



gritstone

ONCOLOGY

Gritstone Oncology Reports Third Quarter 2018 Financial Results and Recent Business Highlights

November 14, 2018

Successful Initial Public Offering Raises \$95.6 Million in Net Proceeds

EMERYVILLE, Calif., Nov. 14, 2018 (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 third quarter ended September 30, 2018.

"We are delighted to have completed a successful initial public offering, which was the result of three years of innovation and determination by our team," said Andrew Allen, M.D., Ph.D., co-founder, president and chief executive officer of Gritstone Oncology. "In addition to becoming a public company, we are advancing our first product candidate, GRANITE-001, into clinical development, and we have established collaborations with two leading oncology companies – bluebird bio, Inc. (bluebird) and Bristol-Myers Squibb (BMS). These collaborations validate the scientific differentiation and clinical potential of our platform, and also enable our technologies to more broadly fuel the development of new investigational anti-cancer therapies."

Recent Highlights

- In October 2018, the company completed its initial public offering (IPO), raising \$95.6 million in net proceeds, and commenced trading on the Nasdaq Global Select Market under the ticker symbol "GRTS."
- The Food and Drug Administration (FDA) accepted the company's Investigational New Drug (IND) application for GRANITE-001, a personalized immunotherapy using patient-specific neoantigens, enabling the initiation of our Phase 1/2 clinical study (GO-004).
- A collaboration with bluebird was established to develop novel cancer cell therapies utilizing Gritstone's proprietary EDGE™ artificial intelligence platform to identify both tumor-specific targets and therapeutically useful T cell receptors against those targets.
- A clinical research collaboration was established with BMS to evaluate Gritstone's GRANITE-001 in combination with BMS' immune checkpoint inhibitors nivolumab and ipilimumab.
- Steve E. Krognes, an experienced financial and biotech executive with more than 25 years of industry experience, was appointed to the Board of Directors.

Anticipated Milestones Over the Next 15 Months

- Data demonstrating the predictive power of the EDGE platform in the identification of neoantigens and neoantigen-reactive T cells is in press at a peer-reviewed journal and expected to be published in the near term.
- An IND application for the initiation of a first-in-human study with SLATE-001, an immunotherapy candidate using shared neoantigens for an "off-the-shelf" therapy, is planned for submission in mid-2019.
- Preliminary efficacy data from the Phase 1 portion of GO-004 in patients with metastatic lung, gastric, colorectal and bladder cancers is expected to be reported in the second-half of 2019.

Third Quarter 2018 Financial Results

For the three months ended September 30, 2018, Gritstone reported a net loss of \$18.6 million, compared to a net loss of \$9.5 million for the three months ended September 30, 2017.

Collaboration revenue was \$0.1 million for the three months ended September 30, 2018, with no collaboration revenue recognized for the three months ended September 30, 2017. 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 \$15.6 million for the three months ended September 30, 2018, compared to \$8.1 million for the three months ended September 30, 2017. 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 \$3.1 million for the three months ended September 30, 2018, compared to \$1.4 million for the three months ended September 30, 2017. 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 \$77.4 million as of September 30, 2018, compared to \$39.0 million as of December 31, 2017. The increase was primarily attributable to \$30 million in cash received related to the Research Collaboration and License Agreement and the Stock Purchase Agreement with bluebird, offset by operating and investing cash payments. The third quarter ending cash position does not include the \$95.6 million in net proceeds from the IPO, which was received in the fourth 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 beginning 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. For more information, please visit 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 portion of GO-004, the planned submission of an IND for SLATE-001 and expectations with regard to certain publications regarding the EDGE platform. 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 early stage of development, the process of designing and conducting clinical trials, the regulatory approval processes, the timing of regulatory filings, the challenges associated with manufacturing drug products, Gritstone's ability to successfully 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 recently filed Registration Statement on Form S-1 and any subsequent 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Collaboration revenue	\$ 96	\$ -	\$ 96	\$ -
Operating expenses:				
Research and development	15,622	8,084	39,712	19,939
General and administrative	3,088	1,404	7,940	4,244
Total operating expenses	18,710	9,488	47,652	24,183
Loss from operations	(18,614)	(9,488)	(47,556)	(24,183)
Interest and other income, net	26	37	120	175
Net loss	\$ (18,588)	\$ (9,451)	\$ (47,436)	\$ (24,008)
Net loss per common share, basic and diluted	\$ (7.60)	\$ (4.59)	\$ (20.27)	\$ (12.27)
Shares used to compute for net income (loss) per common share, basic and diluted	2,445,547	2,057,040	2,339,705	1,957,381

Gritstone Oncology, Inc.

Condensed Balance Sheets

(Unaudited)
(In thousands)

	September 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 65,936	\$ 39,007
Marketable securities	11,486	46,946
Prepaid expenses and other current assets	6,728	2,526
Total current assets	84,150	88,479
Property and equipment, net	27,012	27,211
Deposits and other long-term assets	2,039	1,610
Total assets	\$ 113,201	\$ 117,300
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,874	\$ 3,935
Accrued compensation	2,400	2,227
Accrued liabilities	2,238	1,490
Deverred revenue, current portion	5,210	-
Total current liabilities	13,722	7,652
Deferred rent, net of current portion	1,567	1,749
Other non-current liabilities	25	96
Lease financing obligation, net of current portion	10,502	10,521
Deferred revenue, net of current portion	14,694	-
Total liabilities	40,510	20,018
Commitments and contingencies		
Stockholders' equity:		
Convertible preferred stock	177,872	156,937
Common stock	2	1
Additional paid-in capital	3,885	2,045
Accumulated other comprehensive loss	(5)	(74)
Accumulated deficit	(109,063)	(61,627)
Total stockholders' equity	72,691	97,282
Total liabilities and stockholders' equity	\$ 113,201	\$ 117,300



Source: Gritstone Oncology, Inc