



Surrozen Reports First Quarter 2022 Financial Results

May 11, 2022

On Track to Initiate Phase 1 Clinical Trials in Healthy Volunteers for SZN-1326 and SZN-043 in the Third Quarter of 2022

SOUTH SAN FRANCISCO, Calif., May 11, 2022 (GLOBE NEWSWIRE) -- [Surrozen, Inc.](#) ("Surrozen" or the "Company") (Nasdaq: SRZN), a company pioneering targeted therapeutics that selectively activate the Wnt pathway for tissue repair and regeneration, today reported financial results for the first quarter of 2022 and provided a corporate update.

"Surrozen remains on track to transition into a clinical-stage organization as our lead product candidates move into clinical investigation in the coming months," said Craig Parker, President and Chief Executive Officer of Surrozen. "In addition, we recently presented data on SZN-413 for the potential treatment of retinal vascular diseases at The Association for Research in Vision and Ophthalmology and data from our lead product candidates have been accepted for presentation at an upcoming medical conference."

First Quarter 2022 & Recent Highlights

Lead Product Candidates

SZN-1326 for Moderate to Severe Ulcerative Colitis and SZN-043 for Severe Alcoholic Hepatitis

SZN-1326 is the first development candidate designed using Surrozen's SWAP™ technology and targets the Wnt-signaling pathway in the intestinal epithelium. In preclinical animal models of acute and chronic colitis, SZN-1326 has been shown to activate Wnt signaling in the diseased intestine, stimulate intestinal epithelial regeneration, reduce inflammation and reduce disease activity with no treatment-related adverse effects observed in 13-week GLP toxicology evaluations in rats and non-human primates (NHPs). Surrozen is initially developing SZN-1326 for moderate to severe ulcerative colitis.

SZN-043 is the first development candidate designed using Surrozen's SWEETS™ technology. In multiple preclinical animal models of liver injury and fibrosis, SZN-043 has been shown to selectively activate Wnt signaling in the liver, stimulate transient hepatocyte proliferation, improve liver function and reduce fibrosis with no treatment-related adverse effects observed in 4-week GLP toxicology evaluations in mice and NHPs. Surrozen is developing SZN-043 for severe liver diseases, initially focusing on severe alcoholic hepatitis.

Surrozen expects to initiate separate Phase 1 clinical trials of SZN-1326 and SZN-043 in healthy volunteers in the third quarter of 2022. The Phase 1 clinical studies were posted to the Australian New Zealand Clinical Trial Registry in March 2022. Click [HERE](#) for the SZN-1326 posting and click [HERE](#) for the SZN-043 posting.

Research Pipeline

SZN-413 for Vascular-associated Retinopathies, Including Diabetic Retinopathy and Diabetic Macular Edema

SZN-413, a Fzd4 bi-specific antibody, has the potential to treat retinal vascular associated diseases including diabetic retinopathy and diabetic macular edema. Surrozen recently presented a [poster](#) supporting the potential of SZN-413 for the treatment of retinal vascular diseases at the Association for Research in Vision and Ophthalmology (ARVO) annual meeting.

Fzd4-mediated Wnt signaling is known to play a critical role in retinal vascular integrity and function. Data with Fzd4-specific Surrozen Wnt modulating tool molecules have shown that selectively activating Wnt signaling can rescue a disease phenotype in a norrin knockout model. Recent data generated with SZN-413 in preclinical models of retinopathy demonstrated that SZN-413 stimulated Wnt signaling and was able to induce normal retinal vessel regrowth while suppressing pathological vessel growth.

Lacrimal Gland

Tear-producing glands rely on Wnt signaling for maintenance of function. Restoration of gland function through activation of Wnt signaling is a potential therapeutic approach to treat dry eye. Preclinical data demonstrated that Surrozen Wnt modulating molecules stimulated Wnt signaling in the lacrimal gland and increased tear production within 2 days in a mouse IL-1a lacrimal gland injury model.

Lung

Recent discoveries of Wnt responsive progenitor cells in the lung suggest a potential role for Wnt in diseases such as Idiopathic Pulmonary Fibrosis and COPD. Preclinical data demonstrated that Surrozen Wnt modulating molecules stimulated Wnt signaling in the lungexpanded Alveolar AT2 cell organoids and reduced injury and improved fibrosis in an acute bleomycin mouse model.

About Wnt Signaling

Wnt signaling plays key roles in the control of development, homeostasis, and regeneration of many essential organs and tissues, including liver, intestine, lung, kidney, retina, central nervous system, cochlea, bone and others. Modulation of Wnt signaling pathways has potential for treatment of degenerative diseases and tissue injuries. Surrozen's platform and proprietary technologies have the potential to overcome the limitations in pursuing the Wnt pathway as a therapeutic strategy.

About Surrozen

Surrozen is a biotechnology company discovering and developing drug candidates to selectively modulate the Wnt pathway. Surrozen is developing tissue-specific antibodies designed to engage the body's existing biological repair mechanisms with potential application across multiple disease areas, including inflammatory bowel disease, hepatitis, eye diseases, hearing loss, lung and airway diseases, and certain neurological disorders. For more information, please visit [surrozen.com](#).

Financial Results for the Fourth Quarter Ended December 31, 2021

Cash Position: Cash, cash equivalents and marketable securities for the first quarter ended March 31, 2022 were \$104.3 million, compared to \$123.5 million as of December 31, 2021.

Research and Development Expenses: Research and development expenses for the first quarter ended March 31, 2022 were \$9.4 million, as compared to \$8.6 million for the same period in 2021. The increase was primarily due to the increase in employee-related costs, including stock-based compensation expenses, as a result of higher headcount in support of progressing our research and development programs towards the clinic. Research and development expenses include non-cash stock-based compensation expenses of \$0.3 million for the first quarter ended March 31, 2022, as compared to \$0.2 million for the same period in 2021.

General and Administrative Expenses: General and administrative expenses for the first quarter ended March 31, 2022 were \$5.1 million, as compared to \$4.4 million for the same period in 2021. The increase was primarily related to employee-related expenses, including stock-based compensation expenses, and insurance costs, supporting the growth in our operations and costs associated with being a public company. General and administrative expenses include non-cash stock-based compensation expenses of \$0.6 million for the first quarter ended March 31, 2022, as compared to \$0.3 million for the same period in 2021.

Other Income: Other income for the first quarter ended March 31, 2022 was \$6.5 million, as compared to zero for the same period in 2021. The increase was primarily related to the gain on the change in fair value of warrant liabilities.

Net Loss: Net loss for the first quarter ended March 31, 2022 was \$7.9 million, as compared to \$13.0 million for the same period in 2021.

Forward Looking Statements

This press release contains certain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements generally are accompanied by words such as "will," "continue," "plan," "potential," "expect," "advance," "suggest," "could," or the negative of these words and similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding Surrozen's discovery, research and development activities, in particular its development plans for its product candidates SZN-1326, SZN-043, and SZN-413, including anticipated clinical development timelines, and the potential for such product candidates to be used to treat human disease. These statements are based on various assumptions, whether or not identified in this press release, and on the current expectations of the management of Surrozen and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on as, a guarantee, an assurance, a prediction, or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of Surrozen. These forward-looking statements are subject to a number of risks and uncertainties, including the initiation, cost, timing, progress and results of research and development activities, preclinical or clinical trials with respect to SZN-1326, SZN-043, SZN-413, and potential future drug candidates; Surrozen's ability to identify, develop and commercialize drug candidates; Surrozen's ability to advance SZN-1326, SZN-043, SZN-413, or other future product candidates into, and successfully complete, preclinical studies and clinical studies; the effects of the ongoing coronavirus (COVID-19) pandemic or other infectious diseases and natural disasters on Surrozen's business; volatility in global economic, regulatory and market conditions, which may be adversely affected by the conflict between Russia and Ukraine; and those factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2021, primarily under the heading "Risk Factors," our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, and other documents Surrozen has filed, or will file, with the Securities and Exchange Commission. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that Surrozen presently does not know, or that Surrozen currently believes are immaterial, that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect Surrozen's expectations, plans, or forecasts of future events and views as of the date of this press release. Surrozen anticipates that subsequent events and developments will cause its assessments to change. However, while Surrozen may elect to update these forward-looking statements at some point in the future, Surrozen specifically disclaims any obligation to do so, except as required by law. These forward-looking statements should not be relied upon as representing Surrozen's assessments of any date subsequent to the date of this press release. Accordingly, undue reliance should not be placed upon the forward-looking statements.

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SURROZEN, INC.
Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Operating expenses:		
Research and development	\$ 9,371	\$ 8,601
General and administrative	5,122	4,430
Total operating expenses	<u>14,493</u>	<u>13,031</u>
Loss from operations	(14,493)	(13,031)
Interest income	49	9
Other income	<u>6,497</u>	<u>—</u>

Net loss	\$ (7,947)	\$ (13,022)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.23)	\$ (0.72)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	34,863	18,154

SURROZEN, INC.
Condensed Consolidated Balance Sheets
(In thousands)

	March 31, 2022	December 31, 2021⁽¹⁾
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,305	\$ 33,091
Short-term marketable securities	78,209	68,760
Prepaid expenses and other current assets	3,165	3,338
Total current assets	95,679	105,189
Property and equipment, net	4,672	4,794
Operating lease right-of-use assets	4,215	4,582
Long-term marketable securities	11,780	21,655
Restricted cash	405	405
Other assets	904	549
Total assets	\$ 117,655	\$ 137,174
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,045	\$ 2,718
Accrued and other liabilities	4,927	8,662
Lease liabilities, current portion	2,143	2,193
Total current liabilities	8,115	13,573
Lease liabilities, noncurrent portion	5,074	5,600
Warrant liabilities	1,804	8,301
Total liabilities	14,993	27,474
Stockholders' equity:		
Preferred stock	—	—
Common stock	4	4
Additional paid-in capital	253,683	252,464
Accumulated other comprehensive loss	(429)	(119)
Accumulated deficit	(150,596)	(142,649)
Total stockholders' equity	102,662	109,700
Total liabilities and stockholders' equity	\$ 117,655	\$ 137,174

(1) Derived from the audited financial statements, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.