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 June 30, 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 August 7, 2024 there were 40,243,745 shares of Common Stock outstanding.

TABLE OF CONTENTS

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 June 30, 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 timing, scope and progress of the rolling NDA submission for the avutometinib and defactinib combination in LGSOC, the structure of our planned and pending clinical trials, the potential clinical value of our clinical trials, including the RAMP 201, RAMP 205 and RAMP 301 trials, the timing of commencing and completing trials, including topline data reports, interactions with regulators, and the timeline and indications for clinical development, regulatory submissions and the potential for and timing of commercialization of our product candidates and potential for additional development programs involving the Company's lead compound and the potential market opportunities, the expected outcome and benefits of our collaboration with GenFleet Therapeutics (Shanghai), Inc. ("GenFleet"), plans to initiate development studies outside of China, and estimated addressable markets for, of our drug candidates. 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 are subject to risks and uncertainties that could cause our actual results could differ materially from those expressed or implied 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 the market opportunities of our drug candidates are based on internal and third-party estimates which may prove to be incorrect; 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, which may delay our development programs, including delays in submission or review by the U.S. Food & Drug Administration (the "FDA") of our NDA submission in recurrent KRAS mutant LGSOC if enrollment in our confirmatory trial is not well underway at the time of submission, or that the FDA may require the Company to have completed enrollment or to enroll additional patients in the Company's ongoing RAMP-301 confirmatory Phase 3 clinical trial prior to Verastem submitting or the FDA taking action on our NDA seeking accelerated approval; risks associated with preliminary and interim data, which may not be representative of more mature data, including with respect to interim duration of therapy data; 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 we may be unable to successfully validate, develop and obtain regulatory approval for companion diagnostic tests for our product candidates that require or would commercially benefit from such tests, or experience significant delays in doing so; that the mature RAMP 201 data and associated discussions with the FDA may not support the scope of our rolling NDA submission for the avutometinib and defactinib combination in LGSOC, including with respect to KRAS wild type LGSOC; 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 or our decisions regarding execution of such commercialization; that we may not have sufficient cash to fund our contemplated operations, including certain of our product

development programs; that we 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 the total addressable and target markets for our product candidates might be smaller than we are presently estimating; that we or Secura Bio, Inc. ("Secura") will fail to fully perform under the asset purchase agreement with Secura, 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 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, 2023, as filed with the Securities and Exchange Commission ("SEC") on March 14, 2024, and in any subsequent filings with the SEC.

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.

PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (unaudited).

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

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 83,371	$ 77,909
Short-term investments	—	59,220
Accounts receivable, net	10,000	—
Grant receivable	825	—
Prepaid expenses and other current assets	5,450	6,553
Total current assets	99,646	143,682
Property and equipment, net	46	37
Right-of-use asset, net	816	1,171
Restricted cash	241	241
Other assets	4,998	4,587
Total assets	$ 105,747	$ 149,718
Liabilities, convertible preferred stock and stockholders' equity		
Current liabilities:		
Accounts payable	$ 6,678	$ 7,184
Accrued expenses	17,195	17,928
Note payable	526	—
Deferred liabilities	—	327
Lease liability, short-term	1,022	941
Current portion of long-term debt	4,926	—
Total current liabilities	30,347	26,380
Non-current liabilities:		
Long-term debt	35,390	40,086
Lease liability, long-term	—	530
Preferred stock tranche liability	—	4,189
Total liabilities	65,737	71,185
Convertible preferred stock:		
Series B Convertible Preferred Stock, $0.0001 par value; 2,144 shares designated at June 30, 2024 and December 31, 2023; 1,200 shares issued and outstanding at June 30, 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 June 30, 2024 and December 31, 2023	—	—
Common stock, $0.0001 par value; 300,000 shares authorized, 26,876 and 25,281 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	3	3
Additional paid-in capital	885,857	882,248
Accumulated other comprehensive income	—	13
Accumulated deficit	(867,009)	(824,890)
Total stockholders' equity	18,851	57,374
Total liabilities, convertible preferred stock and stockholders' equity	$ 105,747	$ 149,718

See accompanying notes to the condensed consolidated financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue:				
Sale of COPIKTRA license and related assets	$ 10,000	$ —	$ 10,000	$ —
Total revenue	10,000	—	10,000	—
Operating expenses:				
Research and development	18,062	12,893	35,769	24,908
Selling, general and administrative	10,215	7,399	20,567	14,728
Total operating expenses	28,277	20,292	56,336	39,636
Loss from operations	(18,277)	(20,292)	(46,336)	(39,636)
Other expense	(24)	(40)	(54)	(47)
Interest income	983	1,122	2,350	2,098
Interest expense	(1,138)	(1,121)	(2,268)	(1,890)
Change in fair value of preferred stock tranche liability	10,200	(3,950)	4,189	(520)
Net loss	$ (8,256)	$ (24,281)	$ (42,119)	$ (39,995)
Net loss per share—basic and diluted	$ (0.31)	$ (1.37)	$ (1.57)	$ (2.32)
Weighted average common shares outstanding used in computing net loss per share—basic and diluted	26,861	17,732	26,846	17,231
Net loss	$ (8,256)	$ (24,281)	$ (42,119)	$ (39,995)
Unrealized gain (loss) on available-for-sale securities	4	(5)	(13)	1
Comprehensive loss	$ (8,252)	$ (24,286)	$ (42,132)	$ (39,994)

See accompanying notes to the condensed consolidated financial statements.

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

	Series B Convertible Preferred Stock		Series A Convertible Preferred Stock		Common stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2023	**1,200,000**	**$ 21,159**	**1,000,000**	**$ —**	**25,281,150**	**$ 3**	**$ 882,248**	**$ 13**	**$ (824,890)**	**$ 57,374**
Net loss	—	—	—	—	—	—	—	—	(33,863)	(33,863)
Unrealized loss on available-for-sale marketable securities	—	—	—	—	—	—	—	(17)	—	(17)
Issuance of common stock resulting from vesting of restricted stock units	—	—	—	—	14,444	—	—	—	—	—
Issuance of common stock resulting from exercise of stock options	—	—	—	—	4,600	—	36	—	—	36
Issuance of common stock under Employee Stock Purchase Plan	—	—	—	—	7,475	—	49	—	—	49
Stock-based compensation expense	—	—	—	—	—	—	1,483	—	—	1,483
Balance at March 31, 2024	**1,200,000**	**$ 21,159**	**1,000,000**	**$ —**	**25,307,669**	**$ 3**	**$ 883,816**	**$ (4)**	**$ (858,753)**	**$ 25,062**
Net loss	—	—	—	—	—	—	—	—	(8,256)	(8,256)
Unrealized gain on available-for-sale marketable securities	—	—	—	—	—	—	—	4	—	4
Issuance of common stock resulting from vesting of restricted stock units	—	—	—	—	12,986	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	1,905	—	—	1,905
Issuance of common stock resulting from exercise of stock options	—	—	—	—	17,378	—	136	—	—	136
Issuance of common stock upon exercise of pre-funded warrants	—	—	—	—	1,538,201	—	—	—	—	—
Balance at June 30, 2024	**1,200,000**	**$ 21,159**	**1,000,000**	**$ —**	**26,876,234**	**$ 3**	**$ 885,857**	**$ —**	**$ (867,009)**	**$ 18,851**

	Series B Convertible Preferred Stock		Series A Convertible Preferred Stock		Common stock[1]		Additional paid-in capital[1]	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2022	**—**	**$ —**	**1,000,000**	**$ —**	**16,711,761**	**$ 2**	**$ 784,912**	**$ —**	**$ (737,523)**	**$ 47,391**
Net loss	—	—	—	—	—	—	—	—	(15,714)	(15,714)
Unrealized gain on available-for-sale marketable securities	—	—	—	—	—	—	—	6	—	6
Issuance of common stock resulting from vesting of restricted stock units	—	—	—	—	17,658	—	—	—	—	—
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 $6,940	1,200,000	21,159	—	—	—	—	—	—	—	—
Balance at March 31, 2023	**1,200,000**	**$ 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 $6,351	—	—	—	—	8,489,409	1	91,419	—	—	91,420
Balance at June 30, 2023	**1,200,000**	**21,159**	**1,000,000**	**—**	**25,241,878**	**$ 3**	**$ 879,105**	**$ 1**	**$ (777,518)**	**$ 101,591**

(1) Amounts have been retroactively restated to reflect the 1-for-12 reverse stock split effected on May 31, 2023 (see *Note 1. Nature of business* of the accompanying notes to the condensed consolidated financial statements).

See accompanying notes to the condensed consolidated financial statements.

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

	Six months ended June 30,	
	2024	**2023**
Operating activities		
Net loss	$ (42,119)	$ (39,995)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	12	52
Non-cash operating lease cost	(94)	(82)
Stock-based compensation expense	3,388	2,745
Amortization of deferred financing costs, debt discounts and premiums and discounts on available-for-sale marketable securities	(413)	76
Change in fair value of preferred stock tranche liability	(4,189)	520
Changes in operating assets and liabilities:		
Accounts receivable, net	(10,000)	29
Grant receivable	(825)	—
Prepaid expenses, other current assets and other assets	(78)	(1,508)
Accounts payable	(506)	(422)
Accrued expenses and other liabilities	(726)	(1,639)
Deferred liabilities	(327)	34
Net cash used in operating activities	(55,877)	(40,190)
Investing activities		
Purchases of property and equipment	(28)	—
Purchases of investments	—	(13,804)
Maturities of investments	60,000	27,000
Net cash provided by investing activities	59,972	13,196
Financing activities		
Payments for loan amendment	(150)	—
Proceeds from issuance of Series B Convertible Preferred Stock, net	—	28,099
Proceeds from long-term debt, net	—	14,918
Proceeds from insurance premium financing	1,298	1,430
Payments on insurance premium financing	(772)	(851)
Payments of deferred issuance costs	(156)	—
Proceeds from the exercise of stock options and employee stock purchase program	221	29
Proceeds from the issuance of common stock and pre-funded warrants, net	—	91,906
Net cash provided by financing activities	441	135,531
Increase in cash, cash equivalents and restricted cash	4,536	108,537
Cash, cash equivalents and restricted cash at beginning of period	79,076	75,789
Cash, cash equivalents and restricted cash at end of period	$ 83,612	$ 184,326
Supplemental disclosure of non-cash investing and financing activities		
Issuance of preferred stock tranche liability	$ —	6,940
Issuance costs included in accounts payable and accrued expenses	$ 263	486

See accompanying notes to the condensed consolidated financial statements.

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 the development and commercialization of new medicines to improve the lives of patients diagnosed with cancer. The Company's pipeline is focused on ras sarcoma ("RAS")/ mitogen activated pathway kinase ("MAPK") driven cancers, specifically novel drug candidates that inhibit signaling pathways 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"), and 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 pathway inhibitors or other current and emerging standard of care treatments in cancers that do not adequately respond to currently available therapies.

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.

As of June 30, 2024, the Company had cash, cash equivalents, and investments of $83.4 million. On July 25, 2024, the Company received net proceeds of approximately $51.1 million from the sale of 13,333,334 shares of common stock and accompanying warrants to purchase up to 13,333,334 shares of common stock and the sale of pre-funded warrants to purchase an aggregate of 5,000,000 shares of common stock and accompanying warrants to purchase up to 5,000,000 shares of common stock. Refer to *Note 16. Subsequent Events* for additional details on the July 2024 Offering. In accordance with applicable accounting standards, the Company evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within 12 months 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. As a result of the assessment in accordance with the applicable accounting standards, 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 its 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 (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, given the risks associated with these potential strategic or financing opportunities, 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 or foreign regulatory authorities. Therefore, there is substantial doubt about the Company's ability to continue as a going concern.

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 for the three and six months ended June 30, 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 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 for the three and six months ended June 30, 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 six months ended June 30, 2024 are not necessarily indicative of the results that may be expected for any other interim period or for the year ending 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, 2023, as filed with the SEC on 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, 2023.

Recently issued accounting standards updates

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"), which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and by extending the disclosure requirements to entities with a single reportable segment. The guidance is effective for fiscal years beginning after 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. The Company is currently evaluating the potential impact of adopting this new guidance 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 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, 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 Company or have a material effect on the condensed consolidated financial 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 June 30, 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.

As of June 30, 2024, Secura made up all of the Company's account receivable balance. The Company assesses the creditworthiness of all its customers and sets and reassesses customer credit limits to ensure the collectability of any accounts receivable balances are assured.

For the six months ended June 30, 2024, there was one customer, Secura, who individually accounted for all of the Company's revenue. Refer to *Note 13. License, collaboration and commercial agreements* for a detailed discussion of the Secura APA.

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 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 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, 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. 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 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 June 30, 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 $0.6 million and $2.0 million of the proceeds as a reduction of research and development expense during the three and six months ended June 30, 2024, respectively. As of June 30, 2024, the company recorded $0.8 million as a grant receivable related to the PanCAN Grants in the condensed consolidated balance sheet. As of December 31, 2023, the Company recorded $0.3 million as deferred liabilities related to the PanCAN Grant in the condensed consolidated balance sheet.

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):

	June 30, 2024	December 31, 2023
Cash and cash equivalents	$ 83,371	$ 77,909
Restricted cash	241	1,167
Total cash, cash equivalents and restricted cash	**$ 83,612**	**$ 79,076**

Amounts included in restricted cash as of June 30, 2024 is 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. Amounts included in restricted cash as of December 31, 2023 represent (i) cash received pursuant to the PanCAN Grant restricted for expenditures for specific research and development activities of $0.9 million 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. The letters of credit are included in non-current restricted cash on the condensed consolidated balance sheets as of June 30, 2024, and December 31, 2023. Cash received pursuant to the PanCAN Grant is included in prepaid expenses and other current assets on the condensed consolidated balance sheets as of 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):

	June 30, 2024			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Cash equivalents	$ 75,424	$ 75,424	$ —	$ —
Total financial assets	**$ 75,424**	**$ 75,424**	**$ —**	**$ —**
Preferred stock tranche liability	**$** —	$ —	$ —	$ —

	December 31, 2023			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Cash equivalents	$ 46,093	$ 46,093	$ —	$ —
Short-term investments	59,220	5,992	53,228	—
Total financial assets	**$ 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 June 30, 2024, or 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 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 at inception and December 31, 2023 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. Using a Black-Scholes option pricing model, the fair value of the preferred stock tranche liability at June 30, 2024 was determined to be de minimis driven by the limited time to expiration and the significant stock price hurdle in relation to the stock price of the Company's common stock on June 30, 2024. The preferred stock tranche liability expired in July 2024.

Below are the inputs used to value the preferred stock tranche liability at June 30, 2024, and December 31, 2023:

	June 30, 2024	**December 31, 2023**
Risk-free interest rate	5.47 %	5.13-5.52 %
Volatility	90 %	75 %
Dividend yield	—	—
Remaining term (years)	0.1	0.6

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, 2024	**$ 4,189**
Fair value adjustment	(4,189)
June 30, 2024	**$ —**

Fair Value of Financial Instruments

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 $40.1 million as of June 30, 2024, which differs from the carrying value of $40.3 million. The Company estimates that the fair value of its long-term debt was approximately $39.6 million as of December 31, 2023, which differs from the carrying value of $40.1 million. The fair value of the Company's long-term debt was determined using Level 3 inputs.

5. Investments

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

	June 30, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash, cash equivalents & restricted cash:				
Cash and money market accounts	$ 83,612	$ —	$ —	$ 83,612
Total cash, cash equivalents & restricted cash:	**$ 83,612**	**$ —**	**$ —**	**$ 83,612**

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash, cash equivalents & restricted cash:				
Cash and money market accounts	$ 79,076	$ —	$ —	$ 79,076
Total cash, cash equivalents & restricted cash:	$ 79,076	$ —	$ —	$ 79,076
Investments:				
Corporate bonds, agency bonds and commercial paper (due within 1 year)	$ 59,208	$ 13	(1)	$ 59,220
Total investments	$ 59,208	$ 13	$ (1)	$ 59,220
Total cash, cash equivalents, restricted cash and investments	**$ 138,284**	**$ 13**	**$ (1)**	**$ 138,296**

There were no realized gains or losses on investments for the three or six months ended June 30, 2024, or 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 prepaid expenses and other current assets on the condensed consolidated balance sheets at each June 30, 2024 and December 31, 2023. There were zero and two debt securities in an unrealized loss position as of June 30, 2024, and December 31, 2023, respectively. None of these investments had been in an unrealized loss position for more than 12 months as of December 31, 2023. 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 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 December 31, 2023.

The following is a summary of available-for-sale securities with unrealized losses for less than 12 months as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024		December 31, 2023	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate bonds, agency bonds and commercial paper (due within 1 year)	$ —	$ —	$ 8,896	$ (1)
Total available-for-sale securities in an unrealized loss position	**$ —**	**$ —**	**$ 8,896**	**$ (1)**

6. Accrued expenses

Accrued expenses consist of the following (in thousands):

	June 30, 2024	December 31, 2023
Accrued clinical trial expenses	$ 7,608	$ 6,518
Accrued contract manufacturing expenses	2,760	2,010
Accrued other research and development expenses	1,184	1,043
Accrued compensation and related benefits	3,089	4,796
Accrued professional fees	547	637
Accrued consulting fees	1,202	1,078
Accrued interest	306	316
Accrued commercialization costs	362	453
Accrued other	137	1,077
Total accrued expenses	**$ 17,195**	**$ 17,928**

7. Debt

On March 25, 2022 (the "Closing Date"), the Company entered into a loan and security agreement (the "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 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 $110.0 million of Term Loans at its option upon the satisfaction of certain conditions as follows:

i. $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, 2025.
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.
iii. $50.0 million (the "Term E Loan"), at the sole discretion of the Lenders.

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 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 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 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 June 30, 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 June 30, 2024, and December 31, 2023, are detailed below (in thousands):

	June 30, 2024	December 31, 2023
Principal loan balance	$ 40,000	$ 40,000
Final Payment Fee	907	661
Debt issuance costs, net of accretion	(591)	(575)
Total Long-term debt, net of discount	**40,316**	**40,086**
Current portion of long-term debt	4,926	—
Long-term debt, net of current portion	**$ 35,390**	**$ 40,086**

The following table sets forth total interest expense for the three-month and six-month periods ended June 30, 2024 and 2023 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Contractual Interest	$ 945	$ 949	$ 1,889	$ 1,581
Amortization of debt discount and issuance costs	68	57	133	115
Amortization of Final Payment Fee	125	115	246	194
Total	**$ 1,138**	**$ 1,121**	**$ 2,268**	**$ 1,890**

As of June 30, 2024, future principal payments due are as follows (in thousands):

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

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 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.

As of June 30, 2024, a right-of-use asset of $0.8 million and lease liability of $1.0 million are reflected on the condensed consolidated balance sheets. The elements of lease expense were as follows (dollar amounts in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Lease Expense				
Operating lease expense	$ 221	$ 221	$ 442	$ 442
Total Lease Expense	**$ 221**	**$ 221**	**$ 442**	**$ 442**
Other Information - Operating Leases				
Operating cash flows paid for amounts included in measurement of lease liabilities	$ 268	$ 262	$ 535	$ 525

	June 30, 2024
Other Balance Sheet Information - Operating Leases	
Weighted average remaining lease term (in years)	1.0
Weighted average discount rate	14.6%
Maturity Analysis	
2024	546
2025	546
Total	**$ 1,092**
Less: Present value discount	(70)
Lease Liability	**$ 1,022**

9. Notes Payable

In February 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 $1.3 million, which accrues interest at 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 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 June 30, 2024 was $0.5 million recorded as note payable on the condensed consolidated balance sheets.

10. Capital stock

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 per share of common stock underlying a 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 share of common stock underlying a 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 could not have effected the exercise of any pre-funded warrant, and a holder was not entitled to exercise any portion of any pre-funded warrant if, upon giving effect to such exercise, the aggregate number of shares of common stock beneficially owned by the holder (together with its affiliates) would have exceeded 9.99% of the number of shares of common stock outstanding immediately after giving effect to the exercise, which percentage could have been increased or decreased at the holder's election upon 61 days' notice to the Company subject to the terms of such pre-funded warrant, provided that such percentage in no event exceeded 19.99%.

Each pre-funded warrant had 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 was 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 were exercisable as of June 21, 2023, did not expire and were 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 would have automatically been 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 could not have required cash settlement, were freestanding financial instruments that were legally detachable and separately exercisable from the shares of common stock with which they were issued, were immediately exercisable, and did not embody an obligation for the Company to repurchase its common stock shares and permitted the holders to receive a fixed number of shares of common stock upon exercise. Additionally, the pre-funded warrants did not provide any guarantee of value or return. Accordingly, the pre-funded warrants were 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 pre-funded warrants to purchase up to 1,538,591 shares of common stock.

During the quarter ended June 30, 2024, the holders exercised pre-funded warrants representing 1,538,591 underlying shares of common stock, exercise price $0.0001 per share, via cashless exercise resulting in the issuance of 1,538,201 shares of common stock. As of June 30, 2024, there were no pre-funded warrants outstanding.

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 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 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 June 30, 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 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 June 30, 2024, and December 31, 2023, the fair value of the Second Tranche Right was determined to be $0.0 million, and $4.2 million, respectively, and the Company recorded this amount as preferred stock tranche liability on the condensed consolidated balance sheets. The Second Tranche Right expired in July 2024. The Company recorded the mark-to-market adjustment of $10.2 million and $4.2 million for the three and six months ended June 30, 2024, respectively, under change in fair value of preferred stock tranche liability within the condensed consolidated statements of operations and loss. The Company recorded the mark-to-market adjustment of $4.0 million and $0.5 million for the three and six months ended June 30, 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 June 30, 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 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 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 the Conversion Blocker, initially set at 9.99%, 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.

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

The Company evaluated the Series A Convertible Preferred Stock for liability or equity 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 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 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 will recognize incremental stock-based compensation expense of $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 time of exchange. Since the Exchanged Options were not at-the-money on the modification date, the Company was precluded from utilizing the simplified method as described in SEC Staff Accounting Bulletin Topic 14.D.2 to 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 Exchanged Options on the modification date over the original requisite service period of the Exchanged Options.

Stock options

A summary of the Company's stock option activity and related information for the six months ended June 30, 2024 is as follows:

	Shares	Weighted-average exercise price per share	Weighted-average remaining contractual term (years)	Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2023	2,270,359	$ 19.81	7.8	$ 559
Granted	179,251	6.07		
Exercised	(21,978)	7.84		
Forfeited/cancelled	(184,122)	15.41		
Expired	(23,677)	162.38		
Cancelled under the Option Exchange Program	(603,330)	30.58		
Granted under the Option Exchange Program	603,330	11.44		
Outstanding at June 30, 2024	2,219,833	$ 12.46	8.6	$ —
Vested at June 30, 2024	594,357	$ 19.22	7.2	$ —

The fair value of each stock option granted during the six months ended June 30, 2024 and 2023 was estimated on the grant date using the Black-Scholes option-pricing model using the following weighted-average assumptions:

	Six months ended June 30,	
	2024	2023
Risk-free interest rate	4.11 %	3.56 %
Volatility	97 %	90 %
Dividend yield	—	—
Expected term (years)	5.8	6.1

Restricted stock units

A summary of the Company's restricted stock unit activity and related information for the six months ended June 30, 2024 is as follows:

	Shares	Weighted-average grant date fair value per share
Outstanding at December 31, 2023	209,289	$ 18.05
Granted	950,371	$ 5.07
Vested	(33,511)	$ 21.66
Forfeited/cancelled	(28,127)	$ 16.80
Outstanding at June 30, 2024	1,098,022	$ 6.74

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:

	Six months ended June 30,	
	2024	2023
Risk-free interest rate	5.24 %	4.77 %
Volatility	60 %	106 %
Dividend yield	—	—
Expected term (years)	0.5	0.5

For the six months ended June 30, 2024 and 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 six months ended June 30, 2024, the Company issued 7,475 shares of common stock for proceeds of less than $0.1 million under the Amended and Restated 2018 ESPP.

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 required 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"), 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 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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Outstanding stock options	2,219,833	2,007,023	2,219,833	2,007,023
Outstanding restricted stock units	1,098,022	142,333	1,098,022	142,333
2018 Notes	—	3,489	—	3,489
Employee stock purchase plan	7,756	7,396	7,756	7,396
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	**8,395,514**	**7,230,144**	**8,395,514**	**7,230,144**

13. License, collaboration and commercial agreements

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 has 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 peripheral T-cell lymphoma 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 peripheral T-cell lymphoma, (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 (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 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.

During the three and six months ended June 30, 2024, Secura achieved $100.0 million of total worldwide net sales of COPIKTRA which triggered a $10.0 million sales milestone payment to the Company under the Secura APA. The Company recognized $10.0 million of sale of COPIKTRA license and related assets revenue within the statements of operations and comprehensive loss for the three and six months ended June 30, 2024. The Company determined all other future potential milestones and royalties were excluded from the transaction price, as all other milestone amounts were fully constrained under the guidance as of June 30, 2024. As part of the Company's evaluation of the constraint, the Company considered several 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. The Company received the $10.0 million milestone payment in July 2024.

14. Income taxes

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

15. Commitments and contingencies

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

16. 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 other the following:

July 2024 Public Offering

On June 23, 2024, the Company entered into an underwriting agreement with Guggenheim Securities, LLC and Cantor, as representatives of several underwriters to offer 13,333,334 shares of the Company's common stock and accompanying warrants to purchase up to 13,333,334 shares of its common stock at a combined offering price to the public of $3.00 per share and accompanying warrant. In lieu of common stock to certain investors, the Company offered pre-funded warrants to purchase up to an aggregate of 5,000,000 shares of its common stock and accompanying warrants to purchase up to 5,000,000 shares of its common stock at a combined offering price to the public of $2.999 per share of common stock underlying a pre-funded warrant and accompanying warrant, which represents the per share public offering price for the common stock less the $0.001 per share exercise price for each such share of common stock underlying the pre-funded warrants (the offering shares of common stock, pre-funded warrants, collectively, the "July 2024 Offering"). The pre-funded warrants do not expire. The warrants have an exercise price of $3.50 per share, are exercisable immediately and expire 18 months from the date of issuance. The warrants are exercisable, at the option of each holder, in whole or in part by delivering a duly executed exercise notice and by payment in full of the exercise price for the number of shares of common stock purchased upon such exercise. Cashless exercise of the warrants are limited to certain circumstances as defined within the warrant.

The net proceeds from the offering, after deducting underwriting discounts and commissions and other estimated offering expenses, were approximately $51.1 million. The offering closed on July 25, 2024.

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, 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, 2023.

OVERVIEW

We are a late-stage development biopharmaceutical company, with an ongoing registration directed trial, 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 drug candidates that inhibit signaling pathways 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 LGSOC, NSCLC, pancreatic cancer, CRC, and 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, 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-only inhibitors, 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 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 MAPK pathway-driven cancers. We use the term "RAMP" to refer to our RAF and MEK Program.

Avutometinib inhibits MAPK pathway signaling and proliferation of tumor cell lines harboring MAPK pathway alterations including 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 and PYK2 are members of the same family of nonreceptor protein tyrosine kinases that integrate signals from integrin and growth factor receptors to regulate cell proliferation, survival, migration, and invasion. Defactinib 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.

The combination of avutometinib and defactinib is clinically active in patients with KRAS mutant ("KRAS mt") and KRAS wild-type ("KRAS wt") recurrent LGSOC and has received breakthrough designation from the 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. Defactinib has received orphan drug designation in ovarian cancer in the United States, the European Union, and Australia. In addition, the FDA granted orphan drug designation to avutometinib, in combination with defactinib, for the treatment of pancreatic cancer.

In the fourth quarter of 2020, we commenced a registration-directed trial, known as the RAMP 201 study, investigating avutometinib as a monotherapy and in combination with defactinib for the treatment of patients with recurrent LGSOC. The 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. The combination of avutometinib and defactinib has been declared the go-forward treatment regimen based on a higher rate of confirmed objective responses in a planned interim analysis with prespecified criteria, acknowledging the demonstrated contribution of defactinib.

In May 2024, we announced updated results from the RAMP 201 study with a data cutoff of February 2024. In the RAMP 201 study, 115 patients with recurrent LGSOC were treated with the combination of avutometinib and defactinib, of which 109 patients had measurable tumor masses at baseline and were eligible for formal efficacy evaluation as of the data cutoff. As of the data cutoff, all patients had a minimum follow-up of five months since enrollment. Confirmed objective response rates by blinded independent central review for patients evaluable for efficacy were 27% in all patients, and 37% and 15% in KRAS mt (n=57) and KRAS wt (n=52) LGSOC, respectively. Of the 32 patients who remained on study treatment at the data cutoff, 14 reported a best response of stable disease or unconfirmed partial response and therefore have the potential to achieve a formal objective response upon further treatment. The majority of patients, 60% of evaluable patients (65/109) achieved either a complete response, partial response, or stable disease lasting 6 months or longer. The safety results were consistent with previously reported safety data, and the discontinuation rate due to adverse events was 9% in the study overall, as of the cutoff date.

In May 2024, we announced that we initiated the rolling submission of a New Drug Application ("NDA") to the FDA seeking accelerated approval of the combination of avutometinib and defactinib for patients with recurrent KRAS mt LGSOC who received at least one prior systemic therapy. The rolling review process allows us to submit completed sections of an application for review by the FDA before all sections become available. The initial sections of the application will include the completed nonclinical and quality sections. We plan to seek the broadest label possible with mature RAMP 201 data to inform final indication. Based on discussions with the FDA, the primary efficacy analysis will be based on the RAMP 201 study with mature follow up and that the proposed indication for final submission of the clinical module may be expanded if the data demonstrates a substantial improvement over available therapy in the KRAS wt population. We plan to request a priority review of the NDA. Currently, there are no FDA-approved treatments specifically for recurrent LGSOC.

We estimate the total annual incident addressable market opportunity for the combination of avutometinib and defactinib to be approximately $300 million for KRAS mt and approximately $270 million KRAS wt populations, respectively. We estimate the total prevalent addressable market opportunity to be approximately $1.7 billion for KRAS mt and approximately $1.1 billion for KRAS wt populations, respectively. Our estimates of the patient population, pricing and revenue opportunities for its product candidates, including for KRAS mt and KRAS wt patients with LGSOC, are based on several internal and third-party estimates and assumptions, including, without limitation, internal forecasts, the median duration of treatment from initial interim clinical data and the assumed prices at which we can commercialize our product candidates. Specifically, our estimates of total addressable market opportunities are based on: (a) estimated annual incidence of KRAS mt and KRAS wt populations of approximately 500 and 1,000 patients, respectively, (b) estimated prevalence of KRAS mt and KRAS wt populations of approximately 2,800 and 4,200 patients, respectively, (c) the average duration of therapy as observed in Verastem clinical trials of 18 months and eight months for KRAS mt and KRAS wt populations, respectively, and (d) an estimated cost of therapy of $34,000 per month consistent with other recent oncology drug launches.

The average duration of therapy included in this calculation is based, in part, on the estimated duration of therapy for patients dosed with the combination of avutometinib and defactinib for the combined Parts A, B, and C in RAMP 201 as of the latest data cutoff in February 2024. Amongst 115 patients, 58 enrolled with KRAS mutated LGSOC and 57 had wild-type, or non-mutated, KRAS. The estimated median duration of therapy for all patients is nine months and the estimated mean duration of therapy is 14 months. For KRAS mt, the estimated median duration of therapy is 14 months and the estimated mean duration of therapy is 18 months with 31 patients still on treatment as of the data cutoff date. For KRAS wt, the estimated median duration of therapy is seven months and the estimated mean duration of therapy is 11 months with 12 patients still on treatment as of the data cutoff date.

Estimated median duration of therapy was calculated using Kaplan-Meier methods. Estimated mean duration of therapy was calculated by projecting complete time on treatment for patients still on treatment by sampling from an exponential distribution conditional on the observed duration through the cutoff date.

In December 2023, we announced initiation of a Phase 3 trial, known as the RAMP 301 study, to evaluate the combination of avutometinib and defactinib for the treatment of patients with recurrent LGSOC. The RAMP 301 study is a randomized global trial, evaluating the efficacy and safety of avutometinib and defactinib versus standard chemotherapy or hormonal therapy in patients with recurrent LGSOC. 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 defactinib for the treatment of LGSOC to full approval. We also intend to initiate discussions with global regulatory authorities, including those in Europe and Japan, to determine the regulatory path with the objective of ultimately seeking approval for the combination in additional regions.

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 study entitled RAMP 203. The Phase 1/2 trial 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 inhibitor. The trial is building on preclinical data showing a deeper blockade of MAPK pathway signaling and enhanced anti-tumor efficacy with the combination of LUMAKRAS (KRAS G12C inhibition) and avutometinib (RAF/MEK inhibition) relative to either agent alone. The RAMP 203 study has progressed to the recommended Phase 2 dose of 4 mg avutometinib in combination with 960 mg of LUMAKRAS. RAMP 203 is currently enrolling patients in the dose expansion phase (Part B) for patients who are G12C inhibitor treatment naïve and 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 in October 2023. These preliminary results showed a confirmed overall response rate (“ORR”) 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 G12C inhibition) and avutometinib (RAF/MEK inhibition) relative to either agent alone. The RAMP 204 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 PanCAN for up to $3.8 million. The grant is supporting a Phase 1b/2 clinical trial of avutometinib in combination with defactinib entitled RAMP 205. RAMP

205 is evaluating the safety, tolerability and efficacy of avutometinib and defactinib in combination with GEMZAR® (gemcitabine) and ABRAXANE® (Nab-paclitaxel) in patients with previously untreated metastatic adenocarcinoma of the pancreas. The RAMP 205 trial 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 pancreatic 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. Combination dose evaluation is ongoing. As of a data cut of May 14, 2024, we reported patients receiving the combination of avutometinib and defactinib with gemcitabine and Nab-paclitaxel in dose level 1 cohort achieved a confirmed ORR of 83% (5/6), one dose-limiting toxicity was observed in the dose level 1 cohort, and the dose level was subsequently cleared after additional patients were enrolled. The initial interim results were presented at the American Society of Clinical Oncology Annual Meeting in June 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 orally bioavailable, potent and selective small molecule KRAS G12D (ON/OFF) inhibitor entitled GFH375/VS-7375 with a potential best-in-class profile as the lead program from our collaboration with GenFleet. An investigational NDA by GenFleet in China for GFH375/VS-7375, was cleared in June 2024, following which GenFleet initiated a Phase 1/2 study in solid tumors with KRAS G12D mutation for GFH375/VS-7375 in China in June 2024. In July 2024, we announced that the first patient had been dosed in a Phase 1/2 trial in China, conducted by GenFleet, evaluating GFH375/VS-7375. The Phase 1 study is being conducted in approximately 20 hospitals in China and will evaluate the safety and efficacy of GFH375/VS-7375 in patients with advanced KRAS G12D mutant solid tumors. The Phase 1 study will determine the recommended Phase 2 dose and then further evaluate in Phase 2 the efficacy and safety of GFH375/VS-7375 in patients with advanced solid tumors, such as pancreatic ductal adenocarcinoma, colorectal cancer and non-small cell lung cancer.

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 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 proceeds in connection with the private investment in public equity (the "PIPE"), and our Loan Agreement with Oxford, sales of Series B Convertible Preferred Stock. 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 June 30, 2024, we had an accumulated deficit of $867.0 million. Our net loss was $8.3 million, $42.1 million, $24.3 million and $40.0 million for the three and six months ended June 30, 2024 and 2023, respectively. As of June 30, 2024, we had cash, cash equivalents, and investments of $83.4 million. On July 25, 2024, we received net

proceeds of approximately $51.1 million from the sale of 13,333,334 shares of our common stock and accompany warrants to purchase up to 13,333,334 shares of our common stock and pre-funded warrants to purchase up to an aggregate of 5,000,000 shares of common stock and accompanying warrants to purchase up to 5,000,000 shares of our common stock. Refer to *Note 16. Subsequent Events* our unaudited condensed consolidated financial statements included in this quarterly report for additional details on the July 2024 Offering. 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 approval to sell any of our product candidates, and we continue to incur operating costs to execute our strategic plan, including costs related to research and development of our product candidates and commercial readiness activities. As a result of the assessment in accordance with the applicable accounting standards, these conditions raise substantial doubt about our ability to continue as a going concern for 12 months after the date the condensed consolidated financial statements are issued.

We expect to finance our operations with our existing cash, cash equivalents and investments, through potential future milestones and royalties received pursuant to the Secura APA, through 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, given the risk associated with these potential strategic or financing opportunities, 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, 2023, related to revenue recognition, collaborative agreements, accrued and prepaid research and development expenses, and stock-based compensation. During the six months ended June 30, 2024, there were no material changes to our critical accounting policies.

RESULTS OF OPERATIONS

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

	Three months ended June 30, (dollar amounts in thousands)			
	2024	2023	Change	% Change
Revenue:				
Sale of COPIKTRA license and related assets	10,000	—	10,000	100%
Total revenue	10,000	—	10,000	100%
Operating expenses:				
Research and development	18,062	12,893	5,169	40%
Selling, general and administrative	10,215	7,399	2,816	38%
Total operating expenses	28,277	20,292	7,985	39%
Loss from operations	(18,277)	(20,292)	2,015	(10)%
Other expense	(24)	(40)	16	(40)%
Interest income	983	1,122	(139)	(12)%
Interest expense	(1,138)	(1,121)	(17)	2%
Change in fair value of preferred stock tranche liability	10,200	(3,950)	14,150	(358)%
Net loss	$ (8,256)	$ (24,281)	$ 16,025	(66)%

Sale of COPIKTRA license and related assets revenue. Sale of COPIKTRA license and related assets revenue for the three months ended June 30, 2024 (the "2024 Quarter") was $10.0 million compared to $0.0 million for the three months ended June 30, 2023 (the "2023 Quarter"). Sale of COPIKTRA license and related assets revenue for the 2024 Quarter was comprised of one sales milestone of $10.0 million due Secura achieving cumulative worldwide net sales of COPIKTRA exceeding $100.0 million during the 2024 Quarter. The $10.0 million milestone payment was received by us in July 2024.

Research and development expense. Research and development expense for the 2024 Quarter was $18.1 million compared to $12.9 million for the 2023 Quarter. The $5.2 million increase from the 2023 Quarter to the 2024 Quarter was primarily driven by an increase of $2.6 million in contract research organization ("CRO") costs, an increase of $1.1 million in consulting costs, an increase of $0.7 million in investigator fees, an increase of $0.4 million in personnel costs, including non-cash stock compensation and an increase of $0.4 million in clinical supply 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 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;
- cost of consultants, including our scientific advisory board, who assist with our research and development but are not allocated to a specific program; and
- 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 2024 Quarter and the 2023 Quarter.

	Three months ended June 30,		
	2024	2023	Change
	(in thousands)		
Product/ product candidate / project specific costs			
Avutometinib ± defactinib	$ 9,853	$ 5,462	$ 4,391
Avutometinib + other combinations	1,597	1,453	144
Avutometinib manufacturing and non-clinical trial specific	579	1,122	(543)
GenFleet	235	—	235
COPIKTRA	2	49	(47)
Unallocated costs			
Personnel costs, excluding stock-based compensation	3,339	2,979	360
Stock-based compensation expense	522	503	19
Other unallocated expenses	1,935	1,325	610
Total research and development expense	$ 18,062	$ 12,893	$ 5,169

The $4.4 million increase in avutometinib ± defactinib costs from the 2023 Quarter to the 2024 Quarter was primarily driven by an increase in RAMP 301 study costs, an increase in drug metabolism and pharmacokinetics costs, and an increase in RAMP 205 study costs, partially offset by a decrease in RAMP 202 study costs. The $0.5 million decrease in avutometinib manufacturing and non-clinical trial specific costs from the 2023 Quarter to the 2024 Quarter was primarily driven by a decrease in drug substance and drug product costs.

Selling, general and administrative expense. Selling, general and administrative expense for the 2024 Quarter was $10.2 million compared to $7.4 million for the 2023 Quarter. The increase of $2.8 million from the 2023 Quarter to the 2024 Quarter primarily resulted from an increase of $2.1 million of costs in anticipation of potential launch of

avutometinib and defactinib in LGSOC and an increase of $1.2 million in personnel costs, including non-cash stock compensation, partially offset by a decrease of $0.5 million in travel and other costs.

Other expense. Other expense for the 2024 Quarter and 2023 Quarter was less than $0.1 million. Other expense for the 2024 Quarter and 2023 Quarter was comprised of transaction losses due to changes in foreign currency exchange rates.

Interest income. Interest income for the 2024 Quarter was $1.0 million compared to $1.1 million for the 2023 Quarter. The decrease of $0.1 million from the 2023 Quarter to the 2024 Quarter in interest income was primarily due to the decrease in investment balances on short term investments and cash equivalents during each respective quarter.

Interest expense. Interest expense for the 2024 Quarter and 2023 Quarter was $1.1 million. Interest expense for the 2024 Quarter and 2023 Quarter was primarily comprised of interest expense pursuant to the loan and security agreement entered into with Oxford on March 25. 2022.

Change in fair value of preferred stock tranche liability. The change in fair value of the preferred stock tranche liability was $10.2 million income for the 2024 Quarter compared to $4.0 million expense 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. The fair value of the preferred stock tranche liability decreased from $10.2 million at the beginning of the 2024 Quarter to $0.0 million at the end of the 2024 Quarter resulting in $10.2 million income in the 2024 Quarter. The fair value of the preferred stock tranche liability increased from $3.5 million at the beginning of the 2023 Quarter to $7.5 million at the end of the 2023 Quarter resulting in $4.0 million expense in the 2023 Quarter.

Comparison of the six months ended June 30, 2024 and 2023

	Six months ended June 30, (dollar amounts in thousands)			
	2024	2023	Change	% Change
Revenue:				
Sale of COPIKTRA license and related assets	$ 10,000	$ —	$ 10,000	100%
Total revenue	10,000	—	10,000	100%
Operating expenses:				
Research and development	35,769	24,908	10,861	44%
Selling, general and administrative	20,567	14,728	5,839	40%
Total operating expenses	56,336	39,636	16,700	42%
Loss from operations	(46,336)	(39,636)	(6,700)	17%
Other expense	(54)	(47)	(7)	15%
Interest income	2,350	2,098	252	12%
Interest expense	(2,268)	(1,890)	(378)	20%
Change in fair value of preferred stock tranche liability	4,189	(520)	4,709	(906)%
Net loss	$ (42,119)	$ (39,995)	$ (2,124)	5%

Sale of COPIKTRA license and related assets revenue. Sale of COPIKTRA license and related assets revenue for the six months ended June 30, 2024 (the "2024 Period") was $10.0 million compared to $0.0 million for the six months ended June 30, 2023 (the "2023 Period"). Sale of COPIKTRA license and related assets revenue for the 2024 Period was comprised of one sales milestone of $10.0 million due Secura achieving cumulative worldwide net sales of COPIKTRA exceeding $100.0 million during the 2024 Period. The $10.0 million milestone payment was received by us in July 2024.

Research and development expense. Research and development expense for the 2024 Period was $35.8 million compared to $24.9 million for the 2023 Period. The $10.9 million increase from the 2023 Period to the 2024 Period was primarily driven by an increase of $4.2 million in CRO costs, an increase of $2.0 million in investigator fees, an increase of $1.9 million in consulting costs, an increase of $1.3 million in personnel costs, including non-cash stock compensation, an increase of $1.0 million in clinical supply costs and an increase of $0.5 million in other R&D 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 2024 Period and the 2023 Period.

	Six months ended June 30,		
	2024	2023	Change
	(in thousands)		
Product/ product candidate / project specific costs			
Avutometinib ± defactinib	$ 18,889	$ 10,196	$ 8,693
Avutometinib + other combinations	3,354	2,571	783
Avutometinib manufacturing and non-clinical trial specific	1,150	2,777	(1,627)
GenFleet	429	—	429
COPIKTRA	3	79	(76)
Unallocated costs			
Personnel costs, excluding stock-based compensation	7,159	5,891	1,268
Stock-based compensation expense	1,003	964	39
Other unallocated expenses	3,782	2,430	1,352
Total research and development expense	$ 35,769	$ 24,908	$ 10,861

The $8.7 million increase in avutometinib ± defactinib costs from the 2023 Period to the 2024 Period was primarily driven by an increase in RAMP 301 study costs, an increase in drug metabolism and pharmacokinetics costs, an increase in RAMP 205 study costs, and an increase consulting costs, partially offset by a decrease in RAMP 202 study costs. The $0.8 million increase in avutometinib and other combination costs from the 2023 Period to the 2024 Period was primarily driven by an increase in investigator payments. The $1.6 million decrease in avutometinib

manufacturing and non-clinical trial specific costs from the 2023 Period to the 2024 Period was primarily driven by a decrease in avutometinib drug substance costs.

Selling, general and administrative expense. Selling, general and administrative expense for the 2024 Period was $20.6 million compared to $14.7 million for the 2023 Period. The increase of $5.9 million from the 2023 Period to the 2024 Period primarily resulted from an increase of $4.1 million in costs in anticipation of potential launch of avutometinib and defactinib in LGSOC, an increase of $2.4 million in personnel costs, including non-cash stock compensation, and partially offset by a decrease of $0.6 million of costs associated with financing activities in the 2023 Period.

Other expense. Other expense for the 2024 Period was $0.1 million compared to other expense of less than $0.1 million in the 2023 Period. Other expense for the 2024 Period was comprised of transaction losses due to changes in foreign currency exchange rates. Other expense for the 2023 Period was comprised of a gain on the sale of fixed assets and transaction losses due to changes in foreign currency exchange rates.

Interest income. Interest income for the 2024 Period was $2.4 million compared to $2.1 million for the 2023 Period. The increase of $0.3 million from the 2023 Period to the 2024 Period was primarily driven by an increase in investment balances on short term investments and cash equivalents during each respective period.

Interest expense. Interest expense for the 2024 Period was $2.3 million compared to $1.9 million for the 2023 Period. The increase of $0.4 million from the 2023 Period to the 2024 Period was primarily driven additional interest expense in the 2024 Period pursuant to the 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 was $4.2 million income for the 2024 Period compared to $0.5 million expense for the 2023 Period. 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. The fair value of the preferred stock tranche liability decreased from $4.2 million at the beginning of the 2024 Period to $0.0 million at the end of the 2024 Period resulting in $4.2 million income in the 2024 Period. The fair value of the preferred stock tranche liability increased from $6.9 million upon issuance on January 24, 2023, to $7.5 million at the end of the 2023 Period resulting in $0.5 million expense in the 2023 Period.

LIQUIDITY AND CAPITAL RESOURCES

Sources of liquidity

We have financed our operations to date primarily through public and private offerings of our common stock, common warrants 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 under our license and collaboration agreements with Sanofi, Yakult, and CSPC, the upfront payment under the Secura APA, 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 June 30, 2024, we had $83.4 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, 2023 as filed with the SEC on March 14, 2024, and under "*Risk Factors*" in this Quarterly Report on Form 10-Q.

Cash flows

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

	Six months ended June 30,	
	2024	2023
Net cash (used in) provided by:		
Operating activities	$ (55,877)	$ (40,190)
Investing activities	59,972	13,196
Financing activities	441	135,531
Increase in cash, cash equivalents and restricted cash	**$** 4,536	$ 108,537

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 $43.4 million and $36.7 million for the 2024 Period and the 2023 Period, respectively. Non-cash charges and adjustments were primarily related to the changes in fair value of the preferred stock tranche liability and stock-based compensation expense in the 2024 Period and 2023 Period. Our cash outflow from operating activities due to changes in operating assets and liabilities was $12.5 million and $3.5 million for the 2024 Period and the 2023 Period, respectively. Cash outflow due to changes in operating assets and liabilities for the 2024 Period was primarily driven by an increase of $10.0 million of accounts receivable, $0.8 million of grant receivable, a decrease of $0.7 million of accrued expenses and other liabilities, a decrease of $0.5 million of accounts payable, and a decrease of $0.3 million of deferred liabilities, Cash outflow due to changes in operating assets and liabilities for the 2023 Period was primarily driven by a decrease of $1.6 million in accrued expenses and other liabilities, an increase of $1.5 million in prepaid expenses, other current assets and other assets and a decrease of $0.4 million in accounts payable. The increases in both periods in prepaid expenses, other current assets, and other asserts is exclusive of cash received from PanCAN and used on the RAMP 205 study. Cash used in operating activities was $55.9 million and $40.2 million for the 2024 Period and the 2023 Period, respectively.

Investing activities. The cash provided by investing activities for the 2024 Period relates to maturities of investments of $60.0 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 primarily relates to the net maturities of investments of $13.2 million.

Financing activities. The cash provided by financing activities for the 2024 Period represents $1.3 million of proceeds received from insurance premium financing and $0.2 million of proceeds received from exercise of stock options and our employee stock purchase plan, partially offset by $0.8 million of payments on insurance premium financing, $0.2 million of payments of deferred issuance costs, 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 primarily represents $91.9 million of proceeds from the public offering of common stock and pre-funded warrants, 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 Agreement, $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 $0.9 million of payments on insurance premium financing. Refer to *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 related to insurance premium financing and the monthly payments of principal and interest related thereto; *Note 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 unaudited condensed consolidated financial statements included in this quarterly report for additional details on the June 2023 Offering of common stock and pre-funded warrants, and the January 2023 offering of our Series B Convertible Preferred Stock.

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, 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 $83.4 million as of June 30, 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 June 30, an immaterial amount of our total liabilities were denominated in currencies other than the functional currency.

As of June 30, 2024, we have borrowed $40.0 million under the Loan 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 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 six months ended June 30, 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 June 30, 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 June 30, 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 June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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, 2023 as filed with the SEC on March 14, 2024. There have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, other than as set forth below.

The market opportunities for our product candidates can be smaller than we estimate or the approvals that we obtain may be based on a narrower definition of the patient population.

The potential market opportunity for our product candidates is difficult to estimate precisely. For example, the number of patients suffering from each of recurrent KRAS mutant LGSOC and KRAS wt LGSOC populations we are targeting is small and has not been established with precision. Due to the rarity of our target indications, there is no comprehensive patient registry or other method of establishing with precision the actual number of patients with KRAS mutant LGSOC and KRAS wt LGSOC. As a result, we have had to rely on other available sources to derive clinical prevalence estimates for our target indications. We make estimates regarding the incidence and prevalence of target patient populations, the rate of recurrence and the median survival for particular diseases, including with respect to LGSOC, based on various third-party sources and internally generated analysis and use such estimates in making decisions regarding our drug development strategy determining indications on which to focus in preclinical or clinical trials.

Our estimates of the patient population, pricing and revenue opportunities for our product candidates, including for KRAS mt and KRAS wt patients with LGSOC, are based on a number of internal and third-party estimates, including, without limitation, internal forecasts of potential market penetration, the median duration of treatment from initial interim clinical data and the assumed prices at which we can commercialize our product candidates. These estimates may be inaccurate or based on imprecise data. For example, if approved by the FDA, the market opportunity of our product candidates will depend on, among other things, acceptance by the medical community, patient access, drug pricing and reimbursement. The number of patients in the addressable market may turn out to be lower than we estimate, patients may not be otherwise amenable to treatment with our drugs, or new patients may become increasingly difficult to identify or gain access to, all of which may significantly harm our business, financial condition, results of operations, and prospects.

In addition, if any approval that we obtain is based on a narrower definition of patient populations than we had anticipated, the potential market for our product candidates will be smaller than our current estimates. A smaller patient population in our target indications would have a materially adverse effect on our ability to achieve commercialization and generate revenues.

Interim, initial "top-line" and preliminary data or statistical analyses and projections based thereon, may not be predictive of the results from final, more mature clinical data.

Interim, initial "top-line," and preliminary data or statistical analyses from clinical trials, including the estimated and projected duration of therapy for RAMP 201 patients based on initial topline results with a minimum of five months follow up and the initial interim RAMP 205 trial data, may change as more mature patient data becomes available, may be more or less positive than the final data, and may be subject to audit and verification procedures that could result in material changes in the mature data. Thus, such interim and projected data should be considered carefully and with caution and may not necessarily be predictive of the results from final, more mature clinical data.

The estimated mean and median duration of therapy of patients in our RAMP 201 trial are based on interim clinical data and estimates and projections extrapolated thereof. Such interim results and the estimated projections based thereon may not be reproduced in any current or potential future clinical trials, and thus should be considered carefully and with caution, and may not necessarily be predictive of the results from final, more mature clinical data. More mature data from the RAMP 201 trial may materially differ from and be less positive than the interim and initial topline data reported herein material adverse differences in final data, compared to preliminary or interim data, could severely and adversely affect our financial results, business and business prospects, including our estimates of the addressable market opportunity.

The FDA and other comparable regulatory authorities could require clearance or approval of an in vitro diagnostic or companion diagnostic device as a condition of approval for any product candidates that require or would commercially benefit from such tests, including the combination of avutometinib and defactinib. If we are unable to successfully validate, develop and obtain regulatory approval for companion diagnostic tests for our product candidates that require or would commercially benefit from such tests, or experience significant delays in doing so, we may not realize the full commercial potential of these product candidates and our drug development strategy and operational results may be harmed.

If safe and effective use of any of our product candidates depends on an in vitro diagnostic, then the FDA generally will require approval or clearance of that test, known as a companion diagnostic, at the same time that the FDA approves our product candidates. Companion diagnostics, which provide information that is essential for the safe and effective use of a corresponding therapeutic product, are subject to regulation by the FDA and other comparable regulatory authorities as medical devices and require separate regulatory authorization from therapeutic approval prior to commercialization. The development programs for some of our product candidates contemplate working with developers or obtaining access to marketed companion diagnostic tests, which are assays or tests to identify an appropriate patient population. For example, in connection with our rolling NDA submission for the combination of avutometinib and defactinib for patients with recurrent KRAS mt LGSOC, we may be required to obtain FDA approval or clearance of a companion diagnostic.

If safe and effective use of any of our product candidates we may develop depends on a companion diagnostic, we may not receive marketing approval, or marketing approval may be delayed, if we are unable to or are delayed in developing, identifying, or obtaining regulatory approval or clearance for the companion diagnostic product for use with our product candidate. In addition., the process of obtaining or creating such companion diagnostics is time consuming and costly and we, and/or future collaborators, may encounter difficulties in developing and obtaining regulatory clearance or approval for the companion diagnostics.

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.

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).
4.1	Form of Pre-Funded Warrant to Purchase Stock (incorporated by reference to Exhibit 4.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on July 25, 2024).
4.2	Form of Warrant to Purchase Stock (incorporated by reference to Exhibit 4.2 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on July 25, 2024).
10.1*	Amended and Restated 2021 Equity Incentive Plan.
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 August 8, 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.

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: August 8, 2024

By: /s/ DANIEL W. PATERSON

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

Date: August 8, 2024

By: /s/ DANIEL CALKINS

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

VERASTEM, INC.
AMENDED AND RESTATED 2021 EQUITY INCENTIVE PLAN

1. DEFINED TERMS

Exhibit A, which is incorporated by reference, defines certain terms used in the Plan and includes certain operational rules related to those terms.

2. PURPOSE

The Plan has been established to advance the interests of the Company by providing for the grant to Participants of Stock and Stock-based Awards.

3. ADMINISTRATION

The Plan will be administered by the Administrator. The Administrator has discretionary authority, subject only to the express provisions of the Plan, to administer and interpret the Plan and any Awards; to determine eligibility for and grant Awards; to determine the exercise price, base value from which appreciation is measured, or purchase price, if any, applicable to any Award, to determine, modify, accelerate or waive the terms and conditions of any Award; to determine the form of settlement of Awards (whether in cash, shares of Stock, other Awards, other property or a combination thereof); to prescribe forms, rules and procedures relating to the Plan and Awards; and to otherwise do all things necessary or desirable to carry out the purposes of the Plan or any Award. Determinations of the Administrator made with respect to the Plan or any Award are conclusive and bind all persons.

4. SHARE POOL; LIMITS ON AWARDS

(a) Number of Shares. Subject to adjustment as provided in Section 7(b) below, the maximum number of shares of Stock that may be delivered in satisfaction of Awards under the Plan is (i) 5,191,666 shares of Stock, *plus* (ii) the number of shares of Stock underlying awards under the Prior Plans that on or after the Date of Adoption expire or terminate or are surrendered without the delivery of shares of Stock, are forfeited to or repurchased by the Company, or otherwise become available again for grant under the applicable Prior Plan, in each case, in accordance with the terms of the applicable Prior Plan (in the case of this clause (ii), which will not exceed 1,190,939 shares in the aggregate) (collectively, the "**Share Pool**"). Up to 6,382,605 shares of Stock from the Share Pool may be delivered in satisfaction of ISOs, but nothing in this Section 4(a) will be construed as requiring that any, or any fixed number of, ISOs be granted under the Plan. For purposes of this Section 4(a), the number of shares of Stock issued in satisfaction of Awards will be determined (i) by reducing the Share Pool by the number of shares of Stock withheld by the Company in payment of the exercise price or purchase price of an Award or in satisfaction of tax withholding requirements with respect to an Award; (ii) by reducing the Share Pool by the full number of shares covered by a SAR any portion of which is settled in Stock (and not only the number of shares of Stock delivered in settlement of the Award); and (iii) by increasing the Share Pool by any shares of Stock underlying Awards settled in cash or that expire, become unexercisable, terminate or are forfeited to or repurchased by the Company without the issuance (or retention, in the case of Restricted Stock or Unrestricted Stock) of Stock. For the avoidance of doubt, the Share Pool will not be increased by any shares of Stock delivered under the Plan that are subsequently repurchased using proceeds directly attributable to Stock Option exercises. The limits set forth in this Section 4(a) will be construed to comply with the applicable requirements of Section 422.

(b) Substitute Awards. The Administrator may grant Substitute Awards under the Plan. To the extent consistent with the requirements of Section 422 and the regulations thereunder and other applicable legal requirements (including applicable stock exchange requirements), shares of Stock issued in respect of Substitute Awards will be in addition to and will not reduce the Share Pool. Notwithstanding the foregoing or anything in Section 4(a) above to the contrary, if any Substitute Award is settled in cash or expires, becomes unexercisable, terminates or is forfeited to or repurchased by the Company without the issuance (or retention, in the case of Restricted Stock or Unrestricted Stock) of Stock, the shares of Stock previously subject to such Award will not increase the Share Pool or otherwise be available for future issuance under the Plan. The Administrator will determine the extent to which the terms and conditions of the Plan apply to Substitute Awards, if at all.

(c) Type of Shares. Stock delivered by the Company under the Plan may be authorized but unissued Stock, treasury Stock or previously issued Stock acquired by the Company. No fractional shares of Stock will be delivered under the Plan.

(d) Director Limits. The aggregate value of all compensation granted or paid to any Director with respect to any calendar year, including Awards granted under the Plan and cash fees or other compensation paid by the Company to such Director outside of the Plan, in each case for his or her services as a Director during such calendar year, may not exceed $750,000 in the aggregate ($1,000,000 in the aggregate with respect to a Director's first calendar year of service on the Board), calculating the value of any Awards based on their grant date fair value in accordance with the Accounting Rules, assuming a maximum payout. For the avoidance of doubt,

the limitation in this Section 4(d) will not apply to any compensation granted or paid to a Director for his or her services to the Company or a subsidiary other than as a Director, including, without limitation, as a consultant or advisor to the Company or a subsidiary.

5. ELIGIBILITY AND PARTICIPATION

The Administrator will select Participants from among Employees and Directors of, and consultants and advisors to, the Company and its subsidiaries. Eligibility for ISOs is limited to individuals described in the first sentence of this Section 5 who are employees of the Company or of a "parent corporation" or "subsidiary corporation" of the Company as those terms are defined in Section 424 of the Code. Eligibility for Stock Options, other than ISOs, and SARs is limited to individuals described in the first sentence of this Section 5 who are providing direct services on the date of grant of the Award to the Company or to a subsidiary of the Company that would be described in the first sentence of Section 1.409A-1(b)(5)(iii)(E) of the Treasury Regulations.

6. RULES APPLICABLE TO AWARDS

(a) All Awards.

(1) Award Provisions. The Administrator will determine the terms and conditions of all Awards, subject to the limitations provided herein. No term of an Award shall provide for automatic "reload" grants of additional Awards upon the exercise of an Option or SAR. By accepting (or, under such rules as the Administrator may prescribe, being deemed to have accepted) an Award, the Participant will be deemed to have agreed to the terms and conditions of the Award and the Plan. Notwithstanding any provision of the Plan to the contrary, Substitute Awards may contain terms and conditions that are inconsistent with the terms and conditions specified herein, as determined by the Administrator.

(2) Term of Plan. No Awards may be made after ten years from the Restatement Date, but previously granted Awards may continue beyond that date in accordance with their terms.

(3) Transferability. Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by a Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an ISO or Awards subject to Section 409A, pursuant to a qualified domestic relations order, and, during the life of a Participant, shall be exercisable only by the Participant; *provided, however*, except with respect to ISOs or Awards subject to Section 409A, that the Administrator may permit or provide in an Award for the gratuitous transfer of the Award by the Participant to or for the benefit of any immediate family member, family trust or other entity established for the benefit of the Participant and/or an immediate family member thereof if the Company would be eligible to use a Form S-8 under the Securities Act, for the registration of the sale of the Stock subject to such Award to such proposed transferee; *provided further*, that the Company shall not be required to recognize any such permitted transfer until such time as such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument in form and substance satisfactory to the Company confirming that such transferee shall be bound by all of the terms and conditions of the Award and the Plan. References to a Participant, to the extent relevant in the context, shall include references to permitted transferees. For the avoidance of doubt, nothing contained in this Section 6(a)(3) shall be deemed to restrict a transfer to the Company.

(4) Vesting; Exercisability. The Administrator will determine the time or times at which an Award vests or becomes exercisable and the terms and conditions on which a Stock Option or SAR remains exercisable. Without limiting the foregoing, the Administrator may at any time accelerate the vesting and/or exercisability of an Award (or any portion thereof), regardless of any adverse or potentially adverse tax or other consequences resulting from such acceleration. Unless the Administrator expressly provides otherwise, however, the following rules will apply if a Participant's Employment ceases:

(A) Except as provided in (B) and (C) below, immediately upon the cessation of the Participant's Employment, each Stock Option and SAR (or portion thereof) that is then held by the Participant or by the Participant's permitted transferees, if any, will cease to be exercisable and will terminate and each other Award that is then held by the Participant or by the Participant's permitted transferees, if any, to the extent not then vested, will be forfeited.

(B) Subject to (C) and (D) below, each vested and unexercised Stock Option and SAR (or portion thereof) held by the Participant or the Participant's permitted transferees, if any, immediately prior to the cessation of the Participant's Employment, to the extent then exercisable, will remain exercisable for the lesser of (i) a period of three months following such cessation of Employment or (ii) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this Section 6(a)(4), and will thereupon immediately terminate. Notwithstanding the foregoing, if the Participant violates the non-competition, non-solicitation or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company, the right to exercise any Stock Option and/or SAR held by the Participant shall terminate immediately upon such violation.

(C) Subject to (D) below, each vested and unexercised Stock Option and SAR (or portion thereof) held by a Participant or the Participant's permitted transferees, if any, immediately prior to the cessation of the Participant's Employment due to his or her death or by the Company due to his or her Disability, to the extent then exercisable, will remain exercisable for the lesser of (i) the one-year period ending on the first anniversary of such cessation of Employment or (ii) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this Section 6(a)(4), and will thereupon immediately terminate.

(D) All Awards (whether or not vested or exercisable) held by a Participant or the Participant's permitted transferees, if any, immediately prior to the cessation of the Participant's Employment will immediately terminate upon such cessation of Employment if the termination is for Cause or occurs in circumstances that in the determination of the Administrator would have constituted grounds for the Participant's Employment to be terminated for Cause (in each case, without regard to the lapsing of any required notice or cure periods in connection therewith).

(5) **Recovery of Compensation**. The Administrator may provide in any case that any outstanding Award (whether or not vested or exercisable), the proceeds from the exercise or disposition of any Award or Stock acquired under any Award, and any other amounts received in respect of any Award or Stock acquired under any Award will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant to whom the Award was granted is not in compliance with any provision of the Plan or any applicable Award or any non-competition, non-solicitation, no-hire, non-disparagement, confidentiality, invention assignment or other restrictive covenant by which he or she is bound. Each Award will be subject to any policy of the Company or any of its subsidiaries that relates to trading on non-public information and permitted transactions and other limitations with respect to shares of Stock, including limitations on hedging and pledging and stock ownership guidelines. In addition, each Award will be subject to any policy or policies of the Company or any of its affiliates that provides for forfeiture, disgorgement, or clawback with respect to incentive compensation that includes Awards under the Plan and will be further subject to forfeiture and disgorgement to the extent required by law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Exchange Act. Each Participant, by accepting or being deemed to have accepted an Award under the Plan, agrees (or will be deemed to have agreed) to the terms of this Section 6(a)(5) and to any clawback, recoupment or similar policy or policies of the Company or any of its subsidiaries and further agrees (or will be deemed to have further agreed) to cooperate fully with the Administrator, and to cause any and all permitted transferees of the Participant to cooperate fully with the Administrator, to effectuate any forfeiture or disgorgement described in this Section 6(a)(5). Neither the Administrator nor the Company nor any other person, other than the Participant and his or her permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or his or her permitted transferees, if any, that may arise in connection with this Section 6(a)(5).

(6) **Taxes.** The grant of an Award and the issuance, delivery, vesting and retention of Stock, cash or other property under an Award are conditioned upon the full satisfaction by the Participant of all tax and other withholding requirements with respect to the Award. The Administrator will prescribe such rules for the withholding of taxes and other amounts with respect to any Award as it deems necessary. Without limitation to the foregoing, the Company or any affiliate of the Company will have the authority and the right to deduct or withhold (by any means set forth herein or in an Award agreement), or require a Participant to remit to the Company or an affiliate of the Company, an amount sufficient to satisfy all U.S. and non-U.S. federal, state and local income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to participation in the Plan and any Award hereunder and legally applicable to the Participant and required by law to be withheld (including, any amount deemed by the Company, in its discretion, to be an appropriate charge to the Participant even if legally applicable to the Company or any affiliate of the Company). The Administrator, in its sole discretion, may hold back shares of Stock from an Award or permit a Participant to tender previously-owned shares of Stock in satisfaction of tax or other withholding requirements (but not in excess of the maximum withholding amount consistent with the Award being subject to equity accounting treatment under the Accounting Rules). Any amounts withheld pursuant to this Section 6(a)(6) will be treated as though such amounts had been paid directly to the applicable Participant. In addition, the Company may, to the extent permitted by law, deduct any such tax and other withholding amounts from any payment of any kind otherwise due to a Participant from the Company or any of its affiliates.

(7) **Dividend Equivalents.** The Administrator may provide for the payment of amounts (on terms and subject to such conditions established by the Administrator) in lieu of cash dividends or other cash distributions with respect to Stock subject to an Award whether or not the holder of such Award is otherwise entitled to share in the actual dividend or distribution in respect of such Award; *provided, however*, that (a) dividends or dividend equivalents relating to an Award that, at the dividend payment date, remains subject to a risk of forfeiture (whether service-based or performance-based) shall be subject to the same risk of forfeiture as applies to the underlying Award and (b) no dividends or dividend equivalents shall be payable with respect to Stock Options or SARs. Any entitlement to dividend equivalents or similar entitlements will be established and administered either consistent with an exemption from, or in compliance with, the applicable requirements of Section 409A.

(8) **Rights Limited.** Nothing in the Plan or any Award will be construed as giving any person the right to be granted an Award or to continued employment or service with the Company or any of its subsidiaries, or any rights as a stockholder except as to shares of Stock actually delivered under the Plan. The loss of existing or potential profit in any Award will not constitute

an element of damages in the event of a termination of a Participant's Employment for any reason, even if the termination is in violation of an obligation of the Company or any of its subsidiaries to the Participant.

(9) Coordination with Other Plans. Shares of Stock and/or Awards under the Plan may be issued or granted in tandem with, or in satisfaction of or substitution for, other Awards under the Plan or awards made under other compensatory plans or programs of the Company or any of its subsidiaries. For example, but without limiting the generality of the foregoing, awards under other compensatory plans or programs of the Company or any of its subsidiaries may be settled in Stock (including, without limitation, Unrestricted Stock) under the Plan if the Administrator so determines, in which case the shares delivered will be treated as awarded under the Plan (and will reduce the Share Pool in accordance with the rules set forth in Section 4).

(10) Section 409A.

(A) Without limiting the generality of Section 11(b) hereof, each Award will contain such terms as the Administrator determines and will be construed and administered, such that the Award either qualifies for an exemption from the requirements of Section 409A or satisfies such requirements.

(B) Notwithstanding anything to the contrary in the Plan or any Award agreement, the Administrator may unilaterally amend, modify or terminate the Plan or any outstanding Award, including, without limitation, changing the form of the Award, if the Administrator determines that such amendment, modification or termination is necessary or desirable to avoid the imposition of an additional tax, interest or penalty under Section 409A.

(C) If a Participant is determined on the date of the Participant's termination of Employment to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then, with regard to any payment that is considered nonqualified deferred compensation under Section 409A, to the extent applicable, payable on account of a "separation from service", such payment will be made or provided on the date that is the earlier of (i) the first business day following the expiration of the six-month period measured from the date of such "separation from service" and (ii) the date of the Participant's death (the "**Delay Period**"). Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 6(a)(10)(C) (whether they would have otherwise been payable in a single lump sum or in installments in the absence of such delay) will be paid, without interest, on the first business day following the expiration of the Delay Period in a lump sum and any remaining payments due under the Award will be paid in accordance with the normal payment dates specified for them in the applicable Award agreement.

(D) For purposes of Section 409A, each payment made under the Plan or any Award will be treated as a separate payment.

(E) With regard to any payment considered to be nonqualified deferred compensation under Section 409A, to the extent applicable, that is payable upon a change in control of the Company or other similar event, to the extent required to avoid the imposition of any additional tax, interest or penalty under Section 409A, no amount will be payable unless such change in control constitutes a "change in control event" within the meaning of Section 1.409A-3(i)(5) of the Treasury Regulations.

(b) Stock Options and SARs.

(1) Time and Manner of Exercise. Unless the Administrator expressly provides otherwise, no Stock Option or SAR will be deemed to have been exercised until the Administrator receives a notice of exercise in a form acceptable to the Administrator that is signed by the appropriate person and accompanied by any payment required under the Award. The Administrator may limit or restrict the exercisability of any Stock Option or SAR in its discretion, including in connection with any Covered Transaction. Any attempt to exercise a Stock Option or SAR by any person other than the Participant will not be given effect unless the Administrator has received such evidence as it may require that the person exercising the Award has the right to do so.

(2) Exercise Price. The exercise price (or the base value from which appreciation is to be measured) per share of each Award requiring exercise must be no less than 100% (in the case of an ISO granted to a 10-percent stockholder within the meaning of Section 422(b)(6) of the Code, 110%) of the Fair Market Value of a share of Stock, determined as of the date of grant of the Award, or such higher amount as the Administrator may determine in connection with the grant.

(3) Payment of Exercise Price. Where the exercise of an Award (or portion thereof) is to be accompanied by a payment, payment of the exercise price must be made by cash or check acceptable to the Administrator or, if so permitted by the Administrator and if legally permissible, (i) through the delivery of previously acquired unrestricted shares of Stock, or the withholding of unrestricted shares of Stock otherwise deliverable upon exercise, in either case, that have a Fair Market Value equal to the exercise price; (ii) through a broker-assisted cashless exercise program acceptable to the Administrator; (iii) by other means acceptable to the

Administrator; or (iv) by any combination of the foregoing permissible forms of payment. The delivery of previously acquired shares in payment of the exercise price under clause (i) above may be accomplished either by actual delivery or by constructive delivery through attestation of ownership, subject to such rules as the Administrator may prescribe.

(4) Maximum Term. The maximum term of a Stock Option or a SAR must not exceed 10 years from the date of grant (or five years from the date of grant in the case of an ISO granted to a 10-percent stockholder described in Section 6(b)(2) above).

(5) No Repricing. Except in connection with a corporate transaction involving the Company (which term includes, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares) or as otherwise contemplated by Section 7 below, the Company may not, without obtaining stockholder approval, (i) amend the terms of outstanding Stock Options or SARs to reduce the exercise price or base value of such Stock Options or SARs; (ii) cancel outstanding Stock Options or SARs in exchange for Stock Options or SARs that have an exercise price or base value that is less than the exercise price or base value of the original Stock Options or SARs; or (iii) cancel outstanding Stock Options or SARs that have an exercise price or base value greater than the Fair Market Value of a share of Stock on the date of such cancellation in exchange for cash or other consideration.

7. EFFECT OF CERTAIN TRANSACTIONS

(a) Mergers, *etc.* Except as otherwise expressly provided in an Award or other agreement or by the Administrator, the following provisions will apply in the event of a Covered Transaction:

(1) Assumption or Substitution. If the Covered Transaction is one in which there is an acquiring or surviving entity, the Administrator may provide for (i) the assumption or continuation of some or all outstanding Awards or any portion thereof or (ii) the grant of new awards in substitution therefor by the acquirer, successor or survivor or an affiliate of the acquirer, successor or survivor.

(2) Cash-Out of Awards; Conversion to Liquidation Proceeds. Subject to Section 7(a)(5) below, the Administrator may provide for payment (a "**cash-out**"), with respect to some or all Awards or any portion thereof (including only the vested portion thereof, with the unvested portion terminating without payment due as provided in Section 7(a)(4) below), equal in the case of each applicable Award or portion thereof to the excess, if any, of (i) the fair market value of one share of Stock multiplied by the number of shares of Stock subject to the Award or such portion, minus (ii) the aggregate exercise or purchase price, if any, of such Award or such portion thereof (or, in the case of a SAR, the aggregate base value above which appreciation is measured), in each case, on such payment and other terms and subject to such conditions (which need not be the same as the terms and conditions applicable to holders of Stock generally), as the Administrator determines, including that any amounts paid in respect of such Award in connection with the Covered Transaction be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate. For the avoidance of doubt, if the per share exercise or purchase price (or base value) of an Award or portion thereof is equal to or greater than the fair market value of one share of Stock, such Award or portion may be cancelled with no payment due hereunder or otherwise in respect thereof. Subject to Section 7(a)(5) below, in connection with a liquidation or dissolution of the Company, the Administrator may provide for some or all Awards to convert into the right to receive liquidation proceeds, on such payment and other terms and subject to such conditions (which need not be the same as the terms and conditions applicable to holders of Stock generally), as the Administrator determines.

(3) Acceleration of Certain Awards. Subject to Section 7(a)(5) below, the Administrator may provide that any Award requiring exercise will become exercisable, in full or in part, and/or that the delivery of any shares of Stock remaining deliverable under any outstanding Award of Stock Units (including Restricted Stock Units and Performance Awards to the extent consisting of Stock Units) will be accelerated, in full or in part, in each case on a basis that gives the holder of the Award a reasonable opportunity, as determined by the Administrator, following the exercise of the Award or the delivery of the shares, as the case may be, to participate as a stockholder in the Covered Transaction.

(4) Termination of Awards upon Consummation of Covered Transaction. Except as the Administrator may otherwise determine, each Award will automatically terminate (and in the case of outstanding shares of Restricted Stock, will automatically be forfeited) immediately upon the consummation of the Covered Transaction, other than (i) any Award that is assumed, continued or substituted for pursuant to Section 7(a)(1) above and (ii) any Award that by its terms, or as a result of action taken by the Administrator, continues following the Covered Transaction.

(5) Additional Limitations. Any share of Stock and any cash or other property or other award delivered pursuant to Section 7(a)(1), Section 7(a)(2) or Section 7(a)(3) above with respect to an Award may, in the discretion of the Administrator, contain such restrictions, if any, as the Administrator deems appropriate, including to reflect any performance or other vesting conditions to which the Award was subject and that did not lapse (and were not satisfied) in connection with the Covered Transaction. For purposes

of the immediately preceding sentence, a cash-out under Section 7(a)(2) above or an acceleration under Section 7(a)(3) above will not, in and of itself, be treated as the lapsing (or satisfaction) of a performance or other vesting condition. In the case of Restricted Stock that does not vest and is not forfeited in connection with the Covered Transaction, the Administrator may require that any amounts delivered, exchanged or otherwise paid in respect of such Stock in connection with the Covered Transaction be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate to carry out the intent of the Plan.

(6) Uniform Treatment. For the avoidance of doubt, the Administrator need not treat Participants or Awards (or portions thereof) in a uniform manner, and may treat different Participants and/or Awards differently, in connection with a Covered Transaction.

(b) Changes in and Distributions with Respect to Stock.

(1) Basic Adjustment Provisions. In the event of a stock dividend, stock split or combination of shares (including a reverse stock split), recapitalization, reclassification of shares, spin-off, dividend or distribution to holders of Stock other than an ordinary cash dividend, or other change in the Company's capital structure that constitutes an equity restructuring within the meaning of the Accounting Rules, the Administrator shall make appropriate adjustments to the Share Pool, and shall make appropriate adjustments to the number and kind of shares of stock or securities underlying Awards then outstanding or subsequently granted, any exercise or purchase prices (or base values) relating to Awards and any other provision of Awards affected by such change. Without limiting the generality of the foregoing, in the event the Company effects a split of the Stock by means of a stock dividend and the exercise price of and the number of shares subject to an outstanding Stock Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises a Stock Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Stock acquired upon such Stock Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(2) Certain Other Adjustments. The Administrator may also make adjustments of the type described in Section 7(b)(1) above to take into account distributions to stockholders other than those provided for in Sections 7(a) and 7(b)(1) above, or any other event, if the Administrator determines that adjustments are appropriate to avoid distortion in the operation of the Plan or any Award.

(3) Continuing Application of Plan Terms. References in the Plan to shares of Stock will be construed to include any stock or securities resulting from an adjustment pursuant to this Section 7.

8. LEGAL CONDITIONS ON DELIVERY OF STOCK

The Company will not be obligated to deliver any shares of Stock pursuant to the Plan or to remove any restriction from shares of Stock previously delivered under the Plan until: (i) the Company is satisfied that all legal matters in connection with the issuance and delivery of such shares have been addressed and resolved; (ii) if the outstanding Stock is at the time of delivery listed on any stock exchange or national market system, the shares to be delivered have been listed or authorized to be listed on such exchange or system upon official notice of issuance; and (iii) all conditions of the Award have been satisfied or waived. The Company may require, as a condition to the exercise of an Award or the delivery of shares of Stock under an Award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of the Securities Act or any applicable state or non-U.S. securities law. Any Stock delivered under the Plan will be evidenced in such manner as the Administrator determines appropriate, including book-entry registration or delivery of stock certificates. In the event that the Administrator determines that stock certificates will be issued in connection with Stock issued under the Plan, the Administrator may require that such certificates bear an appropriate legend reflecting any restriction on transfer applicable to such Stock, and the Company may hold the certificates pending the lapse of the applicable restrictions.

9. AMENDMENT AND TERMINATION

The Administrator may at any time or times amend the Plan or any outstanding Award for any purpose which may at the time be permitted by applicable law, and may at any time terminate the Plan as to any future grants of Awards; *provided, however*, that except as otherwise expressly provided in the Plan or the applicable Award, the Administrator may not, without the Participant's consent, alter the terms of an Award so as to affect materially and adversely the Participant's rights under the Award, unless the Administrator expressly reserved the right to do so in the Plan or at the time the applicable Award was granted. Any amendments to the Plan will be conditioned upon stockholder approval only to the extent, if any, such approval is required by applicable law (including the Code) or stock exchange requirements, as determined by the Administrator. For the avoidance of doubt, without limiting the Administrator's rights hereunder, no adjustment to any Award pursuant to the terms of Section 7 or Section 12 hereof will be treated as an amendment requiring a Participant's consent.

10. OTHER COMPENSATION ARRANGEMENTS

The existence of the Plan or the grant of any Award will not affect the right of the Company or any of its subsidiaries to grant any person bonuses or other compensation in addition to Awards under the Plan.

11. MISCELLANEOUS

(a) Waiver of Jury Trial. By accepting or being deemed to have accepted an Award under the Plan, each Participant waives (or will be deemed to have waived), to the maximum extent permitted under applicable law, any right to a trial by jury in any action, proceeding or counterclaim concerning any rights under the Plan or any Award, or under any amendment, waiver, consent, instrument, document or other agreement delivered or which in the future may be delivered in connection therewith, and agrees (or will be deemed to have agreed) that any such action, proceedings or counterclaim will be tried before a court and not before a jury. By accepting (or being deemed to have accepted) an Award under the Plan, each Participant certifies that no officer, representative, or attorney of the Company has represented, expressly or otherwise, that the Company would not, in the event of any action, proceeding or counterclaim, seek to enforce the foregoing waivers. Notwithstanding anything to the contrary in the Plan, nothing herein is to be construed as limiting the ability of the Company and a Participant to agree to submit any dispute arising under the terms of the Plan or any Award to binding arbitration or as limiting the ability of the Company to require any individual to agree to submit such disputes to binding arbitration as a condition of receiving an Award hereunder.

(b) Limitation of Liability. Notwithstanding anything to the contrary in the Plan or any Award, none of the Company, nor any of its subsidiaries, nor the Administrator, nor any person acting on behalf of the Company, any of its subsidiaries, or the Administrator, will be liable to any Participant, to any permitted transferee, to the estate or beneficiary of any Participant or any permitted transferee, or to any other person by reason of any acceleration of income, any additional tax, or any penalty, interest or other liability asserted by reason of the failure of an Award to satisfy the requirements of Section 422 or Section 409A or by reason of Section 4999 of the Code, or otherwise asserted with respect to any Award.

(c) Unfunded Plan. The Company's obligations under the Plan are unfunded, and no Participant will have any right to specific assets of the Company in respect of any Award. Participants will be general unsecured creditors of the Company with respect to any amounts due or payable under the Plan.

12. ESTABLISHMENT OF SUB-PLANS

The Administrator may at any time and from time to time (including before or after an Award is granted) establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan for Participants based outside of the U.S. and/or subject to the laws of countries other than the U.S., including by establishing one or more sub-plans, supplements or appendices under the Plan or any Award agreement for the purpose of complying or facilitating compliance with non-U.S. laws or taking advantage of tax favorable treatment or for any other legal or administrative reason determined by the Administrator. Any such sub-plan, supplement or appendix may contain, in each case, (i) such limitations on the Administrator's discretion under the Plan and (ii) such additional or different terms and conditions, as the Administrator deems necessary or desirable and will be deemed to be part of the Plan but will apply only to Participants within the group to which the sub-plan, supplement or appendix applies (as determined by the Administrator); *provided, however*, that no sub-plan, supplement or appendix, rule or regulation established pursuant to this provision shall increase the Share Pool.

13. GOVERNING LAW

(a) Certain Requirements of Corporate Law. Awards and shares of Stock will be granted, issued and administered consistent with the requirements of applicable Delaware law relating to the issuance of stock and the consideration to be received therefor, and with the applicable requirements of the stock exchanges or other trading systems on which the Stock is listed or entered for trading, in each case, as determined by the Administrator.

(b) Other Matters. Except as otherwise provided by the express terms of an Award agreement, under a sub-plan described in Section 12 above or as provided in Section 13(a) above, the domestic substantive laws of the Commonwealth of Massachusetts govern the provisions of the Plan and of Awards under the Plan and all claims or disputes arising out of or based upon the Plan or any Award under the Plan or relating to the subject matter hereof or thereof without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

(c) Jurisdiction. Subject to Section 11(a) above, by accepting (or being deemed to have accepted) an Award, each Participant agrees or will be deemed to have agreed to (i) submit irrevocably and unconditionally to the jurisdiction of the federal and state courts located within the geographic boundaries of the United States District Court for the District of Massachusetts for the purpose of any suit, action or other proceeding arising out of or based upon the Plan or any Award; (ii) not commence any suit, action or other

proceeding arising out of or based upon the Plan or any Award, except in the federal and state courts located within the geographic boundaries of the United States District Court for the District of Massachusetts; and (iii) waive, and not assert, by way of motion as a defense or otherwise, in any such suit, action or proceeding, any claim that he or she is not subject personally to the jurisdiction of the above-named courts that his or her property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that the Plan or any Award or the subject matter thereof may not be enforced in or by such court.

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EXHIBIT A

Definition of Terms

The following terms, when used in the Plan, have the meanings and are subject to the provisions set forth below:

"Accounting Rules": Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor provision.

"Administrator": The Compensation Committee, except that the Board may at any time act in the capacity of the Administrator (including with respect to such matters that are not delegated to the Compensation Committee by the Board (whether pursuant to committee or charter), if applicable). The Compensation Committee (or the Board) may delegate (i) to one or more of its members (or one or more other members of the Board) such of its duties, powers and responsibilities as it may determine; (ii) to one or more officers of the Company the power to grant Awards to the extent permitted by applicable law; and (iii) to such Employees or other persons as it determines such ministerial tasks as it deems appropriate. For purposes of the Plan, the term "Administrator" will include the Board, the Compensation Committee, and the person or persons delegated authority under the Plan to the extent of such delegation, as applicable.

"Award": Any or a combination of the following:

(i) Stock Options.

(ii) SARs.

(iii) Restricted Stock.

(iv) Unrestricted Stock.

(v) Stock Units, including Restricted Stock Units.

(vi) Performance Awards.

(vii) Awards (other than Awards described in (i) through (vi) above) that are convertible into or otherwise based on Stock.

"Board": The Board of Directors of the Company.

"Cause": In the case of any Participant who is party to an employment, change of control or severance-benefit agreement that contains a definition of "Cause," the definition set forth in such agreement applies with respect to such Participant for purposes of the Plan for so long as such agreement is in effect. In every other case, "Cause" means, as determined by the Administrator, (i) the Participant's material failure to perform (other than by reason of disability), or substantial negligence in the performance of, the Participant's duties and responsibilities to the Company or any of its affiliates; (ii) the Participant's material breach of the Plan, any Award agreement or any other agreement between the Participant and the Company or any of its affiliates; (iii) the Participant's commission of, or plea of nolo contendere to, a felony or other crime involving moral turpitude; or (iv) other conduct by the Participant that is or could reasonably be expected to be materially harmful to the business interests or reputation of the Company or any of its affiliates.

"Change of Control": Any of (i) the acquisition of beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly by any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) of securities of the Company representing a majority or more of the combined voting power of the Company's then outstanding securities, other than an acquisition of securities for investment purposes pursuant to a bona fide financing of the Company; (ii) a merger or consolidation of the Company with any other corporation in which the holders of the voting securities of the Company prior to the merger or consolidation do not own more than 50% of the total voting securities of the surviving corporation; or (iii) the sale or disposition by the Company of all or substantially all of the Company's assets other than a sale or disposition of assets to an affiliate of the Company or a holder of securities of the Company.

"Code": The U.S. Internal Revenue Code of 1986, as from time to time amended and in effect, or any successor statute as from time to time in effect.

"Company": Verastem, Inc., a Delaware corporation.

"Compensation Committee": The Compensation Committee of the Board.

"Covered Transaction": Any of (i) a merger or consolidation of the Company with or into another entity as a result of which all of the Stock is converted into or exchanged for the right to receive cash, securities or other property or is cancelled; (ii) a transfer or disposition of all the Stock for cash, securities or other property pursuant to a share exchange or other transaction; (iii) a liquidation or dissolution of the Company; (iv) a sale or transfer of all or substantially all the Company's assets; or (v) any other transaction the Administrator determines to be a Covered Transaction. Where a Covered Transaction involves a tender offer that is reasonably expected to be followed by a merger described in clause (i) (as determined by the Administrator), the Covered Transaction will be deemed to have occurred upon consummation of the tender offer.

"Date of Adoption": The earlier of the date the Plan was originally approved by the Company's stockholders or adopted by the Board, as determined by the Committee.

"Director": A member of the Board who is not an Employee.

"Disability": In the case of any Participant who is party to an employment, change of control or severance-benefit agreement that contains a definition of "Disability" (or a corollary term), the definition set forth in such agreement applies with respect to such Participant for purposes of the Plan for so long as such agreement is in effect. In every other case, "Disability" means, as determined by the Administrator, a Participant's total and permanent disability within the meaning of Section 22(e)(3) of the Code.

"Employee": Any person who is employed by the Company or any of its subsidiaries.

"Employment": A Participant's employment or other service relationship with the Company or any of its subsidiaries. Employment will be deemed to continue, unless the Administrator otherwise determines, so long as the Participant is employed by, or otherwise is providing services in a capacity described in Section 5 to, the Company or any of its subsidiaries. If a Participant's employment or other service relationship is with any subsidiary of the Company and that entity ceases to be a subsidiary of the Company, the Participant's Employment will be deemed to have terminated when the entity ceases to be a subsidiary of the Company unless the Participant transfers Employment to the Company or one of its remaining subsidiaries. Notwithstanding the foregoing, in construing the provisions of any Award relating to the payment of "nonqualified deferred compensation" (subject to Section 409A) upon a termination or cessation of Employment, references to termination or cessation of employment, separation from service, retirement or similar or correlative terms will be construed to require a "separation from service" (as that term is defined in Section 1.409A-1(h) of the Treasury Regulations, after giving effect to the presumptions contained therein) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Company under Section 1.409A-1(h)(3) of the Treasury Regulations. The Company may, but need not, elect in writing, subject to the applicable limitations under Section 409A, any of the special elective rules prescribed in Section 1.409A-1(h) of the Treasury Regulations for purposes of determining whether a "separation from service" has occurred. Any such written election will be deemed a part of the Plan.

"Exchange Act": The Securities Exchange Act of 1934, as amended.

"Fair Market Value": As of a particular date, (i) the closing price for a share of Stock reported on the Nasdaq Stock Market (or any other national securities exchange on which the Stock is then listed) for that date or, if no closing price is reported for that date, the closing price on the immediately preceding date on which a closing price was reported or (ii) in the event that the Stock is not traded on a national securities exchange, the fair market value of a share of Stock determined by the Administrator consistent with the rules of Section 422 and Section 409A to the extent applicable.

"ISO": A Stock Option intended to be an "incentive stock option" within the meaning of Section 422.

"NSO": A Stock Option that is not intended to be an "incentive stock option" within the meaning of Section 422.

"Participant": A person who is granted an Award under the Plan.

"Performance Award": An Award subject to performance vesting conditions, which may include Performance Criteria.

"Performance Criteria": Specified criteria, other than the mere continuation of Employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of an Award. A Performance Criterion and any targets with respect thereto need not be based upon an increase, a positive or improved result or avoidance of loss and may be applied to a Participant individually, or to a business unit or division of the Company or to the Company as a whole. A Performance Criterion may also be based on individual performance and/or subjective performance criteria. The Administrator may provide that one

or more of the Performance Criteria applicable to such Award will be adjusted in a manner to reflect events (for example, but without limitation, acquisitions or dispositions) occurring during the performance period that affect the applicable Performance Criterion or Criteria.

"Plan": This Verastem, Inc. Amended and Restated 2021 Equity Incentive Plan, as from time to time amended and in effect.

"Prior Plans": The Verastem, Inc. Amended and Restated 2012 Incentive Plan and the Verastem, Inc. 2010 Equity Incentive Plan, as amended.

"Restatement Date": March 22, 2024.

"Restricted Stock": Stock subject to restrictions requiring that it be forfeited, redelivered or offered for sale to the Company if specified performance or other vesting conditions are not satisfied.

"Restricted Stock Unit": A Stock Unit that is, or as to which the delivery of Stock or of cash in lieu of Stock is, subject to the satisfaction of specified performance or other vesting conditions.

"SAR": A right entitling the holder upon exercise to receive an amount (payable in cash or in shares of Stock of equivalent value) equal to the excess of the Fair Market Value of the shares of Stock subject to the right over the base value from which appreciation under the SAR is to be measured.

"Section 409A": Section 409A of the Code and the regulations thereunder.

"Section 422": Section 422 of the Code and the regulations thereunder.

"Securities Act": The Securities Act of 1933, as amended.

"Stock": Common stock of the Company, par value $0.01 per share.

"Stock Option": An option entitling the holder to acquire shares of Stock upon payment of the exercise price.

"Stock Unit": An unfunded and unsecured promise, denominated in shares of Stock, to deliver Stock or cash measured by the value of Stock in the future.

"Substitute Award": An Award granted under the Plan in substitution for one or more equity awards of an acquired company that are converted, replaced or adjusted in connection with the acquisition.

"Unrestricted Stock": Stock not subject to any restrictions under the terms of the Award.

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: August 8, 2024

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: August 8, 2024

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 June 30, 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: August 8, 2024

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 June 30, 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: August 8, 2024

Verastem Oncology Reports Second Quarter 2024 Financial Results and Highlights Recent Business Updates

Initiated rolling NDA submission for avutometinib and defactinib combination in recurrent low-grade serous ovarian cancer in Q2 2024 with plans to complete the submission with mature data from all patients in RAMP 201 trial in H2 2024

Presented positive initial interim safety and efficacy results from the RAMP 205 trial of avutometinib and defactinib in combination with current standard of care in first-line metastatic pancreatic cancer at the 2024 ASCO Annual Meeting

Company cash, cash equivalents, and investments of $83.4 million as of June 30, 2024; pro forma $144.5 million including the sale of common stock, pre-funded warrants, and warrants, and achievement of COPIKTRA net sales milestone by Secura

BOSTON--(BUSINESS WIRE)--August 8, 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 second quarter ended June 30, 2024.

“We have made tremendous progress in the second quarter as we initiated our rolling NDA submission for avutometinib and defactinib combination in recurrent KRAS mutant low-grade serous ovarian cancer, shared updated topline results from our RAMP 201 trial with a minimum of five months of follow-up, and presented positive initial interim results from our ongoing first-line metastatic pancreatic cancer trial,” said Dan Paterson, president and chief executive officer of Verastem Oncology. “In the second half of the year, we plan to present mature data from RAMP 201, complete our rolling NDA submission with the mature data from RAMP 201 trial, and share interim topline data from our lung cancer programs.”

Second Quarter 2024 and Recent Updates

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

- Announced the initiation of a rolling New Drug Application (NDA) submission seeking accelerated approval of the combination of avutometinib and defactinib for adult patients with recurrent KRAS mutant LGSOC who received at least one prior systemic therapy. Read the press release here.
- Announced topline interim data from the RAMP 201 trial, with a February 2024 data cutoff, that continued to show robust overall response rates and durable responses with low discontinuation rates due to adverse events in patients with KRAS mutant or KRAS wild-type LGSOC who had a minimum follow-up of five months, in May 2024.
- Expect to complete the rolling NDA submission after obtaining and submitting to the FDA the mature safety and efficacy data from the RAMP 201 trial, including 12 months of follow-up, to inform the final indication in the second half of 2024.
- Enrollment and site activations are underway in the U.S., Australia, Europe, and the UK, for 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.
- Preparations for a potential U.S. commercial launch in 2025 are ongoing and plans to initiate discussions with European and Japanese regulatory authorities to address patient needs outside the U.S. continue to advance.

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

- In the RAMP 203 trial, patients who previously progressed on KRAS G12C inhibitors were initiated on the triplet combination of avutometinib, defactinib and sotorasib.
- Expect to report updated interim data from patients with KRAS G12C-mutant NSCLC in the Phase 1/2 RAMP 203 trial evaluating avutometinib plus defactinib and sotorasib are planned for H2 2024.
- Expect to report initial interim 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

- Presented initial interim safety and efficacy results from the ongoing RAMP 205 trial of avutometinib and defactinib in combination with current standard of care gemcitabine and nab-paclitaxel in first-line metastatic pancreatic cancer on June 1, 2024, at the American Society of Clinical Oncology (ASCO) Annual Meeting. As of May 14, 2024, 41 patients had been treated in one of four dose cohort regimens and only patients in dose cohort 1 had a minimum follow up of six months. In the dose level 1 cohort, 83% (5/6) of patients achieved a confirmed partial response with more than six months of follow up at the time of data cutoff. One dose-limiting toxicity (DLT) was observed in the dose level 1 cohort, and the dose level was subsequently cleared after additional patients were enrolled. Of the 26 patients in all cohorts who have had the opportunity to have their first scan while on treatment, 21 have experienced a reduction of the change in target lesion sum of diameters. Read the press release here.
- FDA granted Orphan Drug Designation to avutometinib and defactinib combination for the treatment of pancreatic cancer in July 2024.
- Expect to report updated data from the ongoing RAMP 205 trial in Q1 2025.

GFH375 (VS-7375): Oral KRAS G12D (ON/OFF) Inhibitor

- GenFleet Therapeutics investigational new drug (IND) application for GFH375 (VS-7375) in China was cleared in June 2024.
- GenFleet dosed the first patient in the Phase 1/2 trial for GFH375 (VS-7375) in China in patients with KRAS G12D-mutated advanced solid tumors in July 2024.
- Plan to initiate development studies outside of China after evaluating initial dose escalation data from the Phase 1 study of GFH375 (VS-7375) in China to accelerate a path forward in the U.S. and rest of world.
- Discovery/lead optimization continues for second and third programs with GenFleet collaboration.

Corporate Updates

- Verastem strengthened its executive team with the appointment of John Hayslip, M.D., as chief medical officer in April 2024 and the promotion of Nate Sanburn to chief business officer in June 2024.

- In July 2024, Verastem strengthened its balance sheet by raising net proceeds of approximately $51.1 million in a public offering of 13.3 million shares of its common stock and accompanying warrants to purchase up to 13.3 million shares of its common stock, and pre-funded warrants to purchase up to 5.0 million shares of its common and accompany warrants to purchase up to 5.0 million shares of its common stock.
- Secura Bio, Inc. ("Secura") achieved $100 million of cumulative worldwide net sales of COPIKTRA during Q2 2024, entitling Verastem to a $10 million milestone payment. Verastem received the $10 million milestone payment in July 2024.

Second Quarter 2024 Financial Results

Verastem Oncology ended the second quarter of 2024 with cash, cash equivalents and investments of $83.4 million. On a pro forma basis, inclusive of the $51.1 million net proceeds raised through issuance of common stock, pre-funded warrants, and warrants in July 2024, and the $10 million net sales milestone from Secura, cash, cash equivalents and investments were $144.5 million as of June 30, 2024. These additional sources of capital along with the existing cash, cash equivalents, and investments through the second quarter of 2024 provides an expected cash runway through the potential approval of avutometinib and defactinib for recurrent LGSOC in the first half of 2025.

Total revenue for the three months ended June 30, 2024 (the "2024 Quarter") was $10.0 million, compared to $0.0 million for the three months ended June 30, 2023 (the "2023 Quarter"). Revenue for the 2024 Quarter was comprised of one sales milestone payment of $10.0 million due upon Secura achieving total worldwide net sales of COPIKTRA exceeding $100.0 million during the 2024 Quarter. The $10.0 million milestone payment was received by Verastem in July 2024.

Total operating expenses for the 2024 Quarter were $28.3 million, compared to $20.3 million for the three months ended June 30, 2023.

Research & development expenses for the 2024 Quarter were $18.1 million, compared to $12.9 million for the 2023 Quarter. The increase of $5.2 million, or 40.3%, was primarily related to increased contract research organization costs, increased consulting costs, and increased investigator fees.

Selling, general & administrative expenses for the 2024 Quarter were $10.2 million, compared to $7.4 million for the 2023 Quarter. The increase of $2.8 million, or 37.8%, was primarily related to additional costs in anticipation of a potential launch of avutometinib and defactinib in LGSOC, and increased personnel costs, including non-cash stock compensation.

Net loss for the 2024 Quarter was $8.3 million, or $0.31 per share (basic and diluted), compared to $24.3 million, or $1.37 per share (basic and diluted, each as adjusted for the Company's reverse stock split) for the 2023 Quarter.

For the 2024 Quarter, non-GAAP adjusted net loss was $16.5 million, or $0.61 per share (diluted) compared to non-GAAP adjusted net loss of $18.8 million, or $1.06 per share (diluted, as adjusted for the Company's reverse stock split), for the 2023 Quarter. Please refer to the GAAP to non-GAAP Reconciliation 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 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 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 six months ended June 30, 2024 and 2023 are included in the tables accompanying this press release after the unaudited condensed consolidated financial statements.

About the Avutometinib 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/MAPK pathway inhibition. In contrast to 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 of the investigational combination of avutometinib and defactinib, 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 avutometinib in RAS/MAPK driven tumors as part of its **R**af **A**nd **M**ek **P**rogram 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 and enrollment has been completed in each of the dose optimization and expansion phases and the low-dose evaluation. Verastem has initiated a rolling NDA submission for avutometinib and defactinib combination in adults with recurrent LGSOC and expects to complete its NDA submission in the second half of 2024 with a potential FDA decision in the first half of 2025.

Verastem Oncology has established clinical collaborations with Amgen and Mirati to evaluate LUMAKRAS™ (sotorasib) in combination with avutometinib and 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. 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, is supported by the PanCAN Therapeutic Accelerator Award. FDA granted Orphan Drug Designation to avutometinib and defactinib combination for the treatment of pancreatic cancer.

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 discovery program from the Verastem Oncology discovery and development collaboration with GenFleet Therapeutics. GenFleet's IND for GFH375/VS-7375 was approved in China in June 2024 and the Phase 1/2 trial in KRAS G12D-mutant solid tumors was subsequently initiated and the first patient has been dosed in July 2024. The collaboration includes three discovery programs, the first being the KRAS G12D inhibitor, and provides Verastem Oncology with exclusive options to license three compounds selected for 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 Verastem Oncology

Verastem Oncology (Nasdaq: VSTM) is a 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 FAK inhibition. For more information, please visit www.verastem.com and follow us on LinkedIn.

Forward-Looking Statements

This press release includes forward-looking statements about, among other things, Verastem Oncology's programs and product candidates, strategy, future plans and prospects, including statements related to the timing, scope and progress of the rolling NDA submission for the avutometinib and defactinib combination in LGSOC, the structure of our planned and pending clinical trials, the potential clinical value of various of the Company's clinical trials, including the RAMP 201, 205 and 301 trials, the timing of commencing and completing trials, including topline data reports, interactions with regulators, the timeline and indications for clinical development, regulatory submissions and the potential for and timing of commercialization of product candidates and potential for additional development programs involving Verastem Oncology's lead compound, the expected outcome and benefits of our collaboration with GenFleet Therapeutics and the estimated addressable markets of our drug candidates. 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.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause our actual results to differ materially from those expressed or implied 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 the market opportunities of our drug candidates are based on internal and third-party estimates which may prove to be incorrect; 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, which may delay our development programs, including delays in submission or review by the FDA of our NDA submission in recurrent KRAS mutant LGSOC if enrollment in our confirmatory trial is not well underway at the time of submission, or that the FDA may require the Company to enroll additional patients in the Company's ongoing RAMP-301 confirmatory Phase 3 clinical trial prior to Verastem submitting or the FDA taking action on our NDA seeking accelerated approval; risks associated with preliminary and interim data, which may not be representative of more mature data, including with respect to interim duration of therapy data; 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 we may be unable to successfully validate, develop and obtain regulatory approval for companion diagnostic tests for our product candidates that require or would commercially benefit from such tests, or experience significant delays in doing so; that the mature RAMP 201 data and associated discussions with the FDA may not support the scope of our rolling NDA submission for the avutometinib and defactinib combination in LGSOC, including with respect to KRAS wild type LGSOC; 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 or our decisions regarding execution of such commercialization; that we may not have sufficient cash to fund our contemplated operations, including certain of our product development programs; that we 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 the total addressable

and target markets for our product candidates might be smaller than we are presently estimating; that we or Secura Bio, Inc. (Secura) will fail to fully perform under the asset purchase agreement with Secura, 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 Therapeutics (Shanghai), Inc. (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 under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission (SEC) on March 14, 2024 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.

For Investor and Media Inquiries:
Julissa Viana
Vice President, Corporate Communications and Investor Relations
investors@verastem.com or
media@verastem.com

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

	June 30, 2024	December 31, 2023
Cash, cash equivalents, & investments	$ 83,371	$ 137,129
Accounts receivable, net	10,000	—
Grant receivable	825	—
Prepaid expenses and other current assets	5,450	6,553
Property and equipment, net	46	37
Right-of-use asset, net	816	1,171
Restricted cash and other assets	5,239	4,828
Total assets	**$ 105,747**	**$ 149,718**
Current Liabilities	$ 30,347	$ 26,380
Long term debt	35,390	40,086
Lease liability, long-term	—	530
Preferred stock tranche liability	—	4,189
Convertible preferred stock	21,159	21,159
Stockholders' equity	18,851	57,374
Total liabilities, convertible preferred stock and stockholders' equity	**$ 105,747**	**$ 149,718**

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

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenue				
Sale of COPIKTRA license and related assets	$ 10,000	$ —	$ 10,000	$ —
Total revenue	10,000	—	10,000	—
Operating expenses:				
Research and development	18,062	12,893	35,769	24,908
Selling, general and administrative	10,215	7,399	20,567	14,728
Total operating expenses	28,277	20,292	56,336	39,636
Loss from operations	(18,277)	(20,292)	(46,336)	(39,636)
Other expense	(24)	(40)	(54)	(47)
Interest income	983	1,122	2,350	2,098
Interest expense	(1,138)	(1,121)	(2,268)	(1,890)
Change in fair value of preferred stock tranche liability	10,200	(3,950)	4,189	(520)
Net loss	$ (8,256)	$ (24,281)	$ (42,119)	$ (39,995)
Net loss per share—basic and diluted	$ (0.31)	$ (1.37)[1]	$ (1.57)	$ (2.32)[1]
Weighted average common shares outstanding used in computing:				
Net loss per share – basic and diluted	26,861	17,732[1]	26,846	17,231[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)

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Net loss reconciliation				
Net loss (GAAP basis)	$ (8,256)	$ (24,281)	$ (42,119)	$ (39,995)
Adjust:				
Stock-based compensation expense	1,905	1,432	3,388	2,745
Non-cash interest, net	6	112	(413)	76
Change in fair value of preferred stock tranche liability	(10,200)	3,950	(4,189)	520
Severance and Other	56	—	609	38
Adjusted net loss (non-GAAP basis)	$ (16,489)	$ (18,787)	$ (42,724)	$ (36,616)
Reconciliation of net loss per share				
Net loss per share – diluted (GAAP Basis)	(0.31)	(1.37)[1]	(1.57)	(2.32)[1]
Adjust per diluted share:				
Stock-based compensation expense	0.08	0.08[1]	0.13	0.16[1]
Non-cash interest, net	—	0.01[1]	(0.01)	—
Change in fair value of preferred stock tranche liability	(0.38)	0.22[1]	(0.16)	0.03[1]
Severance and Other	—	—	0.02	—
Adjusted net loss per share – diluted (non-GAAP basis)	$ (0.61)	$ (1.06)[1]	$ (1.59)	$ (2.13)[1]
Weighted average common shares outstanding used in computing net loss per share—diluted	26,861	17,732[1]	26,846	17,231[1]

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