UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to

Commission File Number: 001-38583

Crinetics Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**26-3744114**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
6055 Lusk Boulevard, San Diego, California	**92121**
(Address of principal executive offices)	**(Zip code)**

Registrant's telephone number, including area code: **(858) 450-6464**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.001 per share	CRNX	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of November 8, 2024, the registrant had 92,737,627 shares of common stock ($0.001 per share par value) outstanding.

CRINETICS PHARMACEUTICALS, INC. QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended September 30, 2024

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PART I — FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

Crinetics Pharmaceuticals, Inc.

Condensed Consolidated Balance Sheets

(in thousands, except per share data)

	September 30, 2024 (Unaudited)	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 317,269	$ 54,897
Investment securities	545,399	503,658
Prepaid expenses and other current assets	14,919	15,598
Total current assets	877,587	574,153
Property and equipment, net	11,710	10,881
Operating lease right-of-use assets	44,266	46,549
Investment in Radionetics	—	470
Restricted cash	1,300	1,300
Other assets	2,511	2,000
Total assets	$ 937,374	$ 635,353
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 18,273	$ 23,196
Accrued compensation and related expenses	26,191	14,517
Deferred revenue	1,685	2,056
Operating lease liabilities	7,413	4,173
Total current liabilities	53,562	43,942
Operating lease liabilities, non-current	45,126	47,555
Deferred revenue, non-current	5,195	4,750
Other non-current liabilities	511	—
Total liabilities	104,394	96,247
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, $0.001 par; 10,000 shares authorized; no shares issued or outstanding at September 30, 2024 or December 31, 2023	—	—
Common stock and paid-in capital, $0.001 par; 200,000 shares authorized; 80,841 shares issued and outstanding at September 30, 2024; 68,175 shares issued and outstanding at December 31, 2023	1,702,457	1,191,831
Accumulated other comprehensive income	2,038	977
Accumulated deficit	(871,515)	(653,702)
Total stockholders' equity	832,980	539,106
Total liabilities and stockholders' equity	$ 937,374	$ 635,353

See the accompanying notes to these unaudited condensed consolidated financial statements.

Crinetics Pharmaceuticals, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss

(in thousands, except per share data)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenues	$ —	$ 346	$ 1,039	$ 4,013
Operating expenses:				
Research and development	61,905	43,839	173,590	122,947
General and administrative	25,892	15,484	71,558	41,016
Total operating expenses	87,797	59,323	245,148	163,963
Loss from operations	(87,797)	(58,977)	(244,109)	(159,950)
Other income (expense):				
Interest income	11,006	2,569	27,067	6,714
Other expense, net	(37)	(53)	(301)	(199)
Total other income, net	10,969	2,516	26,766	6,515
Loss before equity method investment	(76,828)	(56,461)	(217,343)	(153,435)
Loss on equity method investment	—	(997)	(470)	(997)
Net loss	$ (76,828)	$ (57,458)	$ (217,813)	$ (154,432)
Net loss per share:				
Net loss per share - basic and diluted	$ (0.96)	$ (1.01)	$ (2.82)	$ (2.81)
Weighted average shares - basic and diluted	80,091	56,808	77,173	55,003
Other comprehensive income (loss):				
Unrealized gain on investment securities	$ 2,228	$ 840	$ 1,061	$ 3,066
Comprehensive loss	$ (74,600)	$ (56,618)	$ (216,752)	$ (151,366)

See the accompanying notes to these unaudited condensed consolidated financial statements.

Crinetics Pharmaceuticals, Inc.

Condensed Consolidated Statements of Stockholders' Equity

(in thousands)
(unaudited)

	Common Stock Shares	Common stock and Paid-In Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at July 1, 2024	79,322	$ 1,625,640	$ (190)	$ (794,687)	$ 830,763
Exercise of stock options	585	10,374	—	—	10,374
Issuance of common stock, net of $1,500 of transaction costs	929	48,296	—	—	48,296
Issuance of common stock upon vesting of restricted stock units	5	—	—	—	—
Stock-based compensation	—	18,147	—	—	18,147
Comprehensive income	—	—	2,228	—	2,228
Net loss	—	—	—	(76,828)	(76,828)
Balance at September 30, 2024	80,841	$ 1,702,457	$ 2,038	$ (871,515)	$ 832,980
Balance at January 1, 2024	68,175	$ 1,191,831	$ 977	$ (653,702)	$ 539,106
Issuance of common stock, net of $17,300 of transaction costs	10,486	427,200	—	—	427,200
Exercise of stock options	1,816	30,858	—	—	30,858
Stock issued under Employee Stock Purchase Plan	115	2,027	—	—	2,027
Issuance of common stock upon vesting of restricted stock units	249	—	—	—	—
Stock-based compensation	—	50,541	—	—	50,541
Comprehensive income	—	—	1,061	—	1,061
Net loss	—	—	—	(217,813)	(217,813)
Balance at September 30, 2024	80,841	$ 1,702,457	$ 2,038	$ (871,515)	$ 832,980
Balance on July 1, 2023	54,682	$ 791,968	$ (1,705)	$ (536,147)	$ 254,116
Issuance of common stock, net of $21,500 of transaction costs	11,442	328,501	—	—	328,501
Exercise of stock options	584	10,700	—	—	10,700
Stock-based compensation	—	11,049	—	—	11,049
Comprehensive income	—	—	840	—	840
Net loss	—	—	—	(57,458)	(57,458)
Balance on September 30, 2023	66,708	$ 1,142,218	$ (865)	$ (593,605)	$ 547,748
Balance on January 1, 2023	53,877	$ 759,432	$ (3,931)	$ (439,173)	$ 316,328
Exercise of stock options	710	12,531	—	—	12,531
Stock issued under Employee Stock Purchase Plan	75	1,123	—	—	1,123
Issuance of common stock upon vesting of restricted stock units	81	—	—	—	—
Stock-based compensation	—	29,320	—	—	29,320
Issuance of common stock, net of $21,800 of transaction costs	11,965	339,812	—	—	339,812
Comprehensive income	—	—	3,066	—	3,066
Net loss	—	—	—	(154,432)	(154,432)
Balance on September 30, 2023	66,708	$ 1,142,218	$ (865)	$ (593,605)	$ 547,748

See the accompanying notes to these unaudited condensed consolidated financial statements.

Crinetics Pharmaceuticals, Inc.

Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Nine months ended September 30,	
	2024	**2023**
Operating activities:		
Net loss	$ (217,813)	$ (154,432)
Reconciliation of net loss to net cash used in operating activities:		
Stock-based compensation	50,541	29,320
Depreciation and amortization	1,997	836
Noncash lease expense	2,283	425
Accretion of purchase discounts and amortization of premiums on investment securities, net	(10,768)	(2,687)
Loss on disposal of property and equipment	51	6
Loss on equity method investment	470	997
Noncash license revenues	—	(2,000)
Increase (decrease) in cash resulting from changes in:		
Prepaid expenses and other assets	1,830	(8,368)
Accounts payable and accrued expenses, compensation and related expenses	9,228	10,457
Deferred revenue	74	(1,535)
Operating lease liabilities	811	(811)
Net cash used in operating activities	(161,296)	(127,792)
Investing activities:		
Purchases of investment securities	(421,744)	(354,806)
Purchase of investment in Radionetics preferred stock	—	(5,000)
Maturities of investment securities	391,830	250,454
Purchases of property and equipment	(2,815)	(3,753)
Net cash used in investing activities	(32,729)	(113,105)
Financing activities:		
Proceeds from issuance of common stock, net of $17,300 (2024) and $21,800 (2023) of transaction costs	425,549	340,267
Proceeds from exercise of stock options	30,848	10,752
Net cash provided by financing activities	456,397	351,019
Net change in cash, cash equivalents and restricted cash	262,372	110,122
Cash, cash equivalents and restricted cash at beginning of period	56,197	33,973
Cash, cash equivalents and restricted cash at end of period	$ 318,569	$ 144,095
Components of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 317,269	$ 142,795
Restricted cash	1,300	1,300
Cash, cash equivalents and restricted cash at end of period	$ 318,569	$ 144,095
Noncash investing and financing activities:		
Stock issued under Employee Stock Purchase Plan	$ 2,027	$ 1,123
Stock options exercised receivable	$ 10	$ 1,779
Receivable for common stock issuances	$ 1,651	$ —
Amounts accrued for purchases of property and equipment	$ 62	$ 427
Exercise of Radionetics warrant	$ —	$ 668
Right-of-use asset obtained in exchange for lease obligation	$ —	$ 46,981
Leasehold improvements paid by the lessor	$ —	$ 2,925
Private company shares received under licensing arrangement	$ —	$ 2,000
Accrued financing costs	$ —	$ 455

See the accompanying notes to these unaudited condensed consolidated financial statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

Description of Business

Crinetics Pharmaceuticals, Inc. (the “Company”) is a clinical-stage pharmaceutical company incorporated in Delaware on November 18, 2008, and based in San Diego, California. The Company is focused on the discovery, development, and commercialization of novel therapeutics for rare endocrine diseases and endocrine-related tumors. In January 2017, the Company established a wholly-owned Australian subsidiary, Crinetics Australia Pty Ltd (“CAPL”), in order to conduct various preclinical and clinical activities for its development candidates. In September 2024, the Company established Crinetics Pharmaceuticals Europe GmbH ("CPEG"), a wholly-owned subsidiary which was formed, among other things, to conduct various clinical and pre-commercialization activities for our product candidates in Europe.

Unaudited Interim Financial Information

The accompanying interim condensed consolidated balance sheet as of September 30, 2024, the condensed consolidated statements of operations and comprehensive loss for the three and nine months ended September 30, 2024 and 2023, the condensed consolidated statements of stockholders’ equity for the three and nine months ended September 30, 2024 and 2023, and the condensed consolidated statements of cash flows for the nine months ended September 30, 2024 and 2023, and the related disclosures are unaudited. In management’s opinion, the unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company’s financial position as of September 30, 2024 and the results of its operations and cash flows for the nine months ended September 30, 2024 and 2023 in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The results for the three and nine months ended September 30, 2024 are not necessarily indicative of the results expected for the full fiscal year or any other interim period.

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2023, included in the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2024. The condensed consolidated balance sheet as of December 31, 2023, has been derived from the audited consolidated financial statements as of that date, but does not include all of the information and footnotes required by GAAP for complete financial statements.

Principles of Consolidation and Foreign Currency Transactions

The condensed consolidated financial statements include the accounts of the Company, CAPL and CPEG. All intercompany accounts and transactions have been eliminated in consolidation. The functional currency of the Company and CAPL is the U.S. dollar. Assets and liabilities that are not denominated in the functional currency are remeasured into U.S. dollars at foreign currency exchange rates in effect at the balance sheet date except for nonmonetary assets, which are remeasured at historical foreign currency exchange rates in effect at the date of transaction. Net realized and unrealized gains and losses from foreign currency transactions and remeasurement are reported in other income (expense), in the condensed consolidated statements of operations and comprehensive loss and were not material for all periods presented. Activity from CPEG was not material for the three and nine months ended September 30, 2024.

Segment Reporting

Operating segments are identified as components of an enterprise about which discrete financial information is available for evaluation by the chief operating decision-maker ("CODM") in making decisions regarding resource allocation and assessing performance. The Company views its operations and manages its business in one operating segment.

Liquidity

From inception, the Company has devoted substantially all of its efforts to drug discovery and development, and conducting preclinical studies and clinical trials. The Company has a limited operating history, and the sales and income potential of the Company’s business and market are unproven. Successful transition to attaining profitable operations is dependent upon achieving a level of revenues adequate to support the Company’s cost structure. The Company has experienced net losses and negative cash flows from operating activities since its inception and has an accumulated deficit of $871.5 million as of September 30, 2024.

As of September 30, 2024, the Company had $862.7 million in unrestricted cash, cash equivalents and investment securities, which the Company believes is sufficient to meet its funding requirements for at least the next 12 months.

The Company expects to continue to incur net losses for the foreseeable future and believes it will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company plans to continue to fund its losses from operations and capital funding needs through a combination of equity offerings, debt financings or other sources, including potential collaborations, licenses, and other similar arrangements. If the Company is not able to secure adequate additional funding, the Company may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, or

suspend or curtail planned programs. Any of these actions could materially harm the Company's business, results of operations and prospects. There can be no assurance as to the availability or terms upon which such financing and capital might be available in the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During the nine months ended September 30, 2024, there were no changes to our significant accounting policies as described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding for the period, without consideration for potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock and dilutive common stock equivalents outstanding for the period determined using the treasury-stock and if-converted methods. Dilutive common stock equivalents are comprised of common stock subject to repurchase and stock options outstanding under the Company's stock option plan. For all periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding as inclusion of the potentially dilutive securities on loss per share would be antidilutive.

Potentially dilutive securities (in common stock equivalent shares) not included in the calculation of diluted net loss per share because to do so would be anti-dilutive are as follows (*in thousands*):

	As of September 30,	
	2024	2023
Stock options	13,887	12,464
Restricted stock units	1,406	830
Employee stock purchase plan	234	257
Total	15,527	13,551

Recent Accounting Pronouncements

ASU 2023-07

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280) *Improvements to Reportable Segment Disclosures* ("Topic 280"), which modifies the disclosure and presentation requirements of reportable segments. The amendments in the update require the disclosure of significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit and loss. The amendments also require disclosure of all other segment items by reportable segment and a description of its composition. Additionally, the amendments require disclosure of the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. Lastly, the amendment requires that a public entity that has a single reportable segment provide all the disclosures required by ASU 2023-07 and all existing segment disclosures in Topic 280. This update is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact that this guidance will have on the presentation of its condensed consolidated financial statements and accompanying notes.

ASU 2023-09

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*". ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. ASU 2023-09 is effective for public entities with annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact that this guidance will have on the presentation of its condensed consolidated financial statements and accompanying notes.

3. INVESTMENT SECURITIES

The Company reports its available-for-sale investment securities at their estimated fair values. The following is a summary of the available-for-sale investment securities held by the Company as of September 30, 2024 and December 31, 2023 (*in thousands*):

	As of September 30, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Available-for-sale investment securities:				
U.S. government obligations	$ 249,469	$ 445	$ —	$ 249,914
Agency obligations	26,994	13	(5)	27,002
Certificates of deposit	245	—	—	245
Corporate debt securities	266,653	1,605	(20)	268,238
Total	$ 543,361	$ 2,063	$ (25)	$ 545,399

	As of December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Available-for-sale investment securities:				
U.S. government obligations	$ 279,577	$ 731	$ (99)	$ 280,209
Agency obligations	21,271	16	(17)	21,270
Certificates of deposit	2,450	2	(12)	2,440
Corporate debt securities	196,399	526	(170)	196,755
Commercial paper	2,984	—	—	2,984
Total	$ 502,681	$ 1,275	$ (298)	$ 503,658

As of September 30, 2024 and December 31, 2023, available-for-sale investment securities by contractual maturity were as follows (in thousands):

	As of September 30, 2024		As of December 31, 2023	
	Amortized Cost	Fair Market Value	Amortized Cost	Fair Market Value
Available-for-sale investment securities:				
Due in one year or less	$ 425,384	$ 426,280	$ 414,031	$ 414,406
Due after one year through five years	117,977	119,119	88,650	89,252
Total	$ 543,361	$ 545,399	$ 502,681	$ 503,658

The following is a summary of the available-for-sale investment securities by length of time in a net loss position as of September 30, 2024 and December 31, 2023 (*in thousands*):

	As of September 30, 2024					
	Less Than 12 Months		More Than 12 Months		Total	
	Fair Market Value	Gross Unrealized Losses	Fair Market Value	Gross Unrealized Losses	Fair Market Value	Gross Unrealized Losses
Available-for-sale investment securities:						
Agency obligations	$ 12,494	$ (5)	$ —	$ —	$ 12,494	$ (5)
Corporate debt securities	28,302	(20)	—	—	28,302	(20)
Total	$ 40,796	$ (25)	$ —	$ —	$ 40,796	$ (25)

	As of December 31, 2023					
	Less Than 12 Months		More Than 12 Months		Total	
	Fair Market Value	Gross Unrealized Losses	Fair Market Value	Gross Unrealized Losses	Fair Market Value	Gross Unrealized Losses
Available-for-sale investment securities:						
U.S. government obligations	$ 10,400	$ (11)	$ 12,374	$ (88)	$ 22,774	$ (99)
Agency obligations	8,170	(3)	5,484	(14)	13,654	(17)
Certificates of deposit	244	(1)	1,213	(11)	1,457	(12)
Corporate debt securities	3,595	—	32,612	(170)	36,207	(170)
Total	$ 22,409	$ (15)	$ 51,683	$ (283)	$ 74,092	$ (298)

The Company reviewed its investment holdings as of September 30, 2024 and December 31, 2023 and determined that the increase in fair value is attributable to changes in interest rates and not credit quality, and as the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity. Therefore, there were no allowances for credit losses as of September 30, 2024 and December 31, 2023.

4. FAIR VALUE MEASUREMENTS

Investment Securities

The Company holds investment securities that consist of highly liquid, investment grade debt securities. The Company determines the fair value of its investment securities based upon one or more valuations reported by its investment accounting and reporting service provider. The investment service provider values the securities using a hierarchical security pricing model that relies primarily on valuations provided by an industry-recognized valuation service. Such valuations may be based on trade prices in active markets for identical assets or liabilities (Level 1 inputs) or valuation models using inputs that are observable either directly or indirectly (Level 2 inputs), such as quoted prices for similar assets or liabilities, yield curves, volatility factors, credit spreads, default rates, loss severity, current market and contractual prices for the underlying instruments or debt, and broker and dealer quotes, as well as other relevant economic measures.

Financial assets measured at fair value on a recurring basis as of September 30, 2024 and December 31, 2023 were as follows (*in thousands*):

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
Investment securities:				
U.S. government obligations	$ 249,914	$ —	$ —	$ 249,914
Agency obligations	—	27,002	—	27,002
Certificates of deposit	—	245	—	245
Corporate debt securities	—	268,238	—	268,238
Total assets measured at fair value	$ 249,914	$ 295,485	$ —	$ 545,399

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Investment securities:				
U.S. government obligations	$ 280,209	$ —	$ —	$ 280,209
Agency obligations	—	21,270	—	21,270
Certificates of deposit	—	2,440	—	2,440
Corporate debt securities	—	196,755	—	196,755
Commercial paper	—	2,984	—	2,984
Total assets measured at fair value	$ 280,209	$ 223,449	$ —	$ 503,658

The Company's policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of Level 3 during the nine months ended September 30, 2024 and 2023.

5. BALANCE SHEET DETAILS

Prepaid expenses and other current assets consisted of the following (*in thousands*):

	September 30, 2024	December 31, 2023
Prepaid clinical costs	$ 2,361	$ 2,574
Prepaid research and development costs	302	1,238
Australian tax incentive receivable	302	747
Prepaid insurance	1,461	857
Prepaid subscriptions	2,281	1,130
Interest receivable	3,373	3,051
Due from Radionetics (Note 11)	92	90
Landlord improvements receivable	1,600	5,210
Receivable for common stock issued	1,661	253
Other	1,486	448
Total	$ 14,919	$ 15,598

Property and equipment, net consisted of the following (*in thousands*):

	September 30, 2024	December 31, 2023
Leasehold improvements	$ 11,046	$ 9,837
Lab equipment	5,403	4,253
Office equipment	2,181	1,854
Computers and software	60	5
Property and equipment at cost	18,690	15,949
Less accumulated depreciation and amortization	(6,980)	(5,068)
Total	$ 11,710	$ 10,881

Accounts payable and accrued expenses consisted of the following (*in thousands*):

	September 30, 2024	December 31, 2023
Accounts payable	$ 4,939	$ 6,548
Accrued clinical trial costs	3,685	5,527
Accrued research and development costs	4,397	2,312
Accrued outside services and professional fees	4,504	1,726
Accrued landlord improvements	241	3,816
Other accrued expenses	507	3,267
Total	$ 18,273	$ 23,196

6. OPERATING LEASES

In February 2018, the Company entered into a non-cancellable operating lease, as amended in March 2018, for a facility in San Diego, California (the "2018 Lease"). The 2018 Lease has an initial term of seven years which expires in August 2025, and the Company has an option to extend the term of the 2018 Lease for an additional five years, a termination option subject to early termination fees and an option to sublease the facility. The 2018 Lease is subject to base lease payments and additional charges for common area maintenance and other costs and includes certain lease incentives and tenant improvement allowances. The Company's estimated incremental fully collateralized borrowing rate of 8.0% was used in its present value calculation as the 2018 Lease does not have a stated rate and the implicit rate was not readily determinable.

In 2022, the Company entered into a lease agreement for laboratory and office space in San Diego, California (the "2022 Lease").

Under the terms of the 2022 Lease, the Company's expected future monthly minimum lease payments of $0.5 million, with six months of rent abatement in the first year, start on the earlier of (i) the date which is ten (10) months after substantial completion of demolition work, or (ii) the date of the substantial completion of improvements and first occupancy for business purposes, and the term expires on the date immediately preceding the one hundred thirty-seventh (137th) monthly anniversary of this lease payment start date. Lease payments are subject to annual 3% increases. The Company is also responsible for certain operating expenses and taxes during the term of the 2022 Lease. The 2022 Lease provides the Company with specified tenant improvement and landlord work allowances. The Company has (i) two options to extend the term of the 2022 Lease for an additional period of five (5) years each, and (ii) a right of first offer on adjacent space to the new facility, subject to the terms and conditions of the 2022 Lease. The 2022 Lease commenced in 2023 when the building was ready and available for its intended use. As of the date of the recording of the 2022 Lease, the Company

is not reasonably certain that these options will be exercised. In September 2023, the Company recorded a right-of-use asset and corresponding lease liability in the accompanying condensed consolidated balance sheets in connection with the 2022 Lease.

In December 2023, the Company entered into a lease amendment to the 2022 Lease that moved the initial payment date and start of the hundred thirty-seventh month from September 2023 to November 2023. The amendment was a modification that did not result in a new contract as the modification did not provide the Company additional right-of-use assets. As a result, the Company recorded a $0.7 million reduction to right-of-use assets and lease liabilities in the accompanying condensed consolidated balance sheets.

The Company's estimated incremental fully collateralized borrowing rate of 8.6% was used in its present value calculation as the 2022 Lease does not have a stated rate and the implicit rate was not readily determinable. The rate was determined using a synthetic credit rating analysis.

Under the terms of the 2018 Lease and 2022 Lease, the Company provided the lessors with irrevocable letters of credit in the amounts of $0.5 million and $0.8 million, respectively. The lessors are entitled to draw on the letters of credit in the event of any default by the Company under the terms of the leases.

As of September 30, 2024, the Company's future minimum payments under non-cancellable operating lease, were as follows (in thousands):

Year ending December 31,		Minimum Payments
2024 (three months)	$	1,940
2025		7,468
2026		6,795
2027		6,999
2028		7,209
Thereafter		50,975
Total future minimum lease payments		81,386
Less imputed interest		(28,847)
Total operating lease liabilities		52,539
Less operating lease liabilities, current		(7,413)
Operating lease liabilities, non-current	$	45,126

Operating lease cost was $2.1 million and $6.4 million for the three and nine months ended September 30, 2024, respectively. Operating lease cost was $0.4 million and $0.9 million for the three and nine months ended September 30, 2023, respectively. As of September 30, 2024 and December 31, 2023, the Company's weighted average remaining term was 10.4 years and 11.1 years, respectively. As of September 30, 2024 and December 31, 2023, the Company's weighted-average discount rate was 8.6%.

Cash paid for amounts included in the measurement of lease liabilities for operating cash flow from operating leases was $1.9 million and $2.6 million for the three and nine months ended September 30, 2024, respectively. Cash paid for amounts included in the measurement of lease liabilities for operating cash flow from operating leases was $0.3 million and $0.9 million for the three and nine months ended September 30, 2023, respectively.

7. COMMITMENTS AND CONTINGENCIES

Litigation

From time to time, the Company may be subject to various claims and suits arising in the ordinary course of business. The Company does not expect that the resolution of these matters will have a material adverse effect on its financial position or results of operations.

8. REVENUE RECOGNITION

Sanwa Kagaku Kenkyusho Co., Ltd

On February 25, 2022, the Company and Sanwa Kagaku Kenkyusho Co., Ltd. ("Sanwa"), entered into a license agreement (the "Sanwa License") whereby the Company granted Sanwa an exclusive license to develop and commercialize paltusotine in Japan.

Under the Sanwa License, Sanwa has the right to receive data obtained by the Company through certain paltusotine studies. The Company assessed the Sanwa License and concluded that Sanwa is a customer within the agreement. Sanwa will assume all costs associated with clinical trials and regulatory applications associated with these processes in Japan. Further, the Company retains all rights to develop and commercialize the product outside Japan. The Company also granted Sanwa the right to purchase supply of paltusotine for clinical and commercial requirements at cost plus a pre-negotiated percentage which was a market rate and therefore not a material right.

The Company determined that its performance obligations under the Sanwa License comprised the license and data exchange. Certain professional services, such as the Company's participation on committees, were deemed to be immaterial to the context of the contract.

In exchange, the Company received a $13.0 million nonrefundable, upfront payment and will be eligible to receive up to an additional $25.5 million in milestone payments related to the achievement of certain development, regulatory and commercial goals. In addition, upon market approval of paltusotine in Japan, the Company will be eligible to receive certain sales-based royalties. Initially, the Company determined that the transaction price amounted to the upfront payment of $13.0 million.

During the nine months ended September 30, 2024, the Company achieved a $1.0 million milestone for the first indication of the development milestones. As of September 30, 2024, the Company updated its estimated transaction price to $14.0 million and recorded a cumulative catch-up adjustment of $0.4 million during the nine months ended September 30, 2024. As there have been no sales to date, no sales-based milestones or royalties were recognized to date. Further, using the most-likely-method, the other developmental milestone payments continued to be considered fully constrained.

The control of the license was transferred to Sanwa at the inception of the contract and the Company does not have an ongoing performance obligation to support or maintain the licensed intellectual property. Revenue allocated to the data exchange obligation is recognized over time using the cost-to-cost measure as this method represents a faithful depiction of progress toward the ongoing paltusotine studies in the U.S. and related data transfer. Revenue is recognized on a gross basis as the Company is the principal.

Deferred revenue consisted of the following (*in thousands*):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Deferred revenues at beginning of period	$ 6,880	$ 7,152	$ 6,806	$ 8,341
Unearned revenue from cash received during the period, excluding amounts recognized as revenue during the period	—	—	550	—
Revenue recognized that was included in deferred revenues as of the beginning of the period	—	(346)	(476)	(1,535)
Deferred revenues at end of period	$ 6,880	$ 6,806	$ 6,880	$ 6,806
Less deferred revenue, current	(1,685)	(1,662)	(1,685)	(1,662)
Deferred revenue, non-current	$ 5,195	$ 5,144	$ 5,195	$ 5,144

During the nine months ended September 30, 2024, $0.9 million of the $14.0 million estimated transaction price was recognized as revenues in the accompanying condensed consolidated statements of operations and comprehensive loss. No revenue was recognized during the three months ended September 30, 2024. During the three and nine months ended September 30, 2023, $0.3 million and $1.5 million, respectively, of the $14.0 million estimated transaction price was recognized as revenues in the accompanying condensed consolidated statements of operations and comprehensive loss. Deferred revenues are expected to be recognized over the duration of certain paltusotine studies conducted by the Company.

On June 14, 2022, the Company and Sanwa, entered into a clinical supply agreement (the "Sanwa Clinical Supply Agreement") whereby the Company is responsible for manufacturing and supplying certain materials to Sanwa for specified activities under the Sanwa License. During the nine months ended September 30, 2024 and 2023, the Company recognized $0.1 million and $0.4 million, respectively, of revenues from the Sanwa Clinical Supply Agreement in the accompanying condensed consolidated statements of operations and comprehensive loss. No significant supply purchases were made by Sanwa through the Sanwa Clinical Supply Agreement during each of the three months ended September 30, 2024 and 2023.

Cellular Longevity, Inc., doing business as Loyal

On March 24, 2023, the Company and Cellular Longevity Inc., doing business as Loyal ("Loyal") entered into a license agreement (the “Loyal License”) whereby the Company granted Loyal an exclusive license to develop and commercialize CRN01941, a somatostatin receptor type 2 agonist, for veterinary use. In exchange the Company received a $0.1 million nonrefundable, upfront payment and preferred stock in Loyal valued at approximately $2.0 million. The Company will also be eligible to receive certain single-digit sales-based royalties if the licensed intellectual property is approved for veterinary use.

During the nine months ended September 30, 2023, the Company recognized $2.1 million of revenues from the Loyal License in the accompanying condensed consolidated statements of operations and comprehensive loss. No revenue was recognized during each of the three months ended September 30, 2024 and 2023 and the nine months ended September 30, 2024. As of September 30, 2024, the shares of Loyal preferred stock issued and to be issued to the Company valued at $2.0 million is included in other assets in the accompanying condensed consolidated balance sheets. The Loyal preferred stock does not have a readily determinable fair value and is recorded at cost less impairment. The Company assesses equity securities without a readily determinable fair value for changes in observable prices each period, noting none.

9. STOCKHOLDERS' EQUITY

Stock Offerings

On September 15, 2023, the Company completed an underwritten public offering of 11,441,648 shares of its common stock at a price to the public of $30.59 per share. Net proceeds from the offering were approximately $328.5 million, after underwriting discounts and commissions and offering costs of approximately $21.5 million.

On March 1, 2024, the Company completed a private placement offering of 8,333,334 shares of its common stock at a price of $42.00 per share. Net proceeds from the offering were approximately $335.5 million, after offering costs of approximately $14.5 million. On March 19, 2024, the Company registered for resale the shares issued and sold in the Private Placement, pursuant to the Registration Rights Agreement entered into with the Purchasers, dated February 27, 2024.

On October 10, 2024, the Company completed an underwritten public offering of 11,500,000 shares of its common stock at a price to the public of $50.00 per share, which included 1,500,000 shares of common stock issued pursuant to the underwriters' option to purchase additional shares. Net proceeds from the offering were approximately $542.9 million, after underwriting discounts and commissions and other offering costs of approximately $32.1 million, see Note 12.

ATM Offerings

On August 13, 2019, the Company entered into a Sales Agreement (as amended, the "2019 Sales Agreement") with SVB Leerink LLC and Cantor Fitzgerald & Co. (collectively, the "Sales Agents"), under which the Company could, from time to time, sell up to $150.0 million of shares of its common stock through the Sales Agents (the "2019 ATM Offering"). The 2019 ATM Offering was terminated upon the filing by the Company of its Registration Statement on Form S-3ASR on June 21, 2024.

On June 21, 2024, the Company entered into a Sales Agreement (the "2024 Sales Agreement") with the Sales Agents under which the Company may, from time to time, sell up to $350.0 million of shares of its common stock through the Sales Agents (the "2024 ATM Offering").

During the nine months ended September 30, 2024, the Company issued 1,223,775 shares of common stock pursuant to the 2019 ATM Offering for net proceeds of approximately $43.4 million, after deducting commissions. No shares of common stock were issued pursuant to the 2019 ATM Offering during the three months ended September 30, 2024. During each of the three and nine months ended September 30, 2024, the Company issued 928,912 shares of common stock pursuant to the 2024 ATM Offering for net proceeds of approximately $48.3 million, after deducting commissions.

During the nine months ended September 30, 2023, the Company issued 522,807 shares of common stock pursuant to the 2019 ATM Offering for net proceeds of approximately $11.3 million. No shares of common stock were issued pursuant to the pursuant to the 2019 ATM Offering during the three months ended September 30, 2023.

10. EQUITY INCENTIVE PLANS

2021 Employment Inducement Incentive Award Plan

The Company adopted the 2021 Employment Inducement Incentive Award Plan (the "2021 Inducement Plan") in December 2021. The Company initially reserved 1,500,000 shares of the Company's common stock for issuance pursuant to awards granted under the 2021 Inducement Plan. The terms of the 2021 Inducement Plan are substantially similar to the terms of the Company's 2018 Incentive Award Plan with the exception that awards may only be made to an employee who has not previously been an employee or member of the board of directors of the Company if the award is in connection with commencement of employment. In 2022, the Company amended the 2021 Inducement Plan to increase the number of shares of the Company's common stock available for future issuance under the 2021 Inducement Plan to 5,000,000 shares. In November 2023, the Company amended the 2021 Inducement Plan to increase the number of shares of the Company's common stock available for future issuance under the 2021 Inducement Plan to 7,500,000 shares. As of September 30, 2024, 1,520,508 shares of common stock were available for future issuance under the 2021 Inducement Plan.

2018 Incentive Award Plan

The Company adopted the 2018 Incentive Award Plan (the "2018 Plan") in July 2018. Under the 2018 Plan, which expires in July 2028, the Company may grant equity-based awards to individuals who are employees, officers, directors or consultants of the Company. Options issued under the 2018 Plan will generally expire ten years from the date of grant and vest over a four-year period. As of September 30, 2024, 2,890,462 shares of common stock were available for future issuance under the 2018 Plan.

The 2018 Plan contains a provision that allows annual increases in the number of shares available for issuance on the first day of each calendar year through January 1, 2028, in an amount equal to the lesser of: (i) 5% of the aggregate number of shares of the Company's common stock outstanding on December 31 of the immediately preceding calendar year, or (ii) such lesser amount determined by the Company. Under this evergreen provision, on January 1, 2024, an additional 3,408,761 shares became available for future issuance under the 2018 Plan.

2015 Stock Incentive Plan

The Company adopted the 2015 Stock Incentive Plan (the "2015 Plan") in February 2015, which provided for the issuance of equity awards to the Company's employees, members of its board of directors and consultants. In general, options issued under this plan vest over four years and expire after 10 years. Subsequent to the adoption of the 2018 Plan, no additional equity awards can be made under the 2015 Plan.

2018 Employee Stock Purchase Plan

The Company adopted the 2018 Employee Stock Purchase Plan (the "ESPP") in July 2018. The ESPP permits participants to purchase common stock through payroll deductions of up to 20% of their eligible compensation. As of September 30, 2024, 2,157,852 shares of common stock were available for issuance under the ESPP.

The ESPP contains a provision that allows annual increases in the number of shares available for issuance on the first day of each calendar year through January 1, 2028, in an amount equal to the lesser of: (i) 1% of the aggregate number of shares of the Company's common stock outstanding on December 31 of the immediately preceding calendar year, or (ii) such lesser amount determined by the Company. Under this evergreen provision, on January 1, 2024, an additional 681,752 shares became available for future issuance under the ESPP.

Stock Awards

Stock Options

Activity under the Company's stock option plans during the nine months ended September 30, 2024 was as follows:

	Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Term	Aggregate Intrinsic Value (000's)
Balance at December 31, 2023	12,627,124	$ 18.96		
Granted	3,464,153	$ 44.36		
Exercised	(1,816,152)	$ 16.99		
Forfeited and expired	(388,160)	$ 23.50		
Balance at September 30, 2024	13,886,965	$ 25.42	7.9	$ 356,635
Vested and expected to vest at September 30, 2024	13,886,965	$ 25.42	7.9	$ 356,635
Exercisable at September 30, 2024	6,148,695	$ 19.56	6.7	$ 193,954

Aggregate intrinsic value is calculated as the difference at a specific point in time between the closing price of the Company's common stock on September 30, 2024, the last trading day of the quarter, and the exercise price of stock options that had exercise prices below the closing price. The aggregate intrinsic value of options exercised during the nine months ended September 30, 2024 and 2023 was $54.2 million and $6.3 million, respectively.

Restricted Stock Units

The Company's restricted stock unit activity during the nine months ended September 30, 2024, was as follows:

	Restricted Stock Units Outstanding	Weighted-Average Grant Date
Balance at December 31, 2023	813,634	$ 19.71
Granted	899,686	$ 43.56
Vested	(248,910)	$ 19.80
Forfeited	(58,253)	$ 31.91
Balance at September 30, 2024	1,406,157	$ 34.45

Fair Value of Stock Awards

The Company estimates the fair value of all stock option grants and the ESPP using the Black-Scholes option pricing model and recognizes forfeitures as they occur. The following table summarizes the weighted average assumptions used to estimate the fair value of stock options granted under the Company's stock option plans for the periods presented below:

Stock Option Awards	Three months ended September 30,		Nine Months ended September 30,	
	2024	2023	2024	2023
Expected option term	6.1 years	6.1 years	6.0 years	6.0 years
Expected volatility	66%	64%	66%	66%
Risk free interest rate	3.9%	4.3%	4.2%	4.1%
Expected dividend yield	—%	—%	—%	—%

The weighted-average fair value of stock options awarded was $31.45 and $28.16 per share during the three and nine months ended September 30, 2024, respectively, and $11.15 and $12.13 per share during the three and nine months ended September 30, 2023, respectively.

The following table summarizes the weighted average assumptions used to estimate the fair value of the ESPP for the periods presented below:

ESPP	Nine months Ended September 30,	
	2024	2023
Expected term	1.1 years	1.1 years
Expected volatility	74%	57%
Risk free interest rate	5.1%	4.9%
Expected dividend yield	—%	—%

The weighted-average fair value of the ESPP was $21.87 per share during the nine months ended September 30, 2024 and $9.15 per share during the nine months ended September 30, 2023. There were no ESPP awards during the three months ended September 30, 2024 and 2023.

The key assumptions used in determining the fair value of equity awards, and the Company's rationale, were as follows: (i) Expected term - the expected term for stock options represents the period that the stock options are expected to be outstanding and has been estimated using the simplified method, due to limited historical exercise behavior. The expected term using the simplified method is an average of the contractual option term and its vesting period; the expected term for awards granted under the ESPP represents the term the awards are expected to be outstanding; (ii) Expected volatility - the expected volatility assumption is based on the historical volatility of the Company's common stock; (iii) Risk-free interest rate - the risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant for zero coupon U.S. Treasury notes with maturities that approximate the expected terms of awards; and (iv) Expected dividend yield - the expected dividend yield assumption is zero as the Company has never paid dividends and has no present intention to do so in the future.

Restricted stock units are valued using the closing price of our common stock on the date of grant.

Stock-Based Compensation Expense

Stock-based compensation expense for the equity awards issued by the Company to employees and non-employees for the periods presented below was as follows (in thousands):

	Three months ended September 30,		Nine Months ended September 30,	
	2024	2023	2024	2023
Included in research and development	$ 10,556	$ 6,088	$ 29,612	$ 16,367
Included in general and administrative	7,591	4,961	20,929	12,953
Total stock-based compensation expense	$ 18,147	$ 11,049	$ 50,541	$ 29,320

As of September 30, 2024, unrecognized stock-based compensation cost related to option awards, restricted stock units, and ESPP was $145.4 million, $40.7 million and $2.8 million, respectively, which is expected to be recognized over a remaining weighted-average period of 2.0 years, 3.0 years and 1.3 years, respectively.

11. INVESTMENT IN RADIONETICS

Investment in Radionetics

In October 2021, the Company entered into a Collaboration and License Agreement (the "Radionetics License") with Radionetics Oncology, Inc. ("Radionetics"), in which the Company granted Radionetics an exclusive worldwide license to its technology for the

development of radiotherapeutics and related radio-imaging agents in exchange for 50,500,000 shares of common stock of Radionetics, which represented an initial majority stake in Radionetics of 64%, and a warrant (the "Radionetics Warrant") to purchase the greater of 3,407,285 additional shares of Radionetics common stock or the number of additional shares of Radionetics common stock that would allow the Company to maintain an aggregate equity interest of 22% of the fully diluted capitalization of Radionetics.

Radionetics is a variable interest entity ("VIE") due to having insufficient equity to finance its activities without additional subordinated financial support. The Company evaluated whether it is the primary beneficiary of Radionetics by evaluating Radionetics' key activities: (1) conducting research and development, (2) making financing decisions, and (3) determining the strategic direction of Radionetics. Decisions about research and development activities are made by unanimous vote of members of the research and development committee, in which no individual party has unilateral decision-making power. Decisions about financing and strategic direction rest with Radionetics' board of directors, and no party was determined to be in control, given the Radionetics board of directors was comprised of three members for which each of Crinetics, 5AM Ventures ("5AM") and Frazier Healthcare Partners ("Frazier") were entitled to appoint and replace, as needed, their board designee, and a fourth member mutually agreed upon by the other three board members. Radionetics' management was separate from the Company and was determined by Radionetics' board of directors. As the Company did not control any of Radionetics' key activities, it was not the primary beneficiary of the VIE and did not consolidate the financial results of Radionetics.

The Company accounts for its investment in Radionetics common stock under the equity method of accounting due to its ability to exercise significant influence. The Company records its share of Radionetics income (loss) outside of operations in the statements of operations and comprehensive loss on a quarterly lag. The Company's equity method investment in Radionetics was written down to zero during the first quarter of 2022 as a result of the allocation of the Company's share of losses of the investee.

In August 2023, Radionetics completed a refinancing that included a number of transactions that were negotiated by the Company as a package (the "August 2023 Radionetics Transaction"). In connection with the August 2023 Radionetics Transaction, (1) the Company exercised the Radionetics Warrant to purchase 3,407,285 shares of Radionetics common stock with an exercise price of $0.00001 per share, (2) the Company exchanged 32,344,371 shares of Radionetics common stock for Radionetics preferred stock on a one-for-one basis, (3) the Company invested $5.0 million to purchase 14,404,656 shares of preferred stock in Radionetics along with other new and existing investors who participated in the financing, and (4) the Company and Radionetics agreed to amend the Radionetics License to include additional sales milestones of up to $15 million. Radionetics' convertible notes held by other investors were also converted to Radionetics preferred stock and certain Radionetics common shares held by other investors were cancelled in connection with the August 2023 Radionetics Transaction.

The August 2023 Radionetics Transaction was a VIE reconsideration event. The Company determined that Radionetics continues to be a VIE due to Radionetics having insufficient equity to finance its activities without additional subordinated financial support. The Company also reevaluated whether it is the primary beneficiary of Radionetics and noted there were no changes to Radionetics' key activities or the conclusion that the Company does not control any of these activities. The size of Radionetics' board of directors was increased from four to six members. Crinetics, 5AM and Frazier are each entitled to appoint and replace, as needed, their board designee, the fourth member is Radionetics' CEO, and the fifth and sixth members must be mutually agreed upon by the other four board members. All changes to board composition are subject to shareholder approval with common and preferred shareholders having equal votes. Radionetics' management continues to be entirely separate from the Company and determined by the Radionetics' board of directors. As the Company does not control any of Radionetics' key activities, it is not the primary beneficiary and does not consolidate the financial results of Radionetics. Accordingly, the Company continues to account for its investment in Radionetics under the equity method of accounting due to its ability to exercise significant influence.

The Company determined that its preferred stock investment in Radionetics represents in-substance common stock. The preferred stock investment is substantially similar to common stock in that it does not have a substantive liquidation preference since the preferred stock will participate in substantially all of Radionetics losses, the conversion ratio for preferred stock into common stock is on a one-for-one basis without any significant restrictions or contingencies, and the preferred stock lacks redemption features, among other factors.

The Company is not obligated to fund losses incurred by Radionetics. The Company's $5.0 million purchase of preferred stock in the August 2023 Radionetics Transaction was alongside new and existing investors and did not fund previous losses.

In connection with the August 2023 Radionetics Transaction, the Company exercised the Radionetics Warrant, which had a fair value of $0.7 million, and purchased $5.0 million of preferred stock. These transactions resulted in a $5.7 million increase in the Company's investment in Radionetics. As a result of the August 2023 Radionetics Transaction, the Company experienced net dilution in its ownership of Radionetics from a 55% ownership stake in Radionetics common stock to a 31% combined ownership stake in Radionetics common and preferred stock. No gain was recorded upon dilution since cumulative losses that had been suspended exceeded the gain on dilution. Additionally, in December 2023, Radionetics completed a financing to sell additional shares of preferred stock to other investors.

The amendment to the Radionetics License in connection with the August 2023 Radionetics Transaction did not result in additional revenue at the time of modification and the sales-based milestone and royalty payments will only be recognized when the milestones or sales occur.

In June 2024, the Company amended the Radionetics License to reduce the number of development targets. Following the amendment to the Radionetics License, ownership of the non-licensed targets reverted back to the Company and the Company is eligible to receive total potential sales milestones in excess of $300.0 million and single-digit royalties on net sales. In July 2024, Radionetics announced the formation of a strategic partnership with Eli Lilly and Company, or Lilly. Under the terms of the agreement, Radionetics received a $140.0 million upfront cash payment and Lilly obtained the exclusive right to acquire Radionetics for $1.0 billion upon conclusion of an exercise period. During the exercise period, Radionetics will continue to build out a proprietary pipeline of therapeutic assets. As of September 30, 2024, the Company owned approximately 25% of Radionetics consisting of common and preferred stock.

During the nine months ended September 30, 2024, the Company recorded equity method losses of $0.5 million, in the accompanying condensed consolidated statements of operations and comprehensive loss, as a result of the allocation of the Company's share of Radionetics eligible losses, which is recorded on a quarterly lag. There were no equity method losses recorded during the three months ended September 30, 2024. During each of the three and nine months ended September 30, 2023, the Company recorded equity method losses of $1.0 million in the accompanying condensed consolidated statements of operations and comprehensive loss, as a result of the allocation of the Company's share of Radionetics eligible losses, which is recorded on a quarterly lag. As of September 30, 2024 the Company's investment in Radionetics was written down to zero. As of December 31, 2023, the Company's investment in Radionetics of $0.5 million is recorded as a long-term asset in the accompanying condensed consolidated balance sheets.

Other Items

R. Scott Struthers, Ph.D., the Company's President and Chief Executive Officer, serves as chairman of the Radionetics board of directors. Pursuant to such arrangement, Dr. Struthers receives consideration in the form of both equity and a $50,000 annual retainer for his service as a board member of Radionetics. As of September 30, 2024, Dr. Struthers has an approximately 1.3% ownership stake in Radionetics consisting of common stock.

As of September 30, 2024 and December 31, 2023, the Company had $0.1 million due from Radionetics for reimbursement of certain expenses paid on behalf of Radionetics. These amounts are recorded within prepaid expenses and other current assets in the accompanying condensed consolidated balance sheets. The Company received reimbursements from Radionetics of $8,000 and $88,000 for the three and nine months ended September 30, 2024, respectively, and $21,000 and $53,000 for the three and nine months ended September 30, 2023, respectively.

12. SUBSEQUENT EVENTS

On October 10, 2024, the Company completed an underwritten public offering of 11,500,000 shares of its common stock at a price to the public of $50.00 per share, which included 1,500,000 shares of common stock issued pursuant to the underwriters' option to purchase additional shares. Net proceeds from the offering were approximately $542.9 million, after underwriting discounts and commissions and other offering costs of approximately $32.1 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion of our financial condition and results of operations in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and with our audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Forward Looking Statements

The following discussion and other parts of this quarterly report contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical facts contained in this quarterly report, including statements regarding our future results of operations and financial position, business strategy, the impact of international conflicts, prospective products, product approvals, research and development costs, timing and likelihood of success, plans and objectives of management for future operations and future results of anticipated products, are forward-looking statements. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "should," "estimate," or "continue," and similar expressions or variations. The forward-looking statements in this quarterly report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, operating results, business strategy, short-term and long-term business operations and objectives. These forward-looking statements speak only as of the date of this quarterly report and are subject to a number of risks, uncertainties and assumptions, including those described in Part II, Item 1A, "Risk Factors." The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

Overview

We are a clinical-stage pharmaceutical company focused on the discovery, development and commercialization of novel therapeutics for endocrine diseases and endocrine-related tumors. Endocrine pathways function to maintain homeostasis and commonly use peptide hormones acting through G protein coupled receptors, or GPCRs, to regulate many aspects of physiology including growth, energy, metabolism, gastrointestinal function and stress responses. We have built a highly productive drug discovery and development organization with extensive expertise in endocrine GPCRs. We have discovered a pipeline of oral nonpeptide (small molecule) new chemical entities that target peptide GPCRs to treat a variety of endocrine diseases where treatment options have significant efficacy, safety and/or tolerability limitations. Our product candidates include paltusotine, which is in clinical development for the treatment of acromegaly and carcinoid syndrome associated with neuroendocrine tumors, or NETs, and atumelnant (CRN04894: proposed international non-proprietary name under review), which is in clinical development for congenital adrenal hyperplasia, or CAH, and Cushing's disease. We are advancing additional product candidates through preclinical discovery and development studies in parallel. Our vision is to build a premier, fully integrated endocrine-focused pharmaceutical company that consistently pioneers new therapeutics to help patients better control their disease and improve their daily lives.

We focus on the discovery and development of nonpeptide therapeutics that target peptide GPCRs with well-understood biological functions, validated biomarkers and the potential to substantially improve the treatment of endocrine diseases and endocrine-related tumors. Our pipeline consists of the following product candidates:

Paltusotine (SST2 Agonist Program)

Paltusotine, our lead product candidate, establishes a new class of oral selective nonpeptide somatostatin receptor type 2, or SST2, agonists designed for the treatment of acromegaly and carcinoid syndrome associated with NETs. Somatostatin is a neuropeptide hormone that broadly inhibits the secretion of other hormones, including growth hormone, or GH, from the pituitary gland. Acromegaly arises from a benign pituitary tumor that secretes excess GH that, in turn, causes excess secretion of insulin-like growth factor-1, or IGF-1, by the liver. This loss of homeostasis in the GH axis results in excess tissue growth and other adverse metabolic effects throughout the body. We estimate that approximately 27,000 people in the United States have been diagnosed with acromegaly, and depending on surgical success, we estimate that more than 11,000 are candidates for chronic pharmacological intervention, of which somatostatin peptide analog depot injections are currently the primary pharmacotherapy. Carcinoid syndrome occurs when NETs, which originate from neuroendocrine cells commonly found in the gut, lung or pancreas, secrete hormones or other chemical substances into the bloodstream that cause severe flushing or diarrhea, among other symptoms. NETs are present in approximately 175,000 adults in the United States. Of these, it is estimated that approximately 33,000 patients have carcinoid syndrome. Most NETs overexpress SST2 receptors and injected depots of peptide somatostatin analogs have become the first-line standard of care as detailed in National Comprehensive Cancer Network guidelines. In 2023, branded injected somatostatin peptide drugs accounted for approximately $2.5 billion in global sales for the treatment of acromegaly, NETs, and other uses. These drugs require painful monthly or daily injections and, in the case of somatostatin peptide drugs, often fail to fully control the disease in many acromegaly or carcinoid syndrome patients.

To date, our clinical trials have shown that paltusotine was generally well tolerated among healthy adults and patients with both acromegaly and carcinoid syndrome.

Acromegaly

Our Phase 3 development program for paltusotine in acromegaly consisted of two placebo-controlled clinical trials, PATHFNDR-1 and PATHFNDR-2. The PATHFNDR-1 trial was designed as a double-blind, placebo-controlled, nine-month clinical trial of paltusotine in acromegaly patients with average IGF-1 levels less than or equal to 1.0 times the upper limit of normal, or ULN, and who had been on stable doses of somatostatin receptor ligand monotherapy (octreotide LAR or lanreotide depot). We also conducted a second study, the PATHFNDR-2 trial, which was designed as a double-blind, placebo-controlled, six-month clinical trial of acromegaly patients with elevated IGF-1 levels. The primary endpoint of both PATHFNDR studies was the proportion of patients with IGF-1 ≤ 1.0 ×ULN at the end of the treatment period on paltusotine as compared to placebo.

Positive topline data from the randomized controlled portion of the PATHFNDR-1 study was reported in September 2023, where the primary endpoint and all secondary endpoints of the study were achieved. The study met statistical significance ($p<0.0001$) on the primary endpoint, based on the proportion of participants whose IGF-1 levels were maintained ≤ 1.0 ×ULN in the paltusotine arm (83%) compared to those in the placebo arm (4%). All secondary endpoints also met statistical significance. In the PATHFNDR-1 study, paltusotine was well tolerated and no serious or severe adverse events were reported in participants treated with paltusotine.

In March 2024, we reported positive topline results from the PATHFNDR-2 study. The study met statistical significance ($p<0.0001$) on the primary endpoint, based on the proportion of participants on paltusotine (56%) who achieved an IGF-1 level ≤ 1.0 xULN compared to those taking placebo (5%). All secondary endpoints also met statistical significance. In PATHFNDR-2, paltusotine was generally well-tolerated and no serious adverse events were reported in participants treated with paltusotine.

The open label extension phases of the PATHFNDR trials are ongoing.

We believe that the results of the two trials could support global marketing applications for the use of paltusotine for all acromegaly patients who require pharmacotherapy, including untreated patients and those switching from other therapies. On September 26, 2024 we announced that we had submitted a New Drug Application, or NDA, to the U.S. Food and Drug Administration, or FDA, for paltusotine for the proposed treatment and long-term maintenance therapy of acromegaly, with the potential for approval in 2025. We anticipate receiving notification from the FDA on the status of the NDA submission in December 2024. The FDA has granted orphan drug designation for paltusotine for the treatment of acromegaly. We are also planning to file a Marketing Authorization Application, or MAA, with the European Medicines Agency in the first half of 2025.

Carcinoid Syndrome

In March 2024, we reported positive topline results from our randomized, open-label, parallel group, multi-center Phase 2 study to assess safety, tolerability, pharmacokinetics, and efficacy of paltusotine in people living with carcinoid syndrome. A total of 36 participants were randomized to receive either 40 mg (n=18) or 80 mg (n=18) of paltusotine for 8 weeks, with the ability to adjust dose based on tolerability or inadequate control of symptoms during the first four weeks of treatment. Results demonstrated that administration of paltusotine resulted in rapid and sustained reductions in bowel movement frequency and flushing episodes. Paltusotine was generally well-tolerated with a safety profile consistent with prior clinical studies, with no treatment-related severe or serious adverse events.

In October 2024, we received comments from the FDA regarding our proposed Phase 3 design, and we are in the process of finalizing the protocol for our planned Phase 3 study. We anticipate the initiation of a Phase 3 program by the end of 2024.

Atumelnant (ACTH Antagonist)

Atumelnant is our investigational, oral, nonpeptide product candidate designed to antagonize the adrenocorticotrophic hormone, or ACTH, receptor, intended for the treatment of diseases caused by excess ACTH, including CAH and Cushing's disease. CAH encompasses a set of disorders that are caused by genetic mutations that result in impaired cortisol synthesis. A lack of cortisol leads to a breakdown of feedback mechanisms and results in persistently high levels of ACTH, which, in turn, causes overstimulation of the adrenal cortex. The resulting adrenal hyperplasia and over-secretion of other steroids (particularly androgens) and steroid precursors can lead to a variety of effects from improper gonadal development to life-threatening dysregulation of mineralocorticoids. Cushing's disease results from a pituitary tumor that secretes excess ACTH which, in turn, causes the downstream synthesis and over-secretion of cortisol by the adrenal glands. Cortisol is the body's main stress hormone and excess amounts can cause significant increases in mortality and morbidity. Based on genetic incidence rates, there are an estimated 27,000 patients with classic CAH and over 11,000

patients with Cushing's disease in the United States. Of the patients with CAH and Cushing's disease, we estimate that 17,000 and 5,000 patients, respectively, are potential candidates for treatment with atumelnant.

In May 2022, we announced positive topline data from the Phase 1 study in healthy volunteers which showed atumelnant was well tolerated and demonstrated dose-dependent increases in atumelnant plasma concentrations. We believe atumelnant demonstrated pharmacologic proof-of-concept, as the Phase 1 results showed dose-dependent reductions of both basal cortisol and elevated cortisol following an ACTH challenge. All adverse events were considered mild to moderate and there were no serious adverse events.

We are conducting a Phase 2 study of atumelnant in adult CAH patients. This open-label study is designed to evaluate the safety, efficacy, and pharmacokinetics of different doses of atumelnant. In addition, biomarkers, including serum androstenedione (A4) and 17 hydroxyprogesterone (17-OHP), will be measured as we seek to evaluate the potential efficacy of atumelnant. We reported positive initial findings from our ongoing Phase 2 study in June 2024. The initial findings showed profound and rapid reductions in mean A4 and 17-OHP with 80 mg of atumelnant and those reductions were sustained at 12 weeks. The initial data showed that atumelnant was well-tolerated with no treatment-related severe or serious adverse events. The three cohorts evaluating different doses of atumelnant in the CAH Phase 2 study have been fully enrolled and additional data from the study is expected by early 2025. We plan to meet with global regulatory authorities to align on a Phase 3 program in adult CAH patients, which we anticipate initiating in the first half of 2025, as well as a pediatric development program, which we plan to initiate in 2025.

We are also conducting a clinical trial of atumelnant in patients with Cushing's disease. We entered into a Clinical Trial Agreement with the National Institute of Diabetes and Digestive and Kidney Diseases, or NIDDK, of the National Institutes of Health, or NIH, to collaborate on a company-sponsored multiple-ascending dose trial of atumelnant in ACTH dependent Cushing's Syndrome, or ADCS. ADCS includes patients with either Cushing's disease or Ectopic ACTH Syndrome, or EAS. This open-label study is designed to evaluate safety, tolerability, and pharmacokinetics of different doses of atumelnant in patients with ADCS as well as to measure 24-hour urinary-free cortisol and serum cortisol as indicators of efficacy. We reported positive initial findings from our ongoing open-label Phase 1b/2a study in June 2024 and expect to initiate later stage clinical development in 2025.

Nonpeptide Drug Conjugate Platform

We have developed a first-in-class, non-radioactive, non-peptide drug conjugate, or NDC, linking an SST2 agonist with the cytotoxic drug monomethyl auristatin E, or MMAE, via a spacer and a cleavable linker for the treatment of NETs and potentially for use in other solid tumors that express SST2. The SST2 ligand on the NDC molecule binds to SST2 on the tumor cell surface and is internalized in the cell whereby enzymes cleave the MMAE and release it within the cell. MMAE is known to cause microtubule disruption leading to cell arrest and death. NETs are present in approximately 175,000 adults in the United States. NETs are generally incurable when metastatic, regardless of tumor grade. Overall survival rates vary significantly by stage, grade, age at diagnosis, primary site, and time period of diagnosis. While somatostatin analogs have typically been used as first-line treatment, other therapies commonly used for advanced, metastatic disease include peptide receptor radionuclide therapy, or PRRT, targeted therapies like tyrosine kinase inhibitors, or TKIs, and chemotherapies like platinum/etoposide. We believe our NDC therapy will improve treatment of SST2+ NETs by stopping tumor progression and/or shrinking tumors. We plan to file an Investigational New Drug, or IND, application for our lead drug candidate, CRN09682, for NETs in early 2025.

Parathyroid Hormone Antagonist

We are developing antagonists of the parathyroid hormone, or PTH, receptor for the treatment of primary hyperparathyroidism, or PHPT and humoral hypercalcemia of malignancy, or HHM, and other diseases of excess PTH. PTH regulates calcium and phosphate homeostasis in bone and kidney through activation of its receptor, PTHR1. Increased activation of PTHR1, either via PTH or PTH-related peptide (PTHrP, PTHLH) can affect bone metabolism and calcium regulation. Primary hyperparathyroidism arises from a small, benign tumor on one or more of the parathyroid glands, which results in over-secretion of PTH, leading to increased blood calcium levels, or hypercalcemia, increased urine -calcium levels, or hypercalciuria, as well as decreased phosphate levels, or hypophosphatemia. Many patients experience no symptoms. Surgery is indicated in symptomatic patients and asymptomatic patients with target organ involvement to remove the tumor and/or hyperactive gland(s). For patients who decline or cannot undergo surgery, management with medical therapy is recommended. Symptomatic PHPT is characterized by skeletal, renal, cardiovascular, gastrointestinal, neurobehavioral and neuromuscular manifestations with increased mortality. PHPT incidence in the U.S. has been highly influenced by changes in medical practice with the emergence of increased serum calcium and PTH screening and is now estimated to be approximately 200,000 cases. HHM is caused by over-secretion of PTHrP by a malignant tumor and results in bone resorption and calcium reabsorption in the kidney, leading to hypercalcemia. Patients with HHM typically have advanced-stage cancers, present severely symptomatic and tend to have limited survival of several months. HHM occurs in approximately 20% of all cancer patients during their clinical course. We have identified investigational, orally available nonpeptide PTH antagonists that showed activity and drug-like properties in preclinical models. We have selected a development candidate and are conducting first-in-human enabling activities and plan to file an IND application in 2025.

SST3 Agonist Program for the Treatment for Autosomal Dominant Polycystic Kidney Disease

Autosomal Dominant Polycystic Kidney Disease (ADPKD) is the most frequent genetic cause of chronic kidney disease, affecting 1 in 1,000 individuals, and is the fourth leading cause of end-stage renal disease.

ADPKD is caused by mutations in the PKD1 or PKD2 genes, which encode the polycystin 1 or 2 proteins (PC1 and PC2) and is characterized by the growth of numerous fluid-filled cysts causing kidney injury and progressive loss of kidney functions. Increasing evidence points toward a model where loss of polycystin function in cilia of kidney epithelial cells might be the driver of cystogenesis observed in ADPKD. In healthy individuals, PC1 and PC2 form channels in the cilia of epithelial cells that contribute to maintain high calcium levels in this cellular compartment. In ADPKD, a decrease in ciliary calcium levels due to the loss of PC1 or PC2 function activates adenylyl cyclase 5/6, increasing ciliary cAMP, a molecule that plays a key role in cell differentiation and proliferation.

Somatostatin receptor type 3 (SST3) is expressed in cyst lining cells in ADPKD patients and localizes in cilia. As SST3 couples to the inhibitory Gi-proteins, a selective SST3 agonist decreases adenylyl cyclase activity and cAMP formation, thus inhibiting cystogenesis in ADPKD. We have identified an investigational, orally available selective SST3 nonpeptide agonist for the treatment of ADPKD and are conducting first-in-human enabling activities and plan to file an IND application in 2025.

Thyroid Stimulating Hormone Receptor Antagonist

We are developing thyroid-stimulating hormone receptor, or TSHR, antagonists for the treatment of Graves' disease and Thyroid Eye Disease, or TED, or Grave's orbitopathy. Graves' disease is an autoimmune condition that affects approximately 1 in 100 people in the United States and 2-3% of the population worldwide. It is characterized by the production of autoantibodies against TSHR, and the pathology of Graves' disease is driven by these TSHR stimulatory antibodies, or TSAb, that result in heightened activation of TSHR. This overstimulation results in hyperthyroidism due to excessive production of thyroid hormones. Approximately 30% of Graves' disease patients also develop TED due to overactivation of TSHR in orbital fibroblasts leading to excessive production of hyaluronic acid, adipogenesis, cytokine production, and fibrosis. This causes a constellation of debilitating symptoms including pain, swelling, blurry vision, diplopia, and proptosis. Several long-standing treatments for Graves' hyperthyroidism are available including anti-thyroid drugs, radioactive iodine, or RAI, and surgery. RAI and surgery are definitive treatments for Graves' hyperthyroidism, but often result in hypothyroidism. In addition, none of the current treatments for Graves' hyperthyroidism are effective in treating TED and, in some cases, such as with RAI, the treatments worsen the condition. Blocking TSHR activation directly via a TSHR antagonist may provide an important new therapeutic mechanism to treat patients with Graves' disease that would effectively treat both the hyperthyroidism and TED. We have identified investigational, orally available nonpeptide TSHR antagonists that demonstrate activity in preclinical models and possess good drug-like properties. We have selected a development candidate and are conducting first-in-human enabling activities and plan to file an IND application in 2025.

Research Discovery

Patients with many other debilitating endocrine diseases and endocrine related tumors await new therapeutic options, and we continuously evaluate and prioritize where to deploy our drug discovery efforts. We plan to continue to expand our drug discovery efforts and leverage our expertise in the evaluation of additional unmet medical needs. In addition to our programs for hyperparathyroidism, ADPKD, and Graves' Disease (including TED), we are evaluating potential product candidates for metabolic diseases (including diabetes and obesity), and GPCR-targeted oncology indications. All of our product candidates have been discovered, characterized and developed internally and are the subject of composition of matter patent applications. We do not have any royalty obligations and have retained worldwide rights to commercialize our product candidates, except with respect to the exclusive right to develop and commercialize paltusotine in Japan pursuant to the Sanwa License (as defined below), the exclusive right to our radiotherapeutics technology pursuant to the Radionetics License (as defined below), and the exclusive right to develop and commercialize CRN01941, a separate SST2 agonist licensed to Cellular Longevity Inc., doing business as Loyal, for veterinary use, or the Loyal License.

Radionetics Oncology, Inc.

We formed Radionetics Oncology, Inc., or Radionetics, in October 2021. Radionetics aims to develop a deep pipeline of novel, targeted, nonpeptide radiopharmaceuticals for the treatment of a broad range of oncology indications. In connection with the formation of Radionetics, we entered into a Collaboration and License Agreement with Radionetics, or the Radionetics License, granting Radionetics an exclusive worldwide license to our technology for the development of radiotherapeutics and related radio-imaging agents in exchange for an equity stake in Radionetics, a warrant, or the Radionetics Warrant to purchase additional shares of common stock of Radionetics, potential sales milestones in excess of $1.0 billion and single-digit royalties on net sales (see Note 11 to the condensed consolidated financial statements). In August 2023, we exercised the Radionetics Warrant to purchase 3,407,285 shares of Radionetics common stock with an exercise price of $0.00001 per share and invested $5.0 million to purchase 14,404,656 shares of preferred stock in Radionetics along with new and existing investors who participated in the transaction. Subsequent to the

Radionetics Warrant exercise, we exchanged 60% of our total number of outstanding shares of Radionetics common stock for 32,344,371 shares of Radionetics preferred stock on a one-for-one basis. Additionally, in August 2023, the Radionetics License was amended to include additional sales milestones of up to $15.0 million. Following the amendment to the Radionetics License, we are eligible to receive total potential sales milestones in excess of $1.0 billion and single-digit royalties on net sales. In December 2023, Radionetics also completed a financing to sell additional shares of preferred stock to other investors. In June 2024, we amended the Radionetics License to reduce the number of development targets. Following the amendment to the Radionetics License, Crinetics is eligible to receive total potential sales milestones in excess of $300.0 million and single-digit royalties on net sales of the licensed targets and ownership of the non-license targets reverted back to Crinetics. In July 2024, Radionetics announced the formation of a strategic partnership with Eli Lilly and Company, or Lilly. Under the terms of the agreement, Radionetics received a $140 million upfront cash payment and Lilly obtained the exclusive right to acquire Radionetics upon conclusion of an exercise period for $1.0 billion. During the exercise period, Radionetics will continue to build out a proprietary pipeline of therapeutic assets. As of September 30, 2024, we have an approximately 25% ownership stake in Radionetics consisting of common and preferred stock.

Australian operations

In January 2017, we established Crinetics Australia Pty Ltd, or CAPL, a wholly-owned subsidiary which was formed to conduct various preclinical and clinical activities for our product and development candidates. CAPL is eligible for certain financial incentives made available by the Australian government for research and development expenses. Specifically, the Australian Taxation Office provides a refundable tax credit in the form of a cash refund between 25% to 43.5% of qualified research and development expenditures under the Australian Research and Development Tax Incentive Program, or the Australian Tax Incentive, to Australian companies that operate the majority of their research and development activities associated with such projects in Australia. A wholly-owned Australian subsidiary of a non-Australian parent company is eligible to receive the refundable tax credit, provided that the Australian subsidiary retains the rights to the data and intellectual property generated in Australia, and provided that the total revenues of the parent company and its consolidated subsidiaries during the period for which the refundable tax credit is claimed are less than $20.0 million Australian dollars. If we lose our ability to operate CAPL in Australia, or if we are ineligible or unable to receive the research and development tax credit, or the Australian government significantly reduces or eliminates the tax credit, the actual refund amounts we receive may differ from our estimates.

Swiss operations

In September 2024, we established Crinetics Pharmaceuticals Europe GmbH, or CPEG, a wholly-owned subsidiary which was formed, among other things, to conduct various clinical and pre-commercialization activities for our product candidates in Europe.

Financial operations overview

To date, we have devoted substantially all of our resources to drug discovery, conducting preclinical studies and clinical trials, obtaining and maintaining patents related to our product candidates, licensing activities, and the provision of general and administrative support for these operations. We have recognized revenues from various research and development grants and license and collaboration agreements, but do not have any products approved for sale and have not generated any product sales. We have funded our operations primarily through our grant and license revenues, the private placement of our preferred stock, and sales of our common stock. As of September 30, 2024, we had unrestricted cash, cash equivalents, and investment securities of $862.7 million. During the nine months ended September 30, 2024, the Company issued 1,223,775 shares of common stock pursuant to the 2019 ATM Offering (as defined below) for net proceeds of approximately $43.4 million and 928,912 shares of common stock pursuant to the 2024 ATM Offering (as defined below) for net proceeds of approximately $48.3 million, in each case, after deducting commissions. On February 27, 2024, the Company entered into a stock purchase agreement with certain investors named therein, or the Purchasers, pursuant to which the Company agreed to issue and sell to the Purchasers in a private placement an aggregate of 8,333,334 shares of its common stock at a price of $42.00 per share for aggregate gross proceeds of approximately $350.0 million, before deducting offering expenses payable by the Company, or the Private Placement. The Private Placement closed on March 1, 2024. On March 19, 2024, the Company registered for resale the shares issued and sold in the Private Placement, pursuant to the Registration Rights Agreement entered into with the Purchasers, dated February 27, 2024. On October 10, 2024, the Company completed an underwritten public offering of 11,500,000 shares of its common stock at a price to the public of $50.00 per share, which included 1,500,000 shares of common stock issued pursuant to the underwriters' option to purchase additional shares. Net proceeds from the offering were approximately $542.9 million, after underwriting discounts and commissions and other offering costs of approximately $32.1 million.

We have incurred cumulative net losses since our inception and, as of September 30, 2024, we had an accumulated deficit of $871.5 million. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our clinical trials and preclinical studies and our expenditures on other research and development activities. We expect our expenses and operating losses will increase substantially as we conduct our ongoing and planned clinical trials, continue our research and development activities and conduct preclinical studies, hire additional personnel, protect our intellectual property and incur costs associated with

being a public company, including audit, legal, regulatory, and tax-related services associated with maintaining compliance with exchange listing and Securities and Exchange Commission, or SEC, requirements, director and officer insurance premiums, and investor relations costs.

We do not expect to generate any revenues from product sales unless and until we successfully complete development and obtain regulatory approval for one or more of our product candidates. If we obtain regulatory approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Accordingly, until such time as we can generate significant revenue from sales of our product candidates, if ever, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including potentially, collaborations, licenses and other similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. Our failure to raise capital or enter into such other arrangements when needed would have a negative impact on our financial condition and could force us to delay, scale back or discontinue the development of our existing product candidates or our efforts to expand our product pipeline.

Revenues

To date, our revenues have been mainly derived from research grant awards and licenses, including the Radionetics License, the Sanwa License, and the Loyal License. As our data exchange performance obligation under the Sanwa License is fulfilled, we expect to recognize as revenues the deferred revenue amounts included in the accompanying condensed consolidated balance sheets as of September 30, 2024. We will recognize royalty and milestone revenues under our license agreements if and when appropriate under the relevant accounting rules (see Note 8 to our condensed consolidated financial statements). We have not generated any revenues from the commercial sale of approved products, and we may never generate revenues from the commercial sale of our product candidates for at least the foreseeable future, if ever.

License revenues

On March 24, 2023, we and Loyal entered into the Loyal License, pursuant to which we granted Loyal an exclusive license to develop and commercialize CRN01941, a somatostatin receptor type 2 agonist, for veterinary use. In February 2022, we and Sanwa entered into a license agreement, or the Sanwa License, pursuant to which whereby we granted Sanwa an exclusive license to develop and commercialize paltusotine in Japan.

License revenues for the nine months ended September 30, 2024 were primarily derived from the Sanwa License. There were no license revenues for the three months ended September 30, 2024.

License revenues for the nine months ended September 30, 2023 were primarily derived from the Sanwa License and the Loyal License. License revenues for the three months ended September 30, 2023 were primarily derived from the Sanwa License.

Clinical supply revenues

On June 14, 2022, we and Sanwa, entered into a clinical supply agreement, or the Sanwa Clinical Supply Agreement, whereby the Company is responsible for manufacturing and supplying certain materials to Sanwa for specified activities under the Sanwa License. During the nine months ended September 30, 2024 and 2023, we recognized $0.1 million and $0.4 million, respectively, of revenues from the Sanwa Clinical Supply Agreement in the accompanying condensed consolidated statements of operations and comprehensive loss. No significant supply purchases were made by Sanwa through the Sanwa Clinical Supply Agreement during each of the three months ended September 30, 2024 and 2023.

Research and development

To date, our research and development expenses have related primarily to discovery efforts and preclinical and clinical development of our product candidates. Research and development expenses are recognized as incurred and payments made prior to the receipt of goods or services to be used in research and development are capitalized until the goods or services are received.

Research and development expenses include:

- salaries, payroll taxes, employee benefits, and stock-based compensation charges for those individuals involved in research and development efforts;
- external research and development expenses incurred under agreements with contract research organizations, or CROs, investigative sites and consultants to conduct our clinical trials and preclinical and nonclinical studies;
- costs related to manufacturing our product candidates for clinical trials and preclinical studies, including fees paid to third-party manufacturers;
- costs related to compliance with regulatory requirements;
- laboratory supplies; and
- facilities, depreciation and other allocated expenses for rent, facilities maintenance, insurance, equipment and other supplies.

We recognize the Australian Tax Incentive as a reduction of research and development expense. The amounts are determined based on eligible research and development expenditures. The Australian Tax Incentive is recognized when there is reasonable assurance that the Australian Tax Incentive will be received, the relevant expenditure has been incurred, and the amount of the Australian Tax Incentive can be reliably measured.

Our direct research and development expenses consist principally of external costs, such as fees paid to CROs, investigative sites and consultants in connection with our clinical trials, preclinical and non-clinical studies, and costs related to manufacturing clinical trial materials. The majority of our third-party expenses during the nine months ended September 30, 2024 and 2023 related to the research and development of paltusotine, atumelnant, and discovery. We deploy our personnel and facility related resources across all of our research and development activities.

Our clinical development costs may vary significantly based on factors such as:

- per patient trial costs;
- the number of trials required for approval;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- number of doses that patients receive;
- drop-out or discontinuation rates of patients;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow-up;
- the cost and timing of manufacturing our product candidates;
- the number of product candidates;
- the phase of development of our product candidates; and
- the efficacy and safety profile of our product candidates.

We plan to increase our research and development expenses for the foreseeable future as we continue the development of our product candidates and the discovery of new product candidates. We cannot determine with certainty the timing of initiation, the duration or the completion costs of current or future preclinical studies and clinical trials of our product candidates due to the inherently unpredictable nature of preclinical and clinical development. Clinical and preclinical development timelines, the probability of success and development costs can differ materially from expectations. We anticipate that we will make determinations as to which product candidates to pursue and how much funding to direct to each product candidate on an ongoing basis in response to the results of ongoing and future preclinical studies and clinical trials, regulatory developments and our ongoing assessments as to each product candidate's commercial potential. We will need to raise substantial additional capital in the future. In addition, we cannot forecast which product candidates may be subject to future collaborations, when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

General and administrative

General and administrative expenses consist primarily of salaries and employee-related costs, including stock-based compensation, for personnel in executive, finance and other administrative functions. Other significant costs include facility-related costs, legal fees relating to intellectual property and corporate matters, professional fees for accounting and consulting services, insurance costs, and commercial planning expenses. We anticipate that our general and administrative expenses will increase in the future to support our continued research and development activities and, if any of our product candidates receive marketing approval, commercialization activities. We also incur expenses related to audit, legal, regulatory, and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance premiums, as well as commercial preparedness, corporate strategy and business development, corporate communications, and investor relations costs associated with operating as a public company.

Critical Accounting Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which we have prepared in accordance with U.S. generally accepted accounting principles. The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities at the date of our condensed consolidated financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued expenses, stock-based compensation, and leases. We base our estimates on historical experience, known trends and events, and on various other factors that we believe are reasonable under the circumstances at the time the estimates are made, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our critical accounting policies are those accounting principles generally accepted in the United States that require us to make subjective estimates and judgments about matters that are uncertain and are likely to have a material impact on our financial condition and results of operations, as well as the specific manner in which we apply those principles. For a description of our critical accounting policies, please see the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates” contained in our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes to our critical accounting estimates discussed therein.

Results of Operations

Comparison of the three months ended September 30, 2024 and 2023

The following table summarizes our results of operations for the three months ended September 30, 2024 and 2023 (*in thousands*):

	Three months ended September 30, 2024	2023	Dollar Change
Revenues	$ —	$ 346	$ (346)
Operating expenses:			
Research and development	61,905	43,839	18,066
General and administrative	25,892	15,484	10,408
Total operating expenses	87,797	59,323	28,474
Loss from operations	(87,797)	(58,977)	(28,820)
Other income, net	10,969	2,516	8,453
Loss before equity method investment	(76,828)	(56,461)	(20,367)
Loss on equity method investment	—	(997)	997
Net loss	$ (76,828)	$ (57,458)	$ (19,370)

Revenues. There were no revenues during the three months ended September 30, 2024. Revenues during the three months ended September 30, 2023 related to the Sanwa License.

Research and development expenses. Research and development expenses were $61.9 million and $43.8 million for the three months ended September 30, 2024 and 2023, respectively. The change was primarily due to an increase in personnel costs of $9.8 million, increased manufacturing activities costs of $3.4 million, and increased outside services costs of $2.7 million, all of which were driven by the advancement of our clinical programs and the expansion of our preclinical portfolio. In addition, facilities and related costs increased by $2.2 million primarily due to the move to our new corporate office.

The following table summarizes our primary external and internal research and development expenses for the three months ended September 30, 2024 and 2023 (*in thousands*):

	Three months ended September 30, 2024	2023	Dollar Change
External research and development expenses:			
Clinical trials	$ 10,131	$ 10,431	$ (300)
Contract manufacturing	7,104	3,680	3,424
Preclinical studies	4,213	3,877	336
Outside services	6,455	3,771	2,684
Other external research and development	11	6	5
Total external research and development expenses	27,914	21,765	6,149
Internal expenses:			
Payroll and benefits	19,625	14,298	5,327
Stock-based compensation	10,556	6,088	4,468
Facilities and related	2,847	638	2,209
Other internal research and development	963	1,050	(87)
Total internal research and development expenses	33,991	22,074	11,917
Total research and development expenses	$ 61,905	$ 43,839	$ 18,066

The following table summarizes our research and development expenses by program for the three months ended September 30, 2024 and 2023 (*in thousands*):

	Three months ended September 30, 2024	2023	Dollar Change
Paltusotine	$ 12,749	$ 12,374	$ 375
Atumelnant	6,341	3,606	2,735
CRN04777	—	1,501	(1,501)
Discovery	6,603	3,663	2,940
Payroll and benefits	19,625	14,298	5,327
Stock-based compensation	10,556	6,088	4,468
Other	6,031	2,309	3,722
Total research and development expenses	$ 61,905	$ 43,839	$ 18,066

Research and development expenses for our paltusotine program were $12.7 million and $12.4 million for the three months ended September 30, 2024 and 2023, respectively. The change was primarily due to increased spending on manufacturing activities of $2.0 million and an increase in outside services costs of $0.7 million offset by a $1.5 million decrease in clinical and regulatory costs, and a $0.8 million decrease in nonclinical activities.

Research and development expenses for our atumelnant program were $6.3 million and $3.6 million for the three months ended September 30, 2024 and 2023, respectively. The change was primarily due to increased spending on clinical development activities of $1.6 million, a $0.7 million increase in preclinical activities, and increased spending on manufacturing activities of $0.5 million.

Research and development expenses for our CRN04777 program were zero and $1.5 million for the three months ended September 30, 2024 and 2023, respectively. The change was primarily due to the clinical hold received from the FDA in November 2022 which delayed the advancement of CRN04777 prior to its discontinuation of clinical development.

Research and development expenses for our discovery programs were $6.6 million and $3.7 million for the three months ended September 30, 2024 and 2023, respectively. The change was primarily due to an increase in spending in manufacturing activities of $1.4 million and an increase in spending on preclinical activities of $1.6 million as a result of the expansion of our discovery efforts across new therapeutic targets.

Research and development expenses for payroll and benefits were $19.6 million and $14.3 million for the three months ended September 30, 2024 and 2023, respectively. The change was primarily due to an increase in headcount to support our ongoing programs as well as for the expansion of our discovery efforts across new therapeutic targets.

Research and development expenses for stock-based compensation were $10.6 million and $6.1 million for the three months ended September 30, 2024 and 2023, respectively. The change was primarily due to an increase in headcount to support our ongoing programs as well as for the expansion of our discovery efforts across new therapeutic targets.

Other research and development expenses were $6.0 million and $2.3 million for the three months ended September 30, 2024 and 2023, respectively. The change was primarily due to an increase in facilities expenditures of $2.2 million and an increase in outside services costs of $0.9 million.

General and administrative expenses. General and administrative expenses were $25.9 million and $15.5 million for the three months ended September 30, 2024 and 2023, respectively. The change was primarily due to increases in personnel costs of $7.0 million and an increase in outside services costs of $1.9 million. When compared to the three months ended September 30 2023, personnel expenses for the three months ended September 30, 2024 reflected a higher headcount and an increase of $2.6 million in non-cash stock-based compensation expense. The increase in outside services costs is primarily driven by costs associated with commercial planning for paltusotine. In addition, facilities and related costs increased by $0.7 million primarily due to the move to our new corporate office.

Other income, net. Other income, net was $11.0 million and $2.5 million for the three months ended September 30, 2024 and 2023, respectively. The increase was primarily due to income generated by our investment securities.

Comparison of the nine months ended September 30, 2024 and 2023

The following table summarizes our results of operations for the nine months ended September 30, 2024 and 2023 (*in thousands*):

	Nine months ended September 30, 2024	2023	Dollar Change
Revenues	$ 1,039	$ 4,013	$ (2,974)
Operating expenses:			
Research and development	173,590	122,947	50,643
General and administrative	71,558	41,016	30,542
Total operating expenses	245,148	163,963	81,185
Loss from operations	(244,109)	(159,950)	(84,159)
Other income, net	26,766	6,515	20,251
Loss before equity method investment	(217,343)	(153,435)	(63,908)
Loss on equity method investment	(470)	(997)	527
Net loss	$ (217,813)	$ (154,432)	$ (63,381)

Revenues. Revenues during the nine months ended September 30, 2024 relate to the Sanwa License. Revenues during the nine months ended September 30, 2023 include approximately $2.1 million from the Loyal License, which was entered into during the first quarter of 2023, in addition to $1.5 million and $0.4 million related to the Sanwa License and Sanwa Clinical Supply Agreement, respectively.

Research and development expenses. Research and development expenses were $173.6 million and $122.9 million for the nine months ended September 30, 2024 and 2023, respectively. The change was primarily due to an increase in personnel costs of $30.8 million, increased manufacturing activities costs of $9.6 million, increased outside services costs of $8.4 million, and increased facilities and related costs of $6.1 million associated with the move to our new corporate office, offset by a decrease in nonclinical activities of $3.9 million.

The following table summarizes our primary external and internal research and development expenses for the nine months ended September 30, 2024 and 2023 (*in thousands*):

	Nine Months ended September 30, 2024	2023	Dollar Change
External research and development expenses:			
Clinical trials	$ 29,673	$ 30,352	$ (679)
Contract manufacturing	19,078	9,443	9,635
Preclinical studies	8,329	12,230	(3,901)
Outside services	18,826	10,458	8,368
Other external research and development	24	27	(3)
Total external research and development expenses	75,930	62,510	13,420
Internal expenses:			
Payroll and benefits	56,211	38,621	17,590
Stock-based compensation	29,612	16,367	13,245
Facilities and related	8,518	2,372	6,146
Other internal research and development	3,319	3,077	242
Total internal research and development expenses	97,660	60,437	37,223
Total research and development expenses	$ 173,590	$ 122,947	$ 50,643

The following table summarizes our research and development expenses by program for the nine months ended September 30, 2024 and 2023 (*in thousands*):

	Nine Months ended September 30, 2024	2023	Dollar Change
Paltusotine	$ 37,547	$ 34,917	$ 2,630
Atumelnant	15,299	9,250	6,049
CRN04777	633	7,309	(6,676)
Discovery	17,846	8,803	9,043
Payroll and benefits	56,211	38,621	17,590
Stock-based compensation	29,612	16,367	13,245
Other	16,442	7,680	8,762
Total research and development expenses	$ 173,590	$ 122,947	$ 50,643

Research and development expenses for our paltusotine program were $37.5 million and $34.9 million for the nine months ended September 30, 2024 and 2023, respectively. The change was primarily due to increased spending on manufacturing activities of $5.9 million and an increase in outside services costs of $2.6 million offset by a $5.0 million decrease in clinical and regulatory costs.

Research and development expenses for our atumelnant program were $15.3 million and $9.3 million for the nine months ended September 30, 2024 and 2023, respectively. The change was primarily due to increased clinical and regulatory costs of $4.1 million and a $2.0 million increase in spending on manufacturing activities.

Research and development expenses for our CRN04777 program were $0.6 million and $7.3 million for the nine months ended September 30, 2024 and 2023, respectively. The change was primarily due to the clinical hold received from the FDA in November 2022, which delayed the advancement of CRN04777 prior to its discontinuation of clinical development.

Research and development expenses for our discovery programs were $17.8 million and $8.8 million for the nine months ended September 30, 2024 and 2023, respectively. The change was primarily due to an increase in outside services costs of $2.8 million, an increase in spending on manufacturing and lab supplies of $3.6 million and an increase in spending on preclinical activities of $2.4 million as a result of the expansion of our discovery efforts across new therapeutic targets.

Research and development expenses for payroll and benefits were $56.2 million and $38.6 million for the nine months ended September 30, 2024 and 2023, respectively. The change was primarily due to an increase in headcount to support our ongoing programs as well as for the expansion of our discovery efforts across new therapeutic targets.

Research and development expenses for stock-based compensation were $29.6 million and $16.4 million for the nine months ended September 30, 2024 and 2023, respectively. The change was primarily due to an increase in headcount to support our ongoing programs as well as for the expansion of our discovery efforts across new therapeutic targets.

Other research and development expenses were $16.5 million and $7.7 million for the nine months ended September 30, 2024 and 2023, respectively. The change was primarily due to an increase in facilities expenditures of $6.1 million and an increase in outside services costs of $1.5 million.

General and administrative expenses. General and administrative expenses were $71.6 million and $41.0 million for the nine months ended September 30, 2024 and 2023, respectively. The change was primarily due to an increase in personnel costs of $18.3 million and an increase in outside and professional services costs of $7.7 million. When compared to the nine months ended September 30, 2023, personnel expenses for the nine months ended September 30, 2024 reflected a higher headcount and an increase of $8.0 million in non-cash stock-based compensation expense. The increase in outside and professional services costs is primarily driven by costs associated with commercial planning for paltusotine. In addition, facilities and related costs increased by $2.4 million primarily due to the move to our new corporate office.

Other income, net. Other income, net was $26.8 million and $6.5 million for the nine months ended September 30, 2024 and 2023, respectively. The increase was primarily due to income generated by our investment securities.

Cash Flows

We have incurred cumulative net losses and negative cash flows from operations since our inception and anticipate we will continue to incur net losses for the foreseeable future. As of September 30, 2024, we had unrestricted cash, cash equivalents and investment securities of $862.7 million and an accumulated deficit of $871.5 million.

The following table provides information regarding our cash flows for the nine months ended September 30, 2024 and 2023 (*in thousands*):

	Nine months ended September 30,	
	2024	2023
Net cash used in operating activities	$ (161,296)	$ (127,792)
Net cash used in investing activities	(32,729)	(113,105)
Net cash provided by financing activities	456,397	351,019
Net change in cash, cash equivalents and restricted cash	$ 262,372	$ 110,122

Operating Activities. Net cash used in operating activities was $161.3 million and $127.8 million for the nine months ended September 30, 2024 and 2023, respectively. The increase in cash used in operations was primarily attributable to higher personnel costs. The net cash used in operating activities during the nine months ended September 30, 2024 was primarily due to our net loss of $217.8 million adjusted for $44.6 million of noncash charges, primarily for stock-based compensation, and a $11.9 million change in operating assets and liabilities. Net cash used in operating activities during the nine months ended September 30, 2023 was primarily due to our net loss of $154.4 million adjusted for $26.9 million of noncash charges, primarily for stock-based compensation.

Investing activities. Investing activities consist primarily of purchases and maturities of investment securities and, to a lesser extent, the cash outflow associated with purchases of property and equipment. In addition to these activities, during the nine months ended September 30, 2023, we also invested $5.0 million to purchase preferred stock in Radionetics Oncology, Inc. with no similar activity during the nine months ended September 30, 2024. Such activities resulted in a net outflow of funds of approximately $32.7 million during the nine months ended September 30, 2024, compared to a net outflow of funds of approximately $113.1 million during the nine months ended September 30, 2023.

Financing activities. Net cash provided by financing activities was $456.4 million and $351.0 million for the nine months ended September 30, 2024 and 2023, respectively. The net cash provided by financing activities during 2024 and 2023 resulted from proceeds received from the sale of common stock and cash received from the exercise of stock options.

Liquidity and Capital Resources

We believe that our existing capital resources, together with investment income, will be sufficient to satisfy our current and projected funding requirements for at least the next twelve months. However, our forecast of the period through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we expect. Additionally, the process of testing product candidates in clinical trials is costly, and the timing of progress and expenses in these trials is uncertain.

Our future capital requirements will depend on many factors, including:

- the type, number, scope, progress, expansions, results, costs and timing of our preclinical studies and clinical trials of our product candidates which we are pursuing or may choose to pursue in the future;
- the costs of and our ability to obtain clinical and commercial supplies for our current product candidates and any other product candidates we may identify and develop;
- the costs and timing of manufacturing for our product candidates, including commercial manufacturing if any product candidate is approved;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs of obtaining, maintaining and enforcing our patents and other intellectual property rights;
- our efforts to enhance operational systems and hire additional personnel to satisfy our obligations as a public company, including enhanced internal controls over financial reporting;
- the costs associated with hiring additional personnel and consultants as our preclinical and clinical activities increase.
- the timing and the extent of any Australian Tax Incentive refund and future grant revenues that we receive;
- the costs and timing of establishing or securing sales and marketing capabilities if any product candidate is approved;
- our ability to achieve sufficient market acceptance, adequate coverage and reimbursement from third-party payors and adequate market share and revenue for any approved products;
- the terms and timing of establishing and maintaining collaborations, licenses and other similar arrangements;
- costs associated with any products or technologies that we may in-license or acquire;
- the funding of any co-development arrangements we enter into; and
- our ability to participate in future equity offerings by Radionetics.

Until such time, if ever, as we can generate substantial product revenues to support our cost structure, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including potentially collaborations, licenses, and other similar arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be or could be diluted, and the terms of these securities may include liquidation or other

preferences that adversely affect the rights of our common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends. If we raise funds through collaborations, licenses, and other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us and/or may reduce the value of our common stock. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market our product candidates even if we would otherwise prefer to develop and market such product candidates ourselves.

In August 2019, we entered into a Sales Agreement, as subsequently amended in August 2022, or the 2019 Sales Agreement, with Leerink Partners LLC and Cantor Fitzgerald & Co., or collectively, the Sales Agents, under which we could, from time to time, sell up to $150.0 million of shares of our common stock through the Sales Agents, or the 2019 ATM Offering. The 2019 ATM Offering was terminated upon the filing of our Registration Statement on Form S-3ASR on June 21, 2024.

On June 21, 2024, we entered into a Sales Agreement, or the 2024 Sales Agreement, with the Sales under which we may, from time to time, sell up to $350.0 million of shares of our common stock through the Sales Agents, or the 2024 ATM Offering. We are not obligated to, and we cannot provide any assurances that we will continue to, make any sales of the shares under the 2024 Sales Agreement. The 2024 Sales Agreement may be terminated by either Sales Agent (with respect to itself) or us at any time upon 10 days' notice to the other parties, or by either Sales Agent, with respect to itself, at any time in certain circumstances, including the occurrence of a material adverse change. We will pay the Sales Agents a commission for their services in acting as agent in the sale of common stock in an amount equal to 3% of the gross sales price per share sold. During the year ended December 31, 2023, the Company issued 1,344,865 shares of common stock in the 2019 ATM Offering for net proceeds of approximately $40.6 million, after deducting commissions. During the nine months ended September 30, 2024, the Company issued 1,223,775 shares of common stock pursuant to the 2019 ATM Offering for net proceeds of approximately $43.4 million, after deducting commissions. No shares of common stock were issued pursuant to the 2019 ATM Offering during the three months ended September 30, 2024. During each of the three and nine months ended September 30, 2024, the Company issued 928,912 shares of common stock pursuant to the 2024 ATM Offering for net proceeds of approximately $48.3 million, after deducting commissions.

On September 15, 2023, we completed an underwritten public offering of 11,441,648 shares of our common stock at a price to the public of $30.59 per share. Net proceeds from the offering were approximately $328.5 million, after underwriting discounts and commissions and offering costs of approximately $21.5 million.

On February 27, 2024, the Company entered into a stock purchase agreement with certain investors named therein, or the Purchasers, pursuant to which the Company agreed to issue and sell to the Purchasers in a private placement an aggregate of 8,333,334 shares of its common stock at a price of $42.00 per share for aggregate gross proceeds of approximately $350.0 million, before deducting offering expenses payable by the Company, or the Private Placement. The Private Placement closed on March 1, 2024. On March 19, 2024, the Company registered the resale of the shares issued and sold in the Private Placement, pursuant to the Registration Rights Agreement entered into with the Purchasers, dated February 27, 2024.

On October 10, 2024, the Company completed an underwritten public offering of 11,500,000 shares of its common stock at a price to the public of $50.00 per share, which included 1,500,000 shares of common stock issued pursuant to the underwriters' option to purchase additional shares. Net proceeds from the offering were approximately $542.9 million, after underwriting discounts and commissions and other offering costs of approximately $32.1 million.

Headquarters Lease

On September 9, 2022, we entered into a lease agreement for laboratory and office space in San Diego, California, or the 2022 Lease (see Note 6 to the condensed consolidated financial statements). On December 18, 2023, we moved our corporate headquarters to the new facility.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our cash, cash equivalents and investment securities consist of cash held in readily available checking and money market accounts as well as short-term debt securities. We are exposed to market risk related to fluctuations in interest rates and market prices. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of United States interest rates. However, because of the short-term nature of the instruments in our portfolio, a sudden hypothetical 10% change in market interest rates would not be expected to have a material impact on our financial condition or results of operations.

Foreign Currency

We contract with vendors, CROs and investigational sites in several foreign countries, including countries in South America, Europe and the Asia Pacific. As such, we have exposure to fluctuations in foreign currency rates in connection with these agreements. We do

not hedge our foreign currency exchange rate risk. We believe this exposure to be immaterial and, to date, we have not incurred any material adverse effects from foreign currency changes on these contracts.

In January 2017, we formed CAPL, a wholly-owned subsidiary in Australia, which exposes us to foreign currency exchange rate risk. The functional currency of CAPL is the United States dollar. Assets and liabilities of our foreign subsidiary that are not denominated in the functional currency are remeasured into U.S. dollars at foreign currency exchange rates in effect at the balance sheet date except for nonmonetary assets and capital accounts, which are remeasured at historical foreign currency exchange rates in effect at the date of transaction. Expenses are generally remeasured at foreign currency exchange rates which approximate average rates in effect during each period. Net realized and unrealized gains and losses from foreign currency transactions and remeasurement are reported in other income (expense), net, in the condensed consolidated statements of operations and totaled $32,000 and ($121,000) for the three and nine months ended September 30, 2024, respectively, and ($41,000) and (102,000) for the three and nine months ended September 30, 2023, respectively.

As of September 30, 2024 and 2023, the impact of a theoretical 10% change in the exchange rate of the Australian dollar would not result in a material gain or loss. To date, we have not hedged exposures denominated in foreign currencies.

Inflation Risk

Inflationary factors, such as increases in the cost of our materials, supplies, and overhead costs have adversely affected and may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, we may experience some adverse effect if inflation rates continue to rise. Significant adverse changes in inflation and prices in the future could result in material losses.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2024 at the reasonable assurance level.

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently a party to any material legal proceedings. From time to time, we may be involved in legal proceedings or subject to claims incident to the ordinary course of business. Regardless of the outcome, such proceedings or claims can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

Item 1A. Risk Factors

We do not believe that there have been any material changes to the risk factors set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 and Part II, Item 1A of our Quarterly Report for the quarter ended March 31, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

None of our officers (as defined in Rule 16a–1(f)) or directors adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each such term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation	8-K	001-38583	3.3	7/20/2018	
3.2	Amended and Restated Bylaws	8-K	001-38583	3.1	12/12/2023	
4.1	Specimen Stock Certificate Evidencing the Shares of Common Stock	S-1/A	333-225824	4.1	7/9/2018	
10.1	Consulting Agreement, effective as of October 15, 2024, between Crinetics Pharmaceuticals, Inc. and James Hassard.	8-K	001-38583	10.1	10/16/2024	
10.2	Separation and Release Agreement, dated October 10, 2024, between Crinetics Pharmaceuticals, Inc. and James Hassard.	8-K	001-38583	10.2	10/16/2024	
31.1	Certification of Chief Executive Officer pursuant to Rule 13(a)-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002					X
31.2	Certification of Chief Financial Officer pursuant to Rule 13(a)-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002					X
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					X

* The certification attached as Exhibit 32.1 that accompanies this Quarterly Report on Form 10-Q is not deemed filed with the SEC and is not to be incorporated by reference into any filing of Crinetics Pharmaceuticals, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Crinetics Pharmaceuticals, Inc.

Date: November 12, 2024

By: /s/ R. Scott Struthers, Ph.D.
R. Scott Struthers, Ph.D.
President and Chief Executive Officer
(Principal executive officer)

Date: November 12, 2024

By: /s/ Marc J.S. Wilson
Marc J.S. Wilson
Chief Financial Officer
(Principal financial and accounting officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, R. Scott Struthers, Ph.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crinetics Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ R. Scott Struthers, Ph.D.
R. Scott Struthers, Ph.D.
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Marc J.S. Wilson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crinetics Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Marc J.S. Wilson
Marc J.S. Wilson
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Crinetics Pharmaceuticals, Inc. (the "Company") hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ R. Scott Struthers, Ph.D.
R. Scott Struthers, Ph.D.
President and Chief Executive Officer

Date: November 12, 2024

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Crinetics Pharmaceuticals, Inc. (the "Company") hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Marc J.S. Wilson
Marc J.S. Wilson
Chief Financial Officer

Date: November 12, 2024