

REFINITIV

DELTA REPORT

10-Q

VSTM - VERASTEM, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

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TOTAL DELTAS 1460

█ CHANGES 220

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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, 2023** **March 31, 2024**

OR

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: 001-35403

Verastem, Inc.

(Exact name of registrant as specified in its charter)

Delaware

27-3269467

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

117 Kendrick Street, Suite 500

Needham, MA

02494

(Address of principal executive offices)

(Zip Code)

(781) 292-4200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	VSTM	The Nasdaq Capital 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, 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 7, 2023** **May 8, 2024** there were **25,267,436** **25,325,551** shares of Common Stock outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements related to present facts or current conditions or historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future operations, future financial position, **including our ability to continue as a going concern through one year from the date of the financial statements for the quarter ended March 31, 2024**, future revenues, projected costs, prospects, plans and objectives of management, are forward-looking statements. Such statements relate to, among other things, the development and activity of our programs and product candidates, avutometinib (rapidly accelerated fibrosarcoma ("RAF")/ mitogen-activated protein kinase kinase ("MEK") program) and defactinib (focal adhesion kinase ("FAK") program), the structure of our planned and pending clinical trials, **the potential clinical value of our clinical trials**, and the timeline and indications for clinical development, regulatory submissions and commercialization of activities. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

Forward-looking statements are not guarantees of future performance and our actual results could differ materially from the results discussed in the forward-looking statements we make. Applicable risks and uncertainties include the risks and uncertainties, among other things, regarding: the success in the

development and potential commercialization of our product candidates, including avutometinib in combination with other compounds, including defactinib, LUMAKRAS® and others; the uncertainties inherent in research and development, such as negative or unexpected results of clinical trials, the occurrence or timing of applications for our product candidates that may be filed with regulatory authorities in any jurisdictions; whether and when regulatory authorities in any jurisdictions may approve any such applications that may be filed for our product candidates, and, if approved, whether our product candidates will be commercially successful in such jurisdictions; our ability to obtain, maintain and enforce patent and other intellectual property protection for our product candidates; the scope, timing, and outcome of any legal proceedings; decisions by regulatory authorities regarding trial design, labeling and other matters that could affect the timing, availability or commercial potential of our product candidates; whether preclinical testing of our product candidates and preliminary or interim data from clinical trials will be predictive of the results or success of ongoing or later clinical trials; that the timing, scope and rate of reimbursement for our product candidates is uncertain; that third-party payors (including government agencies) may not reimburse; that there may be competitive developments affecting our product candidates; that data may not be available when expected; that enrollment of clinical trials may take longer than expected; that our product candidates will cause adverse safety events and/or unexpected concerns may arise from additional data or analysis, or result in unmanageable safety profiles as compared to their levels of efficacy; that our product candidates may experience manufacturing or supply interruptions or failures; that any of our third party contract research organizations, contract manufacturing organizations, clinical sites, or contractors, among others, who we rely on fail to fully perform; that we face substantial competition, which may result in others developing or commercializing products before or more successfully than we do which could result in reduced market share or market potential for our product candidates; that we will be unable to successfully initiate or complete the clinical development and eventual commercialization of our product candidates; that the development and commercialization of our product candidates will take longer or cost more than planned, including as a result of conducting additional studies; that we may not have sufficient cash to fund our contemplated operations; that we may not attract and retain high quality personnel; that we or Chugai Pharmaceutical, Co. Ltd. ("Chugai") will fail to fully perform under the avutometinib license agreement; that our target market for our product candidates might be smaller than we are presently estimating; that Secura Bio, Inc. ("Secura") will fail to fully perform under the asset purchase agreement with Secura, Bio, Inc., including in relation to milestone payments; that we will not see a return on investment on the payments we have and may continue to make pursuant to the collaboration and option agreement with Genfleet GenFleet Therapeutics (Shanghai), Inc. ("Genfleet" GenFleet") or that Genfleet will fail to fully perform under the agreement; that we may be unable to obtain adequate financing in the future through product licensing, co-promotional arrangements, public or private equity, debt financing or otherwise; that we will not pursue or submit regulatory filings for our product candidates; and that our product candidates will not receive regulatory approval, become commercially successful products, or result in new treatment options being offered to patients. Other risks and uncertainties include those identified in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission ("SEC") on March 14, 2023 March 14, 2024, and in any subsequent filings with the SEC.

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As a result of these and other factors, we may not achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make. The forward-looking statements contained in this Quarterly Report on Form 10-Q reflect our views as of the date hereof. We do not assume and specifically disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (unaudited).

Verastem, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

			December	
			September 30, 2023	December 31, 2022
	March 31, 2024	31, 2023		
Assets				
Current assets:				
Cash and cash equivalents	\$ 94,986	\$ 74,933	\$ 81,316	\$ 77,909
Short-term investments	70,677	12,961	28,809	59,220
Accounts receivable, net	—	31		
Grant receivable			226	—
Prepaid expenses and other current assets	8,822	4,945	7,323	6,553
Total current assets	174,485	92,870	117,674	143,682
Property and equipment, net	35	92	52	37
Right-of-use asset, net	1,336	1,789	997	1,171
Restricted cash	241	241	241	241
Other assets	56	58	4,575	4,587
Total assets	\$ 176,153	\$ 95,050	\$ 123,539	\$ 149,718
Liabilities, convertible preferred stock and stockholders' equity				
Current liabilities:				
Accounts payable	\$ 5,118	\$ 4,901	\$ 7,449	\$ 7,184
Accrued expenses	16,314	14,983	17,384	17,928
Note Payable	146	—	911	—
Deferred liabilities	1,035	710	—	327
Lease liability, short-term	902	794	981	941
Convertible senior notes	297	275		
Total current liabilities	23,812	21,663	26,725	26,380
Non-current liabilities:				
Long-term debt	39,911	24,526	40,123	40,086
Lease liability, long-term	780	1,470	270	530
Other long-term liabilities	51	—		
Preferred stock tranche liability	7,260	—	10,200	4,189
Total liabilities	71,814	47,659	77,318	71,185
Convertible preferred stock:				
Series B Convertible Preferred Stock, \$0.0001 par value; 2,144 and 0 shares designated at September 30, 2023 and December 31, 2022, respectively; 1,200 and 0 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	21,159	—		
Series B Convertible Preferred Stock, \$0.0001 par value; 2,144 shares designated at March 31, 2024 and December 31, 2023; 1,200 shares issued and outstanding at March 31, 2024 and December 31, 2023			21,159	21,159
Stockholders' equity:				
Preferred Stock, \$0.0001 par value; 5,000 shares authorized:				
Series A Convertible Preferred Stock, \$0.0001 par value; 1,000 shares designated, 1,000 shares issued and outstanding at September 30, 2023 and December 31, 2022			—	—
Common stock, \$0.0001 par value; 300,000 shares authorized, 25,265 and 16,712 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	3	2		
Series A Convertible Preferred Stock, \$0.0001 par value; 1,000 shares designated, 1,000 shares issued and outstanding at March 31, 2024 and December 31, 2023			—	—
Common stock, \$0.0001 par value; 300,000 shares authorized, 25,308 and 25,281 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			3	3
Additional paid-in capital	880,650	784,912	883,816	882,248
Accumulated other comprehensive income	49	—		

Accumulated other comprehensive income/ (loss)			(4)	13
Accumulated deficit	(797,522)	(737,523)	(858,753)	(824,890)
Total stockholders' equity	83,180	47,391	25,062	57,374
Total liabilities, convertible preferred stock and stockholders' equity	\$ 176,153	\$ 95,050	\$ 123,539	\$ 149,718

See accompanying notes to the condensed consolidated financial statements.

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Verastem, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited)
(in thousands, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,		Three months ended March 31,	
	2023	2022	2023	2022	2024	2023
Revenue:						
Sale of COPIKTRA license and related assets	\$ —	\$ —	\$ —	\$ 2,596		
Total revenue	—	—	—	2,596		
Operating expenses:						
Research and development	13,946	11,288	38,854	39,818	\$ 17,707	\$ 12,015
Selling, general and administrative	7,363	6,421	22,091	18,869	10,352	7,329
Total operating expenses	21,309	17,709	60,945	58,687	28,059	19,344
Loss from operations	(21,309)	(17,709)	(60,945)	(56,091)	(28,059)	(19,344)
Other income (expense)	(13)	20	(60)	54		
Other expense					(30)	(7)
Interest income	2,247	316	4,345	446	1,367	976
Interest expense	(1,129)	(717)	(3,019)	(1,413)	(1,130)	(769)
Change in fair value of preferred stock tranche liability	200	—	(320)	—	(6,011)	3,430
Net loss	\$ (20,004)	\$ (18,090)	\$ (59,999)	\$ (57,004)	\$ (33,863)	\$ (15,714)
Net loss per share—basic and diluted	\$ (0.75)	\$ (1.10)	\$ (2.93)	\$ (3.60)	\$ (1.26)	\$ (0.94)
Weighted average common shares outstanding used in computing net loss per share—basic and diluted	26,790	16,430	20,452	15,834	26,832	16,723
Net loss	\$ (20,004)	\$ (18,090)	\$ (59,999)	\$ (57,004)	\$ (33,863)	\$ (15,714)
Unrealized gain (loss) on available-for-sale securities	48	91	49	(73)	(17)	6
Comprehensive loss	\$ (19,956)	\$ (17,999)	\$ (59,950)	\$ (57,077)	\$ (33,880)	\$ (15,708)

See accompanying notes to the condensed consolidated financial statements.

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Verastem, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(unaudited)
(in thousands, except share data)

	Accumulated										Series B Convertible Preferred Stock			Series A Convertible Preferred Stock		
	Series B Convertible Preferred Stock		Series A Convertible Preferred Stock		Common stock		Additional	other	Total							
	Shares	Amount	Shares	Amount	Shares	Amount	paid-in	comprehensive	Accumulated	stockholders'						
Balance at																
December 31, 2022	—	\$ —	1,000,000	\$ —	16,711,761	\$ 2	\$ 784,912	\$ —	\$ (737,523)	\$ 47,391						
Balance at																
December 31, 2023											1,200,000	\$ 21,159	1,000,000	\$ —	25,281,150	
Net loss	—	—	—	—	—	—	—	—	(15,714)	(15,714)	—	—	—	—	—	—
Unrealized gain on available-for-sale marketable securities	—	—	—	—	—	—	—	—	6	6	—	—	—	—	—	—
Unrealized loss on available-for-sale marketable securities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of common stock resulting from vesting of restricted stock units	—	—	—	—	17,658	—	—	—	—	—	—	—	—	—	—	14,444
Issuance of common stock resulting from exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4,600
Issuance of common stock under Employee Stock Purchase Plan	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,475

Stock-based compensation expense	—	—	—	—	—	—	1,313	—	—	1,313	—	—	—
Issuance of common stock under Employee Stock Purchase Plan	—	—	—	—	—	6,874	—	29	—	—	29	—	—
Issuance of Series B Convertible Preferred Stock, net of issuance costs of \$1,901 and preferred stock tranche liability of \$6,940	1,200,000	21,159	—	—	—	—	—	—	—	—	—	—	—
Balance at March	1,200,000	\$ 21,159	1,000,000	\$ —	16,736,293	\$ 2	\$ 786,254	\$ 6	\$ (753,237)	\$ 33,025			
Net loss	—	—	—	—	—	—	—	—	(24,281)	(24,281)			
Unrealized (loss) on available-for-sale marketable securities	—	—	—	—	—	—	—	(5)	—	(5)			
Issuance of common stock resulting from vesting of restricted stock units	—	—	—	—	16,176	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	1,432	—	—	1,432	—	—	—
Issuance of common stock, and pre-funded warrants, net of issuance cost of \$6,351	—	—	—	—	8,489,409	1	91,419	—	—	91,420	—	—	—
Balance at June	1,200,000	\$ 21,159	1,000,000	\$ —	25,241,878	\$ 3	\$ 879,105	\$ 1	\$ (777,518)	\$ 101,591			
Net loss	—	—	—	—	—	—	—	—	(20,004)	(20,004)			

Unrealized gain on available-for-sale marketable securities	—	—	—	—	—	—	48	—	48
Issuance of common stock resulting from vesting of restricted stock units	—	—	—	—	15,489	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	1,517	—	—	1,517
Issuance of common stock under Employee Stock Purchase Plan	—	—	—	7,396	—	28	—	—	28
Balance at September 30, 2023	1,200,000	\$ 21,159	1,000,000	\$ — 25,264,763	\$ 3	\$ 880,650	\$ 49	\$ (797,522)	\$ 83,180
Balance at March 31, 2024							1,200,000	\$ 21,159	1,000,000
									\$ — 25,307,669

	Accumulated other					Accumulated other								
	Common stock		Additional paid-in capital	(loss) income	Accumulated deficit	Total stockholders' equity	Series B Convertible Preferred Stock		Series A Convertible Preferred Stock		Common stock	Additional paid-in capital	(loss) income	Accumulated deficit
	Shares	Amount					Shares	Amount	Shares	Amount	Shares	Amount		
Balance at December 31, 2021	15,440,830	\$ 2	\$ 751,234	\$ 34	\$ (663,711)	\$ 87,559								
Balance at December 31, 2022							—	\$ —	1,000,000	\$ —	16,711,761	\$ 2	\$ 784,912	\$ —
Net loss	—	—	—	—	(16,962)	(16,962)	—	—	—	—	—	—	—	(15,714)
Unrealized (loss) on available-for-sale marketable securities	—	—	—	—	(147)	(147)	—	—	—	—	—	—	—	(15,714)
Issuance of common stock resulting from at-the-market transactions, net	23,824	—	575	—	—	575								

Unrealized gain on available-for- sale marketable securities	—	—	—	—	—	—	—	—	—	—	6	—
Issuance of common stock resulting from vesting of restricted stock units	58,043	—	—	—	—	—	—	—	—	17,658	—	—
Stock-based compensation expense	—	—	1,646	—	—	1,646	—	—	—	—	1,313	—
Issuance of common stock under Employee Stock Purchase Plan	—	—	100	—	—	100	—	—	—	6,874	—	29
Balance at March	15,527,500	\$ 2	\$ 753,555	\$ (113)	\$ (680,673)	\$ 72,771						
31, 2022	—	—	—	—	—	(21,952)	—	—	—	—	—	—
Net loss	—	—	—	—	—	(21,952)	—	—	—	—	—	—
Unrealized (loss) on available-for- sale marketable securities	—	—	—	(17)	—	(17)	—	—	—	—	—	—
Issuance of common stock resulting from at-the-market transactions, net	83,870	—	1,240	—	—	1,240	—	—	—	—	—	—
Issuance of common stock resulting from exercise of stock options	6,378	—	92	—	—	92	—	—	—	—	—	—
Issuance of common stock resulting from vesting of restricted stock units	16,734	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	1,758	—	—	1,758	—	—	—	—	—	—

Balance at June						
30, 2022	15,634,482	\$ 2	\$ 756,645	\$ (130)	\$ (702,625)	\$ 53,892
Net loss	—	—	—	—	(18,090)	(18,090)
Unrealized gain on available-for-sale marketable securities	—	—	—	91	—	91
Issuance of common stock resulting from at-the-market transactions, net	1,856,754	—	25,534	—	—	25,534
Issuance of common stock resulting from vesting of restricted stock units	8,587	—	—	—	—	—
Issuance of common stock resulting from exercise of stock options	1,803	—	26	—	—	26
Stock-based compensation expense	—	—	1,356	—	—	1,356
Issuance of common stock under Employee Stock Purchase Plan	5,391	—	64	—	—	64
Balance at September 30,						
2022	17,507,017	\$ 2	\$ 783,625	\$ (39)	\$ (720,715)	\$ 62,873
Issuance of Series B Convertible Preferred Stock, net of issuance costs of \$1,901 and preferred stock tranche liability of \$6,940	1,200,000	—	21,159	—	—	—
Balance at March						
31, 2023	1,200,000	\$ 2	\$ 21,159	\$ 1,000,000	\$ (16,736,293)	\$ 2 \$ 786,254 \$ 6 \$ (753,237) \$

See accompanying notes to the condensed consolidated financial statements.

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Verastem, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Nine months ended September 30,	
	2023	2022
Operating activities		
Net loss	\$ (59,999)	\$ (57,004)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	57	89
Amortization of right-of-use asset and lease liability	(129)	(113)
Stock-based compensation expense	4,262	4,760
Amortization of deferred financing costs, debt discounts and premiums and discounts on available-for-sale marketable securities	(295)	231
Change in fair value of preferred stock tranche liability	320	—
Changes in operating assets and liabilities:		
Accounts receivable, net	31	442
Prepaid expenses, other current assets and other assets	(2,950)	1,349
Accounts payable	217	3,057
Accrued expenses and other liabilities	1,331	(833)
Deferred liabilities	325	965
Other long-term liabilities	51	—
Net cash used in operating activities	<u>(56,779)</u>	<u>(47,057)</u>
Investing activities		
Purchases of investments	(83,883)	(15,340)
Maturities of investments	27,000	68,500
Net cash provided by (used in) investing activities	<u>(56,883)</u>	<u>53,160</u>
Financing activities		
Proceeds from issuance of Series B Convertible Preferred Stock, net	28,099	—
Proceeds from long-term debt, net	14,918	24,148
Proceeds from insurance premium financing	1,430	—
Payments on insurance premium financing	(1,284)	—
Proceeds from the exercise of stock options and employee stock purchase program	57	282
Proceeds from the issuance of common stock and pre-funded warrants, net	91,420	27,354
Net cash provided by financing activities	<u>134,640</u>	<u>51,784</u>
Increase in cash, cash equivalents and restricted cash	20,978	57,887
Cash, cash equivalents and restricted cash at beginning of period	75,789	21,493
Cash, cash equivalents and restricted cash at end of period	<u>\$ 96,767</u>	<u>\$ 79,380</u>
Supplemental disclosure of non-cash investing and financing activities		
Issuance of preferred stock tranche liability	\$ 6,940	\$ —
	Three months ended March 31,	
	2024	2023

Operating activities			
Net loss	\$ (33,863)	\$ (15,714)	
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	6	30	
Amortization of right-of-use asset and lease liability	(46)	(41)	
Stock-based compensation expense	1,483	1,313	
Amortization of deferred financing costs, debt discounts and premiums and discounts on available-for-sale marketable securities	(419)	(36)	
Change in fair value of preferred stock tranche liability	6,011	(3,430)	
Changes in operating assets and liabilities:			
Accounts receivable, net	—	31	
Grant receivable	(226)	—	
Prepaid expenses, other current assets and other assets	(647)	(2,089)	
Accounts payable	265	2	
Accrued expenses and other liabilities	(544)	(1,045)	
Deferred liabilities	(327)	693	
Net cash used in operating activities	<u>(28,307)</u>	<u>(20,286)</u>	
Investing activities			
Purchases of property and equipment	(21)	—	
Purchases of investments	—	(13,804)	
Maturities of investments	31,000	13,000	
Net cash provided by (used in) investing activities	<u>30,979</u>	<u>(804)</u>	
Financing activities			
Proceeds from issuance of Series B Convertible Preferred Stock, net	—	28,099	
Proceeds from long-term debt, net	—	14,918	
Fees paid to Lenders for Loan Agreement amendment	(150)	—	
Proceeds from insurance premium financing	1,298	1,430	
Payments on insurance premium financing	(387)	(426)	
Proceeds from the exercise of stock options and employee stock purchase program	85	29	
Net cash provided by financing activities	<u>846</u>	<u>44,050</u>	
Increase in cash, cash equivalents and restricted cash	3,518	22,960	
Cash, cash equivalents and restricted cash at beginning of period	79,076	75,789	
Cash, cash equivalents and restricted cash at end of period	<u>\$ 82,594</u>	<u>\$ 98,749</u>	
Supplemental disclosure of non-cash investing and financing activities			
Issuance of preferred stock tranche liability	—	6,940	
Purchases of property and equipment included in accounts payable and accrued expenses	7	—	

See accompanying notes to the condensed consolidated financial statements.

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Verastem, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Nature of business

Verastem, Inc. (the "Company") is a late-stage development biopharmaceutical company, with an ongoing registration directed trial, committed to advancing new medicines for **patients battling** people diagnosed with cancer. The Company's pipeline is focused on **ras sarcoma ("RAS")/ mitogen activated pathway kinase ("MAPK")** driven cancers, specifically on novel **anticancer agents** drug candidates that inhibit **critical** signaling pathways in cancer that promote **critical** to cancer cell survival and tumor growth, particularly RAF/ MEK inhibition and FAK inhibition.

The Company's most advanced product candidates, avutometinib and defactinib, are being investigated in both preclinical and clinical studies for the treatment of various solid tumors, including, but not limited to low-grade serous ovarian cancer ("LGSOC"), non-small cell lung cancer ("NSCLC"), **pancreatic cancer**, colorectal cancer ("CRC"), **pancreatic cancer**, and **melanoma**. **thyroid**. The Company believes that avutometinib may be beneficial as a therapeutic as a single agent or when used together in combination with defactinib, other **agents**, other pathway inhibitors or other current and emerging standard of care treatments in cancers that do not adequately respond to currently available therapies.

On September 24, 2018, the Company's first commercial product, COPIKTRA® (duvelisib), was approved by the U.S. Food and Drug Administration (the "FDA") for the treatment of adult patients with certain hematologic cancers including relapsed or refractory chronic lymphocytic leukemia/ small lymphocytic lymphoma after at least two prior therapies and relapsed or refractory follicular lymphoma after at least two prior systemic therapies. On August 10, 2020, the Company and Secura Bio, Inc. ("Secura") entered into an asset purchase agreement ("Secura APA"). Pursuant to the Secura APA, the Company sold to Secura its exclusive worldwide license, including certain related assets for the research, development, commercialization, and manufacture in oncology indications of products containing COPIKTRA (duvelisib). The transaction closed on September 30, 2020. Refer to Note 14. *License, collaboration, and commercial agreements* for a detailed discussion of the Secura APA.

The condensed consolidated financial statements include the accounts of Verastem Securities Company and Verastem Europe GmbH, wholly-owned subsidiaries of the Company. All financial information presented has been consolidated and includes the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The Company is subject to the risks associated with other life science companies, including, but not limited to, possible failure of preclinical testing or clinical trials, competitors developing new technological innovations, inability to obtain marketing approval of the Company's product candidates, avutometinib and defactinib, market acceptance and commercial success of the Company's product candidates, avutometinib and defactinib, following receipt of regulatory approval, and, protection of proprietary technology and the continued ability to obtain adequate financing to fund the Company's future operations. If the Company does not obtain marketing approval and successfully commercialize its product candidates, avutometinib and defactinib, following regulatory approval, it will be unable to generate product revenue or achieve profitability and may need to raise additional capital.

The Company has historical losses from operations and anticipates that it may continue to incur operating losses as it continues the research and development of its product candidates. As of **September 30, 2023** **March 31, 2024**, the Company had cash, cash equivalents, and investments of **\$165.7 million**, **\$110.1 million**. In accordance with applicable accounting standards, the Company evaluated whether there are conditions and an accumulated deficit of **\$797.5 million**. The Company expects its existing cash resources will be sufficient events, considered in the aggregate, that raise substantial doubt about the Company's ability to fund its planned operations through at least continue as a going concern within 12 months from after the date of the issuance of these condensed consolidated financial statements. The Company anticipates operating losses may continue for the foreseeable future since the Company does not yet have regulatory approval to sell any of its product candidates, and the Company continues to incur operating costs to execute its strategic plan, including costs related to research and development of its product candidates and commercial readiness activities. These conditions raise substantial doubt about the Company's ability to continue as a going concern for 12 months after the date the condensed consolidated financial statements are issued.

The Company expects to finance the future development costs of its clinical product portfolio operations with its existing cash, cash equivalents and investments, through potential future milestones and royalties received pursuant to the asset purchase agreement dated August 10, 2020, between the Company and Secura APA, (the "Secura APA"), through the loan and security agreement with Oxford Finance LLC ("Oxford"), or through other strategic financing opportunities that could include, but are not limited to collaboration agreements, future offerings of its equity, or the incurrence of debt. However, there is no guarantee that any of given the risks associated with these potential strategic or financing opportunities, will be executed or executed on favorable terms, and some could be dilutive to existing stockholders. they are not deemed probable for purposes of the going concern assessment. If the Company fails to

obtain additional future capital, it may be unable to complete its planned preclinical studies and clinical trials and obtain approval of certain investigational product candidates from the **FDA** U.S. Food & Drug Administration (the "FDA") or foreign regulatory authorities. **Therefore, there is substantial doubt about the Company's ability to continue as a going concern.**

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Reverse Stock Split

On May 30, 2023, the Company filed a Certificate of Amendment to the Company's Restated Certificate of Incorporation, as amended to date, with the Secretary of State of the State of Delaware to effect a reverse stock split of the Company's issued and outstanding common stock, par value \$0.0001 at a ratio of 1-for-12 (the "Reverse Stock Split"), as authorized at the Company's 2023 annual meeting of stockholders held on May 15, 2023. The Company effected the Reverse Stock Split on May 31, 2023. No fractional shares were issued in connection with the Reverse Stock Split. Stockholders who otherwise were entitled to a fractional share of common stock were entitled to receive a price equal to the closing price of the common stock on the Nasdaq Capital Market on the date immediately preceding the Reverse Stock Split, as adjusted by the ratio of one share of common stock for every 12 shares of common stock, multiplied by the applicable fraction of a share. The number of shares of common stock that the Company is authorized to issue remains at 300,000,000 shares and the par value of its common stock remains unchanged at \$0.0001 per share.

The Company has retroactively restated the share and per share amounts in the unaudited condensed consolidated financial statements **as of December 31, 2022 and for the nine months ended September 30, 2023 and 2022, and three months ended September 30, 2022** **March 31, 2023**, to give retroactive effect to the Reverse Stock Split. Proportionate adjustments were made to the per share exercise price and number of shares of common stock issuable under all outstanding stock options, convertible notes and preferred stock. In addition, proportionate adjustments have been made to the number of shares of common stock issuable upon vesting of the restricted stock units and the number of shares of common stock reserved for the Company's equity incentive compensation plans. The condensed consolidated statements of convertible preferred stock and stockholders' equity **and balance sheets** reflect the impact of the Reverse Stock Split by reclassifying from "common stock" to "additional paid-in capital" in an amount equal to the par value of the decreased shares resulting from the Reverse Stock **Split** **Split** for the three months ended **March 31, 2023**.

2. Summary of significant accounting policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial reporting and as required by Regulation S-X, Rule 10-01 under the assumption that the Company will continue as a going concern for the next twelve months. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements, or any adjustments that might result from the uncertainty related to the Company's ability to continue as a going concern. In the opinion of management, all adjustments (including those which are normal and recurring) considered necessary for a fair presentation of the interim financial information have been included. When preparing financial statements in conformity with GAAP, the Company must make estimates and assumptions that affect the reported amounts and related disclosures at the date of the financial statements. Actual results could differ from those estimates. Additionally, operating results for the three **and nine** months ended **September 30, 2023** **March 31, 2024** are not necessarily indicative of the results that may be expected for any other interim period or for the year ending **December 31, 2023** **December 31, 2024**. For further information, refer to the financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, as filed with the **Securities and Exchange Commission ("SEC")** **SEC** on **March 14, 2023** **March 14, 2024**.

Significant Accounting Policies

The significant accounting policies are described in Note 2. *Significant accounting policies* in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, except as outlined within "Recently Adopted Accounting Standards Updates" section immediately below. December 31, 2023.

Recently Adopted Accounting Standards Updates

In June 2016, November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-13, Measurement of Credit Losses on Financial Instruments 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2016-13" 2023-07). ASU 2016-13 will replace, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and by extending the incurred loss impairment methodology under current GAAP disclosure requirements to entities with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Effective January 1, 2023, the Company adopted the provisions of ASU 2016-13, single reportable segment. The adoption did not have a material impact on the Company's condensed consolidated financial statements or related financial statement disclosures.

In August 2020, the FASB issued No. ASU 2020-06, Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815 – 40) ("ASU 2020-06"). ASU 2020-06 simplifies the complexity associated with applying U.S. GAAP for certain financial instruments with characteristics of liabilities and equity. More specifically, the amendments focus on the guidance for convertible instruments and derivative scope exception for contracts in an entity's own equity. The ASU also simplifies the diluted earnings per share calculation in certain areas. The Company elected to adopt this standard on January 1, 2023 under the modified retrospective transition method. The adoption did not have a material impact on the Company's condensed consolidated financial statements or related financial statement disclosures.

In September 2022, the FASB issued ASU 2022-04, Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations ("ASU 2022-04"). ASU 2022-04 requires the buyer in a supplier finance program to disclose information about the key terms of the program, outstanding confirmed amounts as of the end of the period, a rollforward of such amounts during each annual period, and a description of where in the financial statements outstanding amounts are presented. This guidance is effective for fiscal years beginning after December 15, 2022 December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. ASU 2023-07 is to be applied retrospectively to

all prior periods presented in the financial statements. We adopted are currently evaluating the potential impact of adopting this new guidance as on the Company's condensed consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). The guidance in ASU 2023-09 improves the transparency of January 1, 2023 income tax disclosures by greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The standard is effective for public companies for fiscal years beginning after December 15, 2024, on a prospective basis, with early adoption permitted. The Company is currently evaluating the impact that the adoption of ASU 2023-09 may have on its condensed consolidated financial statements and related disclosures.

Other recent accounting pronouncements issued, but not yet effective, are not expected to be applicable to the standard only resulted in new disclosures for amounts presented within Notes Payable and did not affect the Company's recognition, measurement, Company or financial statement presentation of supplier finance program obligations have a material effect on the condensed consolidated financial statements. For additional information on the new disclosures, see Note 9. Notes Payable, statements upon future adoption.

Concentrations of credit risk and off-balance sheet risk

Cash, cash equivalents, investments and trade accounts receivable are financial instruments that potentially subject the Company to concentrations of credit risk. The Company mitigates this risk by maintaining its cash and cash equivalents and investments with high quality, accredited financial institutions. The management of the Company's investments is not discretionary on the part of these financial institutions. As of **September 30, 2023** **March 31, 2024**, the Company's cash, cash equivalents and investments were deposited at four financial institutions and it has no significant off-balance sheet concentrations of credit risk, such as foreign currency exchange contracts, option contracts or other hedging arrangements. **For the three and nine months ended September 30, 2023, the Company did not record any revenue.**

Proceeds from Grants

In May 2022, the Company was awarded the "Therapeutic Accelerator Award" grant from Pancreatic Cancer Network ("PanCAN") for up to \$3.8 million (the "PanCAN Grant"). In August 2022, PanCAN agreed to provide the Company with an additional \$0.5 million for the collection and analysis of patient samples. The grant is **expected to support** **supporting** a Phase 1b/2 clinical trial of GEMZAR (gemcitabine) and ABRAXANE (Nab-paclitaxel) in combination with avutometinib and defactinib entitled RAMP 205. The RAMP 205 trial **will evaluate** **is evaluating** whether combining avutometinib (to target mutant Kirsten rat sarcoma viral oncogene homolog ("KRAS"), which is found in more than 90% of pancreatic **adenocarcinomas**) **adenocarcinomas**, and defactinib (to reduce stromal density and adaptive resistance to avutometinib) to the standard GEMZAR/ABRAXANE regimen improves outcomes for patients with such pancreatic cancers. **Through September 30,**

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2023, the Company has received \$2.7 million of cash proceeds which was initially recorded as deferred liabilities on the balance sheet. The Company recognizes grants as contra research and development expense in the consolidated statement of operations and comprehensive loss on a systematic basis over the periods in which the **entity** **Company** recognizes as expenses the related costs for which the grants are intended to compensate. Eligible expenses incurred in excess of grant payments received up to the total amount of the PanCAN Grant are recorded as a grant receivable. Through March 31, 2024, the Company has received \$3.5 million of cash proceeds which was initially recorded as deferred liabilities on the balance sheet. The Company recorded **\$0.5** **\$1.4** million and **\$1.3** million of the proceeds as a reduction of research and development expense during the three and nine months ended September 30, 2023, respectively. The Company recorded less than \$0.1 million of the proceeds as a reduction of research and development expense during the three and nine months ended **September 30, 2022**, **March 31, 2024**, and **March 31, 2023**, respectively. As of **September 30, 2023** and **December 31, 2022** **March 31, 2024**, the company recorded \$0.2 million as a grant receivable related to the PanCAN Grants in the condensed consolidated balance sheet. As of December 31, 2023, the Company recorded \$1.0 million and \$0.7 million, respectively, \$0.3 million as deferred liabilities related to the PanCAN Grant in the condensed consolidated balance sheets. **sheet.**

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3. Cash, cash equivalents and restricted cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statements of cash flows (in thousands):

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 94,986	\$ 74,933	\$81,316	\$77,909
Restricted cash	1,781	856	1,278	1,167
Total cash, cash equivalents and restricted cash	\$ 96,767	\$ 75,789	\$82,594	\$79,076

Amounts included in restricted cash as of **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023** represent (i) cash received pursuant to the PanCAN Grant restricted for future expenditures for specific research and development activities of **\$1.5 million** **\$1.0 million** and **\$0.6 million** **\$0.9 million**, respectively, and (ii) cash held to collateralize outstanding letters of credit provided as a security deposit for the Company's office space located in Needham, Massachusetts in the amount of \$0.2 million. Cash received pursuant to the PanCAN Grant is included in prepaid expenses and other current assets on the condensed consolidated balance sheets as of **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**. The letters of credit are included in non-current restricted cash on the condensed consolidated balance sheets as of **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**.

4. Fair value of financial instruments

The Company determines the fair value of its financial instruments based upon the fair value hierarchy, which prioritizes valuation inputs based on the observable nature of those inputs. The fair value hierarchy applies only to the valuation inputs used in determining the reported fair value of the investments and is not a measure of the investment credit quality. The hierarchy defines three levels of valuation inputs:

Level 1 inputs	Quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.
Level 2 inputs	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs	Unobservable inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability.

Items Measured at Fair Value on a Recurring Basis

The following table presents information about the Company's financial instruments that are measured at fair value on a recurring basis (in thousands):

Description	March 31, 2024			
	Total	Level 1	Level 2	Level 3
Financial assets				
Cash equivalents	\$46,680	46,680	—	—
Short-term investments	28,809	—	28,809	—
Total financial assets	\$75,489	\$46,680	\$28,809	\$ —
Preferred stock tranche liability	\$10,200	\$ —	\$ —	\$ 10,200

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Items Measured at Fair Value on a Recurring Basis

The following table presents information about the Company's financial instruments that are measured at fair value on a recurring basis (in thousands):

September 30, 2023

Description	Total	Level 1	Level 2	Level 3
Financial assets				
Cash equivalents	\$ 93,777	\$ 76,842	\$ 16,935	\$ —
Short-term investments	70,677	11,876	58,801	—
Total financial assets	\$ 164,454	\$ 88,718	\$ 75,736	\$ —
Preferred stock tranche liability	\$ 7,260	\$ —	\$ —	\$ 7,260

Description	December 31, 2022				December 31, 2023			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets								
Cash equivalents	\$ 73,613	\$ 72,617	\$ 996	\$ —	\$ 46,093	\$ 46,093	\$ —	\$ —
Short-term investments	12,961	—	12,961	—	59,220	5,992	53,228	—
Total financial assets	\$ 86,574	\$ 72,617	\$ 13,957	\$ —	\$ 105,313	\$ 52,085	\$ 53,228	\$ —
Preferred stock tranche liability					\$ 4,189	\$ —	\$ —	\$ 4,189

The Company's cash equivalents and short-term investments consist of U.S. Government money market funds, corporate bonds, agency bonds and commercial paper of publicly traded companies. The investments and cash equivalents have been initially valued at the transaction price and subsequently valued, at the end of each reporting period, utilizing third party pricing services or other market observable data. The pricing services utilize industry standard valuation models, including both income and market-based approaches and observable market inputs to determine value. These observable market inputs include reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates and other industry and economic events. The Company validates the prices provided by third party pricing services by reviewing their pricing methods and matrices, obtaining market values from other pricing sources, analyzing pricing data in certain instances and confirming that the relevant markets are active. After completing its validation procedures, the Company did not adjust or override any fair value measurements provided by the pricing services as of **September 30, 2023** **March 31, 2024** or **December 31, 2022** **December 31, 2023**.

A preferred stock tranche liability was recorded as a result of the entry into the Securities Purchase Agreement (defined herein) (see Note **11.10. Capital Stock**). The fair value measurement of the preferred stock tranche liability is classified as Level 3 under the fair value hierarchy. The fair value of the preferred stock tranche liability was determined using a Monte-Carlo simulation. The inputs to the Monte-Carlo include the risk-free rate, stock price volatility, expected dividends and remaining term. Significant increases or decreases in any of those inputs in isolation could result in a significantly lower or higher fair value measurement.

Below are the inputs used to value the preferred stock tranche liability at **January 24, 2023** **March 31, 2024**, and **September 30, 2023** **December 31, 2023**:

	September 30, 2023	January 24, 2023	March 31, 2024	December 31, 2023
Risk-free interest rate	5.46-5.61 %	4.41-4.84 %	5.44-5.49 %	5.13-5.52 %
Volatility	100 %	90 %	75 %	75 %
Dividend yield	—	—	—	—
Remaining term (years)	0.8	1.5	0.3	0.6

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The following table represents a reconciliation of the preferred stock right liability recorded in connection with the entry into the Securities Purchase Agreement (in thousands):

January 1, 2023	\$ —
Fair value recognized upon entering into Securities Purchase Agreement	6,940
Fair value adjustment	320
September 30, 2023	\$ 7,260

January 1, 2024	\$ 4,189
Fair value adjustment	6,011
March 31, 2024	\$ 10,200

Fair Value of Financial Instruments

The fair value of the Company's 2018 issued 5.00% Convertible Senior Notes due 2048 (the "2018 Notes") was approximately \$0.3 million as of September 30, 2023, and December 31, 2022, which equals the carrying value of the 2018 Notes on each respective date. The fair value of the 2018 Notes is influenced by the Company's stock price, stock price volatility, and current market yields and was determined using Level 3 inputs.

The fair value of the Company's long-term debt was determined using a discounted cash flow analysis with current applicable rates for similar instruments as of the condensed consolidated balance sheet dates. The Company estimates that the fair value of its long-term debt was approximately \$39.4 million as of September 30, 2023 March 31, 2024, which differs from the carrying value of \$39.9 million \$40.1 million. The Company estimates that the fair value of its long-term debt was approximately \$24.9 million as of December 31, 2022 December 31, 2023, which differs from the carrying value of \$24.5 million \$40.1 million. The fair value of the Company's long-term debt was determined using Level 3 inputs.

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5. Investments

Cash, cash equivalents, restricted cash and investments consist of the following (in thousands):

	September 30, 2023				March 31, 2024			
	Amortized Cost	Gross		Fair Value	Amortized Cost	Gross		Fair Value
		Gains	Losses			Gains	Losses	
Cash, cash equivalents & restricted cash:								
Cash and money market accounts	\$ 79,832	\$ —	\$ —	\$ 79,832	\$ 82,594	\$ —	\$ —	\$ 82,594
Corporate bonds, agency bonds and commercial paper (due within 90 days)	16,933	2	—	16,935				
Total cash, cash equivalents & restricted cash:	\$ 96,765	\$ 2	\$ —	\$ 96,767	\$ 82,594	\$ —	\$ —	\$ 82,594
Investments:								
Corporate bonds, agency bonds and commercial paper (due within 1 year)	70,630	48	(1)	70,677	\$ 28,813	\$ —	\$ (4)	\$ 28,809
Total investments	\$ 70,630	\$ 48	\$ (1)	\$ 70,677	\$ 28,813	\$ —	\$ (4)	\$ 28,809

Total cash, cash equivalents, restricted cash and investments	\$ 167,395	\$ 50	\$ (1)	\$ 167,444	\$ 111,407	\$ —	\$ (4)	\$ 111,403
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	December 31, 2022				December 31, 2023			
	Gross		Gross		Gross		Gross	
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash, cash equivalents & restricted cash:								
Cash and money market accounts	\$ 74,794	\$ —	\$ —	\$ 74,794	\$ 79,076	\$ —	\$ —	\$ 79,076
Corporate bonds, agency bonds and commercial paper (due within 90 days)	995	—	\$ —	995				
Total cash, cash equivalents & restricted cash:	\$ 75,789	\$ —	\$ —	\$ 75,789	\$ 79,076	\$ —	\$ —	\$ 79,076
Investments:								
Corporate bonds, agency bonds and commercial paper (due within 1 year)	\$ 12,961	\$ 2	\$ (2)	\$ 12,961	\$ 59,208	\$ 13	\$ (1)	\$ 59,220
Total investments	\$ 12,961	\$ 2	\$ (2)	\$ 12,961	\$ 59,208	\$ 13	\$ (1)	\$ 59,220
Total cash, cash equivalents, restricted cash and investments	\$ 88,750	\$ 2	\$ (2)	\$ 88,750	\$ 138,284	\$ 13	\$ (1)	\$ 138,296

There were no realized gains or losses on investments for the three or nine months ended September 30, 2023 March 31, 2024, or 2022.2023. Accrued interest receivable is excluded from the amortized cost and estimated fair value of the Company's investments. Accrued interest receivable of \$0.1 million is presented within the prepaid expenses and other current assets on the condensed consolidated balance sheets at each of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. There was one were eight debt securities in an unrealized loss position as of September 30, 2023 March 31, 2024. There were two debt securities in an unrealized loss position as of December 31, 2022 December 31, 2023. None of these investments had been in an unrealized loss position for more than 12 months as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The fair value of these securities as of December 31, 2022 was \$6.0 million and the aggregate unrealized loss was immaterial. The Company considered the decline in the market value for these securities to be primarily attributable to current economic conditions and not credit related. At both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had the intent and ability to hold such securities until recovery. As a result, the Company did not record any charges for credit-related impairments for its investments as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

The following is a summary of available-for-sale securities with unrealized losses for less than 12 months as of March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024		December 31, 2023	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses

Corporate bonds, agency bonds and commercial paper (due within 1 year)	\$ 28,809	\$ (4)	\$ 8,896	\$ (1)
Total available-for-sale securities in an unrealized loss position	\$ 28,809	\$ (4)	\$ 8,896	\$ (1)

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6. Accrued expenses

Accrued expenses consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Research and development expenses	\$ 9,054	\$ 8,535
Compensation and related benefits	3,629	3,844
Professional fees	495	469
Consulting fees	1,304	902
Interest	312	192
Commercialization costs	429	148
Other	1,091	893
Total accrued expenses	\$ 16,314	\$ 14,983

	March 31, 2024	December 31, 2023
Accrued clinical trial expenses	\$ 7,319	\$ 6,518
Accrued contract manufacturing expenses	2,384	2,010
Accrued other research and development expenses	1,276	1,043
Accrued compensation and related benefits	2,531	4,796
Accrued professional fees	889	637
Accrued consulting fees	1,544	1,078
Accrued interest	316	316
Accrued commercialization costs	437	453
Accrued other	688	1,077
Total accrued expenses	\$ 17,384	\$ 17,928

7. Debt

On March 25, 2022 (the "Closing Date"), the Company entered into a loan and security agreement (the "Loan" "Original Loan Agreement") with Oxford, as collateral agent and a lender, and Oxford Finance Credit Fund III LP, as a lender ("OFCF III" and together with Oxford, the "Lenders"), pursuant to which the Lenders have agreed to lend the Company up to an aggregate principal amount of \$150.0 million in a series of term loans (the "Term Loans"). On January 4, 2024, the Company amended the Original Loan Agreement (as amended, the "Loan Agreement") to extend the date by which it may draw down the Term C Loan from March 31, 2024, to March 31, 2025.

Pursuant to the Loan Agreement, the Company received an initial Term Loan of \$25.0 million \$25.0 million on the Closing Date, and drew down the second term loan of \$15.0 million (the "Term B Loan") on March 22, 2023, and may borrow an additional \$125.0 million \$110.0 million of Term Loans at its option upon the satisfaction of certain conditions as follows:

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- i. \$15.0 million (the "Term B Loan"), when the Company has either (a) received the Regulatory Milestone Payment (as defined in the Secura APA) from Secura of \$35.0 million which is due upon receipt of regulatory approval of COPIKTRA in the United States for the treatment of peripheral T-cell lymphoma ("PTCL") or (b) received at least \$50.0 million in unrestricted cash proceeds from the sale or issuance of equity securities after the Closing Date (the "Term B Milestones"). The Company may draw the Term B Loan within 60 days after the occurrence of one of the Term B Milestones, but no later than March 31, 2023.
- ii. \$25.0 million (the "Term C Loan"), when the Company has received accelerated or full approval from the FDA of avutometinib for the treatment of LGSOC (the "Term C Milestone"). The Company may draw the Term C Loan within 60 days after the occurrence of the Term C Milestone, but no later than March 31, 2024 March 31, 2025.
- iii. ii. \$35.0 million (the "Term D Loan"), when the Company has achieved at least \$50.0 million in gross product revenue calculated on a trailing six-month basis (the "Term D Milestone"). The Company may draw the Term D Loan within 30 days after the occurrence of the Term D Milestone, but no later than March 31, 2025.
- iv. iii. \$50.0 million (the "Term E Loan"), at the sole discretion of the Lenders.

On March 22, 2023, the Company drew down the \$15.0 million Term B Loan, having received at least \$50.0 million in unrestricted cash proceeds from the sale or issuance of equity securities.

The Term Loans bear interest at a floating rate equal to (a) the greater of (i) the one-month CME Secured Overnight Financing Rate and (ii) 0.13% plus (b) 7.37%, which is subject to an overall floor and cap. Interest is payable monthly in arrears on the first calendar day of each calendar month. As a result of the Term B Loan drawdown, beginning (i) April 1, 2025, or (ii) April 1, 2026, if either (A) avutometinib has received FDA approval for the treatment of LGSOC or (B) COPIKTRA has received FDA approval for the treatment of PTCL, peripheral T-cell lymphoma, the Company shall repay the Term Loans in consecutive equal monthly payments of principal, together with applicable interest, in arrears. All unpaid principal and accrued and unpaid interest with respect to each Term Loan is due and payable in full on March 1, 2027.

The Company is required to make a final payment of 5.0% of the original principal amount of the Term Loans that are drawn, payable at maturity or upon any earlier acceleration or prepayment of the Term Loans (the "Final Payment Fee"). The Company may prepay all, but not less than all, of the Term Loans, subject to a prepayment fee equal to (i) 3.0% of the principal amount of the applicable Term Loan if prepaid on or before the first anniversary date of the funding date of such Term Loan, (ii) 2.0% of the principal amount of the applicable Term Loan if prepaid after the first

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anniversary and on or before the second anniversary of the funding date of such Term Loan, and (iii) 1.0% of the principal amount of the applicable Term Loan if prepaid after the second anniversary of the applicable funding date of such Term Loan. All Term Loans are subject to a facility fee of 0.5% of the principal amount.

The Loan Agreement contains no financial covenants. The Loan Agreement includes customary events of default, including, among others, payment defaults, breach of representations and warrants, covenant defaults, judgment defaults, insolvency and bankruptcy defaults, and a material adverse change. The occurrence of an event of default could result in the acceleration of the obligations under the Loan Agreement, termination of the Term Loan commitments and the right to foreclose on the collateral securing the obligations. During the existence of an event of default, the Term Loans will accrue interest at a rate per annum equal to 5.0% above the otherwise applicable interest rate.

In connection with the Loan Agreement, the Company granted Oxford a security interest in all of the Company's personal property now owned or hereafter acquired, excluding intellectual property (but including the right to payments and proceeds of intellectual property), and a

negative pledge on intellectual property.

The Company assessed all terms and features of the Loan Agreement in order to identify any potential embedded features that would require bifurcation. As part of this analysis, the Company assessed the economic characteristics and risks of the Loan Agreement, including put and call features. The Company determined that all features of the Loan Agreement were clearly and closely associated with a debt host and did not require bifurcation as a derivative liability, or the fair value of the feature was immaterial to the Company's financial statements. The Company

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reassesses the features on a quarterly basis to determine if they require separate accounting. There have been no changes to the Company's assessment through **September 30, 2023** **March 31, 2024**.

The debt issuance costs and the Final Payment Fee have been recorded as a debt discount which are being accreted to interest expense through the maturity date of the Term Loan using the effective interest method. The components of the carrying value of the debt as of **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**, are detailed below (in thousands):

	September 30, 2023	December 31, 2022
Principal loan balance	\$ 40,000	\$ 25,000
Final Payment Fee	539	225
Debt issuance costs, net of accretion	(628)	(699)
Long-term debt, net of discount	\$ 39,911	\$ 24,526

	March 31, 2024	December 31, 2023
Principal loan balance	\$ 40,000	\$ 40,000
Final Payment Fee	782	661
Debt issuance costs, net of accretion	(659)	(575)
Long-term debt, net of discount	\$ 40,123	\$ 40,086

The following table sets forth total interest expense for the **three and nine month** **three-month** periods ended **September 30, 2023** **March 31, 2024** and **2022** **2023** (in thousands):

	Three months ended September 30,		Nine months ended September 30,		Three months ended March 31,	
	2023	2022	2023	2022	2024	2023
Contractual Interest	\$ 950	\$ 587	\$ 2,529	\$ 1,143	\$ 943	\$ 632
Amortization of debt discount and issuance costs	60	57	175	121	66	58
Amortization of Final Payment Fee	119	73	315	149	121	79
Total	\$ 1,129	\$ 717	\$ 3,019	\$ 1,413	\$ 1,130	\$ 769

As of **September 30, 2023** **March 31, 2024**, future principal payments due are as follows (in thousands):

2023	—
2024	—
2025	15,000
2026	20,000
2027	5,000
Total principal payments	\$ 40,000

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8. Leases

On April 15, 2014, the Company entered into a lease agreement for approximately 15,197 square feet of office and laboratory space in Needham, Massachusetts. Effective February 15, 2018, the Company amended its lease agreement to relocate within the facility to another location consisting of 27,810 square feet of office space (the "Amended Lease Agreement"). The Amended Lease Agreement ~~extended~~ extends the expiration date of the lease from September 2019 through June 2025. Pursuant to the Amended Lease Agreement, the initial annual base rent amount is approximately \$0.7 million, which increases during the lease term to \$1.1 million for the last twelve-month period.

The Company accounted for its Needham, Massachusetts office space as an operating lease. The Company's lease contains an option to renew and extend the lease terms and an option to terminate the lease prior to the expiration date. The Company has not included the lease extension or the termination options within the right-of-use asset and lease liability on the condensed consolidated balance sheets as neither option is reasonably certain to be exercised. The Company's lease includes variable non-lease components (e.g., common area maintenance, maintenance, consumables, etc.) that are not included in the right-of-use asset and lease liability and are reflected as an expense in the period incurred. The Company does not have any other operating or finance leases.

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As of ~~September 30, 2023~~ March 31, 2024, a right-of-use asset of ~~\$1.3 million~~ \$1.0 million and lease liability of ~~\$1.7 million~~ \$1.3 million are reflected on the condensed consolidated balance sheets. The elements of lease expense were as follows (dollar amounts in thousands):

	Three months ended September 30, Nine months ended September 30, Three months ended March 31,					
	2023	2022	2023	2022	2024	2023
Lease Expense						
Operating lease expense	\$ 221	\$ 221	\$ 664	\$ 664	\$ 221	\$ 221
Total Lease Expense	\$ 221	\$ 221	\$ 664	\$ 664	\$ 221	\$ 221
Other Information						
Operating Leases						
Operating cash flows paid for amounts included in measurement of lease liabilities	\$ 268	\$ 262	\$ 793	\$ 777	\$ 268	\$ 262
Other Balance Sheet Information - Operating Leases						
Weighted average remaining lease term (in years)					1.8	1.2
					September 30, 2023	March 31, 2024

Weighted average discount rate		14.6%	14.6%
Maturity Analysis			
2023		268	
2024		1,081	813
2025		546	546
Total		\$ 1,895	\$ 1,359
Less: Present value discount		(213)	(108)
Lease Liability		\$ 1,682	\$ 1,251

9. Notes Payable

In February 2023, 2024, the Company entered into a finance agreement with AFCO Premium Credit LLC ("AFCO"). Pursuant to the terms of the agreement, AFCO loaned the Company the principal amount of \$1.4 million \$1.3 million, which accrues interest at 7.4% 8.3% per annum, to fund a portion of the Company's insurance policies. The Company is required to make monthly payments of \$0.1 million through October 2023, 2024 including principal and interest. The agreement assigns AFCO a security interest in (i) all unearned premiums and dividends which may become payable under the insurance policies financed pursuant to this agreement, (ii) loss payments which reduce the unearned premiums, and (iii) the Company's interest in any state insurance guarantee fund related to any of the insurance policies financed pursuant to this agreement. The outstanding balance at September 30, 2023 March 31, 2024 was \$0.1 million \$0.9 million recorded as note payable on the condensed consolidated balance sheets.

10. Convertible Senior Notes

2018 Notes

On October 17, 2018, the Company closed a registered direct public offering of \$150.0 million aggregate principal amount of 2018 Notes for net proceeds of approximately \$145.3 million. The 2018 Notes are governed by the terms of a base indenture for senior debt securities (the "2018 Base Indenture"), as supplemented by the first supplemental indenture thereto (the "2018 Notes Supplemental Indenture" and together with the 2018 Base Indenture, the "2018 Indenture"), each dated October 17, 2018, by and between the Company and Wilmington Trust, National Association ("Wilmington"), as trustee. The 2018 Notes are senior unsecured obligations of the Company and bear interest at a rate of 5.00% per annum, payable semi-annually in arrears on May 1 and November 1 of each year,

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beginning on May 1, 2019. The 2018 Notes will mature on November 1, 2048, unless earlier repurchased, redeemed or converted in accordance with their terms.

The 2018 Notes are convertible into shares of the Company's common stock, par value \$0.0001 per share, together, if applicable, with cash in lieu of any fractional share, at a conversion rate of 11.6314 shares of common stock per \$1,000 principal amount of the 2018 Notes, such conversion rate reflects an adjustment to account for the Reverse Stock Split. Upon conversion, converting noteholders will be entitled to receive accrued interest on their converted 2018 Notes.

The Company has the right, exercisable at its option, to cause all 2018 Notes then outstanding to be converted automatically if the "Daily VWAP" (as defined in the 2018 Indenture) per share of the Company's common stock equals or exceeds 130% of the conversion price on each of at least 20 VWAP Trading Days (as defined in the 2018 Indenture), whether or not consecutive, during any 30 consecutive VWAP Trading Day period commencing on or after the date the Company first issued the 2018 Notes.

The conversion rate is subject to adjustment from time to time upon the occurrence of certain events, including, but not limited to, the issuance of stock dividends and payment of cash dividends, but will not be adjusted for any accrued and unpaid interest.

Prior to November 1, 2022, the Company did not have the right to redeem the 2018 Notes. After November 1, 2022, the Company may elect to redeem the 2018 Notes, in whole or in part, at a cash redemption price equal to the principal amount of the 2018 Notes to be redeemed, plus accrued and unpaid interest, if any.

Unless the Company has previously called all outstanding 2018 Notes for redemption, the 2018 Notes will be subject to repurchase by the Company at the holders' option on each of November 1, 2023, November 1, 2028, November 1, 2033, November 1, 2038 and November 1, 2043 (or, if any such date is not a business day, on the next business day) at a cash repurchase price equal to the principal amount of the 2018 Notes to be repurchased, plus accrued and unpaid interest, if any.

If a "Fundamental Change" (as defined in the 2018 Indenture) occurs at any time, subject to certain conditions, holders may require the Company to purchase all or any portion of their 2018 Notes at a purchase price equal to 100% of the principal amount of the 2018 Notes to be purchased, plus accrued and unpaid interest.

The 2018 Indenture includes customary covenants and set forth certain events of default after which the 2018 Notes may be declared immediately due and payable and set forth certain types of bankruptcy or insolvency events of default involving the Company or certain of its subsidiaries after which the 2018 Notes become automatically due and payable.

The Company determined that the expected life of the 2018 Notes was equal to the period through November 1, 2023, as this represents the point at which the 2018 Notes are subject to repurchase by the Company at the option of the holders. Accordingly, for the 2018 Notes, the total debt discount, inclusive of the fair value of the embedded conversion feature derivative at issuance is being amortized using the effective interest method through November 1, 2023 at the effective interest rate of 15.65%.

The Company assessed all terms and features of the 2018 Notes in order to identify any potential embedded features that would require bifurcation. As part of this analysis, the Company assessed the economic characteristics and risks of the 2018 Notes, including the conversion, put and call features. The conversion feature was initially bifurcated as an embedded derivative but subsequently qualified for a scope exception to derivative accounting upon the Company's stockholders approving an increase in the number of authorized shares of common stock in December 2018. The Company determined that all other features of the 2018 Notes were clearly and closely associated with the debt host and did not require bifurcation as a derivative liability, or the fair value of the feature was immaterial to the Company's condensed consolidated financial statements. The Company reassesses the features on a quarterly basis to determine if they require separate accounting. There have been no changes to the Company's original assessment through September 30, 2023.

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The components of the carrying value of the 2018 Notes as of September 30, 2023 and December 31, 2022 are detailed below (in thousands):

	September 30, 2023	December 31, 2022
2018 Notes principal balance	\$ 300	\$ 300
Debt issuance costs, net of accretion	(3)	(25)
2018 Notes, net	\$ 297	\$ 275

2019 Notes

In the fourth quarter of 2019, the Company entered into privately negotiated agreements to exchange approximately \$121.7 million aggregate principal amount of the 2018 Notes for (i) approximately \$66.9 million aggregate principal amount of 5.00% Convertible Senior

Second Lien Notes due 2048 (the "2019 Notes"), (ii) an aggregate of approximately \$12.1 million in 2018 Notes principal repayment and (iii) accrued interest on the 2018 Notes through the exchange date. As of March 31, 2020, all 2019 Notes had converted into shares of common stock and are no longer outstanding.

2020 Notes

On November 6, 2020, the Company entered into a privately negotiated agreement with an investor who was a holder of the Company's 2018 Notes to exchange approximately \$28.0 million aggregate principal amount of 2018 Notes for approximately \$28.0 million aggregate principal amount of newly issued 5.00% Convertible Senior Notes due 2048 (the "2020 Notes"). The issuance of the 2020 Notes closed on November 13, 2020. In the third quarter of 2021, all 2020 Notes have converted into shares of common stock and are no longer outstanding.

11. Capital stock

Under the amended and restated certificate of incorporation, the Company's board of directors has the authority, without further action by the stockholders, to issue up to 5,000,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

June 2023 Public Offering

On June 15, 2023, the Company entered into an underwriting agreement (the "Underwriting Agreement") with RBC Capital Markets, LLC and Cantor Fitzgerald & Co. ("Cantor"), as representatives of several underwriters (the "Underwriters") to offer 7,181,409 shares of the Company's common stock, at a price to the public of \$9.75 per share, less the underwriting discounts and commissions, and, in lieu of shares of common stock to certain investors, pre-funded warrants to purchase up to an aggregate of 1,538,591 shares of common stock at a price to the public of \$9.749 (the "Pre-Funded Warrants") per Pre-Funded Warrant, which represents the per share public offering price for the shares of common stock less the \$0.001 per share exercise price for each such Pre-Funded Warrant (the "June 2023 Offering"). In addition, the Company granted the Underwriters an option to purchase, at the public offering price less any underwriting discounts and commissions, an additional 1,308,000 shares of common stock, exercisable for 30 days from the date of the Underwriting Agreement, which the Underwriters exercised in full on June 16, 2023. The June 2023 Offering closed on June 21, 2023.

The Company may not effect the exercise of any Pre-Funded Warrant, and a holder will not be entitled to exercise any portion of any Pre-Funded Warrant if, upon giving effect to such exercise, the aggregate number of shares

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of common stock beneficially owned by the holder (together with its affiliates) would exceed 9.99% of the number of

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shares of common stock outstanding immediately after giving effect to the exercise, which percentage may be increased or decreased at the holder's election upon 61 days' notice to the Company subject to the terms of such Pre-Funded Warrants, provided that such percentage may in no event exceed 19.99%.

Each Pre-Funded Warrant has an exercise price equal to \$0.001 per share of common stock. The exercise price and the number of shares of common stock issuable upon exercise of each Pre-Funded Warrant is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the Company's common stock as well as upon any distribution of assets, including cash, stock or other property, to the Company's stockholders. The Pre-Funded Warrants are exercisable as of June 21, 2023, do not expire and are exercisable in cash or by means of a cashless exercise. In addition, upon the consummation of an acquisition (as described in the Pre-Funded Warrant agreements), each Pre-Funded Warrant will automatically be converted into the right of the holder of such Pre-Funded Warrant to receive the kind and amount of securities, cash or other property that such holders would have received had they exercised such Pre-Funded Warrant immediately prior to such acquisition, without regard to any limitations on exercise contained in the Pre-Funded Warrants.

The Pre-Funded Warrants cannot require cash settlement, are freestanding financial instruments that are legally detachable and separately exercisable from the shares of common stock with which they were issued, are immediately exercisable, and do not embody an obligation for the Company to repurchase its common stock shares and permit the holders to receive a fixed number of shares of common stock upon exercise. Additionally, the Pre-Funded Warrants do not provide any guarantee of value or return. Accordingly, the Pre-Funded Warrants are classified as a component of permanent equity. After deducting for commissions and other offering expenses, the Company received net proceeds of approximately \$91.4 million from the sale of 8,489,409 shares of common stock and 1,538,591 Pre-Funded Warrants.

Series B Convertible Preferred Stock

Under the amended and restated certificate of incorporation, the Company's board of directors has the authority, without further action by the stockholders, to issue up to 5,000,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

On January 24, 2023, the Company entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with certain purchasers pursuant to which the Company agreed to sell and issue to the purchasers in a private placement (the "Private Placement") up to 2,144,160 shares of its Series B convertible preferred stock, par value \$0.0001 per share (the "Series B Convertible Preferred Stock"), in two tranches. On January 24, 2023, the Company filed the Certificate of Designation of the Preferences, Rights and Limitations of the Series B Convertible Preferred Stock (the "Series B Convertible Preferred Stock Certificate of Designation") setting forth the preferences, rights and limitations of the Series B Convertible Preferred Stock with the Secretary of State of the State of Delaware. The Series B Convertible Preferred Stock Certificate of Designation became effective upon filing.

Each share of the Series B Convertible Preferred Shares is convertible into 3.5305 shares of the Company's common stock, such conversion rate reflects an adjustment to account for the Reverse Stock Split, at the option of the holders at any time, subject to certain limitations, including that the holder will be prohibited from converting Series B Convertible Preferred Stock into common stock if, as a result of such conversion, the holder, together with its affiliates, would beneficially own a number of shares of common stock above a conversion blocker, which is initially set at 9.99% (the "Conversion Blocker") of the total common stock then issued and outstanding immediately following the conversion of such shares of Series B Convertible Preferred Stock. Holders of the Series B Convertible Preferred Stock are permitted to increase the Conversion Blocker to an amount not to exceed 19.99% upon 60 days' notice.

The Company agreed to sell and issue in the first tranche of the Private Placement 1,200,000 shares of Series B Convertible Preferred Stock at a purchase price of \$25.00 per share of Series B Convertible Preferred Stock (equivalent to \$7.0812 per share of common stock on a post-Reverse Stock Split basis). The first tranche of the Private Placement

closed on January 27, 2023. The Company received gross proceeds from the first tranche of the Private Placement of approximately \$30.0 million, before deducting fees to the placement agent and other offering expenses payable by the Company ("Series B Convertible Preferred Stock Proceeds").

In addition, the Company agreed to sell and issue in the second tranche of the Private Placement 944,160 shares of Series B Convertible Preferred Stock at a purchase price of \$31.77 per share of Series B Convertible Preferred Stock (equivalent to \$9.00 per share of common stock on a post-Reverse Stock Split basis) if at any time within 18 months following the closing of the first tranche the 10-day volume weighted average price of the Company's common stock (as

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quoted on Nasdaq and as calculated by Bloomberg) should reach at least \$13.50 per share, such threshold reflects an adjustment to account for the Reverse Stock Split (which may be further adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction as needed) with aggregate trading volume during the same 10-day period of at least \$25 million (the "Second Tranche Right"). The second tranche of the Private Placement is expected to close within seven trading days of meeting the second tranche conditions and will be subject to additional, customary closing conditions. If the Second Tranche Right conditions are satisfied, the Company anticipates receiving gross proceeds from the second tranche of the Private Placement of approximately \$30.0 million, before deducting fees to the placement agent and other offering expenses payable by the Company.

The Series B Convertible Preferred Stock ranks (i) senior to the common stock; (ii) senior to all other classes and series of equity securities of the Company that by their terms do not rank senior to the Series B Convertible Preferred Stock; (iii) senior to all shares of the Company's Series A Convertible Preferred Stock the equity securities described in (i)-(iii), the "Junior Stock"; (iv) on parity with any class or series of capital stock of the Company hereafter created specifically ranking by its terms on parity with the Series B Convertible Preferred Stock (the "Parity Stock"); (v) junior to any class or series of capital stock of the Company hereafter created specifically ranking by its terms senior to any Series B Convertible Preferred Stock ("Senior Stock"); and (vi) junior to all of the Company's existing and future debt obligations, including convertible or exchangeable debt securities, in each case, as to distributions of assets upon liquidation, dissolution or winding up of the Company, whether voluntarily or involuntarily and as to the right to receive dividends.

In the event of the liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Company, and subject to the prior and superior rights of any Senior Stock, each holder of shares of Series B Convertible Preferred Stock will be entitled to receive, in preference to any distributions of any of the assets or surplus funds of the Company to the holders of the common stock and any of the Company's securities that are Junior Stock and pari passu with any distribution to the holders of any Parity Stock, an amount equal to \$1.00 per share of Series B Convertible Preferred Stock, plus an additional amount equal to any dividends declared but unpaid on such shares, before any payments shall be made or any assets distributed to holders of the common stock or any of our securities that Junior Stock.

So long as any shares of the Series B Convertible Preferred Stock remain outstanding, the Company cannot without the affirmative vote or consent of the holders of majority of the shares of the Series B Convertible Preferred Stock then-outstanding, in which the holders of the Series B Convertible Preferred Stock vote separately as a class: (a) amend, alter, modify or repeal (whether by merger, consolidation or otherwise) the Series B Convertible Preferred Stock Certificate of Designation, the Company's certificate of incorporation, or the Company's bylaws in any manner that adversely affects the rights, preferences, privileges or the restrictions provided for the benefit of, the Series B Convertible Preferred Stock; (b) issue further shares of Series B Convertible Preferred Stock or increase or decrease (other than by conversion) the number of authorized shares of Series B Convertible Preferred Stock; (c) authorize or issue any Senior Stock; or (d) enter into any agreement to do any of the foregoing that is not expressly made conditional on obtaining the affirmative vote or written consent of the majority of then-outstanding Series B Convertible Preferred Stock. Holders of Series B Convertible Preferred Stock are entitled to receive when, as and if dividends are declared and paid on the common stock, an equivalent dividend, calculated on an as-converted basis. Shares of Series B Convertible Preferred Stock are otherwise not entitled to dividends.

The Company classified the first tranche of the Series B Convertible Preferred Stock as temporary equity in the condensed consolidated balance sheets as the Company could be required to redeem the Series B Convertible Preferred Stock if the Company cannot convert the Series B Convertible Preferred Stock into shares of common stock for any

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reason including due to any applicable laws or by the rules or regulations of any stock exchange, interdealer quotation system, or other self-regulatory organization with jurisdiction over the Company which is not solely in the control of the Company. If the Company were required to redeem the Series B Convertible Preferred Stock, it would be based upon the volume-weighted-average price of common stock on an as converted basis on the date the holders provided a conversion notice to the Company. As of **September 30, 2023** **March 31, 2024**, the Company did not adjust the carrying value of the Series B Convertible Preferred Stock since it was not probable the holders would be unable to convert the Series B Convertible Preferred Stock into shares of common stock due to any reason including due to any applicable laws or by the rules or

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regulations of any stock exchange, interdealer quotation system, or other self-regulatory organization with jurisdiction over the Company.

The Company evaluated the Second Tranche Right under **Accounting Standard Codification 480, Distinguishing Liabilities from Equity** ("ASC 480") and determined that it met the requirements for separate accounting from the initial issuance of Series B Convertible Preferred Stock as a freestanding financial instrument. The Company then determined the Second Tranche Right should be liability classified pursuant to ASC 480. As a result, the Company classified the Second Tranche Right as a non-current liability within the condensed consolidated balance sheets and the Second Tranche Right was initially recorded at fair value and is subsequently re-measured at fair value at the end of each reporting period. The fair value of the Second Tranche Right on the date of issuance was determined to be \$6.9 million based on a Monte-Carlo valuation and the Company allocated \$6.9 million of the Series B Convertible Preferred Stock Proceeds to this liability and recorded this amount as preferred stock tranche liability. On **September 30, 2023** **March 31, 2024** and **December 31, 2023**, the fair value of the Second Tranche Right was determined to be **\$7.3 million** **\$10.2 million**, and **\$4.2 million**, respectively, and the Company recorded this amount as preferred stock tranche liability on the condensed consolidated balance sheets. The Company recorded the mark-to-market adjustment of **\$0.2 million** **\$6.0 million expense** and **\$0.3 million** **\$3.4 million income** for the three **and nine** months ended **September 30, 2023**, **March 31, 2024** and **2023**, respectively, under change in fair value of preferred stock tranche liability within the condensed consolidated statements of operations and loss.

The Company determined that all other features of the securities offered pursuant to the Securities Purchase Agreement were clearly and closely associated with the equity host and did not require bifurcation or the fair value of the feature was immaterial to the Company's condensed consolidated financial statements. The Company reassesses the features on a quarterly basis to determine if they require separate accounting. There have been no changes to the Company's original assessment through **September 30, 2023** **March 31, 2024**.

Series A Convertible Preferred Stock

On November 4, 2022, the Company entered into an exchange agreement (the "Exchange Agreement") with Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., Biotechnology Value Trading Fund OS LP and MSI BVF SPV, LLC (collectively referred to as "BVF"), pursuant to which BVF exchanged 833,333 shares of the Company's common stock **(as adjusted to account for the Reverse Stock**

Split) for 1,000,000 shares of newly designated Series A convertible preferred stock, par value \$0.0001 per share (the "Series A Convertible Preferred Stock") (the "Exchange").

Each share of the Series A Convertible Preferred Stock is convertible into 0.833 shares of the Company's common stock (as adjusted to account for the Reverse Stock Split) at the option of the holder at any time, subject to certain limitations, including that the holder will be prohibited from converting Preferred Stock into common stock if, as a result of such conversion, the holder, together with its affiliates, would beneficially own a number of shares of common stock above a conversion blocker, which is the Conversion Blocker, initially set at 9.99% (the "Conversion Blocker"), of the total common stock then issued and outstanding immediately following the conversion of such shares of Preferred Stock. Holders of the Series A Convertible Preferred Stock are permitted to increase the Conversion Blocker to an amount not to exceed 19.99% upon 60 days' notice.

Shares of Series A Convertible Preferred Stock generally have no voting rights, except as required by law and except that the consent of a majority of the holders of the outstanding Series A Convertible Preferred Stock will be required to amend the terms of the Series A Convertible Preferred Stock. In the event of the Company's liquidation, dissolution or winding up, holders of Series A Convertible Preferred Stock will participate pari passu with any distribution of proceeds to holders of common stock. Holders of Series A Convertible Preferred Stock are entitled to receive when, as and if dividends are declared and paid on the common stock, an equivalent dividend, calculated on an as-converted basis. Shares of Series A Convertible Preferred Stock are otherwise not entitled to dividends.

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The Series A Convertible Preferred Stock (i) senior to any class or series of capital stock of the Company hereafter created specifically ranking by its terms junior to the Series A Convertible Preferred Stock; (ii) on parity with the common stock and any class or series of capital stock of the Company created specifically ranking by its terms on parity with the Series A Convertible Preferred Stock; and (iii) junior to the Series B Convertible Preferred Stock and to any class or series of capital stock of the Company created specifically ranking by its terms senior to any Series A Convertible Preferred

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Stock, in each case, as to distributions of assets upon liquidation, dissolution or winding up of the Company, whether voluntarily or involuntarily.

At-the-market The Company evaluated the Series A Convertible Preferred Stock for liability or equity offering program

In August 2021, classification under ASC 480, and determined that equity treatment was appropriate because the Series A Convertible Preferred Stock did not meet the definition of the liability under ASC 480. Additionally, the Series A Convertible Preferred Stock is not redeemable for cash or other assets (i) on a fixed or determinable date, (ii) at the option of the holder, or (iii) upon the occurrence of an event that is not solely within control of the Company. As such, the Company entered into recorded the Series A Convertible Preferred Stock as permanent equity.

11. Stock-based compensation

Option Exchange Program

On January 17, 2024, the Company's stockholders, upon recommendation of the board of directors, approved a sales agreement with Cantor one-time stock option exchange program (the "Option Exchange Program") for certain employees, executive officers and non-employee directors of the Company who held certain underwater options and remained employed or otherwise engaged by the Company through the completion of the Exchange Offer. The Company's offer to participate in the Option Exchange Program commenced on February 8, 2024, and expired on March 8, 2024 (the "Exchange Offer"). Pursuant to the Exchange Offer, 42 eligible holders elected to exchange, and the Company accepted for cancellation, eligible options to purchase an aggregate of 603,330 shares of the Company's common stock (the "Exchanged Options"). On March 11, 2024, promptly following the expiration of the Exchange Offer, the Company granted new options to purchase 603,330 shares of common stock (the "New Options"), pursuant to the terms of the Exchange Offer and the Amended and Restated 2021 Equity Incentive Plan (the "2021 Plan"). The exercise price of the New Options granted was \$11.44 per share, which was the closing price of the Company's common stock on the Nasdaq Capital Market on the grant date of the New Options.

The exchange of stock options was treated as a modification for accounting purposes. As a result of the Option Exchange Program, the Company can offer and sell up to \$100.0 million will recognize incremental stock-based compensation expense of its common stock \$1.7 million over the requisite service period of the New Options, which is two or four years depending on whether the Exchanged Options were vested at the current market prices from time to time through Cantor as sales agent (the "August 2021 ATM"). During the exchange. Since the three and nine months ended September 30, 2022, Exchanged Options were not at-the-money on the modification date, the Company sold 1,856,754 shares and 1,964,448 shares (each was precluded from utilizing the simplified method as adjusted described in SEC Staff Accounting Bulletin Topic 14.D.2 to account calculate the expected term as a key assumption in the Black-Scholes pricing model. Therefore, the Company utilized the binomial lattice model to calculate the fair value of the Exchanged Options immediately prior to the exchange. The Company utilized the Black-Scholes option-pricing model to calculate the fair value of the New Options on the modification date. The Company will recognize the remaining unamortized stock compensation expense for the Reverse Stock Split), respectively, under Exchanged Options on the August 2021 ATM for net proceeds modification date over the original requisite service period of approximately \$25.5 million and \$27.4 million, respectively, (after deducting commissions and other offering expenses). There were no sales under the August 2021 ATM for the three and nine months ended September 30, 2023. Exchanged Options.

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12. Stock-based compensation

Stock options

A summary of the Company's stock option activity and related information for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** is as follows:

Weighted-average remaining				Weighted-average remaining			
Weighted-average exercise price per share	contractual term	Aggregate intrinsic value		Weighted-average exercise price per share	contractual term	Aggregate intrinsic value	
Shares		(years)	(in thousands)	Shares		(years)	(in thousands)

Outstanding at December 31, 2022	1,168,105	\$ 33.63	7.1	\$ 18				
Outstanding at December 31, 2023					2,270,359	\$ 19.81	7.8	\$ 559
Granted	1,013,666	8.03			31,751	9.77		
Exercised					(4,600)	7.97		
Forfeited/cancelled	(48,801)	42.87			(151,695)	12.89		
Expired	(12,415)	116.92			(22,914)	163.77		
Outstanding at September 30, 2023	2,120,555	\$ 20.69	7.9	\$ 470				
Vested at September 30, 2023	826,878	\$ 34.30	5.9	\$ 86				
Cancelled under the Option Exchange Program					(603,330)	30.58		
Granted under the Option Exchange Program					603,330	11.44		
Outstanding at March 31, 2024					2,122,901	\$ 13.18	8.7	\$ 4,539
Vested at March 31, 2024					565,008	\$ 20.83	7.3	\$ 1,084

The fair value of each stock option granted during the **nine****three** months ended **September 30, 2023****March 31, 2024** and **2022****2023** was estimated on the grant date using the Black-Scholes option-pricing model using the following weighted-average assumptions:

	Nine months ended September 30,		Three months ended March 31,	
	2023	2022	2024	2023
Risk-free interest rate	3.63 %	2.82 %	4.08 %	3.56 %
Volatility	91 %	87 %	95 %	90 %
Dividend yield	—	—	—	—
Expected term (years)	6.1	5.6	5.8	6.2

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Restricted stock units

A summary of the Company's restricted stock unit activity and related information for the **nine****three** months ended **September 30, 2023****March 31, 2024** is as follows:

	Shares	\$	Weighted-average		Shares	per share	Weighted-average			
			grant date				fair value			
			date fair value	per share			fair value	per share		
Outstanding at December 31, 2022			172,909	\$ 25.82						
Outstanding at December 31, 2023					209,289	\$ 18.05				
Granted	108,058	\$ 10.15			254,574	\$ 10.00				
Vested	(49,815)	\$ 25.87			(14,279)	\$ 25.97				
Forfeited/cancelled	(5,477)	\$ 17.96			(23,192)	\$ 18.12				

Outstanding at September 30, 2023	225,675	\$ 18.49	
Outstanding at March 31, 2024			426,392 \$ 12.98

Employee stock purchase plan

At the Special Meeting of Stockholders, held on December 18, 2018, the stockholders approved the 2018 Employee Stock Purchase Plan ("2018 ESPP"). On June 21, 2019, the board of directors of the Company amended and restated the 2018 ESPP, to account for certain non-material changes to the plan's administration and, effective May 30, 2023, in connection with the Reverse Stock Split, the board of directors amended and restated the 2018 ESPP to account for the adjustments to the share reserves (the "Amended and Restated 2018 ESPP"). The Amended and Restated 2018 ESPP provides eligible employees with the opportunity, through regular payroll deductions, to purchase shares of the Company's common stock at 85% of the lesser of the fair market value of the common stock on (a) the date the option is granted, which is the first day of the purchase period, and (b) the exercise date, which is the last business day of the purchase period. The Amended and Restated 2018 ESPP generally allows for two six-month purchase periods per year beginning in January and July, or such other periods as determined by the compensation committee of the Company's board of directors. The fair value of shares expected to be purchased under the Amended and Restated 2018 ESPP was calculated using the following weighted-average assumptions:

	Nine months ended September 30,		Three months ended March 31,	
	2023	2022	2024	2023
Risk-free interest rate	5.16 %	1.56 %	5.24 %	4.77 %
Volatility	126 %	77 %	60 %	106 %
Dividend yield	—	—	—	—
Expected term (years)	0.5	0.5	0.5	0.5

For the **nine three** months ended **September 30, 2023, March 31, 2024 and 2022**, 2023, the Company recognized less than \$0.1 million in each period of stock-based compensation expense under the Amended and Restated 2018 ESPP. During the **nine three** months ended **September 30, 2023 March 31, 2024**, the Company issued **14,270 7,475** shares of common stock **(as adjusted to account for the Reverse Stock Split)** for proceeds of **less than** \$0.1 million under the Amended and Restated 2018 ESPP.

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13. 12. Net loss per share

Basic loss per common share is calculated by dividing net loss applicable to common stockholders by the weighted-average number of common shares outstanding during the period. For purposes of calculating net loss per share, weighted-average number of common shares outstanding includes the weighted average effect of the Pre-Funded Warrants issued in June 2023, the exercise of which requires little or no consideration for the delivery of shares of common stock. Diluted net loss per common share is calculated by increasing the denominator by the weighted-average number of additional shares that could have been outstanding from securities convertible into common stock, such as stock options, restricted stock units, and employee stock purchase plan shares (using the "treasury stock" method), and the **5.00% Convertible Senior Notes due 2048** (the "2018 Notes", Notes"), Series A Convertible Preferred Stock, and Series B Convertible Preferred Stock (using the "if-converted" method), unless their effect on net loss per share is anti-dilutive.

The following potentially dilutive securities **(each as adjusted to reflect the Reverse Stock Split)** were excluded from the calculation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

Three months ended September	Nine months ended September	Three months ended March
30,	30,	31,

	2023	2022	2023	2022	2024	2023
Outstanding stock options	2,120,555	1,137,738	2,120,555	1,137,738	2,122,901	1,976,176
Outstanding restricted stock units	225,675	206,951	225,675	206,951	426,392	160,660
2018 Notes	3,489	3,489	3,489	3,489	—	3,489
Employee stock purchase plan	6,310	6,459	6,310	6,459	6,486	6,796
Series A Convertible Preferred Stock	833,333	—	833,333	—	833,333	833,333
Series B Convertible Preferred Stock	4,236,570	—	4,236,570	—	4,236,570	4,236,570
Total potentially dilutive securities	7,425,932	1,354,637	7,425,932	1,354,637	7,625,682	7,217,024

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14. License, collaboration and commercial agreements

GenFleet Therapeutics (Shanghai), Inc.

On August 24, 2023, the Company entered into a collaboration and option agreement ("GenFleet Agreement") with GenFleet Therapeutics (Shanghai), Inc. ("GenFleet"), pursuant to which GenFleet granted the Company the option to obtain exclusive development and commercialization rights worldwide outside of mainland China, Hong Kong, Macau, and Taiwan (the "Territory") for up to three oncology programs targeting ras sarcoma ("RAS") pathway driven cancers (the "GenFleet Options"). The Company may exercise its GenFleet Options on a program-by-program basis.

The Company made an upfront payment of \$2.0 million to GenFleet in September 2023 and will provide \$1.5 million of research support ("GenFleet R&D Support Fee") over the first three years of the GenFleet Agreement. In addition, pursuant to the GenFleet Agreement, upon achievement of certain development and commercial milestones, and upon the Company exercising its GenFleet Options, GenFleet will be entitled to receive payments of up to \$622.0 million. The Company has also agreed to pay GenFleet royalties on net sales of licensed products in the Territory ranging from the mid to high single digits.

The Company may terminate the GenFleet Agreement in its entirety or on a program-by-program basis by providing 90 days written notice to GenFleet. Either party may terminate the GenFleet Agreement in its entirety or on a program-by-program and country-by-country basis, with 60 days' written notice for the other party's material breach if such party fails to cure the breach. Either party may also terminate the GenFleet Agreement in its entirety upon certain insolvency events involving the other party.

During the three months ended September 30, 2023, the Company expensed \$2.0 million related to the upfront payment and \$0.1 million related to the GenFleet R&D Support Fee within research and development expense in the consolidated statements of operations and comprehensive loss. The future milestone payments are contingent in nature and will be recognized if and when the respective contingencies are resolved. If the Company elects to exercise its GenFleet Options, the related payment will be recognized if and when each respective GenFleet Option is elected.

Secura

On August 10, 2020, the Company and Secura signed the Secura APA and on September 30, 2020, the transaction closed.

Pursuant to the Secura APA, the Company sold to Secura its exclusive worldwide license, including related assets, for the research, development, commercialization, and manufacture in oncology indications of products containing duvelisib. The sale included certain intellectual property related to duvelisib in oncology indications, certain existing duvelisib inventory, claims and rights under certain contracts pertaining to duvelisib. Pursuant to the Secura APA, Secura assumed all operational and financial responsibility for activities that were part of the Company's duvelisib oncology program, including all commercialization efforts related to duvelisib in the United States and Europe, as well as the Company's ongoing duvelisib clinical trials. Further, Secura assumed all obligations with existing collaboration partners developing and

commercializing duvelisib, which include Yakult Honsha Co., Ltd. ("Yakult"), CSPC Pharmaceutical Group Limited ("CSPC"), and Sanofi. Additionally, Secura assumed all royalty payment obligations due under the amended and restated license agreement with Infinity Pharmaceuticals, Inc.

Pursuant to the terms of the Secura APA, Secura paid the Company an up-front payment of \$70.0 million in September 2020 and has agreed to pay the Company (i) regulatory milestone payments up to \$45.0 million, consisting of a payment of \$35.0 million upon receipt of regulatory approval of COPIKTRA in the United States for the treatment of PTCL and a payment of \$10.0 million upon receipt of the first regulatory approval for the commercial sale of COPIKTRA in the European Union for the treatment of PTCL, (ii) sales milestone payments of up to \$50.0 million, consisting of \$10.0 million when total worldwide net sales of COPIKTRA exceed \$100.0 million, \$15.0 million when total worldwide net sales of COPIKTRA exceed \$200.0 million and \$25.0 million when total worldwide net sales of COPIKTRA exceed \$300.0 million, (iii) low double-digit royalties on the annual aggregate net sales above \$100.0 million in the United States, European Union, and the United Kingdom of Great Britain and Northern Ireland and

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(iv) 50% of all royalty, milestone and sublicense revenue payments payable to Secura under the Company's existing license agreements with Sanofi, Yakult, and CSPC, and 50% of all royalty and milestone payments payable to Secura under any license or sublicense agreement entered into by Secura in certain jurisdictions.

The Company evaluated the Secura APA in accordance with ASC 606 as the Company concluded that the counterparty, Secura, is a customer. The Company identified the following bundled performance obligation under the Secura APA:

- a bundled performance obligation consisting of delivery of the duvelisib global license and intellectual property, certain existing duvelisib inventory, certain duvelisib contracts and clinical trials, certain regulatory approvals, and certain regulatory documentation and books and records (the "Bundled Secura Performance Obligation").

The Company concluded that the duvelisib global license and intellectual property were not distinct within the context of the contract (i.e. separately identifiable) because the other assets including certain existing duvelisib inventory, certain duvelisib contracts and clinical trials, certain regulatory approval, and certain regulatory documentation and books and records do not have stand-alone value from other duvelisib global license and intellectual property and Secura could not benefit from them without the duvelisib global license and intellectual property. Consistent with the guidance under ASC 606-10-25-16A, the Company disregarded immaterial promised goods and services when determining performance obligations.

The Company has determined that the upfront payment of \$70.0 million, future potential milestone payments and royalties including from Secura's sublicensees should be allocated to the delivery of the Bundled Secura Performance Obligation.

The Company determined \$0.1 million of future potential royalties the Company expects to receive pursuant to the Secura APA were not constrained as of September 30, 2023. When estimating the amount of royalties to be received that were not constrained, the Company used the expected value method as there are a range of possible outcomes. When estimating royalties to be received, the Company used a combination of internal projections and forecasts and data from external sources. The Company determined that all other future potential royalties were constrained under the guidance as of September 30, 2023. As part of the Company's evaluation of the constraint on future royalties, the Company considered a number of factors in determining whether there is significant uncertainty associated with future events that would result in royalty payments. Those factors include: the likelihood and magnitude of revenue reversals related to future royalties, the amount of variable consideration is highly susceptible to factors outside of the Company's influence, the amount of time to resolve the uncertainty, and lack of significant history of selling COPIKTRA outside of the United States.

As the consideration for future royalties is conditional, the Company recorded a corresponding contract asset for the expected royalties. Portions of the contract asset are reclassified to accounts receivable when the right to consideration becomes unconditional. As of September 30, 2023 and December 31, 2022, the contract asset has been recorded within prepaid and other current assets on the condensed consolidated balance sheets.

The following table presents changes in the Company's contract asset for the nine months ended September 30, 2023 (in thousands):

Contract Asset:	December 31, 2022	Additions	Reclassification to		September 30, 2023
			receivable	September 30, 2023	
Contract asset - Secura	\$ 96	\$ —	\$ (54)	\$ 42	
Total	\$ 96	\$ —	\$ (54)	\$ 42	

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During three and nine months ended September 30, 2023, the Company determined all future potential milestones were excluded from the transaction price, as all other milestone amounts were fully constrained under the guidance as of September 30, 2023. As part of the Company's evaluation of the constraint, the Company considered a number of factors in determining whether there is significant uncertainty associated with the future events that would result in the milestone payments. Those factors included: the likelihood and magnitude of revenue reversals related to future milestones, the amount of variable consideration that is highly susceptible to factors outside of the Company's influence and the uncertainty about the consideration is not expected to be resolved for an extended period of time. All future potential milestone payments were fully constrained as the risk of significant revenue reversal related to these amounts has not yet been resolved.

During the three and nine months ended September 30, 2022, the Company recognized \$0.0 million and \$2.6 million, respectively, of sale of COPIKTRA license and related assets revenue within the statements of operations and comprehensive loss. The sale of COPIKTRA license and related assets revenue for the nine months ended September 30, 2022 primarily related to one regulatory milestone for \$2.5 million achieved by Secura's sublicensee, CSPC, and \$0.1 million related to royalties on COPIKTRA sales in the three months ended September 30, 2022, and future royalties expected to be received pursuant to the Secura APA that were not constrained.

15.13. Income taxes

The Company did not record a federal or state income tax provision or benefit for the three and nine months ended September 30, 2023 and 2022, respectively, March 31, 2024 or 2023, due to the expected loss before income taxes to be incurred for the years ended December 31, 2023 December 31, 2024 and 2022, 2023, as well as the Company's continued maintenance of a full valuation allowance against its net deferred tax assets.

16.14. Commitments and contingencies

The Company has no other commitments other than minimum lease payments as disclosed in Note 8. Leases.

17.15. Subsequent events

The Company reviews all activity subsequent to the end of the quarter but prior to issuance of the condensed consolidated financial statements for events that could require disclosure or that could impact the carrying value of assets or liabilities as of the balance sheet date. The Company is not aware of any material subsequent events.

[Table of Contents](#)**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those discussed below and elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for our fiscal year ended December 31, 2022 as filed with the December 31, 2023. Please also refer to the sections under headings "Forward-Looking Statements" and "Risk Factors" in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for our fiscal year ended December 31, 2022 December 31, 2023.

OVERVIEW

We are a late-stage development biopharmaceutical company, with an ongoing registration directed trial, committed to advancing new medicines for patients battling people diagnosed with cancer. Our pipeline is focused on RAS/ MAPK driven cancers, specifically on novel anticancer agents drug candidates that inhibit critical signaling pathways in cancer that promote critical to cancer cell survival and tumor growth, particularly RAF/ MEK inhibition and FAK inhibition.

Our most advanced product candidates, avutometinib and defactinib, are being investigated in both preclinical and clinical studies for the treatment of various solid tumors, including, but not limited to low-grade serous ovarian cancer ("LGSOC"), non-small cell lung cancer ("NSCLC"), colorectal cancer ("CRC"), LGSOC, NSCLC, pancreatic cancer, CRC, and melanoma, thyroid cancer. We believe that avutometinib may be beneficial as a therapeutic as a single agent or when used together in combination with defactinib, other pathway inhibitors, or other current and emerging standard of care treatments in cancers that do not adequately respond to currently available therapies.

Avutometinib is an orally available, first-in-class, unique small molecule RAF/MEK clamp that inhibits RAS/RAF/MEK, extracellular-signal-regulated-kinase ("ERK") MAPK pathway which is involved in proliferation, migration, transformation, and survival of tumor cells. In contrast to other MEK MEK-only inhibitors, that are commercially available and in development, avutometinib is a dual RAF/MEK clamp that blocks MEK kinase activity and induces the formation of dominant negative RAF-MEK complexes preventing phosphorylation of MEK by A-Raf proto-oncogene, serine/threonine kinase ("ARAF"), B-Raf proto-oncogene serine/threonine kinase ("BRAF") and C-raf proto-oncogene serine/threonine kinase ("CRAF"). MEK-only inhibitors (e.g. trametinib) may have limited efficacy because they induce MEK phosphorylation ("pMEK") by relieving extracellular-signal-regulated-kinase ("ERK")-dependent feedback inhibition of RAF. By inhibiting RAF-mediated phosphorylation of MEK, avutometinib has the potential advantage of not inducing pMEK. This unique mechanism of avutometinib enables it to inhibit ERK signaling more effectively and may confer enhanced therapeutic activity against mitogen-activated pathway kinase ("MAPK") MAPK pathway-driven cancers. We use the term "RAMP" to refer to our RAF and MEK Program.

Avutometinib has been shown to inhibit MAPK pathway signaling and proliferation of tumor cell lines with a variety of harboring MAPK pathway alterations including Kirsten rat sarcoma viral oncogene homolog ("KRAS"), KRAS, neuroblastoma rat sarcoma viral oncogene homolog ("NRAS"), and BRAF mutations, among others. Avutometinib has demonstrated strong antitumor activity as monotherapy and in combination with (i) agents targeting parallel pathways (e.g. inhibitors of FAK, CDK4/6 and mTOR), (ii) agents targeting other nodes in the MAPK pathway (e.g. anti-EGFR, SOS1, KRAS G12C, and KRAS G12D inhibitors), (iii) chemotherapy, and (iv) anti-PD-1.

Defactinib is an oral small molecule inhibitor of FAK and proline-rich tyrosine kinase ("PYK2") that is currently being evaluated as a potential combination therapy for various solid tumors. FAK is a non-receptor tyrosine kinase encoded by and PYK2 are members of the same family of nonreceptor protein tyrosine kinase-2 ("PTK-2") gene kinases that is involved in cellular adhesion integrate signals from integrin and in cancer, metastatic capability, growth factor receptors to regulate cell proliferation, survival, migration, and invasion. Defactinib targets disrupts malignant cells both directly and through modulation of the tumor microenvironment. Preclinical research by our scientists and collaborators indicates that FAK inhibition delays tumor progression in cancer models, which was associated with reduced stromal density and immunosuppressive cell populations. Furthermore, activation of FAK is a putative adaptive resistance mechanism to MAPK pathway inhibition, supporting the clinical evaluation of avutometinib in combination with defactinib for treatment of cancers harboring MAPK pathway alterations. Defactinib has received orphan drug designation in ovarian cancer in the United States, the European Union, and Australia. Preclinical research by our scientists and collaborators at world-renowned research institutions has described the effect of FAK inhibition as enhancing immune response by decreasing immuno-suppressive cells, increasing cytotoxic T cells and reducing stromal density, which allows tumor-

killing immune cells to enter the tumor. Furthermore, it has been shown that FAK activation in response to MAPK inhibitor therapy may bypass MAPK pathway.

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RhoA
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avutometinib
in
combination
with
defactinib
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of
cancers
harboring
MAPK
alterations.

The combination of avutometinib and defactinib has been found to be is clinically active in some patients with KRAS mutant and KRAS wild-type recurrent LGSOC and has received breakthrough designation from the U.S. Food & Drug Administration (the "FDA") FDA for the treatment of all patients with recurrent LGSOC, regardless of KRAS status, after one or more prior lines of therapy including platinum-based chemotherapy. Avutometinib, alone or in combination with defactinib, has received orphan drug designation for the treatment of all patients with LGSOC in the United States.

In the fourth quarter of 2020, we commenced two a registration-directed trials trial, known as the RAMP 201 study, investigating avutometinib as a monotherapy and in combination with defactinib. defactinib for the treatment of patients with recurrent LGSOC. The registration-directed trials are entitled RAMP (RAF and MEK Program) 201 and RAMP 202. RAMP 201 study is an adaptive two-part multicenter, parallel cohort, randomized, open label trial to evaluate the efficacy and safety of avutometinib alone and in combination with defactinib in patients with recurrent LGSOC. RAMP 202 is a Phase 2, adaptive two-part multicenter, parallel cohort, randomized, open-label trial to evaluate the efficacy and safety The combination of avutometinib alone and in combination with defactinib in patients with KRAS G12V

NSCLC, following treatment with a platinum-based regimen and immune checkpoint inhibitor. Additionally, and based on preclinical rationale, additional cohorts were added to the RAMP 202 study including KRAS non-G12V NSCLC and BRAF mutant (V600E and non-V600E) NSCLC.

In the fourth quarter of 2022, a type B meeting with the FDA was held to discuss the results to date of the ongoing RAMP 201 trial, confirm has been declared the go-forward treatment regimen selection and discuss the regulatory path forward. The combination based on a higher rate of avutometinib confirmed objective responses in a planned interim analysis with defactinib has been selected versus monotherapy as the go-forward treatment in all recurrent LGSOC regardless of KRAS status, prespecified criteria, acknowledging the demonstrated contribution of defactinib.

Updated Results We intend to submit a new drug application ("NDA") for accelerated approval with the FDA in the first half of Avutometinib and Defactinib Combination in RAMP 201 Part A

An abstract highlighting updated interim results from Part A of RAMP 201 was presented in a Poster Discussion Session at the American Society of Clinical Oncology (ASCO) annual meeting that took place June 2-6, 2023 in Chicago, Illinois.

In this data cut from Part A of the RAMP 201 study, 31 patients with recurrent LGSOC were treated with 2024 for the combination of avutometinib and defactinib of which 29 were evaluable for efficacy with a minimum follow-up of 12 months and 13 patients remained on study treatment.

Overall, patients were heavily pretreated with a median of 4 prior systemic regimens (up to 11), including prior platinum-based chemotherapy, endocrine therapy and bevacizumab in most patients and prior MEK inhibitor therapy in about 13% of patients. Confirmed objective response rates ("ORR") by blinded independent central review of 45% (13/29; 95% CI: 26%-64%) were observed. Tumor shrinkage was observed in the majority treatment of patients 86% (25/29). Further, 3 out of 4 patients who received prior MEK inhibitors responded to the combination.

Among the patients with KRAS mutant LGSOC, the ORR was 60% (9/15) in the combination arm. Among the patients with KRAS wild type LGSOC, the ORR was 29% (4/14). The median time to response was 5.5 months (range 1.6-14.7 months). The median duration of response and median progression free survival have not been reached.

Updated Phase 1/2 FRAME Study Results in Patients with LGSOC

In September 2023 we presented updated FRAME study efficacy data at the 5th Annual RAS-Target Development Summit in Boston Massachusetts showing an ORR of 42% (11 of 26) in evaluable patients with LGSOC. Among patients with KRAS mutant LGSOC (n=12), the ORR was 58% (7 of 12), compared to patients with KRAS wild-type LGSOC (n=12), the ORR was 33% (4 of 12). Across all LGSOC patients, the median duration of response was 26.9 months (95% CI: 8.5-47.3) while median progression free survival (PFS) was 20.0 months (95% CI: 11.1-31.2). As of the July 2023 data cutoff date, 19% of patients (5 of 26) were still based on study treatment with a minimum follow-up of 17 months.

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We intend to include mature data from the RAMP 201 study, supported by the results of the investigator-initiated Phase 1 FRAME trial. We also intend to initiate discussions with global regulatory authorities, including those in Europe and Japan, to determine the FRAME regulatory path with the objective of ultimately seeking approval for the combination in additional regions.

In December 2023, we announced initiation of a Phase 3 trial, known as the RAMP 301 study, an investigator-sponsored Phase 1/2 study, to potentially support filing for accelerated approval in patients with recurrent LGSOC. Both studies are evaluating evaluate the combination of avutometinib and defactinib for the treatment of patients with recurrent LGSOC. In July 2023, we announced that we have finalized the design of our confirmatory Phase 3 The RAMP 301 study is a randomized global trial, with the FDA to evaluate evaluating the efficacy and safety of avutometinib and defactinib versus statement of care standard chemotherapy and/or hormonal therapy in patients with recurrent LGSOC. The trial is entitled RAMP 301 is intended to serve as the confirmatory study required by the FDA to potentially convert an

accelerated approval for the combination of avutometinib and is expected defactinib for the treatment of LGSOC to begin enrollment in the second half of 2023, full approval.

In September 2021, we entered into a clinical collaboration agreement with Amgen, Inc. ("Amgen") to evaluate the combination of avutometinib with Amgen's KRAS G12C inhibitor LUMAKRAS® (sotorasib) in a Phase 1/2 trial study entitled RAMP 203. The Phase 1/2 trial will evaluate is evaluating the safety, tolerability and efficacy of avutometinib in combination with LUMAKRAS in patients with KRAS G12C NSCLC who have not been previously treated with a KRAS G12C inhibitor, as well as in patients who have progressed on a KRAS-G12C KRAS G12C inhibitor. The study will investigate the potential benefits of trial is building on preclinical data showing a more complete vertical deeper blockade of the MAPK pathway signaling and enhanced anti-tumor efficacy with the combination of LUMAKRAS(KRAS G12C inhibition) and avutometinib (RAF/MEK inhibition) with LUMAKRAS (KRAS G12C inhibition) in KRAS G12C locally advanced or metastatic NSCLC, relative to either agent alone. The RAMP 203 trial study has progressed to the recommended Phase 2 dose of 4 mg avutometinib in combination with 960 mg of LUMAKRAS and initiation of Part B LUMAKRAS. RAMP 203 is currently enrolling patients in the dose expansion in phase (Part B) for patients who are G12C inhibitor treatment naïve and in for patients who have experienced disease progression on a prior G12C monotherapy. In October 2023, we announced initial safety and pharmacokinetics results, as well as preliminary efficacy results, from the RAMP 203 study which were presented at the AACR-NCI-EORTC International Conference on Molecular Targets and Cancer Therapeutics on in October 11-15, 2023 in Boston, Massachusetts. The 2023. These preliminary results showed a confirmed ORR was of 25% (3/12) across efficacy-evaluable patients and seen in both KRAS G12C inhibitor resistant (14.3%; 1/7) and naïve (40%; 2/5) patients. In January 2024, the FDA granted fast track designation for combination of avutometinib and LUMAKRAS for the treatment of patients with KRAS G12C-mutant metastatic NSCLC who have received at least one prior systemic therapy and have not been previously treated with a KRAS G12C inhibitor. Based on stronger tumor regressions in KRAS G12C-mutant NSCLC preclinical models when a FAK inhibitor is added along with G12C inhibitor and avutometinib, defactinib is being added to the RAMP 203 study. We plan to provide data updates from the RAMP 203 study in the second half of 2024.

In November 2021, we entered into a clinical collaboration agreement with Mirati Therapeutics, Inc. ("Mirati") to evaluate the combination of avutometinib with Mirati's KRAS G12C inhibitor KRAZATI® (adagrasib) in a Phase 1/2 trial entitled RAMP 204. The Phase 1/2 trial will evaluate the safety, tolerability and efficacy of avutometinib in combination with KRAZATI in patients with KRAS G12C NSCLC who have progressed on a KRAS G12C inhibitor. The trial will build on preclinical data showing a deeper blockade of MAPK pathway signaling resulting in enhanced anti-tumor efficacy with the combination of KRAZATI (KRAS(KRAS G12C inhibition) and avutometinib (RAF/MEK

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inhibition) relative to either agent alone. The RAMP 204 trial study is open and enrolling. Dose escalation is ongoing. We plan to provide data updates from RAMP 204 in the second half of 2024.

In May 2022, we received the first "Therapeutic Accelerator Award" from the Pancreatic Cancer Network ("PanCAN") PanCAN for up to \$3.8 million. The grant is expected to support supporting a Phase 1b/2 clinical trial of avutometinib in combination with defactinib entitled RAMP 205. This Phase 1b/2 trial will evaluate RAMP 205 is evaluating the safety, tolerability and efficacy of avutometinib and defactinib in combination with GEMZAR® (gemcitabine) and ABRAXANE® (Nab-paclitaxel) in combination with avutometinib and defactinib in patients with previously untreated metastatic adenocarcinoma of the pancreas. The RAMP 205 trial will evaluate is evaluating whether combining avutometinib (to target mutant KRAS which is mutated in more than 90% of pancreatic adenocarcinomas) and defactinib (to reduce stromal density and adaptive resistance to avutometinib) to the standard GEMZAR/ABRAXANE regimen improves outcomes for patients with this type of pancreatic cancer. adenocarcinoma. In August 2022, PanCAN agreed to provide us with an additional \$0.5 million for the collection and translational analysis of patient samples. The RAMP 205 trial is open and enrolling. Dose escalation is ongoing. We opened plan to provide initial safety and began enrollment efficacy results from RAMP 205 at the American Society of Clinical Oncology annual meeting taking place in Chicago, Illinois from May 31, 2024 to June 4, 2024.

Furthermore, avutometinib and defactinib are currently being investigated in combination with immunotherapeutic and other agents through investigator sponsored trials ("ISTS") for the treatment of various solid tumors, including, but not limited to, CRC, gynecological cancer with MAPK pathway alterations, breast cancer, thyroid cancer and melanoma.

In August 2023, we entered into a collaboration and option agreement (the "GenFleet Agreement") with GenFleet pursuant to which GenFleet granted us options to obtain exclusive development and commercialization rights worldwide outside of mainland China, Hong Kong, Macau, and Taiwan (the "GenFleet Territory") for up to three oncology programs targeting RAS pathway driven cancers (the "GenFleet Options"). We may exercise our GenFleet Options on a program-by-program basis. The collaboration builds on the strengths of both companies in oncology small molecule drug development, enabling us to partner our clinical development and regulatory expertise with GenFleet's accomplished discovery capabilities. This synergistic collaboration includes our experience and established network of collaborators, including scientific and clinical experts in RAS biology and RAS pathway-driven cancers and GenFleet's accomplishments with its KRAS G12C inhibitor program. In December 2023, we announced the selection of an oral KRAS G12D inhibitor with a potential best-in-class profile as the lead program from our collaboration with GenFleet. The lead oncology discovery program is an orally bioavailable, potent and selective small molecule KRAS G12D inhibitor entitled GFH375/VS-7375. GenFleet has submitted an investigational new drug application for GFH375/VS-7375 in China which has been accepted for review. We understand that GenFleet expects to initiate a Phase 1 trial in the RAMP 205 study second half of 2024, subject to application approval.

Our operations to date have been organizing and staffing our company, business planning, raising capital, identifying and acquiring potential product candidates, undertaking preclinical studies and clinical trials for our product candidates and initiating U.S. commercial operations following the approval of COPIKTRA through our ownership period ending in September 2020. We have financed our operations to date primarily through public offerings of our common stock and pre-funded warrants, offerings of convertible notes, sales of common stock under our at-the-market equity offering programs, our loan and security agreement executed with Hercules Capital, Inc. ("Hercules") in March 2017, as amended, the upfront payments and milestone payments under our license and collaboration agreements with Sanofi, CSPC Pharmaceutical Group Limited ("CSPC"), and Yakult Honsha Co., Ltd. ("Yakult"), the upfront payment and milestone payments received under the Secura APA, the issuance of the 2018 Notes (defined herein) in October 2018, the proceeds in connection with the private investment in public equity (the "PIPE"), and our loan and security agreement executed Loan Agreement with Oxford, Finance LLC ("Oxford") in March 2022, and sales of Series B Convertible Preferred Stock (as defined below). Additionally, from our U.S. commercial launch of COPIKTRA on September 24, 2018, through our ownership period ending in September 2020, we financed a portion of our operations through product revenue.

As of March 31, 2024, we had an accumulated deficit of \$858.8 million. Our net loss was \$33.9 million and \$15.7 million for the three months ended March 31, 2024 and March 31, 2023, respectively. As of March 31, 2024 we had cash, cash equivalents, and investments of \$110.1 million. In accordance with applicable accounting standards, we evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within 12 months after the date of the issuance of the consolidated financial statements. We anticipate operating losses may continue for the foreseeable future since we do not yet have regulatory

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As approval to sell any of September 30, 2023, our product candidates, and we had an accumulated deficit of \$797.5 million. Our net loss was \$20.0 million, \$60.0 million, \$18.1 million and \$57.0 million for the three and nine months ended September 30, 2023, and 2022, respectively. We expect to incur significant expenses and may continue to incur operating losses for the foreseeable future as a result of the continued costs to execute our strategic plan, including costs related to research and development of avutometinib our product candidates and defactinib. As of September 30, 2023, we had cash, cash equivalents and investments of \$165.7 million. We expect commercial readiness activities. These conditions raise substantial doubt about our existing cash resources will be sufficient ability to fund our planned operations through at least continue as a going concern for 12 months from after the date of issuance of these the condensed consolidated financial statements. statements are issued.

We expect to finance the future development costs of our clinical product portfolio operations with our existing cash, cash equivalents and investments, through potential future milestones and royalties received pursuant to the Secura APA, through our loan and security agreement the Loan Agreement with Oxford, or through other strategic financing opportunities that could include, but are not limited to collaboration agreements, future offerings of our equity, or the incurrence of debt. However, there is no guarantee that any given the risk associated with these potential strategic or financing opportunities, will be executed or executed on favorable terms, and some could be dilutive to existing stockholders. they are not deemed probable for purposes of the going concern assessment. If we fail to obtain additional future capital, we may be unable to complete our planned preclinical studies and clinical trials and obtain approval of certain investigational product

candidates from the FDA or foreign regulatory authorities. Therefore, there is substantial doubt about our ability to continue as a going concern.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations is based upon our condensed consolidated financial statements 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 certain assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our financial statements, and the amounts of revenues and expenses during the reported periods.

We believe that several accounting policies are important to understanding our historical and future performance. We refer to these policies as "critical" because these specific areas generally require us to make judgments and estimates about matters that are uncertain at the time we make the estimate, and different estimates—which also would have been reasonable—could have been used, which would have resulted in different financial results.

The critical accounting policies we identified in our most recent Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** December 31, 2023, related to revenue recognition, collaborative agreements, accrued and prepaid research and development expenses, and stock-based compensation, and leases compensation. During the **nine** three months ended **September 30, 2023** March 31, 2024, there were no material changes to our critical accounting policies.

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RESULTS OF OPERATIONS

Comparison of the three months ended **September 30, 2023** March 31, 2024 and **2022** 2023

	Three months ended September 30, (dollar amounts in thousands)				Three months ended March 31, (dollar amounts in thousands)			
	2023	2022	Change	% Change	2024	2023	Change	% Change
Operating expenses:								
Research and development	13,946	11,288	2,658	24%	17,707	12,015	5,692	47%
Selling, general and administrative	7,363	6,421	942	15%	10,352	7,329	3,023	41%
Total operating expenses	21,309	17,709	3,600	20%	28,059	19,344	8,715	45%
Loss from operations	(21,309)	(17,709)	(3,600)	20%	(28,059)	(19,344)	(8,715)	45%
Other income (expense)	(13)	20	(33)	(165)%				
Other expense					(30)	(7)	(23)	329%
Interest income	2,247	316	1,931	611%	1,367	976	391	40%
Interest expense	(1,129)	(717)	(412)	57%	(1,130)	(769)	(361)	47%
Change in fair value of preferred stock tranche								
liability	200	—	200	100%	(6,011)	3,430	(9,441)	(275)%
Net loss	\$ (20,004)	\$ (18,090)	\$ (1,914)	11%	\$ (33,863)	\$ (15,714)	\$ (18,149)	115%

Research and development expense. Research and development expense for the three months ended **September 30, 2023** March 31, 2024 (the "2023 "2024 Quarter") was **\$13.9 million** \$17.7 million compared to **\$11.3 million** \$12.0 million for the three months ended **September 30, 2022** March 31, 2023 (the "2022 "2023 Quarter"). The **\$2.6 million** \$5.7 million increase from the **2022** 2023 Quarter to the **2023** 2024 Quarter was primarily driven by the **\$2.0 million** upfront payment made in September 2023 pursuant to the GenFleet Agreement (defined herein), an increase of **\$0.7 million** \$1.7 million in contract research organization ("CRO") costs, an increase of **\$0.4 million** \$1.3 million in investigator fees, an increase of **\$0.9 million** in personnel costs, including non-cash stock compensation, an increase of **\$0.2 million** \$0.9 million

in investigator sponsored trial ("IST") consulting costs, an increase of \$0.6 million in clinical supply costs, and an increase of \$0.2 million \$0.3 million in investigator fee costs, partially offset by a decrease of \$0.9 million in drug substance and drug product IST costs.

Research and development expenses consist of costs associated with our research activities, including the development of our product candidates. Research and development expenses include product/ product candidate and/or project-specific costs, as well as unallocated costs. We allocate the record expenses related to external research and development services, such as CROs, clinical sites, pass-through fees such as investigator fees, manufacturing organizations and consultants, by project and/or product candidate. We use our employee and infrastructure resources in a cross-functional manner across multiple research and development projects. Our project costing methodology does not allocate personnel, infrastructure and other indirect costs to specific clinical programs or projects.

Product/ product candidate/ project specific costs include:

- direct third-party costs, which include expenses incurred under agreements with CROs, pass-through fees, the cost of consultants who assist with the development of our product candidates on a program-specific basis, clinical site costs, and any other third-party expenses directly attributable to the development of the product candidates;
- costs related to contract manufacturing operations including manufacturing costs in connection with producing product candidates for use in conducting preclinical and clinical studies. Costs associated with manufacturing avutometinib are included in "Avutometinib manufacturing and non-clinical trial specific" category below as these costs relate to both the "Avutometinib + defactinib" and "Avutometinib + other combinations" categories and are not specifically allocated to any particular project. Costs to produce defactinib are included in "Avutometinib ± defactinib" below; and
- license fees.

Unallocated costs include:

- research and development employee-related expenses, including salaries, benefits, travel, and stock-based compensation expense;

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- cost of consultants, including our scientific advisory board, who assist with our research and development but are not allocated to a specific program; and

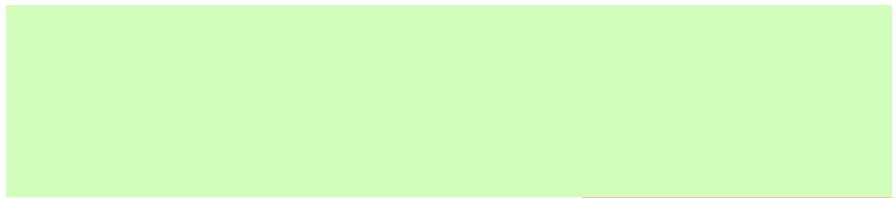
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- facilities, depreciation, and other allocated expenses, which include direct and allocated expenses for rent and maintenance of facilities, and laboratory supplies.

The table below summarizes our direct research and development expenses for our product/ product candidates/ projects and our unallocated research and development costs for the 2023 2024 Quarter and the 2022 2023 Quarter.

Three months ended September 30,			Three months ended March 31,		
2023	2022	Change	2024	2023	Change



Product/ product candidate / project specific costs	(in thousands)				(in thousands)							
	\$	5,020	\$	4,560	\$	460	\$	9,036	\$	4,714	\$	4,322
Avutometinib ± defactinib		1,047		672		375		1,758		1,104		654
Avutometinib + other combinations		987		1,541		(554)		570		1,655		(1,085)
Avutometinib manufacturing and non-clinical trial specific		2,051		—		2,051		194		—		194
GenFleet		3		(7)		10		2		30		(28)
COPIKTRA												
Unallocated costs												
Personnel costs, excluding stock-based compensation		3,111		2,772		339		3,820		2,947		873
Stock-based compensation expense		503		417		86		480		461		19
Other unallocated expenses		1,224		1,333		(109)		1,847		1,104		743
Total research and development expense		\$ 13,946		\$ 11,288		\$ 2,658		\$ 17,707		\$ 12,015		\$ 5,692

The **\$0.5 million** **\$4.3 million** increase in avutometinib ± defactinib costs from the **2022** **2023** Quarter to the **2023** **2024** Quarter is primarily driven by an increase in RAMP 301 trial costs, an increase in drug metabolism and pharmacokinetics costs, an increase in IST costs, and an increase in RAMP 201 trial costs, and an increase in pre-clinical collaboration costs partially offset by a decrease in defactinib drug substance and drug product study costs. The **\$0.4 million** **\$0.7 million** increase of avutometinib + other combinations costs from the **2022** **2023** Quarter to the **2023** **2024** Quarter is primarily driven by an increase in RAMP 203 trial costs and IST costs. The **\$0.6 million** **\$1.1 million** decrease in avutometinib manufacturing and non-clinical trial specific costs from the **2022** **2023** Quarter to the **2023** **2024** Quarter is primarily driven a decrease in pre-clinical collaboration costs for avutometinib. The **\$2.1 million** increase in GenFleet (defined herein) costs is primarily driven by the **\$2.0 million** upfront payment made in September 2023 pursuant to the GenFleet Agreement. drug substance and drug product costs.

Selling, general and administrative expense. Selling, general and administrative expense for the **2023** **2024** Quarter was **\$7.4 million** **\$10.4 million** compared to **\$6.4 million** **\$7.3 million** for the **2022** **2023** Quarter. The increase of **\$1.0 million** **\$3.1 million** from the **2022** **2023** Quarter to the **2023** **2024** Quarter primarily resulted from an increase of **\$0.5 million** in personnel costs, including non-cash stock compensation, an increase of **\$0.2 million** **\$2.0 million** of costs in anticipation of potential launch of avutometinib and defactinib in LGSOC, an increase of **\$1.1 million** in personnel costs, including non-cash stock compensation, an increase of **\$0.4 million** in consulting and professional fees, and an increase of **\$0.3 million** **\$0.2 million** in travel and other costs, costs, partially offset by a decrease of **\$0.6 million** of costs associated with financing activities in the 2023 Quarter.

Other Income (expense), expense. Other expense for the **2024** Quarter and **2023** Quarter was less than **\$0.1 million** compared to other income of less than **\$0.1 million** in the **2022** Quarter. Other expense for the **2023** **2024** Quarter and other income for the **2022** **2023** Quarter was comprised of transaction losses due to changes in foreign currency exchange rates.

Interest income. Interest income for the **2023** **2024** Quarter was **\$2.2 million** **\$1.4 million** compared to **\$0.3 million** **\$1.0 million** for the **2022** **2023** Quarter. The increase of **\$1.9 million** **\$0.4 million** from the **2022** **2023** Quarter to the **2023** **2024** Quarter in interest income is primarily driven by an increase in interest rates and investment balances on short term investments and cash equivalents, equivalents during each respective quarter.

Interest expense. Interest expense for the **2023** **2024** Quarter was **\$1.1 million** compared to **\$0.7 million** **\$0.8 million** for the **2022** **2023** Quarter. The increase of **\$0.4 million** **\$0.3 million** from the **2022** **2023** Quarter to the **2023** **2024** Quarter was primarily driven by the additional interest expense pursuant to the loan and security agreement entered into with Oxford on March 25, 2022 including an Loan Agreement as a result of the additional **\$15.0 million** debt drawdown on March 22, 2023.

Change in fair value of preferred stock tranche liability. The change in fair value of the preferred stock tranche liability of **\$0.2 million** was **\$6.0 million** expense for the **2024** Quarter compared to **\$3.4 million** income for the **2023** Quarter. The change in fair value of preferred stock tranche liability was comprised of the mark-to-market adjustment related to the second tranche right issued as part of the Securities Purchase Agreement (defined herein). There was no The fair value of the preferred stock tranche liability outstanding increased from **\$4.2 million** at the beginning of the **2024** Quarter to **\$10.2 million** at the end of the **2024** Quarter primarily due to an increase in the stock price of our common stock during the **2022** **2024** Quarter resulting in **\$6.0 million** expense in the **2024** Quarter. The fair value of the preferred stock tranche liability decreased from **\$6.9 million** upon issuance on January 24, 2023, to **\$3.5 million** at the end of the **2023** Quarter primarily due to a decrease in the stock price of our common stock during that period resulting in **\$3.4 million** income in the **2023** Quarter.

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Comparison of the nine months ended September 30, 2023 and 2022

	Nine months ended September 30, (dollar amounts in thousands)			
	2023	2022	Change	% Change
Revenue:				
Sale of COPIKTRA license and related assets	\$ —	\$ 2,596	\$ (2,596)	(100)%
Total revenue	—	2,596	(2,596)	(100)%
Operating expenses:				
Research and development	38,854	39,818	(964)	(2)%
Selling, general and administrative	22,091	18,869	3,222	17%
Total operating expenses	60,945	58,687	2,258	4%
Loss from operations	(60,945)	(56,091)	(4,854)	9%
Other income (expense)	(60)	54	(114)	(211)%
Interest income	4,345	446	3,899	874%
Interest expense	(3,019)	(1,413)	(1,606)	114%
Change in fair value of preferred stock tranche liability	(320)	—	(320)	100%
Net loss	\$ (59,999)	\$ (57,004)	\$ (2,995)	5%

Sale of COPIKTRA license and related assets revenue. Sale of COPIKTRA license and related assets revenue for the nine months ended September 30, 2023 (the “2023 Period”) was \$0.0 million compared to \$2.6 million for the nine months ended September 30, 2022 (the “2022 Period”). Sale of COPIKTRA license and related assets revenue for the 2022 Period was comprised of one regulatory milestone for \$2.5 million achieved by Secura’s sublicensee, CSPC, and \$0.1 million related to royalties on COPIKTRA sales in the 2022 Period and future royalties expected to be received pursuant to the Secura APA that were not constrained.

Research and development expense. Research and development expense for the 2023 Period was \$38.9 million compared to \$39.8 million for the 2022 Period. The \$0.9 million decrease from the 2022 Period to the 2023 Period was primarily driven by a decrease of \$3.6 million in drug substance and drug product costs, a decrease of \$1.1 million in CRO costs, partially offset by the \$2.0 million upfront payment pursuant to the GenFleet Agreement, an increase of \$0.9 million in personnel costs, including non-cash stock compensation, and increase of \$0.9 million in IST costs.

The table below summarizes our direct research and development expenses for our product/ product candidates/ projects and our unallocated research and development costs for the 2023 Period and the 2022 Period.

	Nine months ended September 30,		
	2023	2022	Change
	(in thousands)		
Product/ product candidate / project specific costs			
Avutometinib ± defactinib	\$ 15,216	\$ 18,487	\$ (3,271)
Avutometinib + other combinations	3,618	1,633	1,985
Avutometinib manufacturing and non-clinical trial specific	3,764	6,425	(2,661)
GenFleet	2,051	—	2,051
COPIKTRA	82	79	3
Unallocated costs			
Personnel costs, excluding stock-based compensation	9,002	8,268	734
Stock-based compensation expense	1,467	1,337	130

Other unallocated expenses	3,654	3,589	65
Total research and development expense	\$ 38,854	\$39,818	\$ (964)

The \$3.3 million decrease in avutometinib + defactinib costs from the 2022 Period to the 2023 Period is primarily driven by a decrease in RAMP 202 trial costs, decrease in defactinib drug product and drug substance costs, and RAMP 201 trial costs, partially offset by an increase in RAMP 301 trial costs. The \$2.0 million increase of avutometinib + other combinations costs from the 2022 Period to the 2023 Period is primarily driven by an increase in

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RAMP 203 trial costs, RAMP 204 trial costs and IST Costs. The \$2.7 million decrease in avutometinib manufacturing and non-clinical trial specific costs from the 2022 Period to the 2023 Period is primarily driven a decrease in drug substance and drug product costs for avutometinib, CRO costs, and pre-clinical collaborations. The \$2.1 million increase in GenFleet costs is primarily driven by the \$2.0 million upfront payment made in September 2023 pursuant to the GenFleet Agreement.

Selling, general and administrative expense. Selling, general and administrative expense for the 2023 Period was \$22.1 million compared to \$18.9 million for the 2022 Period. The increase of \$3.2 million from the 2022 Period to the 2023 Period primarily resulted from an increase of \$0.9 million in additional costs in anticipation of potential launch of avutometinib and defactinib in LGSOC, an increase of \$0.7 million in consulting and professional fees, an increase of \$0.6 million in costs associated with financing activities, an increase of \$0.4 million in personnel costs, including non-cash stock compensation, and an increase \$0.6 million in travel and other costs.

Other Income (expense). Other expense for the 2023 Period was \$0.1 million compared to other income of \$0.1 million in the 2022 Period. Other expense for the 2023 Period was comprised of changes in foreign currency exchange rates. Other income for the 2022 Period was comprised of a gain on the sale of fixed assets and changes in foreign currency exchange rates.

Interest income. Interest income for the 2023 Period was \$4.3 million compared to \$0.4 million for the 2022 Period. The increase of \$3.9 million from the 2022 Period to the 2023 Period in interest income is primarily driven by an increase in interest rates and investment balances on short term investments and cash equivalents.

Interest expense. Interest expense for the 2023 Period was \$3.0 million compared to \$1.4 million for the 2022 Period. The increase of \$1.6 million from the 2022 Period to the 2023 Period was primarily driven by the interest expense pursuant to the loan and security agreement entered into with Oxford on March 25, 2022 including an additional \$15.0 million debt drawdown on March 22, 2023.

Change in fair value of preferred stock tranche liability. The change in fair value of the preferred stock tranche liability of \$0.3 million for the 2023 Period was comprised of the mark-to-market adjustment related to the second tranche right issued as part of the Securities Purchase Agreement (defined herein). There was no preferred stock tranche liability outstanding during the 2022 Period.

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LIQUIDITY AND CAPITAL RESOURCES

Sources of liquidity

We have financed our operations to date primarily through public and private offerings of our common stock and pre-funded warrants, offerings of convertible notes, sales of common stock under our at-the-market equity offering programs, our loan and security agreement executed with Hercules in March 2017, as amended, the upfront payments and under our license and collaboration agreements with Sanofi, Yakult, and CSPC, the upfront payment under the Secura APA, the issuance of 2018 Notes in October 2018, the proceeds in connection with the PIPE, the Loan Agreement with Oxford, and the issuance of Series B Convertible Preferred Stock. With the commercial launch of COPIKTRA in the United States in September 2018 through our ownership period ending in September 2020, we financed a portion of our operations through product revenue. As of September 30, 2020, we have sold our COPIKTRA license and no longer sell COPIKTRA in the United States. We expect to finance a portion of our business through future potential milestones and royalties received pursuant to the Secura APA.

As of **September 30, 2023** **March 31, 2024**, we had **\$165.7 million** **\$110.1 million** of cash, cash equivalents, and investments. We primarily invest our cash, cash equivalents and investments in U.S. Government money market funds, U.S. government agency bonds, corporate bonds and commercial paper of publicly traded companies.

Risks and uncertainties include those identified under *Item 1A. Risk Factors*, in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** as filed with the SEC on **March 14, 2023** **March 14, 2024**.

Cash flows

The following table sets forth the primary sources and uses of cash for the **2023 Period 2024 Quarter** and the **2022 Period 2023 Quarter** (in thousands):

	Nine months ended September 30,		Three months ended March 31,	
	2023	2022	2024	2023
Net cash (used in) provided by:				
Operating activities	\$ (56,779)	\$ (47,057)	\$ (28,307)	\$ (20,286)
Investing activities	(56,883)	53,160	30,979	(804)
Financing activities	134,640	51,784	846	44,050
Increase in cash, cash equivalents and restricted cash	\$ 20,978	\$ 57,887	\$ 3,518	\$ 22,960

Operating activities. The use of cash in both periods resulted primarily from our net losses adjusted for non-cash charges and changes in the components of working capital. Our cash outflow from net losses adjusted for non-cash charges and adjustments was **\$55.8 million** **\$26.8 million** and **\$52.0 million** **\$17.9 million** for the **2023 Period 2024 Quarter** and the **2022 Period 2023 Quarter**, respectively. Non-cash charges and adjustments were primarily related to **change the changes** in fair value of the preferred stock tranche liability and stock-based compensation expense in the **2024 Quarter** and **2023 Period** and stock-based compensation expense in the **2022 Period**. Our cash outflow from operating activities due to changes in operating assets and liabilities was **\$1.0 million** **\$1.5 million** and **\$2.4 million** for the **2024 Quarter** and the **2023 Period**. Our cash inflow from operating activities **Quarter**, respectively. Cash outflow due to changes in operating assets and liabilities was **\$5.0 million** for the **2022 Period**. **2024 Quarter** was primarily driven by an increase of **\$0.6 million** of prepaid expenses, other current assets and other assets, a decrease of **\$0.5 million** of accrued expenses and other liabilities, a decrease of **\$0.3 million** of deferred liabilities, and an increase of **\$0.2 million** of grant receivable, partially offset by an increase of **\$0.2 million** in accounts payable. Cash outflow due to changes in operating assets and liabilities for the **2023 Period** **Quarter** was primarily driven by an increase of **\$3.0 million** in **\$2.1 million** of prepaid expenses, other current assets and other assets, a decrease of **\$1.0 million** of accrued expenses and other liabilities, partially offset by an increase of **\$1.3 million** in accrued expenses and other liabilities, an increase **\$0.7 million** of **\$0.3 million** in deferred liabilities and an increase of **\$0.2 million** in accounts payable. Cash inflow due to changes in operating assets and liabilities for the **2022 Period** was primarily driven by an increase of **\$3.1 million** in accounts payable, a decrease of **\$1.3 million** in prepaid expenses, other current assets, and other assets, an increase of **\$1.0 million** in deferred liabilities, a decrease of **\$0.4 million** in accounts receivable partially offset by a decrease of **\$0.8 million** in accrued expenses and other liabilities. The changes in prepaid expenses, other current assets, and other assets in both periods are exclusive of cash received from PanCAN and used on the RAMP 205 study. Cash used in operating activities was **\$56.8 million** **\$28.3 million** and **\$47.1 million** **\$20.3 million** for the **2023 Period 2024 Quarter** and the **2022 Period 2023 Quarter**, respectively.

Investing activities. The cash provided by investing activities for the 2024 Quarter relates to maturities of investments of \$31.0 million, partially offset by a purchase of property and equipment of less than \$0.1 million. The cash used by investing activities for the 2023 Period Quarter primarily relates to the net purchases of investments of \$56.9 million. The cash provided by investing activities for the 2022 Period relates to the net maturities of investments of \$53.2 million \$0.8 million.

Financing activities. The cash provided by financing activities for the 2024 Quarter represents \$1.3 million of proceeds received from insurance premium financing and \$0.1 million of proceeds received related to exercise of stock options and our employee stock purchase plan, partially offset by \$0.4 million of payments on insurance premium financing and \$0.2 million of fees paid to the Lenders to amend our Loan Agreement with Oxford. The cash provided by financing activities for the 2023 Period Quarter primarily represents \$91.4 million of proceeds from our previously disclosed public offering in June 2023 of common stock and pre-funded warrants to purchase shares of our common stock, net of issuance costs, \$28.1 million of proceeds received from issuance of Series B Convertible Preferred Stock, net of issuance costs, \$14.9 million of proceeds received pursuant to the loan and security agreement **Loan Agreement** with Oxford, \$1.4 million of proceeds received from insurance premium financing and less than \$0.1 million of proceeds received related to our employee stock purchase plan, partially offset by \$1.3 million \$0.4 million of payments on insurance premium financing. The cash provided by financing activities for the 2022 Period primarily represents \$27.4 million of net proceeds received under our at-the market equity offering program, \$24.1 million of net proceeds received from the loan and security agreement with Oxford, and \$0.3 million of proceeds received related to exercise of stock options and our employee stock purchase plan. Refer to **Note 11. Capital Stock** to our unaudited condensed consolidated financial statements included in this quarterly report for additional details on the January 2023 offering of our Series B Convertible Preferred Stock, the June 2023 offering of our common stock and pre-funded warrants to purchase shares of our common stock, and our at-the-market equity offering program; **Note 7. Debt** to our unaudited condensed consolidated financial statements included in this quarterly report for additional details on the loan and security agreement with Oxford; **Note 9. Notes Payable** to our unaudited condensed consolidated financial statements included in this quarterly report for additional details on the finance agreement with AFCO Premium Credit LLC related to insurance premium financing and the monthly payments of principal and interest related thereto; and **Note 10. Convertible Senior Notes** **7. Debt** to our unaudited condensed consolidated financial statements included in this quarterly report for additional details on the **Loan Agreement**; and **Note 10. Capital Stock** to our **5.00% unaudited condensed consolidated financial statements** included in this quarterly report for additional details on the January 2023 offering of our Series B Convertible Senior Notes due 2048.

Preferred Stock.

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License and Collaboration Agreements

GenFleet Therapeutics (Shanghai), Inc.

On August 24, 2023, we entered into a collaboration and option agreement ("Genfleet Agreement") with GenFleet Therapeutics (Shanghai), Inc. ("GenFleet"), pursuant to which GenFleet granted us the option to obtain the exclusive development and commercialization rights worldwide outside of mainland China, Hong Kong, Macau, and Taiwan for up to three oncology programs targeting RAS pathway driven cancers (the "Genfleet Options"). We may exercise its GenFleet Options on a program-by-program basis.

We made an upfront payment of \$2.0 million in September 2023 to GenFleet and will provide \$1.5 million of research support over the first three years of the GenFleet Agreement. In addition, pursuant to the GenFleet Agreement, upon achievement of certain development and commercial milestones, and upon us exercising our GenFleet Options, GenFleet will be entitled to receive payments of up to \$622.0 million. We have also agreed to pay GenFleet royalties on net sales of licensed products in the Territory ranging from the mid to high single digits.

We may terminate the GenFleet Agreement in its entirety or on a program-by-program basis by providing 90 days written notice to GenFleet. Either party may terminate the GenFleet Agreement in its entirety or on a program-by-program and country-by-country basis, with 60

days' written notice for the other party's material breach if such party fails to cure the breach. Either party may also terminate the GenFleet Agreement in its entirety upon certain insolvency events involving the other party.

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CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The disclosure of our contractual obligations and commitments was reported in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**. Except as previously disclosed in the Company's subsequent filings with the SEC, including this Quarterly Report on Form 10-Q, there have not been any material changes from the contractual obligations and commitments previously disclosed in such report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk related to changes in interest rates. We had cash, cash equivalents and investments of **\$165.7 million** **\$110.1 million** as of **September 30, 2023**, **March 31, 2024** consisting of cash, U.S. Government money market funds, U.S. government agency bonds, corporate bonds and commercial paper of publicly traded companies. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because most of our investments are interest bearing. Our available for sale securities are subject to interest rate risk and will fall in value if market interest rates increase. Due to the short-term duration of most of our investment portfolio and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our portfolio.

We contract with CROs and contract manufacturers globally which may be denominated in foreign currencies. We may be subject to fluctuations in foreign currency rates in connection with these agreements. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. As of **September 30, 2023** **March 31, 2024**, an immaterial amount of our total liabilities were denominated in currencies other than the functional currency.

On March 25, 2022 **As of March 31, 2024**, we entered into have borrowed \$40.0 million under the Loan Agreement, under which we borrowed \$25.0 million in March 2022 and \$15.0 million in March 2023, for a total of \$40.0 million. **Agreement** The Term Loans under the Loan Agreement bear interest at a floating rate equal to (a) the greater of (i) the one-month CME Secured Overnight Financing Rate and (ii) 0.13% plus (b) 7.37%, which is subject to an overall floor and cap. Changes in interest rates **will** **can** cause interest charges to fluctuate under the Loan Agreement. A 10% increase in current interest rates would have resulted in an immaterial increase in the amount of cash interest expense for the three **and** **nine** months ended **September 30, 2023** **March 31, 2024** due to the overall interest rate floor and cap.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

Our management, with the participation of our President and Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial and accounting officer), evaluated the effectiveness of our disclosure controls and procedures as of **September 30, 2023** **March 31, 2024**. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934 (Exchange Act), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and

procedures as of **September 30, 2023** **March 31, 2024**, our President and Chief Executive Officer and our Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in internal control over financial reporting

There have been no changes in our internal control over financial reporting during the three months ended **September 30, 2023** **March 31, 2024**, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

You should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition or future results set forth under *Item 1A. Risk Factors* in our Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023** as filed with the SEC on **March 14, 2023** **March 14, 2024**.

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

RECENT SALES OF UNREGISTERED SECURITIES

None.

PURCHASE OF EQUITY SECURITIES

We did not purchase any of our equity securities during the period covered by this Quarterly Report on Form 10-Q.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index, which Exhibit Index is incorporated herein by reference.

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EXHIBIT INDEX

3.1 [Restated Certificate of Incorporation of the Registrant \(incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed by the Registrant on March 12, 2019\).](#)

3.2 [Certificate of Amendment to the Restated Certificate of Incorporation of the Registrant \(incorporated by reference to Exhibit 3.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed by the Registrant on March 12, 2019\).](#)

3.3 [Amended and Restated Bylaws of the Registrant \(incorporated by reference to Exhibit 3.4 to Amendment No. 3 to the Registration Statement on Form S-1 \(File No. 333-177677\) filed by the Registrant on January 13, 2012\).](#)

3.4 [Certificate of Amendment to the Restated Certificate of Incorporation of Verastem, Inc. \(incorporated by reference to Exhibit 3.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 21, 2020\).](#)

3.5 [Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock \(incorporated by reference to Exhibit 3.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on November 7, 2022\).](#)

3.6 [Certificate of Designation of Preferences, Rights and Limitations of Series B Convertible Preferred Stock \(incorporated by reference to Exhibit 3.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on January 25, 2023\).](#)

3.7 [Certificate of Amendment to the Restated Certificate of Incorporation of Verastem, Inc. \(incorporated by reference to Exhibit 3.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 31, 2023\).](#)

10.1 [Employment First Amendment to Loan and Security Agreement, dated August 2, 2023 by, as of January 4, 2024, among Verastem, Inc., as borrower, Oxford Finance LLC, as collateral agent and between Verastem, Inc., a lender, and Daniel W. Paterson the other lenders party thereto. \(incorporated by reference to Exhibit 10.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on August 4, 2023, January 8, 2024\).](#)

10.2 [Employment Agreement, dated October 24, 2023 by and between Verastem, Inc. and Daniel Calkins \(incorporated by reference to Exhibit 10.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on October 2, 2023\).](#)

31.1* [Certification of Principal Executive Officer pursuant to Rules 13a-14\(a\) or 15d-14\(a\) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

31.2* [Certification of Principal Financial and Accounting Officer pursuant to Rules 13a-14\(a\) or 15d-14\(a\) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

32.1* [Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

32.2* [Certification of Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

99.1* [Press Release issued by Verastem, Inc. on November 8, 2023 May 9, 2024 \(furnished herewith\).](#)

101.INS* [Inline XBRL Instance Document](#)

101.SCH* [Inline XBRL Taxonomy Extension Schema Document](#)

101.CAL* [Inline XBRL Taxonomy Extension Calculation Linkbase Document](#)

101.DEF* [Inline XBRL Taxonomy Extension Definition Linkbase Document](#)

101.LAB* [Inline XBRL Taxonomy Extension Label Linkbase Document](#)

101.PRE* [Inline XBRL Taxonomy Extension Presentation Linkbase Document](#)

104 The cover page from this Current Report on form 10-Q, formatted in Inline XBRL

* Filed or furnished herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VERASTEM, INC.

Date: **November 8, 2023** May 9, 2024

By: _____ */s/ DANIEL W. PATERSON*

Daniel W. Paterson

*President and Chief Executive Officer
(Principal executive officer)*

Date: **November 8, 2023** May 9, 2024

By: _____ */s/ DANIEL CALKINS*

Daniel Calkins

*Chief Financial Officer
(Principal financial and accounting officer)*

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Exhibit 31.1

CERTIFICATIONS

I, Daniel W. Paterson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Verastem, 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 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 control 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 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.

/s/ DANIEL W. PATERSON

Daniel W. Paterson
President and Chief Executive Officer
(Principal executive officer)

Date: **November 8, 2023** May 9, 2024

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Exhibit 31.2

CERTIFICATIONS

I, Daniel Calkins, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Verastem, 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 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 control 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 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.

/s/ DANIEL CALKINS

Daniel Calkins
Chief Financial Officer
(Principal financial and accounting officer)

Date: **November 8, 2023** **May 9, 2024**

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Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Verastem, Inc. (the "Company") for the period ended **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Daniel W. Paterson, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DANIEL W. PATERSON

Daniel W. Paterson
President and Chief Executive Officer
(Principal executive officer)

Date: **November 8, 2023** **May 9, 2024**

1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Verastem, Inc. (the "Company") for the period ended **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Daniel Calkins, Chief Financial Officer, of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

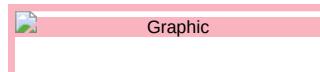
- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DANIEL CALKINS

Daniel Calkins
Chief Financial Officer
(Principal financial and accounting officer)

Date: **November 8, 2023** **May 9, 2024**

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Verastem Oncology Reports Third First Quarter 2023 2024 Financial Results and Highlights Recent Company Progress Business Updates

Plan to Submit Application announce topline RAMP 201 data with the start of planned rolling NDA submission for Accelerated Approval for Avutometinib avutometinib and Defactinib defactinib combination in Recurrent Low-Grade Serous Ovarian Cancer (LGSOC) recurrent low-grade serous ovarian cancer in H1 Q2 2024

Expects to Begin Enrollment FDA Fast Track Designation granted for avutometinib in Phase 3 Confirmatory Trial, RAMP 301, combination with adagrasib for the treatment of Avutometinib and Defactinib in LGSOC in Q4 2023 KRAS G12C-mutated metastatic non-small cell lung cancer

Presented Additional Patient Subgroup Data FDA Fast Track Designation granted for avutometinib plus defactinib in combination with sotorasib for the Combination treatment of Avutometinib and Defactinib Showing Promising Levels of Response in LGSOC Regardless of Number and Class of Prior Therapies Including After Poor Response to Prior Therapy KRAS G12C-mutated metastatic non-small cell lung cancer

Entered Into Synergistic Discovery Initial safety and Development Collaboration efficacy results from the RAMP 205 trial of avutometinib and defactinib in combination with GenFleet Therapeutics current standard of care in first-line metastatic pancreatic cancer to Advance New Programs Targeting RAS Pathway-Driven Cancers be presented at the 2024 ASCO Annual Meeting

BOSTON, MA – November 8, 2023 – Verastem BOSTON--(BUSINESS WIRE)--May 9, 2024--Verastem Oncology (Nasdaq: VSTM), a biopharmaceutical company committed to advancing new medicines for patients with cancer, today announced business updates and reported financial results for the third first quarter ending September 30, 2023 and highlighted recent progress ended March 31, 2024.

"In the third first quarter of 2024, we presented additional data with robust levels of response from a planned subgroup analysis of the RAMP 201 study supporting the role of received FDA Orphan Drug Designation for avutometinib and defactinib combination in recurrent low-grade serous ovarian cancer, which recognizes this rare cancer as a potential different and distinct from other forms of ovarian cancer and reinforces the need for new treatment option for LGSOC regardless of a patient's prior therapy. These data continue to build on the foundational proof of concept and support our plans to submit an application for Accelerated Approval in the first half of 2024, options," said Dan Paterson, President president and Chief Executive Officer, chief executive officer of Verastem Oncology. "As part of our broader development program, we were excited to share the initial, promising efficacy and safety data of the combination of avutometinib and sotorasib in G12C-mutant non-small cell lung cancer. In addition, we We look forward to starting our synergistic collaboration with GenFleet Therapeutics that will planned rolling NDA submission and sharing topline data for avutometinib and defactinib combination in recurrent low-grade serous ovarian cancer. We also plan to announce initial data from the RAMP 205 trial in first-line metastatic pancreatic cancer at ASCO and plan to provide us with the exclusive option to license three new programs to expand our pipeline. This collaboration along with our progress updates across our broader development platform, will allow us to further address other clinical programs in the significant unmet medical needs across RAS pathway-driven cancers. second half of 2024."

Third First Quarter 2023 2024 and Recent Highlights Updates

Low-Grade Avutometinib and Defactinib Combination in Low-Grade Serous Ovarian Cancer (LGSOC)

- The Company plans to submit an application Enrollment and site activations are underway in the U.S., Australia, and the UK, for Accelerated Approval with the international confirmatory Phase 3 RAMP 301 trial evaluating the avutometinib and defactinib combination versus standard of care chemotherapy or hormonal therapy for the treatment of recurrent LGSOC.
- Granted Orphan Drug Designation from the U.S. Food and Drug Administration (FDA) for avutometinib alone or recurrent in the first half of 2024 combination with defactinib for the combination treatment of avutometinib and defactinib LGSOC, based on mature data from the Phase 2 registration-directed trial, RAMP 201, together all patients with the results in of the investigator-initiated FRAME trial. The Company also plans to have discussions with global regulatory March authorities to bring the combination to additional regions.

- The Company finalized Multiple abstracts were selected for oral and poster presentations at the design Society of Gynecologic Oncology (SGO) 2024 Annual Meeting on Women's Cancer on March 16-18 in San Diego. These presentations included a late-breaking oral presentation on a planned subgroup analysis of Part A of the Phase 3 confirmatory trial (RAMP 301) of avutometinib and defactinib in LGSOC versus standard of care (SOC) chemotherapy (pegylated liposomal doxorubicin, paclitaxel, topotecan) or hormone therapy (letrozole, anastrozole). The trial will enroll approximately 270 patients randomized to either the combination of avutometinib and defactinib or SOC. RAMP 301 is an international collaboration between The GOG Foundation, Inc. (GOG) and the European Network of Gynaecological Oncological Trial groups (ENGOT) sponsored by Verastem Oncology. RAMP 301 is the follow-up confirmatory study being conducted for full regulatory approval in recurrent LGSOC and is expected to begin enrollment in the fourth quarter of this year.

- The results of a planned subgroup analysis of the Phase 2 RAMP 201 trial of avutometinib and defactinib were presented as combination of heavily pretreated patients with LGSOC and a late-breaking abstract in an plenary oral presentation at the Annual Global Meeting of the International Gynecologic Cancer Society (IGCS) preclinical efficacy data of avutometinib in November. The data showed the combination demonstrated promising levels of response with a focal adhesion kinase (FAK) inhibitor in recurrent LGSOC regardless of number and class of prior therapies including after poor response as well as a trials-in-progress poster about the Phase 3 RAMP 301 trial.

- Plan to prior therapy. In announce updated topline data from the combination arm, the observed overall response rate (ORR) was consistent across patients who received 1-3 (45.5%, 5/11, 95% CI 17-77) and ≥4 lines of therapy (44.4%, 8/18, 95% CI 22-69). Prior to enrollment in RAMP 201 only 2/23 (8.7%) patients responded in LGSOC to their last prior treatment in coincide with the recurrent setting, whereas start of our planned rolling NewQ2 Drug Application (NDA) submission for Accelerated Approval for the combination of avutometinib and defactinib 2024. yielded an ORR of 43.5% (10/23) combination in this subgroup. The safety profiles of avutometinib and defactinib were similar recurrent LGSOC in the less and more heavily pretreated subgroups and both analyses were consistent with previously reported safety data.
- The Company, Preparations for a potential U.S. commercial launch in collaboration 2025 are ongoing and plans to initiate discussions with European and Japanese regulatory authorities to address patient needs outside the LGSOC Patient Impact Advisory Committee, a global collaboration among leaders in the medical community as well as patient advocacy groups including STAAR Ovarian Cancer Foundation, Cure Our Ovarian Cancer and the World Ovarian Cancer Coalition, announced results of the first-ever LGSOC Patient Impact Survey. The focus of this survey is U.S. continue to better understand and address the particular challenges with diagnosis, disease management and mental, physical, and emotional well-being experienced by people living with LGSOC. More information is available LetsTalkAboutLGSOC.com.

Other Programs Avutometinib in Combination with KRAS G12C Inhibitors in Non-Small Cell Lung Cancer (NSCLC)

- The Company announced a discovery and development collaboration with GenFleet Therapeutics ("GenFleet") to advance three oncology discovery programs targeting RAS pathway-driven cancers. The collaboration, which builds on the strengths of both companies in oncology small molecule drug development, enables Verastem Oncology to partner its clinical development and regulatory expertise with GenFleet's accomplished discovery capabilities. Verastem Oncology announced today it has received Fast Track Designation from the exclusive rights to obtain a license to each of the compounds after successful completion of pre-determined milestones in Phase 1 trials and adds to the Company's ability to become a leader in the treatment of RAS pathway-driven cancers.
- The Company presented initial safety, pharmacokinetics and recommended Phase 2 dose (RP2D) in the RAMP 203 trial evaluating the safety, tolerability and efficacy of FDA for avutometinib in combination with sotorasib in patients with KRAS G12C-mutant non-small cell lung cancer (NSCLC) at the AACR-NCI-EORTC International Conference on Molecular Targets and Cancer Therapeutics in October. The confirmed ORR was 25% (3/12) across efficacy-evaluable patients and seen in both KRAS Mirati's(BMS) G12C inhibitor, resistant (14.3%; 1/7) and naïve (40%; 2/5) patients. Avutometinib 4.0 mg PO BIW 21/28 days + sotorasib 960 mg PO QD 28/28 days was selected as RP2D based on dose limiting toxicity assessment. Enrollment KRAZATI™ (adagrasib) for the treatment of patients with KRAS G12C-mutant G12C-mutated metastatic NSCLC who are either naïve to or have received at least one prior systemic therapy and have not been previously treated with a KRAS G12C inhibitor, is ongoing in April 2024.
- Verastem Oncology announced today it has received Fast Track Designation from the FDA for the combination of avutometinib plus defactinib with Amgen's G12C inhibitor, LUMAKRAS™ (sotorasib) for the treatment of patients with KRAS G12C-mutated metastatic NSCLC who have received at least one prior systemic therapy, in April 2024.
- The FDA granted Fast Track Designation for avutometinib in combination with Amgen's G12C inhibitor, LUMAKRAS™ (sotorasib), for the treatment of patients with KRAS G12C-mutant metastatic NSCLC who have received at least one prior systemic therapy and have not been previously treated with a KRAS G12C inhibitor, in January 2024.

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203
trial
evaluating
avutometinib
plus
defactinib
and
sotorasib
are
planned
for H2
2024.

Data updates from patients with KRAS G12C-mutant NSCLC in the expansion phase of Phase 1/2 RAMP 203.

- Data from patients with KRAS G12C-mutant NSCLC in the Phase 1/2 RAMP 204 trial evaluating avutometinib and adagrasib are planned for H2 2024.

Avutometinib and Defactinib Combination in First-Line Metastatic Pancreatic Cancer

- Dose escalation is ongoing in Verastem Oncology today announced the RAMP 204 Phase 1/2 clinical trial acceptance of avutometinib with Mirati's KRAZATI® (adagrasib) in KRAS G12C-mutant NSCLC. The study is in its second dose cohort after successfully completing the first dose cohort.
- Enrollment is ongoing in an abstract that will include initial safety and efficacy results from the RAMP 205 Phase 1b/2 clinical trial evaluating of avutometinib and defactinib in combination with SOC chemotherapy (GEMZAR® (gemcitabine) current Oncology standard of care gemcitabine and ABRAXANE® nab-paclitaxel in patients with first-line metastatic adenocarcinoma pancreatic (ASCO) cancer at the upcoming American Society of the pancreas. The trial is supported by the Company's receipt of the first Annual "Therapeutic Accelerator Award" from the Pancreatic Cancer Action Network (PanCAN). Meeting.

CorporateUpdatesGFH375 (VS-7375): Oral KRAS G12D (ON/OFF) Inhibitor

- The Company strengthened its executive team GenFleet Therapeutics investigational new drug (IND) application for GFH375 (VS-7375) was submitted in advance of the Company's potential commercial launch of avutometinib China and accepted for review. Expect to begin a Phase 1 trial in combination China in H2 2024.
- Discovery/lead optimization continues for second and third programs with defactinib in LGSOC and to support the advancement of its broader development programs in RAS pathway-driven cancers. The appointments include Mike Crowther to Chief GenFleet Commercial and Business Strategy Officer, David Mitchell to Senior Vice President, Head of Regulatory Affairs and the collaboration promotion of Dan Calkins to Chief Financial Officer from Vice President of Finance.

Upcoming Presentations

Third Verastem Oncology today announced the acceptance of an abstract for poster presentation at the ASCO Annual Meeting being held from May 31 to June 4, 2024, in Chicago, IL.

- **Title:** Avutometinib/defactinib and gemcitabine/nab-paclitaxel combination in first-line metastatic pancreatic ductal adenocarcinoma: Initial safety and efficacy of phase 1b/2 study (RAMP 205).

- **Abstract Number:** 4140
- **Date/Time:** Saturday, June 1, 2024, 1:30 to 4:30 pm CDT

Corporate Updates

- Strengthened the executive leadership team with the appointment of John Hayslip, M.D., to chief medical officer in April 2024.

First Quarter 2023 2024 Financial Results

Verastem Oncology ended the **third** **first** quarter of **2023** **2024** with cash, cash equivalents and investments of **\$165.7 million**, **\$110.1 million**.

Total operating expenses for the three months ended **September 30, 2023** **March 31, 2024** (the “**2023** “**2024** Quarter”) were **\$21.3 million**, **\$28.1 million**, compared to **\$17.7 million** **\$19.3 million** for the three months ended **September 30, 2022** **March 31, 2023** (the “**2022** “**2023** Quarter”).

Research & development expenses for the **2023** **2024** Quarter were **\$13.9 million**, **\$17.7 million**, compared to **\$11.3 million** **\$12.0 million** for the **2022** **2023** Quarter. The increase of **\$2.6 million**, **\$5.7 million**, or **23.0%** **47.5%**, was primarily resulted from a **\$2.0 million** upfront payment made related to GenFleet pursuant to the discovery and development collaboration agreement and increases in increased contract research organization costs, costs, increased investigator fees and increased personnel costs, including non-cash stock compensation.

Selling, general & administrative expenses for the **2023** **2024** Quarter were **\$7.4 million** **\$10.4 million**, compared to **\$6.4 million** **\$7.3 million** for the **2022** **2023** Quarter. The increase of **\$1.0 million** **\$3.1 million**, or **15.6%** **42.5%**, was primarily related to increased personnel costs, including non-cash stock compensation, additional costs in anticipation of a potential launch of avutometinib and defactinib in LGSOC, increased personnel costs, including non-cash stock compensation, and increased travel consulting and other costs, professional fees.

Net loss for the **2023** **2024** Quarter was **\$20.0 million** **\$33.9 million**, or **\$0.75** **\$1.26** per share (basic and diluted), compared to net loss of **\$18.1 million** **\$15.7 million**, or **\$1.10** **\$0.94** per share (basic and diluted, each as adjusted for the Company’s reverse stock split) for the **2022** **2023** Quarter.

For the **2023** **2024** Quarter, non-GAAP adjusted net loss was **\$19.0 million** **\$26.2 million**, or **\$0.71** **\$0.98** per share (diluted), compared to non-GAAP adjusted net loss of **\$16.6 million** **\$17.8 million**, or **\$1.01** **\$1.07** per share (diluted, as adjusted for the Company’s reverse stock split), for the **2022** **2023** Quarter. Please refer to the GAAP to Non-GAAP non-GAAP Reconciliation accompanying attached to this press release.

Use of Non-GAAP Financial Measures

To supplement Verastem Oncology’s condensed consolidated financial statements, which are prepared and

presented in accordance with generally accepted accounting principles in the United States (GAAP), the Company uses the following non-GAAP financial measures in this press release: non-GAAP adjusted net loss and non-GAAP adjusted net loss per share. These non-GAAP financial measures exclude certain amounts or expenses from the corresponding financial measures determined in accordance with GAAP. Management believes this non-GAAP information is useful for investors, taken in conjunction with the Company’s GAAP financial statements, because it provides greater transparency and period-over-period period-over- period comparability with respect to the Company’s operating performance and can enhance investors’ ability to identify operating trends in the Company’s business. Management uses these measures, among other factors, to assess and analyze operational results and trends and to make financial and operational

decisions. Non-GAAP information is not prepared under a comprehensive set of accounting rules and should only be used to supplement an understanding of the Company's operating results as reported under GAAP, not in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. In addition, these non-GAAP financial measures are unlikely to be comparable with non-GAAP information provided by other companies. The determination of the amounts that are excluded from non-GAAP financial measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts. Reconciliations between these non-GAAP financial measures and the most comparable GAAP financial measures for the three and nine months ended **September 30, 2023, March 31, 2024 and 2022** are included in the tables accompanying this press release after the unaudited condensed consolidated financial statements.

About the Avutometinib(VS-6766) and Defactinib Combination

Avutometinib is a RAF/MEK clamp that induces inactive complexes of MEK with ARAF, BRAF and CRAF potentially creating a more complete and durable anti-tumor response through maximal **RAS-RAS/MAPK** pathway inhibition. **Avutometinib is currently in late-stage development.**

In contrast to **other MEK currently available MEK-only** inhibitors, avutometinib blocks both MEK kinase activity and the ability of RAF to phosphorylate MEK. This unique mechanism allows avutometinib to block MEK signaling without the compensatory activation of MEK that appears to limit the efficacy of other **MEK-only** inhibitors. The U.S. Food and Drug Administration (FDA) granted Breakthrough Therapy designation for Designation of the investigational combination of **Verastem Oncology's investigational RAF/MEK clamp avutometinib with and defactinib, its a selective FAK inhibitor**, for the treatment of all patients with recurrent low-grade serous ovarian cancer (LGSOC) regardless of KRAS status after one or more prior lines of therapy, including platinum-based chemotherapy. **Avutometinib alone or in combination with defactinib was also granted Orphan Drug Designation by the FDA for the treatment of LGSOC.**

Verastem Oncology is currently conducting clinical trials with its **RAF/MEK clamp avutometinib in RAS-RAS/MAPK** driven tumors as part of its **(Raf And Mek Program)** program or **RAMP**. **RAMP 301 (NCT06072781)** is an international **Phase 3 confirmatory trial evaluating the combination of avutometinib and defactinib versus standard chemotherapy or hormonal therapy for the treatment of recurrent LGSOC**. **RAMP 201 (NCT04625270)** is a **Phase 2 registration-directed trial of avutometinib in combination with defactinib in patients with recurrent LGSOC**. **LGSOC and enrollment has been completed in each of the dose optimization and expansion phases and the low-dose evaluation.**

Verastem Oncology has established clinical collaborations with Amgen and Mirati to evaluate **LUMAKRAS® LUMAKRAS™ (sotorasib) in combination with avutometinib and KRAZATI® defactinib and KRAZATI™ (adagrasib) in combination with avutometinib in KRAS G12C mutant NSCLC as part of the RAMP 203 (NCT05074810) and RAMP 204 (NCT05375994) trials**, respectively. **As part of the "Therapeutic Accelerator Award" Verastem Oncology received from PanCAN, Verastem Oncology is conducting The RAMP 205 (NCT05669482), a Phase 1b/2 clinical trial evaluating avutometinib and defactinib with gemcitabine/nab-paclitaxel in patients with front-line metastatic pancreatic cancer.** **cancer, is supported by the PanCAN Therapeutic Accelerator Award.**

About GFH375 (VS-7375)

GFH375 (VS-7375) is a potential best-in-class, potent and selective oral KRAS G12D (ON/OFF) inhibitor, identified as the lead program from the Verastem Oncology discovery and development collaboration with GenFleet Therapeutics. Upon approval of the investigational new drug (IND) application in China (which is currently under review), GenFleet is expected to initiate a Phase 1 trial in China in the second half of 2024. The collaboration includes three discovery programs, the first being the KRAS G12D inhibitor, and will provide Verastem Oncology with exclusive options to obtain licenses to each of the

three compounds in the collaboration after successful completion of pre-determined milestones in Phase 1 trials. The licenses would give Verastem Oncology development and commercialization rights outside of the GenFleet territories of mainland China, Hong Kong, Macau, and Taiwan.

About VerastemOncology

Verastem Oncology (Nasdaq: VSTM) is a **development-stage** **late-stage development** biopharmaceutical company committed to the development and commercialization of new medicines to improve the lives of patients diagnosed with cancer. Our pipeline is focused on **RAS/MAPK-driven cancers**, specifically novel small molecule drugs that inhibit critical signaling pathways in cancer that promote cancer cell survival and tumor growth, including **RAF/MEK** inhibition and **focal adhesion kinase (FAK)** **FAK** inhibition. For more information, please visit www.verastem.com and follow us on [LinkedIn](#).

Forward-LookingStatementsNotice

This press release includes forward-looking statements about Verastem Oncology's strategy, future plans and prospects, including statements related to **its financial condition**, the **expected timing of the planned rolling New Drug Application (NDA) submission** for the avutometinib and defactinib combination in low-grade serous ovarian cancer, the outcome and benefits of the collaboration with GenFleet, including the approval of the IND in China, the potential clinical value of various of **its** the Company's clinical trials, the timing of commencing and completing trials, including topline data reports, **interactions with regulators**, the potential **commercial launch** for and timing of avutometinib in combination with defactinib in LGSOC, the **commercialization of product candidates** and **potential benefits of the collaboration with GenFleet and interactions with regulators**. **for additional development programs involving Verastem Oncology's lead compound**. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue," "can," "promising" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. **Each forward- looking statement is** **Forward-looking statements are not guarantees of future performance and are** **subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such statement.**

Applicable risks and uncertainties include the risks and uncertainties, among other things, regarding: the success in the development and potential commercialization of our product candidates, including avutometinib in combination with other compounds, including defactinib, **LUMAKRAS®** **LUMAKRAS™** and others; the **occurrence of adverse safety events and/uncertainties inherent in research and development, such as negative or unexpected concerns** **results of clinical trials, the occurrence or timing of applications for our product candidates that may arise from additional data or analysis or result be filed with regulatory authorities in unmanageable safety profiles as compared to their levels of efficacy;** any jurisdictions; whether and when regulatory authorities in any jurisdictions may approve any such applications that may be filed for our product candidates, and, if approved, whether our product candidates will be commercially successful in such jurisdictions; our ability to obtain, maintain and enforce patent and other intellectual property protection for our product candidates; the scope, timing, and outcome of any legal proceedings; decisions by regulatory authorities regarding trial design, labeling and other matters that could affect the timing, availability or commercial potential of our product candidates; whether preclinical testing of our product candidates and preliminary or interim data from clinical trials will be predictive of the results or success of ongoing or later clinical trials; that the timing, scope and rate of reimbursement for our product candidates is uncertain; that **third- party** **third-party** payors (including government agencies) may not reimburse; that there may be competitive developments affecting our product candidates; that we **may not attract and retain high quality personnel**; that data may not be available when expected; that enrollment of clinical trials may take longer than expected; that our product candidates will **cause adverse safety events and/or unexpected concerns may arise from additional data or analysis, or result in unmanageable safety profiles as compared to their**

levels of efficacy; that our product candidates may experience manufacturing or supply interruptions or failures; that any of our third party contract research organizations, contract manufacturing organizations, clinical sites, or contractors, among others, who we rely on fail to fully perform; that we face substantial competition, which may result in others developing or commercializing products before or more successfully than we do which could result in reduced market share or market potential for our product candidates; that we will be unable to successfully initiate or complete the clinical development and eventual commercialization of our product candidates; that the development and commercialization of our product candidates will take longer or cost more than planned, including as a result of conducting additional studies; that we may not have sufficient cash to fund our target market for our product candidates might be smaller than contemplated operations; that we are presently estimating; may not attract and retain high quality personnel; that we or Chugai Pharmaceutical Co., Ltd. will fail to fully perform under the avutometinib license agreement; that our target market for our product candidates might be smaller than we are presently estimating; that Secura Bio, Inc. will fail to fully perform under the asset purchase agreement with Secura Bio, Inc., including in relation to milestone payments; that we will not see a return on investment on the payments we have and may continue to make pursuant to the collaboration and option agreement with Genfleet GenFleet or that Genfleet GenFleet will fail to fully perform under the agreement; that we or our other collaboration partners may fail to perform under our collaboration agreements; that any of our third party contract research organizations, contract manufacturing organizations, clinical sites, or contractors, among others, who we rely on fail to fully perform; that we may not have sufficient cash to fund our contemplated operations; that we may be unable to obtain adequate financing in the future through product licensing, co-promotional arrangements, public or private equity, debt financing or otherwise; that Secura will achieve the milestones that result in payments to us under our asset purchase agreement with Secura; that we will be unable to execute on our partnering strategies for avutometinib in combination with other compounds; that we will not pursue or submit regulatory filings for our product candidates; and that our product candidates will not receive regulatory approval, become commercially successful products, or result in new treatment options being offered to patients.

Other risks and uncertainties include those identified under the heading "Risk Factors" in Verastem Oncology's the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commission (SEC) on March 14, 2023 March 14, 2024 and in any subsequent filings with the SEC. The forward-

looking forward-looking statements contained in this press release reflect Verastem Oncology's views as of the date hereof, and Verastem Oncology the Company does not assume and specifically disclaims any obligation to update any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

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Verastem Oncology
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Cash, cash equivalents, & investments	\$ 165,663	\$ 87,894	\$ 110,125	\$ 137,129
Accounts receivable, net	—	31	—	—
Grant receivable	—	—	226	—
Prepaid expenses and other current assets	8,822	4,945	7,323	6,553
Property and equipment, net	35	92	52	37
Right-of-use asset, net	1,336	1,789	997	1,171
Restricted cash and other assets	297	299	4,816	4,828
Total assets	\$ 176,153	\$ 95,050	\$ 123,539	\$ 149,718
Current Liabilities	\$ 23,812	\$ 21,663	\$ 26,725	\$ 26,380
Long term debt	39,911	24,526	40,123	40,086
Lease liability, long-term	780	1,470	270	530
Other long-term liabilities	51	—	—	—
Preferred stock tranche liability	7,260	—	10,200	4,189
Convertible preferred stock	21,159	—	21,159	21,159
Stockholders' equity	83,180	47,391	25,062	57,374
Total liabilities, convertible preferred stock and stockholders' equity	\$ 176,153	\$ 95,050	\$ 123,539	\$ 149,718

Verastem Oncology
Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)
(unaudited)

Three months ended September 30,		Nine months ended September 30,		Three months ended March 31,
2023	2022	2023	2022	

Revenue:						
Sale of COPIKTRA license and related assets revenue	\$ —	\$ —	\$ —	\$ 2,596		
Total revenue	\$ —	\$ —	\$ —	\$ 2,596		
					2024	2023
Operating expenses:						
Research and development	13,946	11,288	38,854	39,818	\$ 17,707	\$ 12,015
Selling, general and administrative	7,363	6,421	22,091	18,869	10,352	7,329
Total operating expenses	21,309	17,709	60,945	58,687	28,059	19,344
Loss from operations	(21,309)	(17,709)	(60,945)	(56,091)	(28,059)	(19,344)
Other income (expense)	(13)	20	(60)	54	(30)	(7)
Interest income	2,247	316	4,345	446	1,367	976
Interest expense	(1,129)	(717)	(3,019)	(1,413)	(1,130)	(769)
Change in fair value of preferred stock tranche liability	200	—	(320)	—	(6,011)	3,430
Net loss	\$ (20,004)	\$ (18,090)	\$ (59,999)	\$ (57,004)	\$ (33,863)	\$ (15,714)
Net loss per share—basic and diluted	\$ (0.75)	\$ (1.10) ⁽¹⁾	\$ (2.93) ⁽¹⁾	\$ (3.60) ⁽¹⁾	\$ (1.26)	\$ (0.94) ⁽¹⁾
Weighted average common shares outstanding used in computing:						
Net loss per share – basic and diluted	26,790	16,430 ⁽¹⁾	20,452 ⁽¹⁾	15,834 ⁽¹⁾	\$ 26,832	\$ 16,723 ⁽¹⁾

(1) Amounts have been retroactively restated to reflect the 1-for-12 reverse stock split effected on May 31, 2023

Verastem Oncology
Reconciliation of GAAP to Non-GAAP Financial Information
(in thousands, except per share amounts)
(unaudited)

Net loss reconciliation	Net loss reconciliation	Three months ended		Nine months ended		Three months ended		
		September 30,		September 30,		March 31,		
		2023	2022	2023	2022	2024	2023	
Net loss (GAAP basis)	Net loss (GAAP basis)	\$ (20,004)	\$ (18,090)	\$ (59,999)	\$ (57,004)	(GAAP basis)	\$ (33,863)	\$ (15,714)
Adjust:	Adjust:					Adjust:		
Stock-based compensation expense	Stock-based compensation expense	1,517	1,356	4,262	4,760	Stock-based compensation expense	1,483	1,313
Non-cash interest, net	Non-cash interest, net	(371)	120	(295)	231	Non-cash interest, net	(419)	(36)

Change in fair value of preferred stock tranche liability	Change in fair value of preferred stock tranche liability	(200)	—	320	—	Change in fair value of preferred stock tranche liability	6,011	(3,430)
Severance and Other		47	—	85	—	Severance and other	553	38
Severance and other						Adjusted net loss (non-GAAP basis)	\$ (26,235)	\$ (17,829)
Adjusted net loss (non-GAAP basis)	Adjusted net loss (non-GAAP basis)					Reconciliation of net loss per share		
Reconciliation of net loss per share	Reconciliation of net loss per share					Net loss per share – diluted (GAAP Basis)	\$ (0.75)	\$ (1.10)(1)
Stock-based compensation expense	Stock-based compensation expense	0.06	0.08(1)	0.21(1)	0.31(1)	Net loss per share – diluted (GAAP Basis)	\$ (2.93)(1)	\$ (3.60)(1)
Non-cash interest, net	Non-cash interest, net	(0.01)	0.01(1)	(0.02)(1)	0.01(1)	Adjust per diluted share:	\$ (1.26)	\$ (0.94)(1)
Change in fair value of preferred stock tranche liability	Change in fair value of preferred stock tranche liability	(0.01)	—	0.02(1)	—	Stock-based compensation expense	0.06	0.08(1)
Severance and Other		—	—	—(1)	—	Non-cash interest, net	(0.02)	—
Severance and other						Change in fair value of preferred stock tranche liability	0.22	(0.21)(1)
Adjusted net loss per share – diluted (non-GAAP basis)	Adjusted net loss per share – diluted (non-GAAP basis)	\$ (0.71)	\$ (1.01)(1)	\$ (2.72)(1)	\$ (3.28)(1)	Severance and other	0.02	—
Weighted average common shares outstanding used in computing net loss per share—diluted	Weighted average common shares outstanding used in computing net loss per share—diluted	26,790	16,430(1)	20,452(1)	15,834(1)	Adjusted net loss per share – diluted (non-GAAP basis)	\$ (0.98)	\$ (1.07)(1)
						Weighted average common shares outstanding used in computing net loss per share—diluted	\$ 26,832	\$ 16,723(1)

(1) Amounts have been retroactively restated to reflect the 1-for-12 reverse stock split effected on May 31, 2023

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