | Chief Operating Officer |

[1] former CEO, appointed as Executive Director and President of Innovation & Strategy effective October, 2023

[2] former COO, appointed as CEO effective October, 2023

[3] appointed as CFO effective May, 2023

[4] appointed as COO effective October, 2023

### Joost de Bruijn

Refer to Board of Directors section (DCG 3).

### Chris Fair

Chris Fair joined Kuros in 2021. Chris Fair has been a leader in the musculoskeletal and regenerative marketplace for over 25+ years. His expertise in commercialization and scaling operations for both biologics and device companies have made him a sought after advisor and investor. Previously Chief Operating Officer, Chris Fair became Chief Executive Officer of Kuros in 2023.

Mr. Fair previously served as CEO & President of ControlRad, an innovative radiation reduction technology company based in Atlanta, GA and Kfar Saba, Israel. Prior to that, Mr. Fair was the Chief Executive Officer of Spinal Elements, a private equity owned operating company focused in the spinal implant marketplace. Mr. Fair has experience as Founder and CEO of Amniox Medical as well as previously operating the University of Miami Tissue Bank through its transaction to a private company. Earlier in his career, Mr. Fair served in leadership roles at MedShape Solutions, St. Francis Medical Technologies and DePuy Spine.

Mr. Fair currently sits on the Institute for Bioengineering and Bioscience Advisory Board of the Georgia Institute of Technology as well as several privately held medical and regenerative medicine technology companies. Mr. Fair graduated from the University of Richmond Robins School of Business.

### Daniel Geiger

Daniel Geiger joined Kuros as CFO-ad interim in February 2023 and is appointed as CFO as of May 2023. Daniel Geiger is an operational, executive and strategic leader with more than 20 years of international industry experience in life sciences, IT and metals and mining.

Prior to his appointment to Kuros, his career spanned from Senior Audit Manager at EY, where he worked in the international listed and pre-listed sector for clients such as Syngenta, Santhera and Basilea, to CFO EMEA and VP Finance at Kofax, a NASDAQ-listed global software developer based in California, to VP Accounting, Controlling and Investor Relations at Swiss Steel Group, a Swiss-listed multinational company with business units around the world, and finally to Chief Accounting Officer at Autolus Therapeutics plc, a NASDAQ-listed CART company based in London.

During Mr. Geiger's career, he advised companies seeking public listings, was responsible for an IPO on NASDAQ and four capital markets transactions (equity and debt) in Switzerland and Luxemburg. Furthermore, he led and oversaw several international M&A transactions including post-merger integrations and a leveraged MBO spin-off. He was responsible for a CFO transition, in charge of finance transformations of processes, systems and data modelling in several companies and built and established a shared service centre for finance in EMEA. On the technical side, Daniel was a member of the Swiss EY IFRS desk, was responsible for several GAAP conversions and has been advising audit committees on all aspects for over 10 years.

Mr. Geiger is a Swiss citizen and has spent a large part of his career in the UK and the US. He holds a bachelor's degree in business economics majoring in accounting & controlling and information technology from Fachhochschule Nordwestschweiz (FHNW), an international Executive MBA (EMBA) from the University of Zurich, a certification as Investor Relations Officer (CIRO) from Frankfurt School of Finance & Management, as well as a Swiss Certified Public Accountant (CPA) degree.

### Sjoerd Musters

Sjoerd Musters is a strategic leader with more than 20 years of international industry experience in biotechnology, life sciences, consumer goods and logistics services. Sjoerd assumed the role of Chief Operating Officer and General Manager BV at Kuros in October 2023, following his initial position as Vice President of Operations starting in October 2022.

In his previous position as Director Head of Supply Chain in the biotechnology sector, Sjoerd managed global supply chain operations for more than 75 markets and spearheaded multiple successful product launches. He strengthened operations, supply chain and lifecycle management processes and led multiple global cross-functional initiatives. His rich professional journey includes leadership roles at UPS, Philips, Philip Morris, and Amgen.

Sjoerd holds a Master's Degree (MSc) in Business Administration from the University Maastricht. He is certified as a Black Belt with a strong Lean Six Sigma background. It is his passion to build close positive collaboration cross functionally, grow people and drive innovation to bring the business to a next level.

## Former members of the Executive Committee

### Michael Grau

Michael Grau was Chief Financial Officer (CFO) of Kuros from February 2018 to February 2023. Mr. Grau has a track record of 25 years' experience in corporate finance, controlling, accounting and general management in diverse industries and, since 2001, with a focus on medtech, biotech and pharma. Before he joined Kuros, he served as CFO of Proteros Biostructures, a biotech company focusing on enabling lead discovery, Correvio, a Geneva-based hospital specialty pharma company, and Endosense, another Geneva-based private medtech company. Mr. Grau was responsible for multiple capital market transactions, financing rounds and several merger and acquisition agreements for public and private companies. He started his career working for KPMG Peat Marwick. Mr. Grau holds a BA in European Finance and Accounting from Bremen University, Germany, and Leeds University, U.K., and an executive MBA from Henley Business School at the University of Reading, U.K.

## Other activities and vested interests (DCG 4.2 and DCG 4.3)

Other than as described above and in the Compensation Report, none of the members of the Executive Committee has any position in governing or supervisory bodies of any major organization, institution, or foundation under private or public law, permanent management or consultancy function for major interest groups, official function, or political mandate.

Each member of the Executive Committee may cumulatively assume not more than the following number of mandates in the board of directors, the superior management, or an administrative body of a legal entity, which is obliged to be registered in the Swiss commercial register or an equivalent foreign register: a) 2 mandates for

publicly traded companies pursuant to art. 727 para. 1 number 1 CO; b) 3 mandates for companies pursuant to art. 727 para. 1 number 2 CO; and c) 5 mandates for companies which do not fulfill the criteria under a) and b). Mandates held in several legal entities each operating under the same management or same beneficial owner (group) are deemed to be a single mandate. If a legal entity fulfills several of the above-mentioned criteria, it can be freely counted towards any category. Mandates in legal entities which are controlled by the Company, or which control the Company and honorary mandates in charitable legal entities are excepted from these restrictions. See article 41 of the Articles.

### Management contracts (DCG 4.4)

There are no management contracts.

## Compensation, Shareholdings and Loans (DCG 5)

### Content and method of determining compensation and the shareholding programs (DCG 5.1)

The compensation of the Board and the Executive Committee is defined and reviewed by the Board and based on the recommendation of the Compensation Committee with the involvement of external consultants on benchmarking as deemed appropriate. As prescribed by law, the approval of the compensation is subject to Shareholders' approval at the General Meeting.

For more details on the compensation policy and the compensation elements for the Board and Executive Committee, see the 2023 Compensation Report, which is an integral part of the 2023 Annual Report, and the Articles.

No severance payments were paid to members of the Board or the Executive Committee.

### Principles of the compensation of the members of the Board and Executive Committee (DCG 5.2.1)

The compensation payable to the members of the Board is subject to and within the bounds of the approval of the total compensation by the General Meeting. It comprises a fixed basic remuneration, fixed committee fee for work in a committee of the Board and a lump sum compensation for expenses. The compensation is payable in cash and options or shares under the Company's Option Plan. The Board or, to the extent delegated to it, the Compensation Committee determines grant, exercise, and forfeiture conditions of the options. Members of the Board receive no performance-related pay. Subject to the approval by the General Meeting, a member of the Board may receive additional remuneration in cash at customary conditions for advisory services rendered outside his/her capacity as member of the Board. The General Meeting may approve an additional bonus in exceptional cases. See articles 35, 38 and 44 of the Articles.

The compensation payable to the members of the Executive Committee is subject to the approval of the total compensation by the General Meeting. It comprises a fix basic remuneration payable in cash; a performance-related remuneration in cash (variable); and a number of options or shares under the Company's Option and Restricted Shares Unit Plan. The Board or, to the extent delegated to it, the Compensation Committee determines grant, exercise, and forfeiture conditions of the options. The performance-related remuneration depends on the Company's business success and the individual performance-based on the achievement of predetermined targets during a business year. Annually at the beginning of each business year, the Board determines the targets and their weighting upon proposal by the Compensation Committee. The amount of the performance-related remuneration is determined by the Board and may not exceed 100% of the respective individual fixed remuneration for the same year. Within the approved total compensation, the Company may make additional payments into the pension funds for the benefit of members of the Executive Committee. In this context, the Company may conclude life insurance policies on behalf of members of the Executive Committee and pay the insurance premiums, either fully or in part. Expenses not covered by the lump sum compensation pursuant to the Company's expense regulations are

reimbursed upon presentation of the supporting receipts. This additional remuneration is not subject to a separate vote by the General Meeting. See articles 36, 39 and 44 of the Articles for details.

### Loans, credit facilities and post-employment benefits for members of the Board and Executive Committee (DCG 5.2.2)

The members of the Board or the Executive Committee may not be granted loans, credits, or securities. Exceptions from this rule are advances for attorney's fees, court and other similar costs required to defend third party liabilities and for tax liabilities, if any, arising in connection with the issuance of shares as resolved by the Shareholder's Meeting on January 6, 2016. The Company remunerates members of the Board only in respect of the employer's contributions to social insurance. Members of the Executive Committee participate in the Company's pension plans (the Company's pension fund and the management pension plan). The pension plans conform to the legal requirements (BVG). Upon retirement, the Company may also grant a bridging pension to cover the period between early retirement at 62 and the ordinary age of retirement. See articles 42 and 43 of the Articles for details.

### Rules on the vote on pay at the General Meeting (DCG 5.2.3.)

The compensation payable to the members of the Board and Executive Committee is subject to the approval by the General Meeting. In separate votes, Shareholders decide upon the proposed total non-performance-related compensation and options for the members of the Board for the period up to the next General Meeting. In addition, Shareholders vote on the proposed total non-performance-related compensation for the members of the Executive Committee for the period up to the next General Meeting as well as the proposed total variable compensation and options for the calendar year.

# *Shareholders´ Participation (DCG 6)*

### Voting rights restrictions and representation (DCG 6.1)

All shares have the same voting rights and voting rights may be exercised only after the Board has approved a Shareholder to be recorded in the Company's share register (Aktienregister) as a Shareholder with voting rights. Without such registration, the transferee may not vote at or participate in the General Meetings but will still be entitled to dividends and other rights with a financial value.

At the General Meeting, Shareholders can be represented only by way of written proxy.

### Instructions to the independent proxy and electronic participation in the General Meeting (DCG 6.1.6)

The Independent Proxy may represent each shareholder. The Board determines the requirements regarding proxies and instructions. See article 17 of the Articles.

The Articles grant the possibility for electronic participation at the General Meeting, however currently the Board does not intend to make use of options such as a hybrid or virtual General Meeting. See article 14 of the Articles.

### Quorums required by the Articles (DCG 6.2)

There are no provisions in the Articles requiring qualified majorities that differ from the mandatory provisions of Swiss corporate law.

### Convocation of General Meeting (DCG 6.3)

There are no provisions in the Articles regarding the convocation of the General Meeting that deviate from the rules of the CO.

### Inclusion of items on the Agenda (DCG 6.4)

According to the Articles, Shareholders representing at least 0.5% of the share capital may request that an item be included on the agenda of the General Meeting. Such inclusion must be requested in writing at least 45 days prior to the meeting and must specify the agenda items and proposals of the respective Shareholder(s).

### Entries in the share register (DCG 6.5)

Shareholders entered into the share register as shareholders on a specific qualifying day designated by the Board (record date), which is usually less than five business days before the shareholders' meeting, are entitled to attend such meeting and to exercise their votes.

## *Changes of control and defense measures (DCG 7)*

### Duty to make an offer (DCG 7.1)

The Company has neither an opting-out nor an opting-up provision in its Articles. Therefore, the mandatory bid obligation of the Stock Exchange Act applies.

### Clauses on changes of control (DCG 7.2)

The following members of the Executive Committee are granted a prolonged termination notice period from six to twelve months in the case of a change of control: Chris Fair, Daniel Geiger, Joost de Bruijn.

In case of a change of control, the following members of the Executive Committee shall be granted severance payments in the amount of either (i) 50% of their base salary or (ii) standard severance offers made to similar-level Executives by the newly controlling entity: Joost de Bruijn.

The following members of the Executive Committee are granted an accelerated vesting in case of a change of control: Chris Fair, Daniel Geiger, Joost de Bruijn, Sjoerd Musters.

## *Auditors (DCG 8)*

### Duration of the mandate and term of office of the auditor in charge (DCG 8.1)

PricewaterhouseCoopers AG ("PwC") was appointed as Group and statutory auditors and as independent auditors ("Auditors") at the 2022 General Meeting, having been the Auditors of the Company since 2002 (named Cytos Biotechnology at that time). The appointment is made on an annual basis. Thomas Ebinger is the auditor in charge of the mandate in the 2023 financial year.

### Auditing fees (DCG 8.2)

In 2023, PwC invoiced a total TCHF 381 for auditing the full-year statutory (including existence of the internal control-system) and consolidated financial statements, interim condensed consolidated reports of 2023, compensation report and other agreed audit procedures.

### Additional fees (DCG 8.3)

In 2023, PwC earned no additional fees.

# Compensation Report ***2023***



Kuros Biosciences

# Compensation Report 2023

## Overview of the Compensation Report

This Compensation Report provides the information required by Art. 734–734f of the Swiss Code of Obligations. It also includes the information required by section 5 of the Annex to the Directive on Information relating to Corporate Governance of the SIX Swiss Exchange and the Swiss Code of Best Practice for Corporate Governance.

The Board of Directors ("Board") will submit the Compensation Report to a consultative vote at the General Meeting 2024 together with proposals for additional changes to the compensation policy to comply with the legal framework pursuant to Art. 734-734f of the Swiss Code of Obligations.

The first part of this report provides Kuros' compensation principles, and the second part provides details of each of the compensation elements, with compensation details for the Board followed by details for the Executive Committee.

## Compensation policy and philosophy

Kuros' compensation policy and philosophy are designed to attract, motivate, and retain talent to support the achievement of the Company's strategic goals and to ensure that the total compensation package is fair and competitive. By combining short- and long-term incentive elements, the Board believes that the compensation policy is designed in a way that the interests of the top management are aligned with the interests of the Company and its shareholders. The compensation elements focus on rewarding outstanding and sustainable results without inappropriate risk-taking. Kuros' compensation system does not set any unintended enticements or contain any components that could be counterproductive to the objectives of the compensation system.

The Compensation Committee reviews and monitors Kuros' compensation policy in light of its business strategy, corporate goals and values, to ensure the alignment of employee interests with those of the Company and the shareholders. The Compensation Committee annually reviews the compensation of the members of the Board and of the Executive Committee and, if appropriate, suggests changes to the Board. No members of the Executive Committee are present in the meetings of the Compensation Committee.

## Compensation elements for the Board of Directors and Executive Committee

### Board of Directors

The compensation payable to the members of the Board is subject to and within the bounds of approved total compensation by the General Meeting. It comprises of a (i) non-performance related cash compensation (fixed basic fee, fixed fee for work in a committee) and (ii) non-cash compensation in the form of stock options and Restricted Share Units ("RSUs") under the Company's Stock Option Plan (henceforth called "Stock Option Plan") and the Restricted Share Unit Plan respectively. The Board or, to the extent delegated to it, the Compensation Committee determines grant, exercise and forfeiture conditions of the options and RSUs issued under the Stock Option Plan and the Restricted Share Unit Plan. Subject to the approval by the General Meeting, a member of the Board may receive additional remuneration in cash at customary conditions for advisory services rendered outside his capacity as member of the Board. The General Meeting may approve an additional bonus in exceptional cases. The Company remunerates members of the Board only in respect of the employer's contributions to social insurance.

## Compensation for Board of Directors for the year 2023 (audited)

| Name | Cash (TCHF) | Options (TCHF) | RSUs (TCHF) | Variable bonus (TCHF) | Employer Social Security (TCHF) | Total (TCHF) | Options (number) | RSUs (number) |
|---|---|---|---|---|---|---|---|---|
| Clemens van Blitterswijk Chairman | 74.0 | – | 14.9 | – | 3.7 | 92.6 | – | 10,667 |
| Leanna Caron [1] Vice Chairman | 19.8 | – | – | – | 1.5 | 21.3 | – | – |
| Scott Bruder [2] Member | 77.0 | – | 9.3 | – | – | 86.3 | – | 6,667 |
| Oliver Walker Member | 60.0 | – | 9.3 | – | 4.5 | 73.8 | – | 6,667 |
| Joost de Bruijn [3] Member | 387.7 | 136.5 | 164.6 | 173.3 | 11.6 | 873.7 | 187,077 | 105,737 |
| **Total Board of Directors** | **618.5** | **136.5** | **198.1** | **173.3** | **21.3** | **1,147.7** | **187,077** | **129,738** |

[1] term as member of the Board ended on May 8, 2023

[2] In 2023, the Group entered into consultancy agreements with Bruder Consulting & Venture Group, a company which Mr. Scott Bruder, a Board Member of the Group, is the ultimate owner. Consultancy fee of TCHF 79 was payable by the Group under the consultancy agreements and was determined with reference to amounts charged by Bruder Consulting & Venture Group to third parties.

[3] Due to the position change to President of Innovation and Strategy, the Group intends to grant 150,000 RSUs to Mr. Joost de Bruijn, of which 21,737 units have been granted unconditionally in 2023 and the remaining 128,263 units have been granted under condition of the approval by shareholders in the 2024 Annual General Meeting. These conditionally granted RSUs are not included in above table.

The Company regularly grants share options to the members of the Board under the Company's Option Plan. The above-mentioned options were granted to the Board in 2023. The fair values were calculated using the Black-Scholes method. Each option entitles the holder to buy one share of the Company with an exercise price as mentioned below.

| Grant date | July 5, 2023 |
|---|---|
| Exercise price | CHF 1.40 |
| Fair value (Black-Scholes) | CHF 0.73 |
| Expiry date (100% vesting upon change of control) | July 5, 2028 |
| Number of share options granted | |
| Joost de Bruijn | 187,077 |

The above-mentioned Restricted Share Units ("RSU") were granted to the Board in 2023. The RSU is subject to a lock-up period. Each RSU automatically converts into one ordinary share on vesting at an exercise price of nil. The fair value of the RSU at grant date was estimated by taking the market price of the company's shares on that date.

| Grant date | July 5, 2023 | October 11, 2023 |
|---|---|---|
| Share price at grant | CHF 1.40 | CHF 2.18 |
| Vesting date | July 5, 2026 | October 11, 2026 |
| Expiry date (100% vesting upon change of control) | July 5, 2027 | October 11, 2027 |
| Number of RSUs granted | | |
| Clemens van Blitterswijk | 10,667 | – |
| Scott Bruder | 6,667 | – |
| Oliver Walker | 6,667 | – |
| Joost de Bruijn | 84,000 | 21,737 |
| **Total number of RSUs granted** | **108,001** | **21,737** |

## Compensation for Board of Directors for the year 2022 (audited)

| Name | Cash (TCHF) | Options (TCHF) | RSUs (TCHF) | Variable bonus (TCHF) | Employer Social Security (TCHF) | Total (TCHF) | Options (number) | RSUs (number) |
|---|---|---|---|---|---|---|---|---|
| Clemens van Blitterswijk Chairman | 62.0 | – | – | – | 4.7 | 66.7 | – | – |
| Leanna Caron Vice Chairman | 45.0 | – | – | – | 3.4 | 48.4 | – | – |
| Scott Bruder Member | 57.0 | – | – | – | – | 57.0 | – | – |
| Chris Fair[1] Member | 35.8 | – | – | – | – | 35.8 | – | – |
| Oliver Walker Member | 47.0 | – | – | – | 3.5 | 50.5 | – | – |
| Joost de Bruijn Member | 359.3 | 68.0 | 80.4 | 134.0 | 10.8 | 652.5 | 82,449 | 46,461 |
| **Total Board of Directors** | **606.1** | **68.0** | **80.4** | **134.0** | **22.4** | **910.9** | **82,449** | **46,461** |

[1] term as member of the Board ended on September 30, 2022

The Company regularly grants share options to the members of the Board under the Company's Option Plan. The above-mentioned options were granted to the Board in 2022. The fair values were calculated using the Black-Scholes method. Each option entitles the holder to buy one share of the Company with an exercise price as mentioned below.

| Grant date | September 16, 2022 |
|---|---|
| Exercise price | CHF 1.73 |
| Fair value (Black-Scholes) | CHF 0.82 |
| Expiry date (100% vesting upon change of control) | September 16, 2027 |
| Number of share options granted | |
| Joost de Bruijn | 82,449 |

In 2022, the Company established a Restricted Share Unit Plan. The above-mentioned Restricted Share Units ("RSU") were granted to the Board in 2022. The RSU is subject to a lock-up period. Each RSU automatically converts into one ordinary share on vesting at an exercise price of nil. The fair value of the RSU at grant date was estimated by taking the market price of the company's shares on that date.

| Grant date | September 16, 2022 |
|---|---|
| Share price at grant | CHF 1.73 |
| Vesting date | September 16, 2025 |
| Expiry date (100% vesting upon change of control) | September 16, 2026 |
| Number of RSUs granted | |
| Joost de Bruijn | 46,461 |

### Shareholdings, options and Restricted Share Units (RSUs) of members of the Board of Directors (audited)

Detailed information on the number of shares, options and RSUs held by individual members of the Board of Directors as of December 31, 2023 and December 31, 2022 is provided below:

| | December 31, 2023 | | | December 31, 2022 | | |
|---|---|---|---|---|---|---|
| Name | Shares | Options | RSUs | Shares | Options | RSUs |
| Clemens van Blitterswijk<br>Chairman | 729,410 | 6,750 | 10,667 | 729,410 | 10,125 | — |
| Leanna Caron [1]<br>Vice Chairman | — | — | — | — | 7,125 | — |
| Scott Bruder<br>Member | — | 4,750 | 6,667 | — | 7,125 | — |
| Oliver Walker<br>Member | — | 4,750 | 6,667 | — | 7,125 | — |
| Joost de Bruijn<br>Member | 1,160,106 | 393,526 | 152,198 | 1,160,106 | 223,316 | 46,461 |
| **Total Board of Directors** | **1,889,516** | **409,776** | **176,199** | **1,889,516** | **254,816** | **46,461** |

[1] term as member of the Board ended on May 8, 2023

### Activities of the Board of Directors at other companies (audited)

| Name, Position | Other significant engagement as of December 31, 2023 |
|---|---|
| Clemens van Blitterswijk, PhD<br>Chairman | Venture Partner at EQT Life Sciences<br>Board Member of Xeltis AG<br>Professors at Maastricht University |
| Scott Bruder, MD<br>Member | CEO of Bruder Consulting & Venture Group<br>Chairman of the Board of Amendia, Inc. |
| Oliver Walker, MBA<br>Member | Managing Partner of CGS Management AG<br>Chairman of the Advisory Board of EOL Packaging Experts Group<br>Chairman of the Advisory Board of Photonics Systems Group<br>Chairman of Carpio Partners AG<br>Chairman of Civera AG<br>Board Member of Nexilis AG |
| Joost de Bruijn, PhD<br>Member | Member of the Scientific Advisory Board of Mechano Therapeutics LLC<br>Professor of Biomaterials at Queen Mary University of London, UK |

### Executive Committee

The compensation payable to the members of the Executive Committee is subject to the approval of the total compensation by the General Meeting. It comprises (i) a fix basic remuneration payable in cash, (ii) a performance-related remuneration in cash (variable) and (iii) share-based compensation in the form of stock options or Restricted Share Units ("RSU") under the Stock Option Plan and the Restricted Share Unit Plan respectively. The compensation of the members of the Executive Committee also includes certain insurance for death and invalidity. The Board or, to the extent delegated to it, the Compensation Committee determines grant, exercise, and forfeiture conditions of the options and the RSU. The performance-related remuneration depends on the Company's business success and the individual performance-based on the achievement of predetermined targets during a business year. Annually at the beginning of each business year, the Board determines the targets and their weighting upon proposal by the Compensation Committee. The amount of the performance-related remuneration is determined by the Board and may not exceed 100% of the respective individual fixed remuneration for the same year. Within the approved total compensation, the Company may make additional payments to the pension funds for the benefit of members of the Executive Committee. In this context, the Company may conclude life insurance policies on behalf of members of the Executive Committee and pay the insurance premiums, either fully or in part. Expenses not covered by the lump sum allowance pursuant to the Company's expense regulations shall be reimbursed upon presentation of the supporting receipts. This additional remuneration is not subject to a separate vote by the General Meeting.

The members of the Executive Committee may not be granted loans, credits, or securities. The Company shall remunerate members of the Executive Committee only in respect of the employer's contributions to social insurance. Members of the Executive Committee participate in the Company's pension plans (the Company's pension fund and the management pension plan). The pension plans conform to the legal requirements (BVG). Upon retirement, the Company may also grant a bridging pension to cover the period between early retirement at 62 and the ordinary age of retirement.

Members of the Executive Committee are subject to the standard terms and conditions for Kuros employees. Kuros has no contractual termination payment obligations to members of the Board or the Executive Committee.

### Compensation for Executive Committee for the year 2023 (audited)

| Name | Cash (TCHF) | Options (TCHF) | RSUs (TCHF) | Variable bonus (TCHF) | Employer Social Security (TCHF) | Total (TCHF) | Options (number) | RSUs (number) |
|---|---|---|---|---|---|---|---|---|
| Chris Fair (highest compensated member of the executive committee) | 329.2 | 619.0 | 197.5 | 147.7 | 44.3 | 1,337.7 | 512,439 | 108,671 |
| **Total Executive Committee** | **904.0** | **678.6** | **248.6** | **243.9** | **123.6** | **2,198.7** | **594,100** | **145,338** |

[1] Due to the position change to Chief Executive Officer, the Group intends to grant 400,000 options and 419,231 RSUs to Mr. Chris Fair, of which 400,000 options and 57,966 RSUs have been granted unconditionally in 2023 and the remaining 361,265 RSUs have been granted under condition of the approval by shareholders in the 2024 Annual General Meeting. These conditionally granted RSU are not included in above table.

All amounts shown are gross amounts.

Effective from October, 2023, Kuros extended the Executive Committee and included the Executive Director and President of Innovation & Strategy. The Executive Committee now consists of the Executive Director and President of Innovation & Strategy, the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer and is identified as the chief operating decision maker.

Explanations:

- Individuals acting simultaneously as member of the Board and of the Executive Committee are reported under the Board.
- The bonus year is equal to the calendar year. Therefore, the bonus amount represents the actual bonus paid within a calendar year or during the period which an Executive serves as a member of the Executive Committee.

Kuros regularly grants share options to the Executive Committee under the Company's Option Plan. The above-mentioned options were granted to the Executive Committee in 2023. The fair values were calculated using the Black-Scholes method. Each option entitles the holder to buy one share of the Company with an exercise price as mentioned below.

| Grant date | July 5, 2023 | October 11, 2023 |
|---|---|---|
| Exercise price | CHF 1.40 | CHF 2.18 |
| Fair value (Black-Scholes) | CHF 0.73 | CHF 1.34 |
| Expiry date (100% vesting upon change of control) | July 5, 2028 | October 11, 2028 |
| Number of share options granted | 194,100 | 400,000 |

The above-mentioned Restricted Share Units ("RSU") were granted to the Executive Committee in 2023. The RSU is subject to a lock-up period. Each RSU automatically converts into one ordinary share on vesting at an exercise price of nil. The fair value of the RSU at grant date was estimated by taking the market price of the company's shares on that date.

| Grant date | July 5, 2023 | October 11, 2023 |
|---|---|---|
| Share price at grant | CHF 1.40 | CHF 2.18 |
| Vesting date | July 5, 2026 | October 11, 2026 |
| Expiry date (100% vesting upon change of control) | July 5, 2027 | October 11, 2027 |
| Number of RSUs granted | 87,372 | 57,966 |

### Compensation for Executive Committee for the year 2022 (audited)

| Name | Cash (TCHF) | Options (TCHF) | RSUs (TCHF) | Variable bonus (TCHF) | Employer Social Security (TCHF) | Total (TCHF) | Options (number) | RSUs (number) |
|---|---|---|---|---|---|---|---|---|
| Michael Grau (highest compensated member of the executive committee) | 284.1 | 33.2 | 39.2 | 94.3 | 47.5 | 498.3 | 40,222 | 22,665 |
| **Total Executive Committee** | **364.7** | **82.9** | **95.5** | **125.3** | **61.4** | **729.8** | **101,557** | **57,228** |

All amounts shown are gross amounts.

As of October 1, 2022, Kuros extended the Executive Committee to include the Chief Operating Officer. The Executive Committee now consists of the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer and is identified as the chief operating decision maker.

Explanations:

- Individuals acting simultaneously as member of the Board and of the Executive Committee are reported under the Board.
- The bonus year is equal to the calendar year. Therefore, the bonus amount represents the actual bonus paid within a calendar year or during the period which an Executive serves as a member of the Executive Committee.

Kuros regularly grants share options to the Executive Committee under the Company's Option Plan. The above-mentioned options were granted to the Executive Committee in 2022. The fair values were calculated using the Black-Scholes method. Each option entitles the holder to buy one share of the Company with an exercise price as mentioned below.

| Grant date | September 16, 2022 | October 03, 2022 |
|---|---|---|
| Exercise price | CHF 1.73 | CHF 1.73 |
| Fair value (Black-Scholes) | CHF 0.82 | CHF 0.81 |
| Expiry date (100% vesting upon change of control) | September 16, 2027 | October 3, 2027 |
| Number of share options granted | 40,222 | 61,335 |

In 2022, the Company established a Restricted Share Unit Plan. The above-mentioned Restricted Share Units ("RSU") were granted to the Executive Committee in 2022. The RSU is subject to a lock-up period. Each RSU automatically converts into one ordinary share on vesting at an exercise price of nil. The fair value of the RSU at grant date was estimated by taking the market price of the company's shares on that date.

| Grant date | September 16, 2022 | October 03, 2022 |
|---|---|---|
| Share price at grant | CHF 1.73 | CHF 1.63 |
| Vesting date | September 16, 2025 | October 03, 2025 |
| Expiry date (100% vesting upon change of control) | September 16, 2026 | October 03, 2026 |
| Number of RSUs granted | 22,665 | 34,563 |

### Shareholdings, options and Restricted Share Units (RSUs) of members of the Executive Committee (audited)

Detailed information on the number of shares, options and RSUs held by individual members of the Executive Committee as of December 31, 2023 and December 31, 2022 is provided below:

| | December 31, 2023 | | | December 31, 2022 | | |
|---|---|---|---|---|---|---|
| Name | Shares | Options | RSUs | Shares | Options | RSUs |
| Chris Fair | — | 573,774 | 143,234 | — | 61,335 | 34,563 |
| Daniel Geiger [1] | — | 81,661 | 36,667 | — | — | — |
| Sjoerd Musters [2] | — | 43,792 | 8,960 | — | — | — |
| Michael Grau [3] | — | — | — | — | 215,988 | 22,665 |
| **Total Executive Committee** | **—** | **699,227** | **188,861** | **—** | **277,323** | **57,228** |

[1] Joined the Executive Committee in May 2023

[2] Joined the Executive Committee in October 2023

[3] Left the Executive Committee in February 2023

Activities of the Executive Committee at other companies (audited)

| Name, Position | Other significant engagement as of December 31,2023 |
|---|---|
| Chris Fair<br>CEO | Member of the Advisory Board of Georgia Institute of Technology |
| Daniel Geiger<br>CFO | Senior Business Consultant of Hoffmann & Partner AG |
| Sjoerd Musters<br>COO | None |

## *Stock Option and Restricted Share Unit program*

Kuros regularly grants share options to the members of the Board, the Executive Committee, the employees and consultants of the Group. In 2022, Kuros established the Restricted Share Unit plan to supplement the existing Stock Option Plan. The purpose of the Company's Stock Option Plan and Restricted Share Unit Plan is to provide the Board of Directors, the Executive Committee, other management members and certain employees with an opportunity to obtain options and Restricted Share Unit ("RSU") and to benefit from the appreciation thereof, thus providing an increased incentive for participants to contribute to the future success and prosperity of the Company, enhancing the value of the shares for the benefit of shareholders of the Company and increasing the ability of the Company to attract and retain individuals of exceptional skill. The grant of any option and RSU under the Company's Stock Option Plan and Restricted Share Unit Plan is wholly discretionary. Key factors considered by the Board are the amount of approved conditional capital by the General Meeting, the maximum number of options approved by the General Meeting and the dilution of Kuros shares. Any value, income or other benefit derived from any option is not considered as part of the participant's salary or compensation for the purposes of calculating any pension or retirement benefits. The strike price of the option is determined by the Board and is generally based on the closing price of the Kuros shares on the SIX Swiss Exchange on the grant date. RSU Rights are granted for free unless the Grant Notice specifies otherwise. RSU Rights are only exercisable after a lock-up period indicated in the Grant Notice.

The following options and RSUs were granted to the members of the Board and Executive Committee:

| Year | Options (number) | RSUs (number) |
|---|---|---|
| 2022 | 184,006 | 103,689 |
| 2023 | 781,177 | 275,076 |

The exercise price of the granted options is equal to the market price of the shares of Kuros Biosciences AG on the grant date. The volatility is based on the historical volatility where available. The risk-free interest rate is based on the CHF swap rate for the expected life of the options.

### Share options - conditions, and assumptions

Options granted in 2023:

| | (a) New Kuros options granted in 2023 | (b) New Kuros options granted in 2023 |
|---|---|---|
| Grant date | July 5, 2023 | October 11, 2023 |
| Number of options | 381,177 | 400,000 |
| Exercise price | CHF 1.40 | CHF 2.18 |
| Share price at date of grant | CHF 1.40 | CHF 2.18 |
| Contractual life | 5 years | 5 years |
| Vesting period | 95,296 options vest after 1 year, 285,881 options vest quarterly over the following 3 years | 100,000 options vest after 1 year, 300,000 options vest quarterly over the following 3 years |
| Settlement | Shares | Shares |
| Expected volatility at day of grant | 61.84% | 76.35% |
| Expected option life at grant date | until maturity | until maturity |
| Risk-fee interest rate p.a. | 1.02% | 0.91% |
| Expected dividend | Zero | Zero |
| Estimated fair value of option at grant date | CHF 0.73 | CHF 1.34 |
| Expiry date | July 5, 2028 | October 11, 2028 |
| Valuation model | Black Scholes | Black Scholes |

Options granted in 2022:

| | (a) New Kuros options granted in 2022 | (b) New Kuros options granted in 2022 |
|---|---|---|
| Grant date | September 16, 2022 | October 3, 2022 |
| Number of options | 122,671 | 61,335 |
| Exercise price | CHF 1.73 | CHF 1.73 |
| Share price at date of grant | CHF 1.73 | CHF 1.73 |
| Contractual life | 5 years | 5 years |
| Vesting period | 30,668 options vest after 1 year, 92,003 options vest quarterly over the following 3 years | 15,334 options vest after 1 year, 46,001 options vest quarterly over the following 3 years |
| Settlement | Shares | Shares |
| Expected volatility at day of grant | 55.26% | 60.71% |
| Expected option life at grant date | until maturity | until maturity |
| Risk-fee interest rate p.a. | 1.01% | 0.74% |
| Expected dividend | Zero | Zero |
| Estimated fair value of option at grant date | CHF 0.82 | CHF 0.81 |
| Expiry date | September 16, 2027 | October 3, 2027 |
| Valuation model | Black Scholes | Black Scholes |

**Restricted Share Units - conditions, and assumptions**

Restricted Share Units granted in 2023:

| Grant date | July 5, 2023 | October 11, 2023 |
|---|---|---|
| Share price at grant | CHF 1.40 | CHF 2.18 |
| Vesting date | July 5, 2026 | October 11, 2026 |
| Expiry date (100% vesting upon change of control) | July 5, 2027 | October 11, 2027 |
| Number of RSUs granted | 195,373 | 79,703 |

Restricted Share Units granted in 2022:

| Grant date | September 16, 2022 | October 03, 2022 |
|---|---|---|
| Share price at grant | CHF 1.73 | CHF 1.63 |
| Vesting date | September 16, 2025 | October 03, 2025 |
| Expiry date (100% vesting upon change of control) | September 16, 2026 | October 03, 2026 |
| Number of RSUs granted | 69,126 | 34,563 |

## *Indirect benefits*

The Company contributes to the pension plan and maintains certain insurance for death and invalidity for the members of the Executive Committee.

## *Loans and credits (audited)*

The Company has not granted any loans, credits, or guarantees to current or past members of the Board, of the Executive Committee, or to related persons in 2023 or 2022. No consulting fee for services rendered by former members of the Executive Committee has been paid in 2023 and 2022.

# Report of the statutory auditor

## to the General Meeting of Kuros Biosciences AG

## Schlieren

## Report on the audit of the Compensation report

### Opinion

We have audited the Compensation report of Kuros Biosciences AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to article 734a-734f CO in the tables marked 'audited' on pages 35 to 41 and 43 of the Compensation report.

In our opinion, the information pursuant to article 734a-734f CO in the Compensation report (pages 33 to 43) complies with Swiss law and the Company's articles of incorporation.

### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the Compensation report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the Compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the Compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Board of Directors' responsibilities for the Compensation report

The Board of Directors is responsible for the preparation of a Compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the Compensation system and defining individual Compensation packages.

PricewaterhouseCoopers AG, St. Jakobs-Strasse 25, Postfach, 4002 Basel, Switzerland
Telefon: +41 58 792 51 00, www.pwc.ch

## Auditor's responsibilities for the audit of the Compensation report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG

Thomas Ebinger
Licensed audit expert
Auditor in charge

Alexandra Wittwer
Licensed audit expert

Basel, 12 March 2024

# Financial Report ***2023***



Kuros Biosciences

# *Financial Report 2023*

## *Financial performance and results of operations (IFRS)*

### General remark – Revenue from product sales increased by 153%

In 2023, Kuros recognized revenues from product sales of CHF 33.6 million (2022: CHF 13.3 million) and increased its revenues by 153% and 166% on a constant currency basis. Cost of goods sold amounted to CHF 9.6 million (2022: CHF 7.2 million) of which CHF 1.8 million (2022: CHF 2.2 million) relate to the amortization of capitalized R&D; and CHF 4.4 million and CHF 0.1 million related to impairment of goodwill and intangible assets respectively. (2022: impairment of goodwill of CHF 3.6 million). Revenues from collaborations amounted to CHF 0.0 million in 2023 (2022: CHF 4.7 million).

### Financial position and other asset

Cash and cash equivalents amounted to CHF 14.2 million. Funds available (including trade and other receivables) for financing the operations of Kuros amounted to CHF 21.8 million as of December 31, 2023. This is a decrease of CHF 5.9 million from CHF 27.7 million as of December 31, 2022. The decrease is mainly driven by net operating cash outflows.

As of December 31, 2023, total intangible assets amounted to CHF 16.5 million (2022: CHF 19.4 million) and goodwill amounted to CHF 24.5 million (2022: CHF 29.3 million). The impairment of goodwill of CHF 4.4 million was resulting from a re-assessment of the probability assumption of expected milestones from Checkmate licensing.

### Operating loss

Net operating costs amounted to CHF 37.1 million, compared to CHF 24.2 million in the previous year. The increase is primarily driven by sales and marketing costs as a result of the growing commercial activities (see note 7). Research and development costs increased from CHF 5.2 million in 2022 to CHF 5.6 million in 2023. General and administrative costs increased from CHF 6.6 million in 2022 to CHF 8.4 million in 2023. The increase is mainly related to the expansion in operations. Sales and marketing costs increased from CHF 12.8 million in 2022 to CHF 23.3 million in 2023, mainly due to the increase in sales force headcount and general sales and distribution costs. Other income amounted to CHF 0.2 million (2022: CHF 0.4 million).

### Net finance expense

Net finance expense amounted to CHF 0.2 million (2022: CHF 2.5 million) which mainly comprised of the gain from revaluation on financial liability to XOMA because of the re-assessment of the probability assumption of future milestone payments, net of the result of foreign exchange.

# *Alternative Key Performance Measurements (APM)*

Financial measures presented in the financial information of Kuros which do not inhere a definition by the International Financial Reporting Standards (IFRS) are so called alternative key performance measures (APM). Kuros uses such financial measures to provide valuable supplementary information to investors, stakeholders, and the Group's key decision makers as they enable an assessment of relevant trends of the Group's performance. These financial measures should not be regarded as substitutes for measures defined in the IFRS framework. The APM can differ in methods for calculation and definition of other companies. Therefore, such APM are not limited to direct benchmarking of other companies. The definition and calculation method of APM's used by Kuros are as follows:

### Constant Currency (CCY)

Individual financial information of prior period comparatives is presented at historical and constant currency, in order to assess the period over period evolution of financial indicators without the currency impact. Kuros applies current period average exchange rates to prior period numbers, to present comparable figures.

### Operating profit/loss

- Definition: Profit/loss before financial items and tax
- Relevance: The operating profit/loss is used to measure the profit/loss generated by the operating activities
- The operating loss for the year ended December 31, 2023 amounted to TCHF 13,192 (2022: TCHF 13,446)

### EBITDA

- Definition: The adjusted operating profit/loss that is disclosed in our financial highlights and our segment disclosures in note 6 of our consolidated financial statements is provided to assess the underlying financial and operational performance of the Group by segment line excluding the influence of items not directly attributable to operational performance. EBITDA represents the operating income/ loss excluding:
    - Amortization expenses on intangible assets and depreciation expenses on property, plant and equipment expenses
    - Impairment expenses on intangible assets and property, plant and equipment
    - Impairment expenses on goodwill

The EBITDA is computed as following:

| In TCHF, year ended December 31 | 2023 | 2022 |
|---|---|---|
| **Operating Loss** | **(13,192)** | **(13,446)** |
| Amortization and depreciation expenses | 2,752 | 2,834 |
| Impairment expenses | 4,535 | 3,600 |
| **EBITDA** | **(5,905)** | **(7,012)** |

Cash burn

- Definition: net cash outflow from operating activities
- Relevance: The cash burn is used to measure the net cash outflow from operating activities for the defined reporting period

The cash burn derives as follows:

| In TCHF, year ended December 31 | 2023 | 2022 |
|---|---|---|
| Net cash used in operating activities | (8,844) | (7,348) |
| Reporting period (in months) | 12 | 12 |
| **Average Cash burn (per month)** | **(737)** | **(612)** |

# Consolidated Financial Statements *2023*



Kuros Biosciences

## *Consolidated income statement*

| in TCHF, year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Revenue from product sales | 5 | 33,564 | 13,265 |
| Revenue from collaborations | 5 | – | 4,721 |
| **Revenue** | | **33,564** | **17,986** |
| | | | |
| Cost of goods sold | 7 | (9,628) | (7,217) |
| **Gross profit** | | **23,936** | **10,769** |
| | | | |
| Sales and marketing costs | 7 | (23,328) | (12,785) |
| Research and development costs | 7 | (5,599) | (5,194) |
| General and administrative costs | 7 | (8,449) | (6,598) |
| Other income | 7 | 248 | 362 |
| **Net operating costs** | | **(37,128)** | **(24,215)** |
| | | | |
| **Operating loss** | | **(13,192)** | **(13,446)** |
| | | | |
| Finance income | | 3,778 | 1,772 |
| Finance expense | | (3,933) | (4,317) |
| **Net finance result** | **27** | **(155)** | **(2,545)** |
| | | | |
| **Loss before tax** | | **(13,347)** | **(15,991)** |
| Income taxes | 9 | (380) | 1,396 |
| **Net loss** | | **(13,727)** | **(14,595)** |
| | | | |
| Basic and diluted net loss per share (CHF) | 10 | (0.38) | (0.43) |

See accompanying notes, which are an integral part of these consolidated financial statements.

## *Consolidated statement of comprehensive income*

| in TCHF, IFRS, year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Net loss | | (13,727) | (14,595) |
| **Items that will not be reclassified to profit or loss:** | | | |
| Remeasurements of post-employment benefit obligations | 21 | 90 | 433 |
| Tax effects | | — | (84) |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Currency translation differences arising during the year | | 71 | (970) |
| **Other comprehensive income/ (loss)** | | **161** | **(621)** |
| **Total comprehensive loss** | | **(13,566)** | **(15,216)** |

See accompanying notes, which are an integral part of these consolidated financial statements.

## *Consolidated balance sheet*

| in TCHF, as of December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| **Non-current assets:** | | | |
| Property and equipment | 11 | 718 | 707 |
| Right-of-use assets | 12 | 1,924 | 1,616 |
| Intangible assets | 13 | 16,508 | 19,412 |
| Goodwill | 13,14 | 24,469 | 29,314 |
| Defined benefit asset | 21 | 14 | – |
| Deferred tax assets | 9 | 637 | 504 |
| **Total non-current assets** | | **44,270** | **51,553** |
| | | | |
| **Current assets:** | | | |
| Inventories | 15 | 4,856 | 3,170 |
| Prepayments and other assets | 16 | 513 | 540 |
| Trade receivables | 17 | 6,411 | 2,817 |
| Other receivables | 17 | 1,206 | 801 |
| Cash and cash equivalents | 18 | 14,208 | 24,065 |
| **Total current assets** | | **27,194** | **31,393** |
| **Total assets** | | **71,464** | **82,946** |
| | | | |
| **Shareholders' equity:** | | | |
| Share capital | 19 | 3,678 | 3,656 |
| Share premium | 19 | 73,316 | 160,157 |
| Treasury shares | 19 | (17) | (17) |
| Other reserves | 19 | 22,234 | 21,317 |
| Accumulated loss | | (42,499) | (116,253) |
| **Total shareholders' equity** | | **56,712** | **68,860** |
| | | | |
| **Non-current liabilities:** | | | |
| Non-current lease liabilities | 12 | 1,565 | 1,497 |
| **Total non-current liabilities** | | **1,565** | **1,497** |
| | | | |
| **Current liabilities:** | | | |
| Financial liabilities from collaborations | 24 | 3,375 | 5,812 |
| Current lease liabilities | 12 | 578 | 416 |
| Accrued expenses | 22 | 7,933 | 4,958 |
| Provisions | 23 | – | 101 |
| Trade and other payables | | 1,301 | 1,302 |
| **Total current liabilities** | | **13,187** | **12,589** |
| **Total shareholders' equity and liabilities** | | **71,464** | **82,946** |

See accompanying notes, which are an integral part of these consolidated financial statements.

# *Consolidated* statement of cash flows

| in TCHF, year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Loss before tax | | (13,347) | (15,991) |
| **Adjustments to reconcile loss before tax to net cash used in operating activities:** | | | |
| Depreciation and amortization | 11,12,13 | 2,752 | 2,834 |
| Impairment of intangible assets and goodwill | 13,14 | 4,535 | 3,600 |
| Net finance result | 27 | 2,085 | 909 |
| Share-based compensation | 20 | 917 | 1,030 |
| Changes in retirement benefit obligation | 21 | 76 | 80 |
| Fair value adjustment to financial liabilities from collaborations | 24 | (1,931) | 1,636 |
| Other non-cash items | | (3) | 24 |
| **Changes in operating assets and liabilities:** | | | |
| Increase in trade and other receivables | | (4,572) | (1,641) |
| Decrease/ (increase) in prepayments and other assets | | 12 | (86) |
| Increase in inventories | | (2,477) | (1,585) |
| Increase in trade and other payables | | 55 | 486 |
| Increase in accrued expenses | | 3,434 | 1,560 |
| Decrease in provisions | | (101) | (131) |
| Interest received | | 328 | 12 |
| Interest paid | | (61) | (83) |
| Income tax paid | | (546) | (2) |
| **Net cash used in operating activities** | | **(8,844)** | **(7,348)** |
| **Cash flows from investing activities:** | | | |
| Purchase of plant and equipment | 11 | (317) | (394) |
| Purchase of intangible assets | 13 | (9) | (6) |
| **Net cash used in investing activities** | | **(326)** | **(400)** |
| **Cash flows from financing activities:** | | | |
| Proceeds from issuance of shares | 19 | – | 6,000 |
| Transaction costs on issuance of shares | 19 | – | (59) |
| Proceeds from exercise of share options | 19 | 501 | – |
| Principal elements of lease payments | 12 | (672) | (343) |
| Repayment of financial liabilities from collaborations | 24 | – | (2,374) |
| **Net cash (used in)/ generated from financing activities** | | **(171)** | **3,224** |
| Cash and cash equivalents, at the beginning of the year | | 24,065 | 28,623 |
| Net change in cash and cash equivalents | | (9,341) | (4,524) |
| Net effect of currency translation on cash | | (516) | (34) |
| **Cash and cash equivalents, at the end of the periods** | **18** | **14,208** | **24,065** |

See accompanying notes, which are an integral part of these consolidated financial statements.

## *Consolidated statement of change in shareholders´ equity*

| in TCHF, IFRS | Note | Share capital | Share premium | Treasury shares | Other reserves | Retained earnings/ accumulated loss | Translation Differences | Total |
|---|---|---|---|---|---|---|---|---|
| **January 1, 2022** | | **3,281** | **154,591** | **(17)** | **20,287** | **(101,588)** | **422** | **76,976** |
| Loss for the period | | – | – | – | – | (14,595) | – | **(14,595)** |
| Other comprehensive income | | – | – | – | – | 349 | (841) | **(492)** |
| Capital increase,net | 19 | 375 | 5,566 | – | – | – | – | **5,941** |
| Share based payment | 20 | – | – | – | 1,030 | – | – | **1,030** |
| **December 31, 2022** | | **3,656** | **160,157** | **(17)** | **21,317** | **(115,834)** | **(419)** | **68,860** |
| | | | | | | | | |
| **January 1, 2023** | | **3,656** | **160,157** | **(17)** | **21,317** | **(115,834)** | **(419)** | **68,860** |
| Loss for the period | | – | – | – | – | (13,727) | – | **(13,727)** |
| Other comprehensive income | | – | – | – | – | 90 | 71 | **161** |
| Appropriation of accumulated loss | 19 | – | (87,320) | – | – | 87,320 | – | – |
| Exercise of share options | 19 | 22 | 479 | – | – | – | – | **501** |
| Share based payment | 20 | – | – | – | 917 | – | – | **917** |
| **December 31, 2023** | | **3,678** | **73,316** | **(17)** | **22,234** | **(42,151)** | **(348)** | **56,712** |

See accompanying notes, which are an integral part of these consolidated financial statements.

# Notes

## 1. General information

The consolidated financial statements of Kuros Biosciences AG (henceforth called "Company") and its subsidiaries (collectively referred to as "Kuros" or "Group") for the year ended December 31, 2023 were authorized for publication in accordance with a resolution of the Board of Directors ("Board") on March 12, 2024.

The company is a stock corporation, incorporated and domiciled in Switzerland, whose shares are publicly traded at the SIX Swiss Exchange ("SIX") with valor symbol: KURN. The registered office is located at Wagistrasse 25, 8952 Schlieren, Switzerland. The Group operates in the commercialization and development of innovative products for tissue repair and bone regeneration (orthobiology).

As of December 31, 2023, Kuros Biosciences AG, the parent company of the Group, owns the following subsidiaries:

| Name of entity | Place of business | Ownership held | | Share Capital (in thousands) | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| Kuros Biosurgery AG | Schlieren, Switzerland | 100% | 100% | CHF 435 | CHF 435 |
| Kuros Biosciences B.V. | Bilthoven, The Netherlands | 100% | 100% | EUR 18 | EUR 18 |
| RevisOs B.V. | Bilthoven, The Netherlands | 100% | 100% | EUR 22 | EUR 22 |
| Kuros Biosciences USA, Inc. | Boston (MA), United States | 100% | 100% | USD 1 | USD 1 |
| Kuros US LLC | Delaware, United States | 100% | 100% | – | – |
| Kuros US Royalty Fund (US) LLC | Delaware, United States | 100% | 100% | – | – |

In 2023 and 2022, no changes occurred in the subsidiaries and ownership percentage.

As of December 31, 2023, the Group employed 80 employees (2022: 66 employees).

### Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by the IASB (IFRS Accounting Standards). The accounting policies set forth below have been consistently applied to all years presented.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 "Critical accounting estimates and judgements."

The consolidated financial statements are presented in Swiss Francs (CHF) and values are rounded to the nearest thousand (TCHF), except when otherwise indicated.

## Uncertainties and ability to continue operations (Going Concern)

### Profitability, operational cash flow and sources of funds

The Group is subject to various risks and uncertainties, including, but not limited to the point in time of achieving sustainable profitability and the uncertainty of the discovery, development, and commercialization of product candidates, which includes uncertainty of the outcome of clinical trials and significant regulatory approval requirements.

The Group has incurred net operating losses in most fiscal periods since its inception and anticipates that it will continue to incur substantial operating losses for the foreseeable future. The Group may never achieve or sustain profitability.

The Group expects that for the Group as a whole, it will incur significant operating losses in the foreseeable future, primarily due to its continuing pre-clinical and clinical development programs, as well as the commercialization of its products.

To become and remain profitable, the Group, or its partners, must succeed in financing the development of its product candidates, increasing marketing and sales capabilities, obtaining regulatory approvals and manufacturing, marketing and selling the products for which it or its partners may obtain regulatory approval. The Group, or its partners, may not succeed in these activities, and the Group may never generate revenues from product sales that are significant enough to achieve profitability. Even if the Group achieves profitability, it may not be able to sustain profitability in subsequent periods. The Group's failure to become or remain profitable could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, as well as its share price.

The cash flows, if any, from the Group's operations, will not be sufficient to fund the Group's anticipated expenditures and working capital requirements in the foreseeable future. Therefore, the Group will have to rely on the availability of additional external funding.

No assurance can be given that the Group can obtain sufficient funding when needed. The Group's ability to raise additional funds will depend on economic, and other factors, many of which are beyond the Group's control. If the Group fails to obtain additional funds on acceptable terms, or at all when needed, it may have to delay, reduce, or terminate certain research and development programs or the production and commercialization of certain products. In addition, the Group's shareholders may have to accept equity financing terms which may significantly dilute their participation.

Any such event could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, as well as its share price.

In the past years, the Group has financed its activities primarily by cash originating from (i) revenue from product sales, (ii) milestone payments, (iii) proceeds from dilutive equity financing, non-dilutive financings and debt financings as well as (iv) cash from collaborations. Except for revenue from product sales, none of these cash resources can be considered recurring. The Group is increasing sales from its current product pipeline, which could provide a more sustained source of cash. Current plans project sufficient cash resources to pursue a limited number of projects and programs. Although the Group can adjust spending according to available financial means, future capital increases may be needed to sustain operations at current levels.

### Product pipeline and clinical trials

The product pipeline of both synthetic and drug-based bone graft substitutes could provide commercial opportunities in attractive markets. Kuros' lead synthetic product is MagnetOs, a novel surface structured orthobiologic. The drug based orthobiologic product candidates are KUR-111, KUR-112, KUR-113. Both KUR-111 and KUR-113 have been successfully tested in Phase 2b clinical trials in trauma indications. The Group is conducting

a randomized and non-randomized controlled Phase 2a clinical trial for KUR-113 in spinal indications in the US. Based on the interim analysis in the randomized part of the study and the excellent results obtained with MagnetOs clinically, Kuros has decided not to proceed to phase 3 with this program. Kuros proceeds with KUR-113 Phase 2a study until the full study results are available.

### License agreements, royalties, and commercial milestones

Kuros licensed its product candidate CYT003, and the related VLP technology, to Checkmate Pharmaceuticals, Cambridge, MA, USA under a 2015 license agreement. Checkmate is investigating CMP-001, now known as vidutolimod, an advanced generation Toll-like receptor 9 (TLR9) agonist, delivered as a biologic virus-like particle utilizing a CpG-A oligodeoxynucleotide as a key component, across multiple tumor types in combination with several checkpoint inhibitor immunotherapies. Under this license agreement Kuros is eligible for significant pre-commercial milestone payments and royalties on future sales. Checkmate conducted multiple clinical trials, including two phase 2 trials in melanoma, and these had triggered two milestone payments totaling USD 6 million (CHF 5.5 million) by Checkmate to Kuros in the first half of 2021. In July 2021, XOMA Corporation signed a Royalty Purchase Agreement with Kuros and purchased a proportion of the potential future pre-commercial milestone payments and all royalties due under this existing license agreement with Checkmate. Under the Royalty Purchase Agreement, Kuros received an initial payment of USD 7 million (CHF 6.4 million). Kuros retains the right to receive up to USD 21.3 million in pre-commercial milestones from Checkmate and is eligible to receive up to USD 142.5 million in sales milestones from XOMA.

In May 2022, Checkmate Pharmaceuticals announced the completion of acquisition by Regeneron Pharmaceuticals. Due to the completion of this acquisition, Kuros has received a change of control milestone payment of USD 5 million (CHF 4.7 million) and has paid half of the milestone payment to XOMA according to the Royalty Purchase Agreement. Following the acquisition of Checkmate, Regeneron has closed the enrollment in the ongoing phase 2 and phase 2/3 study in melanoma, while continuing the enrollment of patients in the phase 2 study investigating CMP-001 in combination with Cemiplimab with advanced cancer or metastatic cancer in selected types of cancer.

Taking into consideration cash and cash equivalents on the balance sheet as well as the respective cash burn in combination with the product pipeline outlook and the results of the clinical trials, the Board and the Executive Committee believe that it is appropriate to prepare these financial statements on a going concern basis in accordance with IAS 1 “Presentation of Financial Statements”.

### New accounting standards and IFRIC interpretations

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023:

- Definition of Accounting Estimates - amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - amendments to IAS 12
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

### New standards and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for December 31, 2023, reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### Significant events in the current year

The financial reporting and performance of the Group was particularly affected by following events and transactions during the reporting period:

- **MAXA and STRUCTURE trial:** In the MAXA trial, standalone MagnetOs outperformed the gold standard autograft by 73% in posterior spinal fusion in a difficult-to-treat real life patient population (20% smokers). In the STRUCTURE trial, according to an interim analysis, MagnetOs mixed with autograft showed posterolateral fusion rates comparable to autograft fusion rates in the less challenging interbody space. In the same study Fibrin-PTH did not outperform autograft for interbody fusion, although patients showed excellent clinical outcomes.

  Considering the outstanding clinical results of MagnetOs in the MAXA and STRUCTURE trials, and the recent FDA interbody clearance, Kuros has decided not to proceed to Phase 3 with Fibrin-PTH and focus its resources on MagnetOs.

- **Impairment:** The Company recognized a goodwill impairment charge of CHF 4.4 million for the Checkmate license cash generating unit. The impairment of goodwill was resulting from a re-assessment of the probability assumption of expected milestones from Checkmate licensing. Further information is provided in note 14.

- **Global political conflict:** As the political conflict between Russia and Ukraine turned into a military crisis in the first quarter of 2022, the Group continues reviewing the macro-economic implications carefully. In the absence of revenue activity with countries affected by the crisis as well as the absence of employees and suppliers from the respective region, the Group assesses the direct implications on its business activity to be immaterial. Although global market conditions have affected market confidence and spending patterns, the Group remains well placed and could significantly grow its MagnetOs revenues compared to 2022. Additionally, the Group's manufacturing of MagnetOs has sufficient capacity to support the commercial growth.

## 2. Summary of material accounting policies

### Consolidation

Subsidiaries are all entities over which the Group has control. the Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the purchase method of accounting to account for the acquisition of a subsidiary. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Costs directly attributable to acquisitions are directly expensed. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the income statement.

All intercompany balances, transactions and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of Kuros Biosciences AG has appointed an Executive Committee which assesses the financial performance and position of the Group and makes strategic decisions. The Executive Committee, which has been identified as being the chief operating decision maker, consists of the Executive Director and President of Innovation & Strategy, the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer.

### Foreign currency translation and transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss Francs ("CHF"), which is Kuros Biosciences AG's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or an average rate as an approximation. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Monetary and non-monetary items in foreign currency are translated into Swiss francs at the following exchange rates:

| | 2023 Income statement | Balance sheet as of December 31, 2023 | 2022 Income statement | Balance sheet as of December 31, 2022 |
|---|---|---|---|---|
| EUR | 0.98568 | 0.94237 | 1.02095 | 0.99384 |
| USD | 0.91463 | 0.85133 | 0.96304 | 0.93253 |
| GBP | 1.13253 | 1.08401 | 1.20095 | 1.12373 |

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities as at fair value are recognized in the other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equity investments measured at fair value through OCI which included in other comprehensive income.

Assets and liabilities of companies whose functional currency is other than CHF are included in the consolidation by translating the assets and liabilities into the presentation currency at the exchange rates applicable at the end of the reporting period. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the dates of transaction, in which case income and expenses are translated at the dates of the transaction). All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and from borrowings are recognized in shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

For the consolidated financial statements, the applicable exchange rates are based on the exchange rates published by the Swiss Federal Tax Association (ESTV).

### Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. The Group estimates the asset's recoverable amount, when an annual impairment test is required or if there is a triggering event or existing indication for impairment. The recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Unless an asset or CGU is largely dependent on other (group of) asset's generated cash-flows, the recoverable amount is determined for the smallest aggregation of asset. An impairment and corresponding write-down of asset occur to the recoverable amount, when the carrying value exceeds the recoverable amount.

The value in use is estimated by the present value of discounted future cash flows, using a pre-tax discount rate that is based on current market conditions (including risks and time value of money). Recent market transactions are considered, when determining the fair value less costs of disposal. In case that no such transactions have been taken place, an appropriate valuation model is used (multiples, quoted share prices or other available financial modelling tools). The Group's impairment model is based on budgets and financial forecasts.

Previous impairments for assets excluding goodwill are determined at reporting date, whether the previous impairment losses remain valid and shall be reversed or further impairment loss is necessary. Basis for the reversal or increasing of impairment losses is the recoverable amount. Previously recognized impairment losses are reversed only when there are significant changes in the assumptions and estimates for the underlying recoverable amount since the recognition of an impairment loss.

Goodwill and intangible assets with indefinite useful life are tested for impairment annually and when circumstances indicate that the carrying value may be impaired. An impairment is recognized in case that the recoverable amount of a CGU is lower than its carrying value. Impairment losses on goodwill are restricted for reversal in future periods.

### Cash and cash equivalents

The Group considers all short-term, highly liquid investments convertible into known amounts of cash with original maturities of three months or less at the date of the purchase to be cash equivalents. The cash flow statement is based on cash and cash equivalents.

### Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30-60 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Details about the Group's calculation of the loss allowance are provided in note 26.

### Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Depreciation on machinery and equipment used in the production of inventory is allocated as part of the production overheads and forms part of the costs of conversion. Costs are assigned to individual items of inventories based on the first-in, first-out (FIFO) principle. Unallocated overheads are expensed in the period in which they are incurred. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### Property, plant and equipment

Property, plant and equipment are stated at historical costs less accumulated depreciation and any impairment. Historical costs include expenditures that are directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis over the expected useful lives of the individual assets or asset categories.

The applicable estimated useful lives are as follows:

a) Research and development fixtures (incl. clean room): 5–10 years
b) Leasehold improvements: 5–10 years
c) Machinery and equipment: 5–10 years
d) Office equipment, furniture, and others: 3–10 years

Leasehold improvements and research and development fixtures (incl. clean room) are depreciated over the estimated useful life. If the lease term is shorter than the useful life the lease term can be used instead. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Cost and accumulated depreciation related to assets retired or otherwise disposed are removed from the accounts at the time of retirement or disposal and any resulting gain or loss is included in the income statement in the period of disposition.

### Leases

The Group assesses relevant contracts whether a contract is a lease or contains leases, which is determined by the right to control the use of an identified asset for a period of time in exchange for consideration. The assessment to identify if a contract inheres a leasing, the Group assesses whether:

- the contract inheres the use of an identified asset
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use
- the Group has the right to direct the use of the asset

*As a lessee*

The Group recognizes a right-of-use asset and a lease liability at the date the underlying contract is effective. Initially the right-of-use asset is measured at cost and subsequently depreciated using the straight-line method from beginning to the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses -if applicable- and adjusted for remeasurements of the lease liability.

The lease liability is initially measured at the value of discounted lease payments. The applicable discount rate is represented by a weighted average incremental borrowing rate determined by the Group, if not stated in the contract. Lease payments included in the lease liability are following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate
- amounts expected to be payable under a residually value guarantee; and

- if the Group is reasonably certain, the exercise price or payments in relation to a purchase or renewal option and penalties for early termination.

Subsequently the lease liability is measured at amortized cost using the effective interest method and subject to a remeasurement when future lease payments change due to a change in index or rate, as well if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of underlying contractual components (e.g., purchase, extension, or termination). In case of a remeasurement of the lease liability, the corresponding right-of-use asset changes simultaneously in its carrying value. Changes of the lease liability are recognized in profit and loss, for the amount that exceeds the right-of-use asset's carrying value.

The Group does not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes expenses from short-term or low value leases on a straight-line basis over the lease term.

### Intangible assets

Intangible assets with **infinite** useful lives

*(i) Goodwill*

Goodwill is initially measured at historical costs from a business combinations' excess of the purchase price over the fair value of the net identifiable assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but tested for impairment annually, or more frequently if triggering- events indicate that it might be impaired.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units are identified at the lowest level at which goodwill is monitored.

Intangible assets with **finite** useful lives:

(ii) Licensing agreements

Licensing agreements are initially measured at historical cost. Licensing agreements acquired in a business combination are recognized at fair value at the acquisition date and have a finite useful life. Subsequently, licensing agreements are measured at cost less accumulated amortization and/or impairment charges. Amortization and/or impairment charges are recognized as cost of goods sold. The amortization is calculated using the straight-line method based on the useful life of the intangible asset. The estimated useful live for the licensing agreement (Checkmate) is 11 years.

(iii) Currently marketed products

Currently marketed products ("CMP") are initially measured at historical cost. CMP acquired in a business combination are recognized at fair value at the acquisition date. Costs associated with research & development that are directly attributable to a product enhancement are recognized as intangible assets, if recognition criteria are met:

- The technical feasibility of completing the asset so that it will be available for use or sale;
- The intention to complete the asset and use or sell it;
- The ability to use or sell the asset;

- The asset will generate probable future economic benefits and demonstrate the existence of a market or the usefulness of the asset if it is to be used internally;

- The availability of adequate technical, financial, and other resources to complete the development and to use or sell it; and

- The ability to measure reliably the expenditure attributable to the intangible asset.

Costs that do not meet the recognition criteria are recognized as research and development costs. Subsequently, CMP are measured at cost less accumulated amortization and/or impairment charges. Amortization and/or impairment charges are recognized as cost of goods sold. The amortization is calculated using the straight-line method based on the useful life of the intangible asset. The estimated useful lives for CMP are based on the patent lifetime.

(iv) Software

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets if the recognition criteria (see ii. CMP above) are met. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use using the straight-line method. Amortization costs are recognized as general and administrative costs. The estimated useful live for software is three years.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost.

### Financial liabilities from collaborations

The initial fair value of the liability represents XOMA's share of future pre-commercial milestones which is measured based on a contractually agreed pre-commercial milestones due from Checkmate under the Checkmate Licensing Agreement. The liability is subsequently measured at fair value and remeasurements are recognized in the financial results.

### Income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in the Group's subsidiary and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

### Pension liabilities

The Group provides retirement benefits to its employees. The net defined asset/liability of the performance-oriented pension plans as recognized in the balance sheet comprises of the present value of the defined pension obligation less the fair value of plan assets at the reporting date. In respect of defined benefit plans, liabilities and service costs are determined by management annually, based on actuarial valuation techniques, using the projected unit credit method and related assumptions. The pension obligation is the actuarially computed present value of the estimated future net cash outflow, using interest rate assumptions in line with high quality corporate bonds. Regarding the pension costs, they correspond with the sum of current service costs inclusive net interest expenses on the defined benefit liabilities at the beginning of the period. In case of events leading to a settlement, the related gains and losses are added to the yearly pension costs when the settlement occurs. In case of events leading to a past service cost, the related costs are immediately added to the yearly pension costs. The actuarial gains and remeasurements, the differences between the return on plan assets are recognized in other comprehensive income.

### Share-based compensation

The Group recognizes expenses for share-based compensation based on grant date fair value for each of the long-term incentive plans (Options and RSU's). For equity awards with service conditions, expenses are recognized on a straight-line basis over the requisite service period. Kuros accounts for forfeited equity awards, when they occur.

For RSU's the Group uses the fair value of ordinary shares to determine the value of restricted share awards at grant date. One RSU is equivalent to 1 Kuros share.

The Black-Scholes option pricing model is used to estimate the fair value of share options, which requires various subjective assumptions. The fair value of each share option grant is estimated on the date of grant using the Black-Scholes model, and assumptions include expected volatility, expected term, risk-free interest rate, and fair value of ordinary shares.

### Shareholders' equity

All shares of the Group are registered shares and classified as part of shareholders' equity.

Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

Where the Group purchases the Group's share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income tax), is deducted from total shareholders' equity as treasury shares until the shares are cancelled, reissued, or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effect is included in shareholders' equity.

The Group has not paid any dividends since its inception and does not anticipate paying dividends in the foreseeable future.

### Revenue from contracts with customers

The Group has two main sources of revenue. The first source relates to product sales and the second source of revenue is based on collaborative long-term research and development agreements where the Group grants access to technologies to a third party.

(a) Product sales

Revenue from the sale of goods in the normal course of business is recognized at a point in time when the performance obligation is satisfied and it is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of the consideration to which the company expects to be entitled in exchange for transferring the promised goods to the customer. The Group's contracts for product sales generally include one performance obligation. Revenue for the sale of goods is recognized when control of the good is transferred to the buyer. Transfer of control varies depending on the individual terms of the contract of sale. Generally, control is transferred when the product is shipped and delivered to the customer and title and risk have passed to the customer (depending on the delivery conditions). Examples of delivery conditions are 'Delivery at Place (DAP)' and 'Ex Warehouse (EXW)', where the point of delivery may be the shipping warehouse or any other point of destination as agreed in the contract with the customer and where control is transferred to the customer.

Principal versus agent considerations

The Group has contracts with distributors, where distributors act either as principal or as agent. Based on the contractual agreements, the Group determines whether the distributor acts as a principal, if the distributor bears the inventory risk, credit risk and pricing risk.

(b) Collaborative agreements

Collaborative agreements contain success and milestone payments for development activities and royalty fees on net sales from successfully developed and approved products. Milestone payments are contractually agreed and based on pre-defined performance goals. The Group provides the collaboration partner with a right to use the product as it exists at the point in time at which the access to the product is granted. In these cases, the respective performance obligations are satisfied at this point in time. The accomplishment of milestones by the counterparty cannot be specified upfront, therefore revenue is recognized when the counterparty confirms accomplishment of a milestone. Royalty payments are recognized as revenue at the time that the performance goal for product sales have been met.

### Cost of goods sold

Cost of goods sold includes direct materials, direct labor and all direct production overheads including depreciation and impairment of property, plant and equipment and indirect overheads that can reasonably be allocated to the production function. In addition, the position includes unallocated costs for production overhead (idle costs) and costs for abnormal amounts of production. Furthermore, cost of goods sold includes amortization and impairment charge of licensing, currently marketed products and inventory write-downs.

### Research and development costs

Research and development ("R&D") costs consist primarily of compensation and other expenses related to functions of R&D and Quality & Assurance personnel; costs associated with pre-clinical testing and clinical trials of the Group's product candidates, including the costs of manufacturing the product candidates; expenses for research and services under collaboration agreements; outsourced R&D at research institutions, and relevant facility expenses. R&D expenses are fully charged to the income statement as incurred. Kuros considers that regulatory and other uncertainties inherent in the development of its key new products preclude it from capitalizing development costs under IFRS. Development costs are capitalized when the following criteria are met: (a) the technical feasibility

of completing the intangible asset so that it will be available for use or sale; (b) its intention to complete the intangible asset and use or sell it; (c) its ability to use or sell the intangible asset; (d) the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (e) the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development. That means that projects which have achieved technical feasibility, usually signified by a market approval from the US Food and Drug Administration or the European Medicines Agency or a comparable regulatory authority, would be capitalized because it is probable that the costs will give rise to future economic benefits.

## 3. Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and the disclosure of contingent liabilities as of the reporting date. Although these estimates and assumptions are made based on all available information and in greatest diligence, the actual results may differ. This applies primarily to estimates and assumptions made with regard to the items set out below.

### Going concern (note 1)

In accordance with IAS 1, Kuros has performed an assessment of its ability to continue as a going concern. The Group considers liquidity and capital in conjunction with the Group's current plans, budgets and forecasts.

The Group is loss making as expenses currently exceed revenues, however the Group is expected to generate substantial revenues in the future from product sales or licensing of its intellectual properties. As of the reporting period the consolidated financial statements are prepared on a going concern basis.

### Carrying value of goodwill (note 14)

Goodwill are tested for impairment at least once a year. This involves estimating the value in use of the cash-generating unit (CGU) to which goodwill are allocated to. It also requires a forecast of expected future cash flows as well as the application of an appropriate discount rate to calculate the present value of these cash flows. Future cash inflows from revenues are subject to a certain degree of uncertainty as they depend on future events beyond control of Kuros such as the achievement of pre-defined milestones which in turn depend, among others, on regulatory approvals.

### Estimations of employee post-employment benefits obligations (note 21)

The costs of the employee benefit plans, and the related obligations recognized in the balance sheet, representing the present value of the defined benefit obligation, are calculated annually by independent actuaries. These actuarial valuations include assumptions such as discount rates, salary progression rates and mortality rates. These actuarial assumptions applicable to the Group vary according to the prevailing economic and social conditions.

## 4. Change in scope of consolidation

There is no change in the scope of consolidation in 2022 and 2023.

## 5. Revenue from contracts with customers

In 2023, Kuros recognized revenues from product sales of TCHF 33,564 (2022: TCHF 13,265) and increased its revenues by 153% and on a constant currency basis 166%. Revenues from collaborations amounted to TCHF 0 (2022: TCHF 4,721).

## 6. Segment and geographic information

### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of Kuros Biosciences AG has appointed an Executive Committee which assesses the financial performance and position of the Group and makes strategic decisions. The Executive Committee has been identified as being the chief operating decision maker ("CODM"). The CODM examines the Group's performance both from a product and geographic perspective and has identified three separate reportable segments of its business:

- "Medical devices" includes products such as 'MagnetOs' and 'Attrax'. Both products are a biphasic calcium phosphate ('BCP') bone graft that mimics the porous, trabecular structure of cancellous bone and are produced in the same facility.
- "Pharmaceuticals" includes products such as 'Fibrin-PTH', a drug-biologic combination which promotes targeted and controlled bone formation through the induction of osteoprogenitor cell differentiation, enhancement, of osteoblast proliferation and by increasing the lifespan of bone-forming cells.
- "Legacy portfolio" includes all other products (Checkmate licensing and Neuroseal) that do not belong to the Group's core business strategy and is therefore aggregated to one segment. The intellectual property within the Legacy portfolio has value but is either not yet commercialized or fully developed to be brought to market. Capitalizing on these assets would require a separate commercialization channel and production facility and they are outside the therapeutic focus of the Group, so no resources are allocated to the segment.

"Corporate function" does not represent a separate operating segment but will be presented separately as it is considered useful information for the reader of the financial statements. It carries out support functions including General Management, Quality & Assurance, Human Resource Management, Infrastructure, Legal, and Accounting and Finance. These activities occur to support the consolidated business and the revenue earned is only incidental to the entity's business.

### Measurement

The Executive Committee primarily uses a measure of adjusted earnings before interest, tax, depreciation, and amortization (EBITDA) to assess the performance of the operating segments. However, the Executive Committee also receives information about the segments' revenue on a monthly basis but does not review the assets and liabilities of each segment.

EBITDA

| in TCHF, year ended December 31, 2023 | Medical Devices | Pharmaceuticals | Legacy Portfolio | Corporate function | Total |
|---|---|---|---|---|---|
| Revenue | 33,564 | — | — | — | 33,564 |
| Cost of goods sold [1] | (3,028) | — | — | — | (3,028) |
| **Gross profit** [1] | **30,536** | **—** | **—** | **—** | **30,536** |
| Sales and marketing costs | (23,231) | — | — | (97) | (23,328) |
| Research and development costs | (689) | (3,569) | (133) | (1,208) | (5,599) |
| General and administrative costs [1] | 187 | (2) | (14) | (7,933) | (7,762) |
| Other income | — | — | 92 | 156 | 248 |
| **Net operating costs** [1] | **(23,733)** | **(3,571)** | **(55)** | **(9,082)** | **(36,441)** |
| **EBITDA** | **6,803** | **(3,571)** | **(55)** | **(9,082)** | **(5,905)** |
| Depreciation and amortization expenses | (1,790) | — | (275) | (687) | (2,752) |
| Impairment expenses | (46) | — | (4,489) | — | (4,535) |
| **Operating income/(loss)** | **4,967** | **(3,571)** | **(4,819)** | **(9,769)** | **(13,192)** |

[1] Amounts are adjusted for depreciation, amortization and impairment expenses

| in TCHF, year ended December 31, 2022 | Medical Devices | Pharmaceuticals | Legacy Portfolio | Corporate function | Total |
|---|---|---|---|---|---|
| Revenue | 13,265 | — | 4,721 | — | 17,986 |
| Cost of goods sold [1] | (1,303) | — | — | — | (1,303) |
| **Gross profit** [1] | **11,962** | **—** | **4,721** | **—** | **16,683** |
| Sales and marketing costs | (12,566) | (1) | (3) | (215) | (12,785) |
| Research and development costs | (574) | (3,473) | (193) | (954) | (5,194) |
| General and administrative costs [1] | (102) | (8) | (29) | (5,939) | (6,078) |
| Other income | 172 | — | 102 | 88 | 362 |
| **Net operating costs** [1] | **(13,070)** | **(3,482)** | **(123)** | **(7,020)** | **(23,695)** |
| **EBITDA** | **(1,108)** | **(3,482)** | **4,598** | **(7,020)** | **(7,012)** |
| Depreciation and amortization expenses | (1,775) | — | (541) | (518) | (2,834) |
| Impairment expenses | — | — | (3,600) | — | (3,600) |
| **Operating Income/(loss)** | **(2,883)** | **(3,482)** | **457** | **(7,538)** | **(13,446)** |

[1] Amounts are adjusted by depreciation, amortization and impairment expenses

### Geographic information

The entity is domiciled in Switzerland. The amount of its revenue from customers and collaborations, broken down by location of the customers, is shown in the table below.

The following table disaggregates the Group's revenue by geography:

| in TCHF | 2023 | 2022 |
|---|---|---|
| United States of America | 32,841 | 17,383 |
| European Union | 580 | 429 |
| Other | 143 | 174 |
| **Total** | **33,564** | **17,986** |

In 2023, the Group's non-current assets were disaggregated by Switzerland (36%), the Netherlands (63%) and USA (1%). In 2022, the Group's non-current assets were disaggregated by Switzerland (42%), the Netherlands (58%) and USA (less than 0.1%).

### Major customers

Revenue from product sales is entirely attributable to the medical devices segment and primarily from commercialization of MagnetOs (Granules, Putty, Easypack and Flex Matrix) in the United States of America and Europe. Although revenue from product sales is sourced from a diverse customer base, there are three significant customers that represent 8.7% (TCHF 2,929), 6.0% (TCHF 2,014), and 5.4% (TCHF 1,819) of the Group's revenue from product sales respectively for 2023. In 2022, there were three significant customers that represented 24.7% (TCHF 3,123), 12.6% (TCHF 1,590), and 9.6% (TCHF 1,214) of the Group's revenue from product sales respectively.

Revenue from collaborations is comprised entirely of payments from the licensing agreement with Checkmate Pharmaceuticals, in which the Group grants technology access to Checkmate, a third party. Payment terms are usually 30-60 days. The milestone payments are contractually agreed and are based on predefined performance goals.

## 7. Costs by nature

### Cost of goods sold

| in TCHF | 2023 | 2022 |
|---|---|---|
| Depreciation and amortization of assets | (2,065) | (2,314) |
| Impairment of assets | (4,535) | (3,600) |
| Production costs | (3,028) | (1,303) |
| **Total cost of goods sold** | **(9,628)** | **(7,217)** |

### Sales and marketing costs

| in TCHF | 2023 | 2022 |
|---|---|---|
| Employee benefits | (6,194) | (4,701) |
| Sales and distribution | (15,209) | (6,593) |
| Other general costs | (1,925) | (1,491) |
| **Total** | **(23,328)** | **(12,785)** |

### Research and development costs

| in TCHF | 2023 | 2022 |
|---|---|---|
| Employee benefits | (2,794) | (2,676) |
| Professional services | (2,039) | (1,811) |
| Other general costs | (766) | (707) |
| **Total** | **(5,599)** | **(5,194)** |

### General and administrative costs

| in TCHF | 2023 | 2022 |
|---|---|---|
| Depreciation and amortization of assets | (687) | (520) |
| Employee benefits | (4,205) | (3,009) |
| Professional services | (1,811) | (1,213) |
| Information and communication technology | (833) | (413) |
| Other general costs | (913) | (1,443) |
| **Total** | **(8,449)** | **(6,598)** |

### Other income

| in TCHF | 2023 | 2022 |
|---|---|---|
| Reimbursed patent costs | 92 | 102 |
| Other income | 156 | 260 |
| **Total** | **248** | **362** |

Other income mainly includes rental income from a sublease contract.

## 8. Employee benefits

| in TCHF | 2023 | 2022 |
|---|---|---|
| Salaries | (10,736) | (8,451) |
| Social security costs | (779) | (797) |
| Pension costs, defined benefit plan (note 21) | (366) | (203) |
| Share-based compensation (note 20) | (848) | (354) |
| Other costs related to employees* | (587) | (651) |
| **Total** | **(13,316)** | **(10,456)** |

*Other costs mainly consist of expenses for recruitment (TCHF 292) and contract labor (TCHF 73).

In 2023, TCHF 561 (2022: TCHF 454) of employee benefits were capitalized in production costs and released through cost of goods sold, once the inventory items were consumed.

In 2023, Kuros Biosciences B.V. received subsidies from the Dutch government (WBSO tax credit program) and the European Union (cmRNAbone and Interlynk project) in relation to research and development activities, which amounted to TCHF 212 (2022: TCHF 284). These were recognized as a deduction from salaries.

## 9. Income taxes

| in TCHF | 2023 | 2022 |
|---|---|---|
| Current income tax | (546) | (2) |
| Deferred tax credit | 166 | 1,398 |
| **Total income tax credit recognized in income statement** | **(380)** | **1,396** |

Composition of deferred tax assets and liabilities:

| in TCHF | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Intangible assets | – | – | (4,014) | (4,664) | (4,014) | (4,664) |
| Leasing | 484 | 482 | (428) | (409) | 56 | 73 |
| Tax losses | 4,595 | 5,095 | – | – | 4,595 | 5,095 |
| **Deferred tax assets/ (liabilities) prior to offset** | **5,079** | **5,577** | **(4,442)** | **(5,073)** | **637** | **504** |
| Offset of deferred tax assets and liabilities | (4,442) | (5,073) | 4,442 | 5,073 | – | – |
| **Deferred tax assets/ (liabilities)** | **637** | **504** | **–** | **–** | **637** | **504** |

Movements in deferred taxes:

| in TCHF | Retirement benefit obligation | Tax losses | Intangible assets | Leasing | Total |
|---|---|---|---|---|---|
| **As of January 1, 2023** | **–** | **5,095** | **(4,664)** | **73** | **504** |
| Deferred tax credit/(charge) in the income statement | – | (270) | 451 | (15) | 166 |
| Exchange differences | – | (230) | 199 | (2) | (33) |
| **As of December 31, 2023** | **–** | **4,595** | **(4,014)** | **56** | **637** |

| in TCHF | Retirement benefit obligation | Tax losses | Intangible assets | Leasing | Total |
|---|---|---|---|---|---|
| **As of January 1, 2022** | **69** | **4,380** | **(5,401)** | **62** | **(890)** |
| Deferred tax credit/(charge) in the income statement | (153) | 950 | 494 | 15 | 1,306 |
| Deferred tax credit in other comprehensive income | 84 | – | – | – | 84 |
| Exchange differences | – | (235) | 243 | (4) | 4 |
| **As of December 31, 2022** | **–** | **5,095** | **(4,664)** | **73** | **504** |

The Group's income tax expense differed from the amount computed by applying the statutory Swiss income tax rate as summarized in the following table:

| in TCHF | 2023 | 2022 |
|---|---|---|
| Loss before tax | (13,347) | (15,991) |
| Expected income tax rate (%) | 19.3% | 19.4% |
| **Expected income tax credit** | **2,576** | **3,102** |
| | | |
| Expenses not deductible for tax purposes | (1,084) | (977) |
| Effect of deferred tax assets not recognized in the current year | (1,517) | (1,292) |
| Effect of future applicable changes in income tax rates | – | 242 |
| Adjustment in respect of current income tax of previous years | – | 14 |
| Effect of tax charges related to prior years | (93) | – |
| Effect of different tax rates in other countries | (262) | 231 |
| Other | – | 76 |
| **Total income tax (expense)/ credit recognized in income statement** | **(380)** | **1,396** |

Using Swiss income tax rate, the Group's expected tax rate is 19.3% for 2023 and 19.4% for 2022, which is the statutory tax rate of the holding company.

Expenses not deductible for tax purposes mainly related to share-based payment expenses and amortization and impairment expenses related to goodwill and intangibles recognized in the respective period. Deferred tax assets not recognized mainly consist of tax losses in Switzerland.

In 2022, the effect of changes in future expected tax rates is related to a higher expected income tax rate in the Netherlands, which had been substantively enacted by the Dutch Parliament.

### Tax loss carry-forwards

As of December 31, 2023 the Group's total gross operating loss carry-forwards amounted to CHF 59.8 million (2022: CHF 67.0 million), which relate to Switzerland and the Netherlands. Utilization of recognized deferred tax assets depend on future taxable profits. Recognition is supported by historical revenue growth, revenue and earnings projections and the Dutch tax regime where tax losses do not expire.

Tax loss carry-forwards, which are not recognized, are summarized by year of expiry as follows:

| in TCHF | 2023 | 2022 |
|---|---|---|
| 2023 | – | 8,230 |
| 2024 | 11,097 | 12,288 |
| 2025 | 7,518 | 8,313 |
| 2026 | 5,715 | 5,989 |
| 2027 | 4,722 | 4,822 |
| 2028 | 2,486 | 2,486 |
| 2029 | 4,217 | 4,420 |
| 2030 | 5,756 | – |
| **Total** | **41,511** | **46,548** |

Recognition of the unrecognized tax loss carry-forwards and deductible temporary differences would have led to an increase in deferred tax assets of CHF 8.0 million in 2023 (2022: CHF 8.8 million).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The Group partially recognized deferred tax assets relating to tax loss carry-forwards and deductible temporary differences in 2022 and 2023 to the extent that there are suitable taxable temporary differences and expected future profits.

## 10. Net loss per share

To compute basic earnings per share, the consolidated profit for the period is divided by the weighted average number of shares issued during the same period, after excluding any treasury shares. On the other hand, diluted earnings per share takes into account the impact of potential dilution from equity-settled share-based payment plans and arrangements for ordinary shares. For this calculation, awards granted under such long-term incentive plans are included, as well as their dilutive potential. Awards with only a service condition are included to the extent of their dilutive effect. The potentially dilutive effect is mainly driven by the company's long-term incentive plans. The table below presents the weighted average number of shares outstanding, both before and after adjustments for the effect of dilutive potential shares. For shares issued in 2023 and 2022 please refer to note 19.

Weighted average number of shares used as denominator:

| Number | 2023 | 2022 |
|---|---|---|
| **Issued ordinary shares as of January 1** | **36,561,378** | **32,811,378** |
| Effect of treasury shares held | (17,244) | (17,244) |
| Effect of shares issued through capital increase | – | 1,106,557 |
| Effect of share options exercised | 37,881 | – |
| **Weighted average number of ordinary shares** | **36,582,015** | **33,900,691** |
| Effect of share based payment plans (options and RSUs) | – | – |
| **Weighted average number and potential ordinary shares** | **36,582,015** | **33,900,691** |

Reconciliation of net loss used in calculating net loss per share:

| in CHF | 2023 | 2022 |
|---|---|---|
| Basic net loss per share | (0.38) | (0.43) |
| Diluted net loss per share | (0.38) | (0.43) |
| Net loss attributable to the ordinary equity holders (in TCHF) | (13,727) | (14,595) |

**Information concerning the classification of securities**

(a) Options

Options granted to employees under the Employee Option Plan are considered as potential ordinary shares. These options are not included in the calculation of basic and diluted net loss per share because they are antidilutive for the year ended December 31, 2023 and December 31, 2022. If Kuros reports a profit in the future, these options could potentially dilute basic earnings per share and will need to be considered for the purpose of this calculation. Details relating to the options are set out in note 20.

(b) Restricted Share Units

Restricted Share Units ("RSUs") granted to employees under the Group's Restricted Share Unit Plan are considered as potential ordinary shares. These RSUs are not included in the calculation of basic and diluted net loss per share as they are antidilutive for the year ended December 31, 2023 and December 31, 2022. If Kuros reports a profit in the future, these RSUs could potentially dilute earnings per share and will need to be considered for the purpose of this calculation. Details relating to the RSUs are set out in note 20.

## 11. Property, plant and equipment

| in TCHF | Leasehold Improvement | Machinery and Equipment | Office Equipment, Furniture and Others | Total |
|---|---|---|---|---|
| Cost | | | | |
| **As of January 1, 2023** | **43** | **1,262** | **251** | **1,556** |
| Additions | – | 293 | 24 | 317 |
| Disposals | – | (1) | – | (1) |
| Exchange differences | (2) | (73) | (8) | (83) |
| **As of December 31, 2023** | **41** | **1,481** | **267** | **1,789** |
| | | | | |
| Accumulated depreciation | | | | |
| **As of January 1, 2023** | **(36)** | **(636)** | **(177)** | **(849)** |
| Depreciation charge | (4) | (234) | (28) | (266) |
| Disposals | – | 1 | – | 1 |
| Exchange differences | 3 | 36 | 4 | 43 |
| **As of December 31, 2023** | **(37)** | **(833)** | **(201)** | **(1,071)** |
| | | | | |
| **Net book value as of December 31, 2023** | **4** | **648** | **66** | **718** |

| in TCHF | Leasehold Improvement | Machinery and Equipment | Office Equipment, Furniture and Others | Total |
|---|---|---|---|---|
| Cost | | | | |
| **As of January 1, 2022** | **40** | **961** | **220** | **1,221** |
| Additions | 6 | 351 | 36 | 393 |
| Disposals | – | – | (2) | (2) |
| Exchange differences | (3) | (50) | (3) | (56) |
| **As of December 31, 2022** | **43** | **1,262** | **251** | **1,556** |
| | | | | |
| Accumulated depreciation | | | | |
| **As of January 1, 2022** | **(30)** | **(481)** | **(158)** | **(669)** |
| Depreciation charge | (8) | (178) | (23) | (209) |
| Disposals | – | – | 2 | 2 |
| Exchange differences | 2 | 23 | 2 | 27 |
| **As of December 31, 2022** | **(36)** | **(636)** | **(177)** | **(849)** |
| | | | | |
| **Net book value as of December 31, 2022** | **7** | **626** | **74** | **707** |

## 12. Leases

The Group has rental contract (lease) for office and production premises as lessee. The following amounts relating to leases are recognized in the balance sheet as of December 31:

| in TCHF | 2023 | 2022 |
|---|---|---|
| Right-of-use assets for buildings | 1,924 | 1,616 |
| Lease liabilities | | |
| Current | 578 | 416 |
| Non-current | 1,565 | 1,497 |

The Group leases office and production premises which are fully recognized as lease liabilities and right-of-use assets. The rental period entered is for a fixed period of 10 years (ending end of 2027) in the Netherlands and 3 years in the US (ending 2026) and includes variable lease payments that depend on an index. An extension or termination of the contract has not been accounted for based on management judgement.

In 2023, a new lease contract in the US results in an addition to the right-of-use assets and lease liabilities amounted to TCHF 354 (2022: TCHF 175). Further, due to a remeasurement as a result of a change of price index, the right-of-use assets and lease liability increased by TCHF 671 in 2023 (2022: TCHF 36).

The statement of profit and loss shows the following amounts of lease expenses:

| in TCHF | 2023 | 2022 |
|---|---|---|
| Depreciation of right-of-use assets for buildings | (608) | (401) |
| Interest expense | (53) | (44) |
| Expense relating to short-term leases | (67) | (67) |
| Expenses relating to lease of low-value | (11) | (11) |

The total cash outflow for leases in 2023 was TCHF 803 (2022: TCHF 465).

## 13. Goodwill and intangible assets

| in TCHF | Goodwill | Licensing | Currently Marketed Products | Software | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| **As of January 1, 2023** | **32,914** | **4,730** | **25,960** | **268** | **63,872** |
| Additions | – | – | – | 9 | 9 |
| Exchange differences | (476) | – | (1,335) | – | (1,811) |
| **As of December 31, 2023** | **32,438** | **4,730** | **24,625** | **277** | **62,070** |
| | | | | | |
| Accumulated amortization | | | | | |
| **As of January 1, 2023** | **(3,600)** | **(3,658)** | **(7,683)** | **(205)** | **(15,146)** |
| Amortization charge | – | (268) | (1,562) | (48) | (1,878) |
| Impairment charge | (4,369) | – | (166) | – | (4,535) |
| Exchange differences | – | – | 466 | – | 466 |
| **As of December 31, 2023** | **(7,969)** | **(3,926)** | **(8,945)** | **(253)** | **(21,093)** |
| | | | | | |
| **Net book value as of December 31, 2023** | **24,469** | **804** | **15,680** | **24** | **40,977** |

In order to focus in its core business, the Group has decided to withdraw Neuroseal from its market approval in the EU and to terminate the distribution of OsOpia, a product with dental indication in 2023. As a result, the Group recognised an impairment loss of TCHF 166, representing the remaining carrying amount of Neuroseal and OsOpia in Currently Marketed Products. For details of impairment charge of goodwill, please refer to note 14.

| in TCHF | Goodwill | Licensing | Currently Marketed Products | In-Process Research & Development | Software | Total |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| **As of January 1, 2022** | **33,390** | **4,730** | **26,683** | **611** | **262** | **65,676** |
| Reclassification | – | – | 611 | (611) | – | – |
| Additions | – | – | – | – | 6 | 6 |
| Exchange differences | (476) | – | (1,334) | – | – | (1,810) |
| **As of December 31, 2022** | **32,914** | **4,730** | **25,960** | **–** | **268** | **63,872** |
| | | | | | | |
| Accumulated amortization | | | | | | |
| **As of January 1, 2022** | **–** | **(3,131)** | **(6,430)** | **–** | **(118)** | **(9,679)** |
| Amortization charge | – | (527) | (1,610) | – | (87) | (2,224) |
| Impairment charge | (3,600) | – | – | – | – | (3,600) |
| Exchange differences | – | – | 357 | – | – | 357 |
| **As of December 31, 2022** | **(3,600)** | **(3,658)** | **(7,683)** | **–** | **(205)** | **(15,146)** |
| | | | | | | |
| **Net book value as of December 31, 2022** | **29,314** | **1,072** | **18,277** | **–** | **63** | **48,726** |

### Reclassification from In-Process Research & Development to Currently Marketed Products

In 2022, the Company had the commercial launch of its latest product MagnetOs Flex Matrix. As a result, the capitalized R&D cost were reclassified from In-Process Research & Development to Currently Marketed Products. Additionally, amortization started on the capitalized asset.

## 14. Impairment test of goodwill

Goodwill is tested annually for impairment, or more frequently if there are indications of impairment.

The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As of December 31, 2022, the market capitalization of the Group was below the book value of its net assets, indicating a potential impairment of goodwill and impairment of the assets of the operating segments. As of December 31, 2023, no such indicator exists as the market capitalization of the Group is higher than the book value of its net assets.

For impairment testing, goodwill is allocated to the Group's CGUs. The Group's management determined that there are four CGUs, namely MagnetOs, Fibrin-PTH, Neuroseal and Checkmate Licensing. MagnetOs (segment: Medical Devices) and Fibrin-PTH (segment: Pharmaceuticals) CGUs are also operating and reportable segments. Neuroseal and Checkmate Licensing CGUs are grouped in segment Legacy Portfolio. Neuroseal and Checkmate Licensing are two identifiable groups of assets that generate cash inflows independently from each other. Goodwill are tested for impairment on the level of the individual CGU.

Carrying amount of goodwill allocated to each of the CGUs is presented below:

| in TCHF | 2023 | 2022 |
|---|---|---|
| MagnetOs | 8,721 | 9,197 |
| Checkmate Licensing | 15,748 | 20,117 |
| **Balance as of December 31** | **24,469** | **29,314** |

### MagnetOs CGU

The recoverable amount of the CGU is determined based on a value-in-use calculation using a discounted cash flow model from financial plan approved by management covering a five-year period. The key assumptions used in estimating the recoverable amount are as follows:

| | 2023 | 2022 |
|---|---|---|
| Pre-tax discount rate (note (i)) | 14.3% | 13.5% |
| Growth rate beyond the forecast period (note (ii)) | 2.4% | – |
| Inflation rate (note (iii)) | – | 2.0% |

(i) Discount rate is derived from the current market assessment of the risks specific to the CGU, considering the present value of future cash flows and individual risks of the underlying assets that are not addressed in the cash flow estimates. Basis for the discount rate is the weighted average cost of capital (WACC), which estimates the individual financing costs for debt and equity financing. The cost of equity is derived from the shareholder return expectations. The cost of debt is derived from interest-bearing payables the Group is or would be obliged to service. By applying additional beta factors, the WACC incorporates industry specific risks. The beta factor is evaluated on the basis of publicly available data of a selected peer group.

(ii) In 2023, the management decided to adapt a planning period of five-year in the financial plan considering the broadening of the commercial reach and the continuous growth in revenue in the CGU. Cash flows beyond the five-year period are extrapolated using a 2.4% growth rate which corresponds to the long-term US inflation rate.

(iii) In 2022, the value-in-use calculation was based on a discounted cash flow model reflecting the business plan and the time horizon of the useful life of the underlying asset with no terminal value considered. Inflation rate assumption which reflected the long-term inflation outlook according to third party forecast was applied to project cash flows in the forecasting period. This forecast model was chosen in prior year to reflect the commercial early-stage nature of the CGU.

The recoverable amount of the MagnetOs CGU is estimated to exceed the carrying amount of the CGU as of December 31, 2023 by CHF 57 million (2022: CHF 84 million). Consequently management did not recognize an impairment.

The calculation of value-in-use for the MagnetOs CGU is most sensitive to the discount rate, the probability of future cash flows from product sales and cash out in relation to the commercialization activities, production, and general & administrative costs and the growth rate beyond the forecast period. The Group considers that reasonably possible change in these key assumptions (i.e. discount rate increases by 2% or future cash flows reduce by 10%) would not cause the CGU's carrying amount on December 31, 2023 and December 31, 2022 to exceed its recoverable amount.

### Checkmate Licensing CGU

The recoverable amount of the CGU is determined based on a value-in-use calculation using a discounted cash flow model deriving from contractually agreed milestone payments. No terminal value was applied in calculating the value-in-use as the future cash flows primarily comprise of future milestone payments as per the Checkmate Licensing and the Royalty Purchase Agreement. For details of the Licensing Agreement with Checkmate and the Royalty Purchase Agreement with XOMA, please refer to note 1. The key assumptions used in estimating the recoverable amount are as follows:

| | 2023 | 2022 |
|---|---|---|
| Pre-tax discount rate | 13.2% | 11.1% |
| Probability of future milestone payments | 27.4% - 29.8% | 25.0% - 30.7% |

Discount rate is derived from the current market assessment of the risks specific to the CGU and individual risks of the underlying assets that are not addressed in the cash flow estimates. Basis for the discount rate is the weighted average cost of capital (WACC), which estimates the individual financing costs for debt and equity. The cost of equity is derived from the shareholder return expectations. The cost of debt is derived from interest-bearing payables the Group is or would be obliged to service. By applying additional beta factors, the WACC incorporates industry specific risks. The beta factor is evaluated on basis of publicly available data of a selected peer group.

Revenue projections are derived from contractually agreed milestone payments and the probability of reaching events which will trigger the milestone payments. Probabilities between 27.4% and 29.8% (2022: between 25.0% and 30.7%) have been applied to reflect uncertainty of timing and extend of cash-flows. Following the acquisition of Checkmate, Regeneron has closed the enrollment in the ongoing phase 2 and phase 2/3 study in melanoma, while continuing the enrollment of patients in the phase 2 study investigating CMP-001 in combination with Cemiplimab with advanced cancer or metastatic cancer in selected types of cancer. As a result, the probability to reach the pre-commercial milestone triggering events has been adjusted to reflect the current status of the study. The probability is primarily based on an industry peer comparison of products in a similar development stage factoring in management assessment.

Revenue projections are also dependent on the timing of reaching events triggering the contractually agreed milestone payments. Given the current status of the study, the Group considers that the timing of reaching such triggering events will be delayed.

As a result of the increase in pre-tax discount rate, adjustment in probability and delay in reaching the events which will trigger the milestone payments, an impairment loss of CHF 4.4 million is recognized in 2023. As of December 31, 2023, the carrying amount of the CGU has been reduced to its recoverable amount which amounted to CHF

16.6 million. In 2022, an impairment loss of CHF 3.6 million was recognised due to an expected time shift of milestone payments.

The sensitivity analysis for the CGU was based on a reduction in future cash flows by 10% and an increase in discount rates by 1%. The parameters for the sensitivity analysis were chosen based on historic trends and assumed projected volatilities. Therefore, the parameters are considered reasonably possible.

A decrease in the future cash flows by 10% and a rise in the pre-tax discount rate to 14.2% (i.e., +1.0%) would result in further impairment of CHF 1.7 million and CHF 1.1 million respectively in the Checkmate Licensing CGU.

## 15. Inventories

| in TCHF | 2023 | 2022 |
|---|---|---|
| Raw materials | 1,201 | 426 |
| Work in progress | 344 | 566 |
| Finished goods | 3,311 | 2,178 |
| **Total inventories** | **4,856** | **3,170** |

In 2023, an inventory reserve of TCHF 63 (2022: TCHF 4) was recognized.

## 16. Prepayments and other assets

Prepayments and other assets mainly included prepayments of general liability insurance, subscription to publications and cost of services as of December 31, 2023 and December 31, 2022.

## 17. Trade and other receivables

| in TCHF | 2023 | 2022 |
|---|---|---|
| Trade receivables: | | |
| Trade receivables – gross carrying amount | 7,081 | 2,937 |
| Loss allowance | (670) | (120) |
| Trade receivables – net carrying amount | 6,411 | 2,817 |
| Other receivables: | | |
| Value added taxes (VAT) | 439 | 271 |
| Accrued income | 620 | 478 |
| Other | 147 | 52 |
| Other receivables - net carrying amount | 1,206 | 801 |
| **Total trade and other receivables** | **7,617** | **3,618** |
| Thereof non-current | – | – |

The fair values of trade and other receivables do not differ from the carrying amounts. Accrued income represents revenue that has been recognized but yet invoiced. The Company calculates the loss allowance based on an expected credit loss model. All balances have historically been collected so the assumed uncollectible percentage in the loss allowance calculation is conservative. The maximum exposure to credit risk at the reporting date is the net carrying amount of trade and other receivables mentioned above. The Group does not hold any collateral as security. The credit quality of the Group's debtors is high, since they are composed of tax authorities, leading pharmaceutical companies, and health care providers. In note 26 the aging for the trade receivables is disclosed.

Trade and other receivables are denominated as follows.:

| Trade and other receivables in Thousands | 2023 | 2022 |
|---|---|---|
| CHF | 328 | 141 |
| USD | 7,475 | 2,762 |
| EUR | 983 | 905 |

## 18. Cash and cash equivalents

| in TCHF | 2023 | 2022 |
|---|---|---|
| Cash at bank and on hand | 9,303 | 18,065 |
| Deposits at call | 4,905 | 6,000 |
| **Total cash and cash equivalents** | **14,208** | **24,065** |

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of initiation. TCHF 342 is restricted as guarantees for lease agreements and corporate credit cards (2022: TCHF 232). In 2023, the Group recorded TCHF 328 interest income from cash and cash equivalents (2022: TCHF 12).

## 19. Shareholders' equity

### Issued share capital and treasury shares

| | Shares (number) | Share capital (in TCHF) | Treasury shares (in TCHF) |
|---|---|---|---|
| **January 1, 2022** | **32,811,378** | **3,281** | **(17)** |
| Capital increase | 3,750,000 | 375 | – |
| **December 31, 2022** | **36,561,378** | **3,656** | **(17)** |
| | | | |
| **January 1, 2023** | **36,561,378** | **3,656** | **(17)** |
| Share issued at exercise of options | 222,753 | 22 | – |
| **December 31, 2023** | **36,784,131** | **3,678** | **(17)** |

| Number of shares | Issued and fully paid shares | Treasury shares | Total shares |
|---|---|---|---|
| As of December 31, 2022 | 36,561,378 | (17,244) | 36,544,134 |
| As of December 31, 2023 | 36,784,131 | (17,244) | 36,766,887 |

### Share premium

| | in TCHF |
|---|---|
| **January 1, 2022** | **154,591** |
| Capital increase | 5,566 |
| **December 31, 2022** | **160,157** |
| | |
| **January 1, 2023** | **160,157** |
| Cash on exercise of share options | 479 |
| Appropriation of accumulated loss | (87,320) |
| **December 31, 2023** | **73,316** |

Under the Swiss Code of Obligations ("CO"), shareholders approved to offset the accumulated loss carried forward against share premium.

### Authorized and conditional capital

As stated in articles 3b and 3c of the articles of association of Kuros Biosciences AG (published on the Company's website):

| | 2023 | 2022 |
|---|---|---|
| Authorized capital as of December 31, in TCHF | – | 90 |
| Conditional capital as of December 31, in TCHF | 616 | 490 |
| Weighted average number of shares for basic and diluted net loss per share (note 10) | 36,582,015 | 33,900,691 |

Under the Swiss Code of Obligations ("CO"), new share capital can be created by way of ordinary or conditional capital increase.

### Treasury shares

As of December 31, 2023 and December 31, 2022, the Group holds 17,244 units of treasury share at the weighted average purchase price of CHF 1.00, which amounted to TCHF 17. These treasury shares were created in February 2018.

### Other reserves

Other reserves include the recognition of the value of equity-settled share-based payments granted to the Board, the Executive Committee, employees, and consultants as part of their remuneration. Please refer to note 20 for further details of these plans.

### Options and Restricted Share Units (RSUs)

In 2023, 222,753 options granted to employees of the Group were exercised. As a result, the nominal share capital of Kuros increased from CHF 3,656,137.80 to CHF 3,678,413.10 and is divided into 36,784,131 registered common shares with a par value of CHF 0.10 each. Information relating to the Group's Stock Option Plan and Restricted

Share Unit Plan, including details of options and RSUs issued, exercised and lapsed during the financial years and options and RSUs outstanding at the end of the reporting period is set out in note 20.

### Capital increase

In September 2022, Kuros completed a CHF 6 million capital increase through a private placement of 3,750,000 new shares of Kuros with a par value of CHF 0.10 each. The new shares have been placed at a price of CHF 1.60 each, including nominal value and share premium (the "Subscription Price"). The Subscription Price represents a discount of 10.1% on the closing market price, respectively 5.6% on the 14 days VWAP (Volume Weighted Average Price) of the Company's shares on SIX Swiss Exchange on the last trading day preceding the closing date of the Offering, i.e. CHF 1.78 (market price), respectively 1.69 CHF (14 days VWAP) on September 14, 2022.

As a result of the share capital increase, the nominal share capital of Kuros increased from CHF 3,281,137.80 to CHF 3,656,137.80 and is divided into 36,561,378 registered common shares with a par value of CHF 0.10 each.

## 20. Share based payments

The Group grants share options and restricted share units (RSU) to the members of the Board, the members of the Executive Committee, as well as to employees and consultants of the Group.

The fair value of the options is determined at the date of grant based on the market price using the Black-Scholes model. The fair value of the RSU is based on the share price at the date of grant. All stock options and RSUs are issued by the Company.

In 2023, share-based payment expenses of TCHF 917 (2022: TCHF 354) is recognized for outstanding options and RSUs granted in the long-term incentive plans. The expense of forfeited options and RSUs was reversed in the year when the options and RSUs are forfeited.

In 2022, the Company recognized a share-based payment expense of TCHF 675 as a result of the offered discount of 10.1% from the share price at the closing date of the private placement (PIPE). The discount amounted to CHF 0.18 per offered share.

The movements in the number of all outstanding share options are as follows:

| | Options (number) | Weighted average exercise price (CHF) |
|---|---|---|
| **Balance outstanding as of January 1, 2022** | **1,589,219** | **4.30** |
| Granted | 998,162 | 1.75 |
| Forfeited | (69,821) | 2.06 |
| Lapsed | (77,716) | 23.10 |
| **Balance outstanding as of December 31, 2022** | **2,439,844** | **2.73** |
| | | |
| **Balance outstanding as of January 1, 2023** | **2,439,844** | **2.73** |
| Granted | 1,566,543 | 1.61 |
| Exercised | (222,753) | 2.25 |
| Forfeited | (215,352) | 1.79 |
| Lapsed | (203,645) | 10.33 |
| **Balance outstanding as of December 31, 2023** | **3,364,637** | **1.84** |

The weighted average share price at the date of exercise for options exercised during the year ended December 31, 2023 was CHF 2.94 (2022: not applicable).

The movements in the number of all outstanding RSUs are as follows:

| | RSUs (number) | Weighted average exercise price (CHF) |
|---|---|---|
| **Balance outstanding as of January 1, 2022** | – | – |
| Granted | 502,893 | **1.73** |
| Forfeited | (12,951) | 1.73 |
| **Balance outstanding as of December 31, 2022** | **489,942** | **1.73** |
| | | |
| **Balance outstanding as of January 1, 2023** | **489,942** | **1.73** |
| Granted | 275,076 | 1.62 |
| Forfeited | (96,636) | 1.73 |
| **Balance outstanding as of December 31, 2023** | **668,382** | **1.68** |

The following table applies to all share options outstanding as of December 31, 2023:

| Exercise price (CHF) | Options* (number) | Remaining life (years unless stated otherwise) | Exercisable options (number) |
|---|---|---|---|
| 3.12 | 4,071 | 1.6 | 4,071 |
| 3.12 | 3,118 | 1.4 | 3,118 |
| 3.12 | 1,217 | 0.9 | 1,217 |
| 2.95 | 136,888 | 0.8 | 136,888 |
| 2.76 | 54,278 | 0.2 | 54,278 |
| 2.45 | 5,308 | 3.3 | 5,308 |
| 2.45 | 1,005 | 2.6 | 1,005 |
| 2.45 | 1,550 | 1.6 | 1,550 |
| 2.45 | 2,422 | 1.4 | 2,422 |
| 2.45 | 8,559 | 1.1 | 8,559 |
| 2.42 | 14,063 | 0.8 | 14,063 |
| 2.42 | 12,875 | 0.4 | 12,875 |
| 2.30 | 3,210 | 2.1 | 3,210 |
| 2.30 | 10,968 | 1.6 | 10,968 |
| 2.27 | 2,500 | 1.6 | 2,500 |
| 2.18 | 400,000 | 4.8 | – |
| 2.10 | 23,000 | 4.8 | – |
| 2.09 | 515,877 | 1.2 | 492,757 |
| 2.03 | 50,000 | 3.1 | 21,875 |
| 2.02 | 2,494 | 2.1 | 2,494 |
| 2.00 | 229,473 | 1.9 | 229,473 |
| 1.93 | 18,362 | 3.3 | 18,362 |
| 1.90 | 5,000 | 3.3 | 1,875 |
| 1.73 | 63,243 | 3.8 | 15,810 |
| 1.73 | 654,229 | 3.7 | 215,965 |
| 1.63 | 18,792 | 3.8 | 4,698 |
| 1.47 | 17,467 | 4.0 | 17,467 |
| 1.40 | 94,899 | 4.5 | 94,899 |
| 1.40 | 1,009,769 | 4.5 | – |
| **Total** | **3,364,637** | | **1,377,707** |

* Includes all outstanding options within the Group

The following table applies to all RSUs outstanding as of December 31, 2023:

| Share price at grant date (CHF) | RSUs* (number) | Remaining life (years unless stated otherwise) |
|---|---|---|
| 2.18 | 79,703 | 3.8 |
| 1.40 | 194,298 | 3.5 |
| 1.63 | 43,523 | 2.8 |
| 1.73 | 1,075 | 2.8 |
| 1.73 | 349,783 | 2.7 |
| Total | **668,382** | |

The following table applies to all outstanding share options outstanding as of December 31, 2022:

| Exercise price (CHF) | Options* (number) | Remaining life (years unless stated otherwise) | Exercisable options (number) |
|---|---|---|---|
| 1.63 | 18,792 | 4.7 | – |
| 1.73 | 882,514 | 4.6 | 10,000 |
| 1.88 | 2,500 | 1.7 | 2,032 |
| 1.90 | 5,000 | 4.4 | – |
| 1.93 | 18,362 | 4.4 | 18,362 |
| 2.00 | 272,427 | 2.9 | 272,427 |
| 2.02 | 2,494 | 2.9 | 2,494 |
| 2.03 | 50,000 | 4.2 | – |
| 2.09 | 652,002 | 2.2 | 483,257 |
| 2.27 | 2,500 | 1.7 | 2,500 |
| 2.30 | 14,178 | 1.7 | 14,178 |
| 2.42 | 35,845 | 1.4-1.8 | 31,471 |
| 2.45 | 18,844 | 1.1-1.7 | 18,844 |
| 2.76 | 99,385 | 1.2 | 99,385 |
| 2.95 | 140,950 | 1.8 | 109,513 |
| 3.09 | 15,000 | 0.9 | 15,000 |
| 3.12 | 8,406 | 1.9 | 8,406 |
| 5.00 | 15,000 | 0.8 | 15,000 |
| 8.20 | 2,344 | 0.7 | 2,344 |
| 9.26 | 45,033 | 0.5 | 45,033 |
| 10.20 | 47,500 | 0.5-1.6 | 47,500 |
| 12.10 | 90,768 | 0.1 | 90,768 |
| Total | **2,439,844** | | **1,288,514** |

* Includes all options granted within the Group

Fair value and assumptions of options and RSUs granted

The following table shows the range of assumptions applied to the share-based payment arrangements:

Options granted in 2023:

| | (a) New Kuros options granted | (b) New Kuros options granted | (c) New Kuros options granted | (d) New Kuros options granted |
|---|---|---|---|---|
| Grant date | January 2, 2023 | July 5, 2023 | October 2, 2023 | October 11, 2023 |
| Number of options | 17,467 | 1,126,076 | 23,000 | 400,000 |
| Exercise price | CHF 1.47 | CHF 1.40 | CHF 2.10 | CHF 2.18 |
| Share price at grant date | CHF 1.47 | CHF 1.40 | CHF 2.10 | CHF 2.18 |
| Contractual life | 5 years | 5 years | 5 years | 5 years |
| Vesting period | 17,467 shares vest upon grant | 94,899 shares vest upon grant. 322,143 options vest after 1 year. 709,034 options vest quarterly over the following 3 years | 5,750 options vest after 1 year. 17,250 options vest quarterly over the following 3 years | 100,000 options vest after 1 year. 300,000 options vest quarterly over the following 3 years |
| Settlement | Shares | Shares | Shares | Shares |
| Expected volatility at grant date | 54.63% | 61.84% | 77.62% | 76.35% |
| Expected option life at grant date | until maturity | until maturity | until maturity | until maturity |
| Risk-fee interest rate p.a. | 1.44% | 1.02% | 1.07% | 0.91% |
| Expected dividend | Zero | Zero | Zero | Zero |
| Estimated fair value of option at grant date | CHF 0.70 | CHF 0.73 | CHF 1.32 | CHF 1.34 |
| Expiry date | January 2, 2028 | July 5, 2028 | October 2, 2028 | October 11, 2028 |
| Valuation model | Black Scholes | Black Scholes | Black Scholes | Black Scholes |

RSUs granted in 2023:

| | (a) New Kuros RSUs granted | (b) New Kuros RSUs granted |
|---|---|---|
| Grant date | July 5, 2023 | October 11, 2023 |
| Number of RSUs | 195,373 | 79,703 |
| Share price at grant date | CHF 1.40 | CHF 2.18 |
| Contractual life | 5 years | 5 years |
| Vesting period | 195,373 RSUs vest over 3 years | 21,737 RSUs vest over 3 years. 57,966 RSUs vest over 3 years and dependent on targets achievement |
| Settlement | Shares | Shares |
| Expiry date | July 5, 2027 | October 11, 2027 |

Options granted in 2022:

| | (a) New Kuros options granted | (b) New Kuros options granted | (c) New Kuros options granted | (d) New Kuros options granted |
|---|---|---|---|---|
| Grant date | February 15, 2022 | April 29, 2022 | September 16, 2022 | October 3, 2022 |
| Number of options | 50,000 | 28,670 | 839,365 | 80,127 |
| Exercise price | CHF 2.03 | CHF 1.9 to 2.45 | CHF 1.73 | 1.63 to 1.73 |
| Share price at grant date | CHF 2.03 | CHF 1.9 to 2.45 | CHF 1.73 | CHF 1.63 |
| Contractual life | 5 years | 5 years | 5 years | 5 years |
| Vesting period | 12,500 options vest after 1 year, 37,500 options vest quarterly over the following 3 years | 23,670 shares vest upon grant 1,250 options vest after 1 year, 3,750 options vest quarterly over the following 3 years | 10,000 shares vest upon grant 207,341 options vest after 1 year, 622,024 options vest quarterly over the following 3 years | 20,031 options vest after 1 year, 60,096 options vest quarterly over the following 3 years |
| Settlement | Shares | Shares | Shares | Shares |
| Expected volatility at grant date | 49.91% | 68.10% | 55.26% | 60.71% |
| Expected option life at grant date | until maturity | until maturity | until maturity | until maturity |
| Risk-fee interest rate p.a. | 0.09% | 0.36% | 1.01% | 0.74% |
| Expected dividend | Zero | Zero | Zero | Zero |
| Estimated fair value of option at grant date | CHF 0.86 | CHF 0.95 to 1.0594 | CHF 0.8248 | CHF 0.81 to CHF 0.8343 |
| Expiry date | February 15, 2027 | April 29, 2027 | September 16, 2027 | October 3, 2027 |
| Valuation model | Black Scholes | Black Scholes | Black Scholes | Black Scholes |

RSUs granted in 2022:

| | (a) New Kuros RSUs granted | (b) New Kuros RSUs granted |
|---|---|---|
| Grant date | September 16, 2022 | October 03, 2022 |
| Number of RSUs | 459,370 | 43,523 |
| Share price at date of grant | CHF 1.73 | CHF 1.63 |
| Contractual life | 4 years | 4 years |
| Vesting period | 459,370 RSUs vest over 3 years | 43,523 RSUs vest over 3 years |
| Settlement | Shares | Shares |
| Expiry date | September 16, 2026 | October 03, 2026 |

## 21. Employee benefit plans

The Company maintains a retirement plan (the "Plan") covering employees, including the Executive Committee. In addition to retirement benefits, the Plan provides death or long-term disability benefit to its employees. Benefits under the Plan are principally based on contributions, computed as a percentage of salary, adjusted for the age of the employee. To minimize the risk associated with a pension obligation, the Company has entered into a term agreement with a third-party insurance company.

The Group also operates a couple of defined contribution plans in the Netherlands and the United States of America which received fixed contributions from group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. As of December 31, 2023, and December 31, 2022, there are no outstanding contributions.

During 2023 and 2022, Kuros Biosciences AG meets its obligations under Switzerland's mandatory company-provided pension with one collective foundation:

### PKG pension fund

This pension scheme provides benefits in case of disability, death, old age and termination. The risk benefits are defined in relation to the pensionable salary. The retirement pension is calculated based on the projected savings capital with interest and a conversion rate.

### Responsibilities of the Board of Trustees (and/or the employer on the Board of Trustees)

The highest corporate body of the Foundation is the Board of Trustees. It handles the general management of the pension scheme, ensures compliance with the statutory requirements, defines the strategic objectives and policies of the pension scheme, and identifies the resources for their implementation.

It determines the objectives and principles of the asset management and the implementation and monitoring of the investment process. All Asset-Liability Management (ALM) considerations are based on the statutory welfare provisions.

Kuros is responsible for ensuring that a pension fund commission with an equal number of employee and employer representatives is set up. The main task of the commission is to safeguard the interests of the insured persons vis-à-vis the Foundation and the employer. In addition, it issues pension-specific provisions within the context of the pension plan.

### Special situations

Pursuant to local law, in the case of excess coverage there are only limited possibilities for the highest corporate body and/or the pension fund commission to grant benefits to the beneficiaries from the "disposable assets". According to the regulations, however, if there is a coverage shortage, additional contributions (re-financing contributions) can be requested from the insured and the employer until financial stability is once again restored. The Collective Foundation currently has excess coverage according to the regulations.

### Financing agreements for future contributions

The law (Swiss Federal Law on Occupational Retirement, Survivors, and Disability Pension Plans and its associated ordinances) provides for minimum pension benefits and also a minimum amount for the savings contributions. The amount of the contributions to be paid by the employer and the employee is determined by the highest corporate body and/or the pension fund commission. These can exceed the statutory minimum. The employer contribution

must be at least as high as the employee contributions. The contributions are age dependent and based on the pensionable salary. They are determined in the pension plan/regulations. In addition, an employer can make one-off deposits or advance payments to the pension scheme and/or pension fund. They are available for the employer to use in the settlement of future employer contributions (employer contribution reserve). These contributions must not be repaid to the employer.

If an insured person changes employer before he/she has reached retirement age, a vested benefit (accrued savings capital that is guaranteed to a certain amount) becomes due. The vested benefit is transferred to the new employer's pension scheme.

In the event of the liquidation of the employer or the pension scheme and/or pension fund, the employer has no entitlement to any excess coverage from the pension scheme and/or pension fund. This is distributed amongst the insured and the pension recipients.

### General risks

As well as the risk of having to provide additional financing for past service years, Kuros also bears the risk that its assets will be affected by the bad investment performance of the pension scheme and/or pension fund or the adjustment of valuation assumptions. Therefore, the sensitivities of the most important assumptions (technical interest rate, salary increases, pension increases, mortality improvement) are calculated and disclosed.

The treatment of so-called "fully insured" BVG plans under IAS 19 has been thoroughly analyzed by the Swiss Auditing Chamber's Auditing Practice Committee. As a result of these consultations, the Swiss Auditing Chamber and its Accounting Practice Subcommittee have concluded that for IAS 19 purposes "fully insured" BVG plans shall be considered as defined benefit plans. The reasons are as follows:

- Benefits can be continued under the same conditions;
- The valuation of employee benefits obligations in accordance with international accounting standards is carried out regardless of the legal configuration of the pension plans and employee benefits institutions. The standards influence solely the financial result of the company and not that of the employee benefits institution. These results are not relevant for an actuarial assessment in accordance with Article 52e, BVG.

### Plan amendment/Settlement

In 2023, the pension fund has informed that the retirement age for women will increase to age 65 and that the conversion rate will only be reduced to 5.2%. Originally, the conversion rate is to be reduced to 5.00% by 2026 (at age 65 for men and age 64 for women) and the impact of this reduction was considered in the financial statements in prior years. In 2023, the pension fund has decided that the conversion rate will only be reduced to 5.2% (at age 65 for men and women). This plan amendment resulted in a higher expected defined benefit obligation and an expense of TCH 90 in 2023.

Effective in 2022, Kuros amended its pension regulation by including a portion of the bonus payment into the insured salary, which resulted in additional expenses of TCHF 22 in 2022.

### Defined benefit assets

In 2023, defined benefit assets of TCHF 14 is recognized as the future service cost is higher than the sum of the employer contributions and thus, resulting in an economic benefit for the company.

In 2022, Kuros realized a defined benefit asset of TCHF 243 which was consumed fully in the OCI. Due to the projection that expected employer contributions are exceeding future service costs, Kuros concluded that there is no economic benefit and therefore the defined benefit asset was not recognized in the balance sheet.

Change in benefit obligation:

| in TCHF | 2023 | 2022 |
|---|---|---|
| **Balance as of January 1** | **(3,087)** | **(3,576)** |
| Service cost | (86) | (178) |
| Employee contributions | (102) | (123) |
| Interest cost | (72) | (18) |
| Plan amendment | (90) | (22) |
| Actuarial (loss)/ gain on benefit obligation | (460) | 920 |
| Benefit payments | (1,378) | (90) |
| **Balance as of December 31** | **(5,275)** | **(3,087)** |

| in TCHF | 2023 | 2022 |
|---|---|---|
| Actuarial gain arising from plan experience | 99 | 27 |
| Actuarial (loss)/ gain arising from financial assumptions | (559) | 893 |
| **Total actuarial (loss)/ gain** | **(460)** | **920** |

Change in plan assets:

| in TCHF | 2023 | 2022 |
|---|---|---|
| **Fair value as of January 1** | **3,330** | **3,223** |
| Interest income | 78 | 17 |
| Employer contributions | 102 | 123 |
| Employee contributions | 102 | 123 |
| Benefit payments | 1,378 | 90 |
| Administrative expense | (2) | (2) |
| Actuarial gain/ (loss) on plan assets | 301 | (244) |
| **Fair value as of December 31** | **5,289** | **3,330** |

Assets breakdown:

| December 31, 2023 | Quoted market price | Not quoted market price | Total |
|---|---|---|---|
| Cash | – | 1% | 1% |
| Bonds | 41% | – | 41% |
| Equities | 36% | – | 36% |
| Property | 20% | – | 20% |
| Other | – | 2% | 2% |
| **Total value of assets** | **97%** | **3%** | **100%** |

| December 31, 2022 | Quoted market price | Not quoted market price | Total |
|---|---|---|---|
| Cash | – | 2% | 2% |
| Bonds | 40% | – | 40% |
| Equities | 36% | – | 36% |
| Property | 20% | – | 20% |
| Other | – | 2% | 2% |
| **Total value of assets** | **96%** | **4%** | **100%** |

Funded status:

| in TCHF | 2023 | 2022 |
|---|---|---|
| Funded status | 14 | 243 |
| Unrecognized asset ceiling | – | (243) |
| **Net defined benefit asset recognized in the balance sheet** | **14** | **–** |

Defined benefit costs:

| in TCHF | 2023 | 2022 |
|---|---|---|
| Service cost | (86) | (178) |
| Interest cost | (72) | (18) |
| Administrative expense | (2) | (2) |
| Interest income on assets | 72 | 17 |
| Plan amendment | (90) | (22) |
| **Defined benefit cost for the year recognized in the income statement** | **(178)** | **(203)** |

The pension expenses are included in the income statement in research and development costs, general and administrative costs and sales and marketing costs. (see note 7).

Net defined benefit asset/(liability):

| in TCHF | 2023 | 2022 |
|---|---|---|
| Pension assets as of December 31 | 5,289 | 3,330 |
| Defined benefit obligation as of December 31 | (5,275) | (3,087) |
| Asset ceiling as of December 31 | – | (243) |
| **Net defined benefit asset recognized in the balance sheet** | **14** | – |

The table below provides the weighted average assumptions as of December 31 used to develop net periodic benefit cost and the actuarial present value of projected benefit obligations:

Assumptions:

| | 2023 | 2022 |
|---|---|---|
| Discount rate | 1.50% | 2.30% |
| Interest credit rate | 2.00% | 2.00% |
| Average future salary increases | 1.75% | 1.75% |
| Future pension increases | 0.0% | 0.0% |
| Mortality tables used | BVG 2020 GT | BVG 2020 GT |
| Average retirement age | 65/65 | 65/64 |
| Turn over | BVG 2020 | BVG 2020 |
| Capital option | 40% | 40% |
| Expected life experience at regular retirement age 65 / 65 (2022: 65 / 64) | 22.95/24.70 | 22.82/25.59 |
| Weighted average duration of employee benefit obligations | 13.3 years | 12.7 years |

Sensitivity analysis

The sensitivity analysis was performed by recalculating the defined benefit obligation (DBO) and the service cost with the following assumption, which was deemed to be the key assumptions used in the actuarial calculation. Reasonably possible changes at the reporting date to the discount rate, holding all other assumptions constant, would have affected the DBO by the amounts shown below:

| in TCHF, increase/ (decrease) in DBO | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate +0.25% | (179) | (109) |
| Discount rate –0.25% | 190 | 115 |

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Asset liability strategy

Kuros outsources the asset liability management strategy and asset allocation to the pension provider. The risks of disability, death and longevity are insured in their entirety.

Future cash flows:

| in TCHF | 2023 | 2022 |
|---|---|---|
| Expected annual employee contribution in following year | 107 | 105 |
| Expected annual employer contribution in following year | 107 | 105 |

Defined contribution retirement plan

The Group also operates defined contribution plans in the Netherlands and the USA. The Group's legal or constructive obligation for this plan is limited to the contributions. The expense recognized in the current period in relation to these contributions was TCHF 289 (2022: TCHF 166).

## 22. Accrued expenses

| in TCHF | 2023 | 2022 |
|---|---|---|
| Accrued payroll and bonuses | 2,879 | 1,859 |
| Accrued operating expenses | 5,054 | 3,099 |
| **Total accrued expenses** | **7,933** | **4,958** |

Accrued operating expenses mainly included purchase of materials, consumables, as well as sales and distribution expenses and professional services accrued as of December 31, 2023 and 2022.

## 23. Provisions

| in TCHF | Employee related | Other | Total |
|---|---|---|---|
| **Balance as of January 1, 2023** | **71** | **30** | **101** |
| Utilized | – | (30) | (30) |
| Unused amounts reversed | (71) | – | (71) |
| **Balance as of December 31, 2023** | **–** | **–** | **–** |

Due to organizational changes in 2022, Kuros recognized a provision of TCHF 71 relating to personnel expenses and TCHF 30 for other items.

In 2023, Kuros decreased the provision with regards to organizational changes, as the changes were settled to a significant part with the respective parties.

The Group has no other material litigation or claims as of December 31, 2023 and December 31, 2022.

## 24. Reconciliation of movements of liabilities to cash flows arising from financing activities

| in TCHF | Note | Leases | Financial liability from collaboration | Total |
|---|---|---|---|---|
| **As of January 1, 2022** | | **2,146** | **6,463** | **8,609** |
| Changes in fair values | | – | 1,636 | 1,636 |
| Repayment of financial liability from collaborations | | – | (2,374) | (2,374) |
| Payment of lease liabilities | 12 | (343) | – | (343) |
| Remeasurement of lease liabilities | 12 | 36 | – | 36 |
| New lease | 12 | 175 | | 175 |
| Exchange difference | | (102) | 87 | (15) |
| **As of December 31, 2022** | | **1,912** | **5,812** | **7,724** |
| | | | | |
| **As of January 1, 2023** | | **1,912** | **5,812** | **7,724** |
| Changes in fair values | | – | (1,931) | (1,931) |
| Payment of lease liabilities | 12 | (672) | – | (672) |
| Remeasurement of lease liabilities | 12 | 671 | – | 671 |
| New lease | 12 | 354 | – | 354 |
| Exchange difference | | (122) | (506) | (628) |
| **As of December 31, 2023** | | **2,143** | **3,375** | **5,518** |

## 25. Financial instruments by category

Financial assets:

| in TCHF | 2023 | 2022 |
|---|---|---|
| Financial assets at amortized costs | | |
| Trade receivables | 6,411 | 2,817 |
| Other receivables | 1,206 | 801 |
| Cash and cash equivalents | 14,208 | 24,065 |
| **Total financial assets at amortized costs** | **21,825** | **27,683** |

Trade and other receivables reported in 2023 and 2022 include VAT receivables.

Financial liabilities:

| in TCHF | 2023 | 2022 |
|---|---|---|
| Financial liabilities at amortized costs | | |
| Trade payables | 1,105 | 1,302 |
| Accrued expenses | 7,183 | 4,347 |
| Lease liabilities | 2,143 | 1,913 |
| **Total financial liabilities at amortized costs** | **10,431** | **7,562** |
| Financial liabilities at fair value through profit or loss | | |
| Financial liabilities from collaborations | 3,375 | 5,812 |
| **Total financial liabilities at fair value through profit or loss** | **3,375** | **5,812** |

The carrying amounts of the Group's financial instruments carried at amortized cost are not materially different from their fair values as of December 31, 2023 and December 31, 2022 as they are short-term in nature. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

The financial liabilities from collaborations is measured at fair value and subsequent remeasurements are recognized in the financial result. It represents XOMA's entitlement to future pre-commercial milestones due from the Licensing Agreement with Checkmate Pharmaceuticals. XOMA obtained this entitlement from an initial payment in July 2021 under the Royalty Purchase Agreement.

The initial fair value of the liability represents XOMA's share of future pre-commercial milestones which is measured based on a contractually agreed pre-commercial milestones due from Checkmate under the Checkmate Licensing Agreement. The fair value of the liability is not based on observable market data (Level 3 hierarchy) but is primarily determined based on the probability assumption to reach the events triggering milestone payments. Probability rates of 27.4% to 29.8% (2022: 25.0% to 30.7%) were applied to determine the fair value of the financial liabilities from collaborations. The probability to reach the pre-commercial milestone triggering events has been updated compared to the previous reporting period because Regeneron has closed the enrollment in the ongoing phase 2 and phase 2/3 study in melanoma while continuing the enrollment of patients in the phase 2 study investigating CMP-001 in combination with Cemiplimab with advanced cancer or metastatic cancer in selected types of cancer following the acquisition of Checkmate by Regeneron. Furthermore, a corresponding timing effect has been recognized given the decision by Regeneron. As a result of the remeasurement of fair value of the liability, a finance income of TCHF 1,931 is recognized in 2023.

For details of the Licensing Agreement with Checkmate and the Royalty Purchase Agreement with XOMA, please refer to note 1.

The financial liability's sensitivity is dependent on changes in timing and probability of the contractually agreed future milestone payment. The movement of financial liability from collaboration recognized in the balance sheet is set out in note 24.

## 26. Financial risk management

The Group is subject to risks common to companies in the biotechnology industry, including, but not limited to, uncertainties regarding the effectiveness and safety of new drugs, new and unproven technologies, the development process and outcome of clinical trials, rigorous governmental regulation and uncertainty regarding regulatory approvals, long product development cycles, continuing capital requirements to fund research and development, history of operating losses and uncertainty of future profitability, uncertainty regarding commercial success and acceptance, third party reimbursements, uncertainties regarding patents and legally protected products or technologies, uncertainty regarding third party intellectual property rights, dependence on third parties, dependence

on publicly available scientific findings and research data, dependence on third party manufacturers and service providers, competition, concentration of operations, product liability, dependence on important employees, the environment, health, data protection and safety, lack of experience in marketing and sales, litigation, currency fluctuation risks and other financial risks, volatility of market value, as well as limited liquidity and shares eligible for future sale.

Risk management is carried out centrally under policies approved by the Board of Directors. Furthermore, management controls financial risks, specifically the liquidity risk (refer also to "capital risk management" disclosure).

### Market risk

The Group is exposed to market risks such as currency, interest rate and other price risks.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the translation of the subsidiaries with EUR and USD as functional currency. The Group also has transactions in foreign currency and is exposed to foreign currency risks, which are discussed in the accounting policies section "Foreign currency translation and transactions".

As of December 31, 2023, if the Swiss Franc had weakened/strengthened by 5% against the EUR, USD and GBP with all other variables held constant, the net loss for the period would have been TCHF 277 (2022: TCHF 89) lower/higher, mainly as a result of foreign exchange gains/losses on translation of EUR, USD and GBP denominated assets and liabilities. The impact is the same on equity.

*Sensitivity analysis:*

| December 31, 2023 (in TCHF) | Sensitivity | Effect on profit or loss |
|---|---|---|
| EUR/CHF | 5% / (5%) | (11) / 11 |
| USD/CHF | 5% / (5%) | (267) / 267 |
| GBP/CHF | 5% / (5%) | 1 / (1) |

| December 31, 2022 (in TCHF) | Sensitivity | Effect on profit or loss |
|---|---|---|
| EUR/CHF | 5% / (5%) | 17 / (17) |
| USD/CHF | 5% / (5%) | (105) / 105 |
| GBP/CHF | 5% / (5%) | (1) / 1 |

### Interest rate risk

The Group has no outstanding loans, convertible bonds, or convertible bond notes as of December 31, 2023 and December 31, 2022. As a result, the Group is not exposed to changes in interest rates except for rental adjustments and time deposits. If interest rates on time deposits had been 50 basis points higher/lower with all other variables held constant, the net loss for the period would have been TCHF 0 (2021: TCHF 0) lower/higher, because of higher/lower interest income.

### Other price risk

Other price risks are also insignificant as the Group does not hold any investment in equity securities as of December 31, 2023 and December 31, 2022.

### Liquidity risk

The Group manages its liquidity by planning and closely monitoring cash burn, investing in fixed-term time deposits and projecting revenues on an ongoing basis to ensure sufficient liquidity and appropriate interest income. The Group's financial status as of December 31, 2023, provides funds to continue operations, taking into account further revenue streams.

The table below shows the maturities of the liquidity of relevant financial liabilities and commitments as of December 31, 2023:

| in TCHF (undiscounted amounts) | Within 1 year | Between 2 to 5 years | Over 5 years |
|---|---|---|---|
| Trade payables | 1,105 | – | – |
| Accrued expenses | 7,183 | – | – |
| Lease liabilities | 619 | 1,626 | – |
| Short-term lease | 67 | – | – |
| Financial liabilities from collaborations[1] | 3,375 | – | – |

[1] Amount and timing of the financial liability's repayment is not fixed (no maturity). Please refer to note 25 for details of financial liabilities from collaborations.

The table below shows the maturities of the liquidity of relevant financial liabilities and commitments as of December 31, 2022:

| in TCHF (undiscounted amounts) | Within 1 year | Between 2 to 5 years | Over 5 years |
|---|---|---|---|
| Trade payables | 1,302 | – | – |
| Accrued expenses | 4,347 | – | – |
| Lease liabilities | 433 | 1,611 | – |
| Short-term lease | 67 | – | – |
| Financial liabilities from collaborations[1] | 5,812 | – | – |

[1] Amount and timing of the financial liability's repayment is not fixed (no maturity). Please refer to note 25 for details of financial liabilities from collaborations.

### Credit risk

The Group considers the related credit risk limited to trade receivables for product sales and collaborative agreements, and other receivables. The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The primary concentration of credit risk consists of trade receivables. In the normal course of business, the Group provides credit terms to its customers. Accordingly, the Group performs ongoing credit evaluations of its customers. It maintains allowances for possible losses which, when realized, have been within the range of management's expectations as reflected by its reserves. The expected loss rates are based on current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as of December 31, 2023 and December 31, 2022 was determined as follows:

| December 31, 2023 (in TCHF) | Current | 1-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | > 120 days past due | Total |
|---|---|---|---|---|---|---|---|
| Trade receivables | 4,188 | 1,546 | 376 | 113 | 194 | 664 | 7,081 |
| Accrued income | 147 | 274 | 38 | 53 | 27 | 81 | 620 |
| Total at gross carrying amount | 4,335 | 1,820 | 414 | 166 | 221 | 745 | 7,701 |
| Loss allowance | (22) | (25) | (18) | (17) | (60) | (528) | (670) |
| **Total at net carrying amount** | **4,313** | **1,795** | **396** | **149** | **161** | **217** | **7,031** |

| December 31, 2022 (in TCHF) | Current | 1-30 days past due | 31-60 days past due | > 60 days past due | Total |
|---|---|---|---|---|---|
| Trade receivables | 1,335 | 939 | 378 | 285 | 2,937 |
| Accrued income | 209 | 210 | 20 | 39 | 478 |
| Total at gross carrying amount | 1,544 | 1,149 | 398 | 324 | 3,415 |
| Loss allowance | (12) | (18) | (33) | (57) | (120) |
| **Total at net carrying amount** | **1,532** | **1,131** | **365** | **267** | **3,295** |

The loss allowances for trade receivables as of December 31 reconcile to the opening loss allowances as follows:

| in TCHF | 2023 | 2022 |
|---|---|---|
| **Opening loss allowance as of January 1** | **(120)** | **(50)** |
| Increase in loss allowance recognized in profit or loss during the year | (602) | (72) |
| Exchange differences | 52 | 2 |
| **Closing allowance as of December 31** | **(670)** | **(120)** |

The maximum exposure to credit risk at the reporting date is the carrying amount of trade and other receivables mentioned above. The Group does not hold any collateral as security. The credit quality of the Group's debtors is high, since they are primarily composed of health care providers, leading pharmaceutical companies, and tax authorities.

A significant share of cash and cash equivalents and the financial assets are held, with financial institutions with at least an "A" rating (Standard & Poor's) equivalent or financial institutions which deposits are generally backed by local government. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9; however, no impairment loss has been identified.

### Capital risk management

The Group is not regulated and not subject to specific capital requirements. It aims to maintain the specific needs of the Swiss Code of Obligations ("CO"). To ensure that statutory capital requirements remain intact, the Group monitors capital periodically on an interim and annual basis. From time to time the Group may take appropriate measures or propose capital increases to the shareholders in the General Meeting or the Extraordinary General Meeting to ensure the necessary capital remains intact. Shareholders' equity is included as capital.

### Fair value estimation

The fair value of financial assets and liabilities at amortized costs are assumed to be approximate their carrying amounts due to the short-term nature of these financial instruments. Financial liabilities from collaborations are measured at fair value through profit and loss. The maximum exposure at the end of the reporting period is the carrying amount.

## 27. Net finance result

Finance income

| in TCHF | 2023 | 2022 |
|---|---|---|
| Foreign exchange gain | 1,447 | 1,743 |
| Fair value remeasurement of financial liabilities from collaborations | 1,931 | – |
| Other finance income | 400 | 29 |
| **Finance income** | **3,778** | **1,772** |

Finance expense

| in TCHF | 2023 | 2022 |
|---|---|---|
| Foreign exchange loss | (3,747) | (2,536) |
| Fair value remeasurement of financial liabilities from collaborations | — | (1,636) |
| Others | (186) | (145) |
| **Finance expense** | **(3,933)** | **(4,317)** |

Please refer to note 24 for details of fair value remeasurement of financial liabilities from collaborations.

## 28. Related party transactions

Key management (including the Board and the Executive Committee) personnel compensation of the Group is as follows:

| in TCHF | 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | (1,940) | (1,230) |
| Share-based compensation | (1,262) | (327) |
| Social securities and pension plan contributions * | (145) | (84) |
| **Total** | **(3,347)** | **(1,641)** |

* Includes contributions to defined contribution plan

In 2023, the Group entered into consultancy agreements with Bruder Consulting & Venture Group, a company which Mr. Scott Bruder, a Board Member of the Group, is the ultimate owner. Consultancy fee of TCHF 79 was payable by the Group under the consultancy agreements and was determined with reference to amounts charged by Bruder Consulting & Venture Group to third parties. No other compensation has been paid to the key management in 2023 and 2022.

## 29. Events occurring after the reporting period

The Group has no significant events after the reporting period and up to the date of this report.

# Report of the statutory auditor

## to the General Meeting of Kuros Biosciences AG

## Schlieren

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of Kuros Biosciences AG and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2023, the consolidated balance sheet as at 31 December 2023, the consolidated statement of cash flows, the consolidated statement of change in shareholders' equity, and notes to the consolidated financial statements for the year then ended, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 50 to 103) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

### Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Our audit approach

#### Overview


Overall Group materiality: CHF 540'000

We concluded full scope audit work at one reporting unit in Switzerland, one reporting unit in the Netherlands and on reporting unit in the United States of America. Our audit scope addressed 100% of the Group's consolidated revenue and 96% of the Group's consolidated assets. In addition, specified procedures were performed on one reporting unit in Switzerland representing a further 3% of the Group's consolidated assets.

As key audit matter the following area of focus has been identified:

- Recoverability of goodwill

PricewaterhouseCoopers AG, St. Jakobs-Strasse 25, Postfach, 4002 Basel, Switzerland
Telefon: +41 58 792 51 00, www.pwc.ch

## Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

| | |
|---|---|
| **Overall Group materiality** | CHF 540'000 |
| **Benchmark applied** | Net assets |
| **Rationale for the materiality benchmark applied** | We applied the Group's net assets as benchmark because, in our view, it is the benchmark against which the financial value of the Group is commonly measured, and it is a generally accepted benchmark. |

## Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group financial statements are a consolidation of five wholly-owned Group companies and two branches located in three countries. We identified three Group companies for which, in our opinion, a full scope audit was necessary because of their size or risk characteristics. For another Group company, specified procedures on selected account balances were performed by the Group engagement team to increase audit comfort.

All subsidiaries of the Group are audited by local PwC firms. To order to exercise appropriate direction and supervision of the work of the component auditor abroad, we issued instructions to the component auditor, conducted conference calls during the various phases of the audit and furthermore obtained a memorandum of examination from our component auditor to assess the results and the impact on the Group's consolidated financial statements.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Recoverability of goodwill

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| As at 31 December 2023, the carrying value of goodwill amounted to TCHF 24'469 (34.2% of total assets).<br><br>The recoverable amount of the cash-generating units is calculated on the basis of their value in use, applying discounted cash flow models.<br><br>The recoverability of goodwill is a key audit matter based on the magnitude of the balances and the significant estimation uncertainty in the assumptions used as part of Management's impairment assessment.<br><br>Specifically, the assumptions related to timing and magnitude of future cash-flows, the determination of the respective discount rate and the growth rate require a significant level of judgement by Management.<br><br>Refer to Note 1 'General information', Note 3 'Critical accounting estimates and judgements', Note 13 'Goodwill and intangible assets' and Note 14 'Impairment test of goodwill'. | We assessed whether the cash-generating units (CGUs) as identified by Management are appropriate.<br><br>With the involvement of our internal valuation experts, we assessed the methodology used by Management to perform the impairment test in accordance with the provisions of IAS 36 and challenged and evaluated Management's value in use calculation for the respective CGUs.<br><br>This included an assessment of the appropriateness of the model used, as well as challenging the key assumptions made by Management.<br><br>• We evaluated the reasonableness of the discount rates, as determined by Management, by assessing the cost of capital for the Group and comparable organizations, as well as considering industry and territory specific factors.<br><br>• We evaluated the reasonableness of the growth rate, as determined by Management, by assessing the long-term inflation rate applicable for the respective CGUs.<br><br>• We challenged Management's cash flow assumptions and the probability-weightings applied to such cash-flows by ensuring consistency based on other internal forward-looking documentation available and by verifying the consistency of the assumptions with the Group's current commercialization plans.<br><br>• We evaluated the planning accuracy of Management's forecast model by performing look-back procedures and ensured the consistency of Management's cash-flow assumptions by comparing them to the Group's business plan as approved by the Board of Directors.<br><br>We further performed independent sensitivity analyses around the key assumptions to ascertain the extent of changes in those assumptions that either individually or collectively would be required for the goodwill to be impaired.<br><br>As a result of our procedures, we determined that the conclusion reached by Management with regard to the recoverability of the carrying amount of goodwill is reasonable and supportable. |

## Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERT-suisse's website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

## Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Thomas Ebinger

Licensed audit expert
Auditor in charge

Alexandra Wittwer

Licensed audit expert

Basel, 12 March 2024

# Statutory Financial Statements *2023*



Kuros Biosciences

## *Income statement*

| in TCHF, year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Revenue from collaborations | 2 | — | 4,721 |
| Other income | 3 | 1,269 | 1,198 |
| **Income** | | **1,269** | **5,919** |
| Research and development expense | | (94) | (91) |
| Employee expense | 4 | (1,829) | (1,996) |
| Other operating expense | 5 | (2,571) | (2,087) |
| Depreciation to fixed assets and valuation adjustments to investment and intercompany loan | 6 | (28,774) | (93) |
| **Net operating costs** | | **(33,268)** | **(4,267)** |
| **Operating (loss)/ gain** | | **(31,999)** | **1,652** |
| Finance income | 7 | 3,986 | 1,299 |
| Finance expense | 7 | (2,994) | (3,929) |
| **Loss before taxes** | | **(31,007)** | **(978)** |
| Direct taxes | | (50) | (51) |
| **Net loss** | | **(31,057)** | **(1,029)** |

## *Balance sheet*

| in TCHF, December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Cash and cash equivalents | | 4,457 | 17,807 |
| Other current receivables – third parties | | 191 | 105 |
| Prepayments | | 103 | 196 |
| **Total current assets** | | **4,751** | **18,108** |
| | | | |
| Intercompany loans - subsidiaries | 8 | 36,301 | 31,547 |
| Investments | 9 | 2,105 | 25,867 |
| Property and equipment | | 4 | 8 |
| Intangible Assets | | 24 | 62 |
| **Total non-current assets** | | **38,434** | **57,484** |
| **Total assets** | | **43,185** | **75,592** |
| | | | |
| Trade payables – third parties | | 155 | 197 |
| Other payables – third parties | | 263 | 81 |
| Other payables – subsidiaries | 10 | 266 | 41 |
| Accrued expenses | 11 | 1,002 | 996 |
| Provisions | 12 | – | 101 |
| Financial liabilities from collaborations | 13 | 3,692 | 5,812 |
| **Total current liabilities** | | **5,377** | **7,228** |
| | | | |
| Non-current liabilities – third parties | 14 | 80 | 80 |
| **Total non-current liabilities** | | **80** | **80** |
| | | | |
| Share capital | 15 | 3,678 | 3,656 |
| Legal reserves: | | | |
| – Capital contribution reserve | 16 | 100,565 | 100,086 |
| – Other legal reserves | | 1,828 | 51,996 |
| Treasury shares | 17 | (17) | (17) |
| Accumulated loss: | | | |
| – Brought forward | | (37,270) | (86,409) |
| – Loss for the year | | (31,057) | (1,029) |
| **Total shareholders' equity** | | **37,728** | **68,284** |
| **Total liabilities and shareholders' equity** | | **43,185** | **75,592** |

# Notes to the statutory financial statements

## 1. Accounting principles applied in the preparation of the financial statements

Kuros Biosciences AG, Schlieren, Switzerland (the "Company") is the parent company of the Group. Its stand-alone financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations ("CO"). As Kuros Biosciences AG has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to forego presenting additional information on interest bearing liabilities and audit fees in the Notes as well as a cash flow statement in accordance with the law (Art. 961d Para. 1 CO).

Group companies are all companies which are directly or indirectly controlled by the Company.

### Uncertainties and ability to continue operations

The Company is subject to various risks and uncertainties, including, but not limited to the time of achieving sustainable profitability and the uncertainty of the discovery, development, and commercialization of product candidates, which includes uncertainty of the outcome of clinical trials and significant regulatory approval requirements.

The Company has incurred net operating losses in most fiscal periods since its inception and anticipates that it will continue to incur substantial operating losses for the foreseeable future. The Company may never achieve or sustain profitability.

The Company expects that it will incur significant operating losses in the foreseeable future, primarily due to the Group's continuing pre-clinical and clinical development programs, as well as the commercialization of the Group's product candidates.

To become and remain profitable, the Company, or its partners, must succeed in financing the development of the Group's product candidates, increasing marketing and sales capabilities, obtaining regulatory approvals and manufacturing, marketing and selling the products for which it or its partners may obtain regulatory approval. The Company, or its partners, may not succeed in these activities, and the Company may never generate revenues from product sales that are significant enough to achieve profitability. Even if the Company achieves profitability, it may not be able to sustain profitability in subsequent periods. The Company's failure to become or remain profitable could have a material adverse effect on the Company's business, financial condition, results of operations and prospects, as well as its share price.

The cash flows, if any, from the Company's operations, will not be sufficient to fund the Company's anticipated expenditures and working capital requirements in the foreseeable future. Therefore, the Company will have to rely on the availability of additional funding.

No assurance can be given that the Company can obtain sufficient funding when needed. The Company's ability to raise additional funds will depend on financial, economic, and other factors, many of which are beyond the Company's control. If the Company fails to obtain additional funds and on acceptable terms, or at all when needed, it may have to delay, reduce, or terminate certain research and development programs or the production and commercialization of certain products. In addition, the Company's shareholders may have to accept equity financing terms which may significantly dilute their participation.

Any such event could have a material adverse effect on the Company's business, financial condition, results of operations and prospects, as well as its share price.

In the past years, the Company has financed its activities primarily by cash originating from (i) revenue from product sales, (ii) milestone payments, (iii) proceeds from dilutive equity financing, non-dilutive financings and debt financings as

well as (iv) cash from collaborations. Except for revenue from product sales, none of these cash resources can be considered recurring. The Company is increasing sales from its current product pipeline, which could provide a more sustained source of cash. Current plans project sufficient cash resources to pursue a limited number of projects and programs. Although the Company can adjust spending according to available financial means, future capital increases may be needed to sustain operations at current levels.

The product pipeline of both synthetic and drug-based bone graft substitutes could provide commercial opportunities in attractive markets. Kuros' lead synthetic product is MagnetOs, a novel surface structured orthobiologic. The drug based orthobiologic product candidates are KUR-111, KUR-112, KUR-113. Both KUR-111 and KUR-113 have been successfully tested in Phase 2b clinical trials in trauma indications. The Group is conducting a randomized and non-randomized controlled Phase 2a clinical trial for KUR-113 in spinal indications in the US. Based on the interim analysis in the randomized part of the study and the excellent results obtained with MagnetOs clinically, Kuros has decided not to proceed to phase 3 with this program. Kuros proceeds with KUR-113 Phase 2a study until the full study results are available.

Kuros licensed its product candidate CYT003, and the related VLP technology, to Checkmate Pharmaceuticals, Cambridge, MA, USA under a 2015 license agreement. Checkmate is investigating CMP-001, now known as vidutolimod, an advanced generation Toll-like receptor 9 (TLR9) agonist, delivered as a biologic virus-like particle utilizing a CpG-A oligodeoxynucleotide as a key component, across multiple tumor types in combination with several checkpoint inhibitor immunotherapies. Under this license agreement Kuros is eligible for significant pre-commercial milestone payments and royalties on future sales. Checkmate conducted multiple clinical trials, including two phase 2 trials in melanoma, and these had triggered two milestone payments totaling USD 6 million (CHF 5.5 million) by Checkmate to Kuros in the first half of 2021. In July 2021, XOMA Corporation signed a Royalty Purchase Agreement with Kuros and purchased a proportion of the potential future pre-commercial milestone payments and all royalties due under this existing license agreement with Checkmate. Under the Royalty Purchase Agreement, Kuros received an initial payment of USD 7 million (CHF 6.4 million). Kuros retains the right to receive up to USD 21.3 million in pre-commercial milestones from Checkmate and is eligible to receive up to USD 142.5 million in sales milestones from XOMA.

In May 2022, Checkmate Pharmaceuticals announced the completion of acquisition by Regeneron Pharmaceuticals. Due to the completion of this acquisition, Kuros has received a change of control milestone payment of USD 5 million (CHF 4.7 million) and has paid half of the milestone payment to XOMA according to the Royalty Purchase Agreement. Following the acquisition of Checkmate, Regeneron has closed the enrollment in the ongoing phase 2 and phase 2/3 study in melanoma, while continuing the enrollment of patients in the phase 2 study investigating CMP-001 in combination with Cemiplimab with advanced cancer or metastatic cancer in selected types of cancer.

Taking into consideration cash and cash equivalents on the balance sheet as well as the respective cash burn in combination with the product pipeline outlook and the results of the clinical trials, the Board and the Executive Committee believe that it is appropriate to prepare these financial statements on a going concern basis.

### Trade receivables and other current receivables

Trade receivables and other current receivables are carried at their nominal value. Impairment charges from uncollectible or non-performing trade receivables are calculated on an individual basis.

### Investments

Investments are initially recognized at cost. Investments in subsidiaries are assessed annually and adjusted to their recoverable amount.

### Provisions

Provisions recognized at cost, when the occurrence is more likely than not and the costs are projectable.

### Financial liabilities from collaborations

Financial liabilities from collaborations are recognized at nominal value at date of the closing of the purchase agreement with XOMA Corporation. The nominal value is denominated in USD. Subsequently the liabilities are measured to the nominal value of expected cash-outflow.

### Treasury shares

Own shares (treasury shares) are recognized at cost. Any gains or losses upon disposal are recognized in equity. Own shares directly held by the Company are deducted from equity.

### Revenue recognition

Revenues under collaborative long-term research and development agreements, i.e. royalties/licenses and technology transfer fees are recognized when earned based upon the substance of the relevant agreements or on the basis of the progress of the project in accordance with the percentage of completion method, respectively. For revenue arrangements with separately identifiable components the revenue recognition criteria are applied separately. The consideration received is allocated among the separate components based on their respective fair values and the applicable revenue recognition criteria are applied to each of the separate components.

### Foreign currencies

Monetary and non-monetary items in foreign currency are translated into Swiss francs at the following exchange rates:

| | 2023 Income statement | Balance sheet as of December 31, 2023 | 2022 Income statement | Balance sheet as of December 31, 2022 |
|---|---|---|---|---|
| EUR | 0.98568 | 0.94237 | 1.02095 | 0.99384 |
| USD | 0.91463 | 0.85133 | 0.96304 | 0.93253 |
| GBP | 1.13253 | 1.08401 | 1.20095 | 1,12373 |

The exchange rates used for balance sheet items are the rates prevailing on December 31, 2023. The exchange rates used for transactions conducted during the year and for items in the income statement are average rates for the financial year.

## 2. Revenue from collaborations

In 2023, the Company did not have any revenue from collaboration. In 2022, the Company recognized revenues from collaborations of 4,721 TCHF originated from the licensing agreement with Checkmate Pharmaceuticals.

## 3. Other income

| in TCHF, December 31 | 2023 | 2022 |
|---|---|---|
| Reimbursement of intragroup services | 1,171 | 1,094 |
| Fees of collaboration agreements | 92 | 102 |
| Others | 6 | 2 |
| **Total** | **1,269** | **1,198** |

In 2023 and 2022, the Company was reimbursed for intragroup services.

## 4. Employees

As of December 31, 2023, the Company employed 5 employees (2022: 6).

## 5. Other operating expense

| in TCHF, December 31 | 2023 | 2022 |
|---|---|---|
| Administration and legal fees | (1,510) | (1,177) |
| Insurances, public charges | (230) | (168) |
| Marketing expenses | (268) | (351) |
| Rental expenses | (71) | (71) |
| Other expenses | (492) | (320) |
| **Total** | **(2,571)** | **(2,087)** |

## 6. Depreciation to fixed assets and valuation adjustments to investment and intercompany loan

| in TCHF, December 31 | 2023 | 2022 |
|---|---|---|
| Impairment of investment in subsidiary | (23,761) | — |
| Impairment of intercompany loan | (4,959) | — |
| Depreciation to fixed assets | (54) | (93) |
| **Total** | **(28,774)** | **(93)** |

In 2023, the Company fully impaired its investment in a wholly-owned subsidiary, Kuros Biosurgery AG, and its intercompany loan from Kuros Biosurgery AG following the Group's decision of not to proceed to phase 3 of the drug based orthobiologic product candidates KUR-113 in spinal indications.

## 7. Financial result

In 2023, the contingent settlement liability was remeasured as a result of a reassessment of the probability rates to reach the pre-commercial milestone triggering events in relation to the Checkmate Licensing Agreement. A corresponding timing effect is also recognized. This resulted in a finance income of TCHF 1,931.

In 2022, due to the milestone paid to XOMA of CHF 2.4 million, the contingent settlement liability was remeasured which resulted in a finance expense of TCHF 1,636.

The remaining financial results mainly comprised of exchange results from currency fluctuations in cash and cash equivalents and long-term interest-bearing receivables, and interest income from bank deposits and long-term interest-bearing receivables.

## 8. Intercompany loans - subsidiaries

| in TCHF, December 31 | 2023 | 2022 |
|---|---|---|
| Kuros Biosciences B.V. | 31,977 | 23,183 |
| Kuros Biosciences USA, Inc. | 4,324 | 4,172 |
| Kuros Biosurgery AG | — | 4,192 |
| **Total** | **36,301** | **31,547** |

### Kuros Biosciences B.V.

In 2018, the Company entered into a loan contract with Kuros Biosciences B.V. Additions in 2023 (mainly attributable to receivables) amounted to TCHF 8,794 (2022: TCHF 5,325). Repayments in 2023 amounted to TCHF 0 (2022: TCHF 363).

### Kuros Biosciences USA, Inc.

In 2020, the Company entered into a loan contract with Kuros Biosciences USA, Inc.,. Additions in 2023 (mainly attributable to receivables) amounted to TCHF 227 (2022: TCHF 1,683). Repayments in 2023 amounted to TCHF 76 (2022: TCHF 60).

### Kuros Biosurgery AG

In 2021, the Company entered into a subordinated loan contract with Kuros Biosurgery AG. Additions in 2023 amounted to TCHF 767 (2022: TCHF3,321). In 2023, the Company fully impaired its intercompany loan from Kuros Biosurgery AG following the Group's decision of not to proceed to phase 3 of the drug based orthobiologic product candidates KUR-113 in spinal indications.

## 9. Investments and branches

Investments of Kuros Biosciences AG:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| **Kuros Biosurgery AG, Schlieren, Switzerland**[1] | | |
| Purpose: Provider of research and development services | | |
| Share capital (TCHF) | 435 | 435 |
| Shareholding (%) | 100 | 100 |
| **Kuros Biosciences B.V., Bilthoven, The Netherlands** | | |
| Purpose: Provider of research and development services | | |
| Share capital (TEUR) | 18 | 18 |
| Shareholding (%) | 100 | 100 |
| **RevisiOs B.V., Bilthoven, The Netherlands** | | |
| Purpose: Provider of research and development services | | |
| Share capital (TEUR) | 22 | 22 |
| Shareholding (%) | 100 | 100 |
| **Kuros Biosciences USA, Inc., Boston (MA), United States of America** | | |
| Purpose: Commercialization of Products | | |
| Share capital (TUSD) | 1 | 1 |
| Shareholding (%) | 100 | 100 |

[1] In 2023, the Company fully impaired its investment in Kuros Biosurgery AG following the Group's decision of not to proceed to phase 3 of the drug based orthobiologic product candidates KUR-113 in spinal indications.

**Branches of Kuros Biosciences AG**:

| Name of entity | Place of business | Ownership held | |
|---|---|---|---|
| | | 2023 | 2022 |
| Kuros US LLC | Delaware, United States | 100% | 100% |
| Kuros US Royalty Fund (US) LLC | Delaware, United States | 100% | 100% |

In 2021, Kuros Royalty Parent, LLC and Kuros US Royalty Fund (US) LLC were incorporated for the special purpose of the royalty purchase agreement with XOMA Corporation. Kuros Royalty Parent, LLC is the sole owner of patents CYT003 which are part of the license agreement with Checkmate Pharmaceuticals. Kuros Royalty Parent, LLC is the sole owner and transfer (as a contribution in kind) the right to receive all future license payments under the license agreement with Checkmate Pharmaceuticals to Kuros US Royalty Fund (US) LLC. Both companies are reported in the manner of branch accounting within the statutory financial reporting of Kuros Biosciences AG. Kuros Biosciences AG does not hold shareholdings, as these companies are registered as partnerships.

## 10. Other accounts payable – subsidiaries

The Company entered into a services agreement with Kuros Biosciences B.V. The payable of TCHF 212 as of December 31, 2023 (2022: TCHF 16) represents the amount due for services provided by Kuros Biosciences B.V. to Kuros Biosciences AG during the financial year. In Addition, the Company has payables to Kuros Biosciences USA, Inc for rendered services as of December 31, 2023 of total TCHF 54 (2022: 25 TCHF).

## 11. Accrued expenses

| in TCHF | 2023 | 2022 |
|---|---|---|
| Accrued payroll and bonuses | 344 | 432 |
| Other | 658 | 564 |
| **As of December 31** | **1,002** | **996** |

Other accrued expenses mainly included costs of services, and legal, accounting and consulting fees accrued as of December 31, 2023 (2022: costs of services, and legal, accounting and consulting fees).

## 12. Provisions

Due to organizational changes in 2022, Kuros recognized a provision of TCHF 71 relating to personnel expenses and TCHF 30 for other items.

In 2023, Kuros decreased the provision with regards to organizational changes, as the changes were settled to a significant part with the respective parties.

## 13. Financial liabilities from collaborations

The contingent settlement liability represents XOMA's entitlement to future pre-commercial milestones due from the Licensing Agreement with Checkmate Pharmaceuticals. XOMA obtained this entitlement from an initial payment in July 2021 under the Royalty Purchase Agreement.

The initial fair value of the liability represents XOMA's share of future pre-commercial milestones which is measured based on a contractually agreed pre-commercial milestones due from Checkmate under the Checkmate Licensing Agreement. The fair value of the liability is primarily determined based on the probability assumption to reach the events triggering milestone payments. Probability rates of 27.4% to 29.8% (2022: 25.0% to 30.7%) were applied to determine the fair value of the financial liabilities from collaborations. The probability to reach the pre-commercial milestone triggering events has been updated compared to the previous reporting period because Regeneron has closed the enrollment in the ongoing phase 2 and phase 2/3 study in melanoma while continuing the enrollment of patients in the phase 2 study investigating CMP-001 in combination with Cemiplimab with advanced cancer or metastatic cancer in selected types of cancer following the acquisition of Checkmate by Regeneron. Furthermore, a corresponding timing effect has been recognized given the decision by Regeneron. As a result of the remeasurement of fair value of the liability, a finance income of TCHF 1,931 is recognized in 2023.

## 14. Non-current liabilities

The position consists of liabilities arising due to the company's long-term incentive plan, for members of the executive team and employees. Costs incurred in 2023 amounted to TCHF 80 (2022: CHF 80).

## 15. Capital increase

In 2023, 222,753 options granted to employees of the Company and the Group were exercised. As a result, the nominal share capital of Kuros increased from CHF 3,656,137.80 to CHF 3,678,413.10 and is divided into 36,784,131 registered common shares with a par value of CHF 0.10 each.

In September 2022, Kuros completed a CHF 6.0 million capital increase through a private placement of 3,750,000 new shares of Kuros with a par value of CHF 0.10 each. The new shares have been placed at a price of CHF 1.60 each, including nominal value and share premium (the "Subscription Price"). The Subscription Price represents a discount of 10.1% on the closing market price, respectively 5.6% on the 14 days VWAP (Volume Weighted Average Price) of the Company's shares on SIX Swiss Exchange on the last trading day preceding the closing date of the Offering, i.e. CHF 1.78 (market price), respectively 1.69 CHF (14 days VWAP) on September 14, 2022.

As a result of the share capital increase, the nominal share capital of Kuros increased from CHF 3,281,137.80 to CHF 3,656,137.80 and is divided into 36,561,378 registered common shares with a par value of CHF 0.10 each as of December 31, 2022 .

## 16. Capital contribution and other legal reserves

The Swiss federal tax department confirmed a capital contribution reserve of TCHF 94,521 in accordance with Art. 5 of Swiss Withholding Tax (WHTA) as of .December 31, 2021 The contributions or redemptions for 2022 and 2023 are not yet confirmed by WHTA.

| Capital contribution reserve | in TCHF |
|---|---|
| Starting Balance January 1, 2022 | 94,521 |
| Contributions/(Redemptions) in 2022 | 5,565 |
| **Ending Balance December 31, 2022** | **100,086** |
| Contributions/(Redemptions) in 2023 | 479 |
| **Ending Balance December 31, 2023** | **100,565** |

## 17. Treasury shares

As of December 31, 2023 and December 31, 2022, the Group holds 17,244 units of treasury share at the weighted average purchase price of CHF 1.00, which amounted to TCHF 17. These treasury shares were created in February 2018.

## 18. Authorized and conditional capital

| in TCHF, as of | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Authorized capital with a nominal value of | — | 90 |
| Conditional capital with a nominal value of | 616 | 490 |

## 19. Main shareholders

According to disclosure notifications filed with the Company to the SIX, the following Shareholders hold more than 3% of the share capital of the Company as of December 31, 2023.

| Name | Shareholding / Purchase Positions* |
|---|---|
| Optiverder BV, Delft, The Netherlands | 25.6 % |
| Pegasus Global Opportunity Fund, Ltd. | 4.8 % |
| Joost D. de Bruijn, Amersfoort, The Netherlands | 3.2 % |

* The shareholdings or purchase positions indicated in this table correspond to the amounts as disclosed on the SIX website as of December 31, 2023. Information on disclosure notifications during the year under review, concerning significant shareholders and financial instruments may be found on the SIX website on: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

According to disclosure notifications filed with the Company to the SIX, the following Shareholders hold more than 3% of the share capital of the Company as of December 31, 2022.

| Name | Shareholding / Purchase Positions* |
|---|---|
| Optiverder BV, Delft, The Netherlands | 22.7 % |
| CS (CH Small Cap Switzerland Equity Fund), Zurich, Switzerland | 10.0 % |
| Pegasus Global Opportunity Fund, Ltd. | 4.9 % |
| Banque Pictet & Cie SA, Geneva, Switzerland | 4.3 % |
| Aldabra B.V., Amersfoort , The Netherlands | 4.0 % |

* The shareholdings or purchase positions indicated in this table correspond to the amounts as disclosed on the SIX website as of December 31, 2021. Information on disclosure notifications during the year under review, concerning significant shareholders and financial instruments may be found on the SIX website on: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

## 20. Shares held by and options and RSUs granted to Board of Directors and Executive Committee

Options and shares held as of December 31, 2023

| As of December 31, 2023 | Shares held | Options granted* | Options expiring | | |
|---|---|---|---|---|---|
| | | | 2024 | 2025 | 2026 or later |
| Clemens van Blitterswijk [2]<br>Chairman of the Board | – | 6,750 | 3,375 | 3,375 | – |
| Scott Bruder<br>Board Member | – | 4,750 | 2,375 | 2,375 | – |
| Oliver Walker<br>Board Member | – | 4,750 | 2,375 | 2,375 | – |
| Joost de Bruijn<br>Executive Director and President, Innovation & Strategy and Board Member | 1,160,106[1] | 393,526 | 24,000 | 100,000 | 269,526 |
| Chris Fair<br>Chief Executive Officer | – | 573,774 | – | – | 573,774 |
| Daniel Geiger<br>Chief Financial Officer | – | 81,661 | – | – | 81,661 |
| Sjoerd Musters<br>Chief Operating Officer | – | 43,792 | – | – | 43,792 |

* Options that have been granted and not expired as of December 31, 2023

[1] For details please refer to: https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#/shareholder-details/TAL1M000B4

[2] The person's shareholdings are below the reportable amount of the SIX and therefore undisclosed. For information on significant shareholdings please refer to: https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#/

RSUs held as of December 31, 2023

| As of December 31, 2023 | RSUs granted* | RSUs expiring 2024 | 2025 | 2026 or later |
|---|---|---|---|---|
| Clemens van Blitterswijk<br>Chairman of the Board | 10,667 | – | – | 10,667 |
| Scott Bruder<br>Board Member | 6,667 | – | – | 66,667 |
| Oliver Walker<br>Board Member | 6,667 | – | – | 66,667 |
| Joost de Bruijn<br>Executive Director and President, Innovation & Strategy and Board Member | 152,198 | – | – | 152,198 |
| Chris Fair<br>Chief Executive Officer | 143,234 | – | – | 143,234 |
| Daniel Geiger<br>Chief Financial Officer | 36,667 | – | – | 36,667 |
| Sjoerd Musters<br>Chief Operating Officer | 8,960 | – | – | 8,960 |

* RSUs that have been granted and not expired as of December 31, 2023

## Options and shares held as of December 31, 2022

| As of December 31, 2022 | Shares held | Options granted* | Options expiring 2023 | 2024 | 2025 or later |
|---|---|---|---|---|---|
| Leanna Caron<br>Board Member | – | 7,125 | 2,375 | 2,375 | 2,375 |
| Clemens van Blitterswijk [2]<br>Chairman of the Board | – | 12,125 | 3,375 | 3,375 | 3,375 |
| Scott Bruder<br>Board Member | – | 7,125 | 2,375 | 2,375 | 2,375 |
| Chris Fair<br>Chief Operating Officer | – | 61,335 | – | – | 61,335 |
| Oliver Walker<br>Board Member | – | 7,125 | 2,375 | 2,375 | 2,375 |
| Michael Grau<br>Chief Financial Officer | – | 215,988 | 101,768 | 23,998 | 90,222 |
| Joost de Bruijn<br>Chief Executive Officer and Board Member | 1,160,106[1] | 223,316 | 11,000 | 29,867 | 182,449 |

* Options that have been granted and not expired as of December 31, 2022
[1] For details please refer to: https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#/shareholder-details/TAL1M000B4
[2] The persons shareholdings are below the reportable amount of the SIX and therefore undisclosed. For information on significant shareholdings please refer to: https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#/

## RSUs held as of December 31, 2022

| As of December 31, 2022 | RSUs granted* | RSUs expiring 2023 | 2024 | 2025 or later |
|---|---|---|---|---|
| Leanna Caron<br>Board Member | – | – | – | – |
| Clemens van Blitterswijk<br>Chairman of the Board | – | – | – | – |
| Scott Bruder<br>Board Member | – | – | – | – |
| Chris Fair<br>Chief Operating Officer | 34,563 | – | – | 34,563 |
| Oliver Walker<br>Board Member | – | – | – | – |
| Michael Grau<br>Chief Financial Officer | 22,665 | – | – | 22,665 |
| Joost de Bruijn<br>Chief Executive Officer and Board Member | 46,461 | – | – | 46,461 |

* RSU's that have been granted and not expired as of December 31, 2022

## 21. Pledged assets

| in TCHF, as of | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash and cash equivalents (security for credit card liabilities) | 80 | 80 |
| **Total** | **80** | **80** |

## 22. Lease commitments not recorded in the balance sheet

| in TCHF, as of | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Rent and leasing | 6 | 6 |

## 23. Contingencies

XOMA Royalty Purchase Agreement

Pursuant to the Royalty Purchase Agreement with XOMA Corporation, the Company has to transfer up to USD 22.7 million to XOMA Corporation upon the receipt of potential future milestone, amounting up to USD 44 million.

## 24. Pension liabilities

As of December 31, 2023, the pension liabilities amount to CHF nil (2022: TCHF nil).

## 25. Events after balance sheet date

The Company has no significant events after the reporting period and up to the date of this report.

## *Appropriation of the accumulated losses*

The Board of Directors proposes to the Annual General Meeting to carry forward accumulated losses as follows:

| in CHF | |
|---|---|
| Accumulated loss brought forward from previous year | 37,269,880.27 |
| Net loss of the year 2023 | 31,056,826.57 |
| Attribution from other legal reserves | (1,828,068.90) |
| **Accumulated loss at the end of the period** | **66,498,637.94** |
| | |
| **Accumulated loss to be carried forward** | **66,498,637.94** |

# Report of the statutory auditor

## to the General Meeting of Kuros Biosciences AG

## Schlieren

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Kuros Biosciences AG (the Company), which comprise the income statement for the year ended 31 December 2023, and the balance sheet as at 31 December 2023, and notes to the statutory financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 108 to 124) comply with Swiss law and the Company's articles of incorporation.

### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Our audit approach

#### Overview


Overall materiality: CHF 370'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

- Valuation of Investments in subsidiaries and long-term interest-bearing receivables due from subsidiaries

## Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

| | |
|---|---|
| **Overall materiality** | CHF 370'000 |
| **Benchmark applied** | Net assets |
| **Rationale for the materiality benchmark applied** | We applied net assets as the benchmark because it is a relevant and generally accepted measure for materiality considerations relating to a holding company. |

## Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of investments in subsidiaries and long-term interest-bearing receivables due from subsidiaries

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| As at 31 December 2023, investments in subsidiaries and long-term interest-bearing receivables due from subsidiaries of Kuros Biosciences AG amount to TCHF 2'105 (0.1% of total assets) and TCHF 36'301 (84.1% of total assets) respectively.<br><br>Due to the significance of these assets in the financial statements and because of the significant estimation uncertainty involved in the valuation of these investments and receivables, we consider the impairment assessment of the investments in subsidiaries and the long-term interest-bearing receivables due from subsidiaries as a key audit matter.<br><br>Please refer to Note 1 – Accounting principles applied in the preparation of the financial statements, Note 8 – Intercompany loans – subsidiaries and Note 9 – Investments and branches. | We tested how Management developed the estimate by performing detailed procedures over Managements' valuation of investments and long-term interest-bearing receivables due from subsidiaries, which include the following:<br><br>With involvement of internal valuation experts, we challenged and evaluated Management's value in use calculation which was the basis to support the carrying value of the investments and long-term interest-bearing receivables due from subsidiaries as of 31 December 2023.<br><br>This included an assessment of the appropriateness of the model used, as well as challenging of the key assumptions made by Management, such as the discount rate and the cash-flow forecasts.<br><br>• We evaluated the reasonableness of the discount rate, by assessing the cost of capital for the company and |

comparable organizations, as well as considering territory and industry specific factors.

- We challenged Management's cash flow assumptions applied to such cash-flows by ensuring consistency with other internal forward-looking documentation and evaluated the planning accuracy of Management's forecast model by performing look-back procedures.

We further performed independent sensitivity analyses around the key assumptions to ascertain the extent of change in those assumptions that either individually or collectively would be required for the investments in subsidiaries and long-term interest-bearing receivables due from subsidiaries to be impaired.

As a result of our procedures, as discussed with the Audit Committee and the Board of Directors, we determined that the conclusions reached by Management with regards to the valuation of investments in subsidiaries and long-term interest-bearing receivables due from subsidiaries are reasonable and supportable.

## Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

## Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

We further confirm that the proposed carry forward of the accumulated losses complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Thomas Ebinger
Licensed audit expert
Auditor in charge

Alexandra Wittwer
Licensed audit expert

Basel, 12 March 2024

## *Legal Disclaimer / Forward-looking Statements*

This Annual Report contains statements that constitute "forward-looking statements", including but not limited to, statements relating to research and development plans, planned regulatory approvals, research collaborations, and estimates and projections of future trends, as well as the anticipated future development and economic performance of the group and/or its subsidiaries (together "the Group"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual future results, performance or achievement of the Group, or industry results, to differ materially from any future results, performance or achievement implied by such forward-looking statements. The forward-looking statements are based on the information available to the Group on the date of this Annual Report and on the Group's current beliefs, forecasts, and assumptions regarding a large number of factors affecting its business. Such beliefs and assumptions are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Group. There can be no assurance that: (i) the Group has correctly measured or identified all the factors affecting its business or the extent of their likely impact, (ii) the publicly available information with respect to these factors on which the Group's analysis is based is complete or accurate, (iii) the Group's analysis is correct or (iv) the Group's strategy, which is based in part on this analysis, will be successful. Factors that affect the Group's business include, but are not limited to, (i) general market, governmental and regulatory trends, (ii) competitive pressures, (iii) technological developments, (iv) effectiveness and safety of the Group's technology and therapeutics, (v) uncertainty regarding outcome of clinical trials and regulatory approval processes, (vi) management changes, (vii) changes in the market in which the Group operates and (viii) changes in the financial position or credit-worthiness of the Group's customers and partners. The Group assumes no liability to update forward-looking statements or to conform them to future events or developments.

Concept, content and published by:

Kuros Biosciences AG
Wagistrasse 25,
8952 Schlieren,

Zürich

Switzerland

kurosbio.com




Kuros Biosciences