



# gritstone

ONCOLOGY

## Gritstone Oncology Reports First Quarter 2019 Financial Results and Recent Highlights

May 13, 2019

EMERYVILLE, Calif., May 13, 2019 (GLOBE NEWSWIRE) -- Gritstone Oncology, Inc. (Nasdaq: GRTS), a clinical-stage biotechnology company developing the next generation of cancer immunotherapies to fight multiple cancer types, today reported recent business highlights and financial results for the first quarter ended March 31, 2019.

"In a short period, we have made remarkable progress advancing our development programs, as well as expanding and enhancing our best-in-class artificial intelligence platform, Gritstone EDGE™," said Andrew Allen, M.D., Ph.D., co-founder, president and chief executive officer of Gritstone Oncology. "Our two pioneering neoantigen-based programs have entered (GRANITE), or are about to enter (SLATE), clinical studies. The GRANITE program should deliver an intense and focused immune attack upon tumors through the production of a unique therapy for each individual patient based upon EDGE-enabled definition of their tumor-specific neoantigens (TSNA). Our 'off the shelf' SLATE program, which was recently accelerated based on feedback from the Food and Drug Administration (FDA), includes TSNA that are shared among some patients and is designed to similarly arm the immune system to destroy tumors in patients identified to have one or more of those TSNA. The TSNA that serve as the keystone to these therapies are identified by EDGE, our proprietary machine learning antigen-prediction model, that we continue to expand, both identifying further novel class I HLA-presented neoantigens and extending into the exciting domain of class II HLA-presented neoantigens. On the heels of these successes, we bolstered our cash position in April to enable us to maximize the many opportunities within our portfolio to change the landscape of cancer therapy."

### Recent Gritstone Oncology Highlights

- Completed a successful public offering of common stock, raising approximately \$74.8 million in gross proceeds
- Began dosing patients in its Phase 1/2 "GO-004" clinical study evaluating GRANITE-001 in combination with immune checkpoint blockade for the treatment of patients with advanced solid tumors, including microsatellite stable colorectal cancer, gastroesophageal cancer, metastatic non-small cell lung cancer, and bladder cancer
- Accelerated the clinical timeline for the SLATE Phase 1 study by up to six months from the company's prior expectations following FDA feedback
- Delivered an oral presentation at the American Association for Cancer Research (AACR) Annual Meeting demonstrating that Gritstone EDGE™ improved the positive predictive value for human leukocyte antigen class II (HLA-DR) peptide presentation over standard methods by approximately 20-fold
- Presented a poster at AACR showing Gritstone's capabilities to efficiently identify neoantigen-reactive T cells and T cell receptors, which have potential applications in cell therapy
- Augmented the Scientific Advisory Board with the addition of Eugene Zhukovsky, Ph.D., an expert in the development of bispecific biotherapeutics
- Appointed technology executive Mike Forcht, Ed.D., M.B.A., as senior vice president of Human Resources
- Selected by the Board of Directors of the Massachusetts Life Sciences Center (MLSC), an economic development investment agency dedicated to supporting the growth and development of the life sciences in Massachusetts, as a recipient of a tax incentive award to support the expansion of Gritstone's Cambridge-based talent

### Anticipated Near-term Milestones

- Submit an Investigational New Drug application for the Phase 1/2 study of SLATE-001 in the second quarter of 2019
- Dose the first patient in the Phase 1/2 SLATE clinical study as early as mid-2019
- Report preliminary data from the first part of both the SLATE and GRANITE Phase 1 trials in the fourth quarter of 2019 at a scientific meeting
- Nominate a lead bispecific antibody development candidate directed towards a novel solid tumor-specific HLA-peptide complex in 4Q19

### First Quarter 2019 Financial Results

For the three months ended March 31, 2019, Gritstone reported a net loss of \$18.0 million, compared to a net loss of \$13.4 million for the three months ended March 31, 2018.

Collaboration revenue was \$1.3 million for the three months ended March 31, 2019, with no collaboration revenue recognized for the three months ended March 31, 2018. The increase was due to revenue recognized under the Research Collaboration and License Agreement with bluebird, which was entered into in August 2018.

Total research and development expenses were \$15.9 million for the three months ended March 31, 2019, compared to \$11.4 million for the three months ended March 31, 2018. The increase was primarily attributable to an increase in personnel-related expenses driven by increased headcount, as well as an increase in outside services and consultants, in-house laboratory supplies and consumables, and facilities-related expenses.

General and administrative expenses were \$4.4 million for the three months ended March 31, 2019, compared to \$2.0 million for the three months ended March 31, 2018. The increase was primarily attributable to an increase in personnel-related expenses driven by an increase in headcount and an increase in legal and other outside professional services required to support the company's ongoing operations as a public company.

Cash, cash equivalents, and marketable securities were \$132.2 million as of March 31, 2019, compared to \$153.1 million as of December 31, 2018. The first quarter ending cash position does not include the \$74.8 million in gross proceeds from the public stock offering that was completed in the second quarter.

#### About Gritstone Oncology

Gritstone Oncology (Nasdaq: GRTS), a clinical-stage biotechnology company, is developing the next generation of cancer immunotherapies to fight multiple cancer types. Gritstone develops its products by leveraging two key pillars—first, a proprietary machine learning-based platform, Gritstone EDGE™, which is designed to predict, from a routine tumor biopsy, the tumor-specific neoantigens (TSNA) that are presented on a patient's tumor cells; and second, the ability to develop and manufacture potent immunotherapies utilizing patients' TSNA to potentially drive the patient's immune system to specifically attack and destroy tumors. The company's lead product candidate, GRANITE-001, is a personalized neoantigen-based immunotherapy in Phase 1 clinical testing. Gritstone's second product candidate, SLATE-001, is a shared neoantigen ("off-the-shelf") immunotherapy which is advancing towards the clinic. Novel tumor-specific antigens can also provide targets for bispecific antibody (BiSAb) therapeutics for solid tumors, and Gritstone's BiSAb program is currently in lead optimization. For more information, please visit [gritstoneoncology.com](http://gritstoneoncology.com).

#### Gritstone Forward-Looking Statements

This press release contains forward-looking statements, including, but not limited to, statements related to the expected timing for preliminary efficacy data from the Phase 1 GRANITE and SLATE studies and its investigational immunotherapies. Such forward-looking statements involve substantial risks and uncertainties that could cause Gritstone's research and clinical development programs, future results, performance or achievements to differ significantly from those expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the uncertainties inherent in the drug development process, including Gritstone's programs' early stage of development, the process of designing and conducting preclinical and clinical trials, the regulatory approval processes, the timing of regulatory filings, the challenges associated with manufacturing drug products, Gritstone's ability to successfully establish, protect and defend its intellectual property and other matters that could affect the sufficiency of existing cash to fund operations. Gritstone undertakes no obligation to update or revise any forward-looking statements. For a further description of the risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of the company in general, see Gritstone's most recent Quarterly Report on Form 10-Q filed on May 13, 2019 and any current and periodic reports filed with the Securities and Exchange Commission.

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#### Gritstone Oncology, Inc.

#### Condensed Statements of Operations

(Unaudited)

(In thousands, except share and per share data)

	Three Months Ended	
	March 31,	
	2019	2018
Collaboration revenue	\$ 1,347	\$ -
Operating expenses:		
Research and development	15,899	11,401
General and administrative	4,377	2,038
Total operating expenses	20,276	13,439
Loss from operations	(18,929)	(13,439)
Interest and other income, net	920	63

Net loss	\$ (18,009	)	\$ (13,376	)
Net loss per common share, basic and diluted	\$ (0.62	)	\$ (6.03	)
Shares used to compute for net income (loss) per common share, basic and diluted	28,938,891		2,217,726	

**Gritstone Oncology, Inc.**  
**Condensed Balance Sheets**  
**(Unaudited)**  
(In thousands)

	<b>March 31, 2019</b>		<b>December 31, 2018</b>	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 34,572		\$ 52,183	
Marketable securities	97,590		100,927	
Prepaid expenses and other current assets	2,838		4,526	
Total current assets	135,000		157,636	
Property and equipment, net	15,652		29,494	
Operating lease right-of-use assets	22,018		-	
Deposits and other long-term assets	2,817		2,428	
Total assets	\$ 175,487		\$ 189,558	
<b>Liabilities and stockholders' equity</b>				
Current liabilities:				
Accounts payable	\$ 3,622		\$ 4,825	
Accrued compensation	1,694		3,951	
Accrued liabilities	803		992	
Lease liabilities, current portion	2,574		-	
Deverred revenue, current portion	5,419		5,340	
Total current liabilities	14,112		15,108	
Deferred rent, net of current portion	-		1,353	
Other non-current liabilities	2		12	
Lease financing obligation, net of current portion	-		10,490	
Lease liabilities, net of current portion	17,104		-	
Deferred revenue, net of current portion	12,047		13,473	
Total liabilities	43,265		40,436	
Commitments and contingencies				
Stockholders' equity:				
Convertible preferred stock	-		-	
Common stock	16		16	
Additional paid-in capital	276,703		275,593	
Accumulated other comprehensive loss	67		(85	)
Accumulated deficit	(144,564	)	(126,402	)
Total stockholders' equity	132,222		149,122	
Total liabilities and stockholders' equity	\$ 175,487		\$ 189,558	



Source: Gritstone Oncology, Inc