EDISON

Kinarus Therapeutics

KINETIC study discontinued

Clinical trial update

Pharma and biotech

Kinarus reported on 30 September that it has discontinued the Phase II KINETIC study of lead candidate KIN001 in hospitalised COVID-19 patients following the recommendation of the study's Data and Safety Monitoring Board (DSMB) at a pre-specified interim analysis. The company is continuing the KINFAST Phase II study, which started in August, because management believes that KIN001's multi-faceted mechanism of action (anti-inflammatory, anti-fibrotic and anti-viral against COVID-19) may still provide benefit in patients with earlier stages of COVID-19, which ultimately reflects a much larger target population (than the hospitalized group studied in KINETIC). Importantly, the company reiterates that the KINETIC result will not alter its development strategy to advance KIN001 for lead indication wet age-related macular degeneration (wet AMD) and for idiopathic pulmonary fibrosis (IPF), as discussed in our initiation report.

Year end	Revenue (CHFm)	PBT (CHFm)	EPS (CHF)	DPS (CHF)	P/E (x)	Yield (%)
12/20	0.0	(1.5)	(0.31)	0.00	N/A	N/A
12/21	0.0	(4.9)	(0.00)	0.00	N/A	N/A

Note: 2020 accounts reflect statements of privately held Kinarus AG and 2021 statements represent pro forma financials of Kinarus Therapeutics AG following the reverse merger transaction with Perfect Holding.

KIN001 maintained a favourable safety profile throughout the KINETIC study. However, given the complex pathophysiology involving hospitalised COVID-19 patients (where multiple well-entrenched inflammatory and fibrotic factors affect outcomes in addition to viral replication) and evolution in the current treatment landscape, the DSMB determined that there was a low probability that KIN001 could show a statistically significant effect on efficacy parameters. The rationale for continuing the KINFAST study in ambulatory COVID-19 patients is supported by in vitro data that is indicative of robust antiviral efficacy of equal potency against the original SARS-CoV-2 strain and variants of concern, including Delta and Omicron. Kinarus attributes this effectiveness across multiple variants to KIN001's ability to target the human host cell pathways required for SARS-CoV-2 viral replication, rather than targeting the virus itself (which helps distinguish KIN001 from antiviral or monoclonal antibody therapies), as discussed in a recent webinar.

The majority of COVID-19 patients do not progress to hospitalisation and the purpose of KINFAST is to demonstrate a reduced time to recovery and a reduction in disease severity progression in mild to moderate symptomatic COVID-19 patients.

With an H122 operating cash burn rate of CHF1.1m and a gross cash position of CHF4.6m at 30 June 2022, Kinarus expects its current resources to fund its operations through Q123. We believe this runway can be extended by the company's recent agreement to issue up to CHF20m in convertible notes to an entity manged by Yorkville Advisors Global. Kinarus continues to explore additional financing options to support its development objectives, particularly the planned Phase II clinical trials in wet AMD and IPF.

3 October 2022

Price	**CHF0.02**
Market cap	**CHF22m**
Net cash at 30 June 2022	CHF1.1m
Shares in issue	1,113m
Free float	64.4%
Code	KNRS
Primary exchange	SIX Stock Exchange
Secondary exchange	N/A

Share price performance

Business description

Based in Switzerland, Kinarus Therapeutics is a clinical-stage pharmaceutical company focused on advancing lead candidate KIN001 in inflammatory, fibrotic and/or viral infection-related conditions. KIN001 is in Phase II studies for COVID-19 and the company plans to start Phase II studies in the coming months for wet age-related macular degeneration and idiopathic pulmonary fibrosis.

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