Verastem Oncology Announces Conversion of Senior Notes Eliminating Substantially All Outstanding Debt

July 19, 2021

Transaction Preserves $31.2 Million in Cash

Cash Runway Expected Until at Least 2024 to Deliver on Current Programs

BOSTON--(BUSINESS WIRE)--Jul. 19, 2021-- Verastem Oncology (Nasdaq: VSTM), a biopharmaceutical company committed to advancing new medicines for patients battling cancer, today announced that it has converted all of the $28.0 million aggregate principal of the Company's 2020 5.00% Convertible Senior Notes due 2048 (the 2020 Notes) in exchange for approximately 8.6 million shares of the Company's common stock, based on the Company's existing Mandatory Conversion right. This transaction, which eliminates substantially all of the Company's outstanding debt, preserves approximately $31.2 million in cash, including $3.2 million in future interest payments that would have been payable through November 1, 2023.

Robert Gagnon, Chief Financial Officer of Verastem Oncology, commented: "This conversion of our 2020 Notes eliminates substantially all outstanding debt and provides us with greater financial flexibility, all while reducing future cash needs for interest payments and to repay the notes at maturity. We now enter the second half of 2021 with a stronger balance sheet and believe we are well positioned to execute on our corporate objectives, including the advancement of VS-6766 and defactinib through registration-directed Phase 2 clinical trials in low-grade serous ovarian cancer (LGSOC) and KRAS G12V-mutant non-small cell lung cancer (NSCLC)."

On November 6, 2020, the Company entered into a privately negotiated agreement with an investor who held the Company's 2018 5.00% Convertible Senior Notes due 2048 (the 2018 Notes), and exchanged approximately $28.0 million aggregate principal amount of the 2018 Notes for approximately $28.0 million aggregate principal amount of newly issued 2020 Notes. Under the terms of the 2020 Notes, Verastem became eligible to exercise its right to cause all outstanding 2020 Notes to be converted automatically because the daily volume weighted average price (VWAP) per share of the Company's common stock was equal to or exceeded 123.08% of the conversion price on each of at least 20 VWAP trading days during a 30 consecutive VWAP trading day period. The conversion rate for the 2020 Notes was 307.6923 shares of the Company's common stock per $1,000 principal amount of the 2020 Notes, which is equivalent to a conversion price of approximately $3.25 per share, representing an approximately 153.9% premium to the sale price of $1.28 per share of the Company's common stock on November 5, 2020.

Verastem Oncology ended the first quarter 2021 with cash, cash equivalents and investments of $127.1 million. With the anticipated proceeds from the sale of COPIKTRA, the Company expects that it will have a cash runway until at least 2024 to deliver on the current programs for VS-6766 and defactinib, including clinical and regulatory milestones and development in LGSOC and KRAS mutant NSCLC.

About Verastem Oncology

Verastem Oncology (Nasdaq: VSTM) (Verastem, Inc.) is a development-stage 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 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) inhibition. For more information, please visit www.verastem.com.

Forward-Looking Statements Notice

This press release includes forward-looking statements about Verastem Oncology's strategy, future plans and prospects, including statements related to the potential clinical value of the RAF/MEK/FAK combination, the potential benefits of Breakthrough Therapy designation and the timing of commencing and completing registration-directed trials for the RAF/MEK/FAK combination. 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 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 defactinib in combination with VS-6766; the occurrence of adverse safety events and/or unexpected concerns that may arise from additional data or analysis or result in unmanageable safety profiles as compared to their levels of efficacy; 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 labeling and other matters that could affect the 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 experience manufacturing or supply interruptions or failures; 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; that we or Chugai Pharmaceutical Co., Ltd. will fail to fully perform under the VS-6766 license agreement; 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 we will be unable to execute on our partnering strategies for defactinib in combination with VS-6766; that we will not pursue or submit regulatory filings for our product candidates; that we do not receive additional proceeds from the contingent payments negotiated in the sale of COPIKTRA; 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 the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission (SEC) on March 18, 2021 and in any subsequent filings with the SEC. The forward-looking statements contained in this press release reflect Verastem Oncology’s views as of the date hereof, and 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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Investors:
Ajay Munshi
Vice President, Corporate Development
+1 781-469-1579
amunshi@verastem.com

Sherri Spear
Argot Partners
+1 212-600-1902
sherri@argotpartners.com

Media:
Lisa Buffington
Corporate Communications
+1 781-292-4205
lbuffington@verastem.com

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