

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2021

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: 001-40356

Rain Therapeutics Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
8000 Jarvis Avenue, Suite 204
Newark, CA
(Address of principal executive offices)

82-1130967
(I.R.S. Employer
Identification No.)

94560
(Zip Code)

Registrant's telephone number, including area code: (510) 953-5559

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	RAIN	The Nasdaq Global Select 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of August 6, 2021, the registrant had 26,466,746 shares of common stock, \$0.001 par value per share, outstanding, comprised of 18,739,276 shares of common stock, \$0.001 par value per share and 7,727,470 shares of non-voting common stock, \$0.001 par value per share.

Table of Contents

	<u>Page</u>
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	1
Condensed Balance Sheets as of June 30, 2021 (Unaudited) and December 31, 2020	1
Condensed Statements of Operations and Comprehensive Loss (Unaudited) for the three and six months ended June 30, 2021 and 2020	2
Condensed Statements of Changes in Convertible Preferred Stock and Stockholders' Equity (Deficit) (Unaudited) for the three and six months ended June 30, 2021 and 2020	3
Condensed Statements of Cash Flows (Unaudited) for the six months ended June 30, 2021 and 2020	4
Notes to Unaudited Condensed Financial Statements (Unaudited)	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3. Quantitative and Qualitative Disclosures About Market Risk	27
Item 4. Controls and Procedures	28
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	29
Item 1A. Risk Factors	29
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	29
Item 3. Defaults Upon Senior Securities	29
Item 4. Mine Safety Disclosures	29
Item 5. Other Information	29
Item 6. Exhibits	30
Signatures	31

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Rain Therapeutics Inc.
Condensed Balance Sheets
(In thousands)

	June 30, 2021	December 31, 2020 ⁽¹⁾
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 118,013	\$ 58,863
Short-term investments	46,634	—
Prepaid and other current assets	8,611	662
Total current assets	173,258	59,525
Property and equipment, net	113	99
Operating lease right-of-use asset	445	447
Deferred offering costs	—	385
Other assets	737	624
Total assets	<u>\$ 174,553</u>	<u>\$ 61,080</u>
Liabilities, convertible preferred stock, and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$ 3,895	\$ 816
Accrued research and development	4,002	1,527
Other accrued liabilities	1,282	935
Operating lease liability, current portion	157	141
Total current liabilities	9,336	3,419
Operating lease liability, net of current portion	315	312
Other long-term liabilities	68	69
Total liabilities	9,719	3,800
Commitments and contingencies		
Series A convertible preferred stock, \$0.001 par value; no shares and 3,731,208 shares authorized, issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	—	20,147
Series B convertible preferred stock, \$0.001 par value; no shares and 12,542,198 shares authorized, issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	—	74,550
Total convertible preferred stock	—	94,697
Stockholders' equity (deficit):		
Common Stock, \$0.001 par value; 250,000,000 and 24,000,000 shares authorized as of June 30, 2021 and December 31, 2020, respectively; 26,466,746 shares (comprised of 18,739,276 shares of common stock and 7,727,470 shares of non-voting common stock) and 3,530,975 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	27	4
Additional paid-in capital	218,360	1,149
Accumulated deficit	(53,553)	(38,570)
Total stockholders' equity (deficit)	164,834	(37,417)
Total liabilities, convertible preferred stock, and stockholders' equity (deficit)	<u>\$ 174,553</u>	<u>\$ 61,080</u>

(1) The balance sheet at December 31, 2020 has been derived from the audited financial statements included in Rain Therapeutics Inc.'s final prospectus for its initial public offering filed on April 23, 2021.

See accompanying notes to financial statements.

Rain Therapeutics Inc.
Condensed Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Operating expenses:				
Research and development	\$ 5,489	\$ 1,473	\$ 10,817	\$ 3,235
General and administrative	2,700	1,119	4,180	1,787
Total operating expenses	<u>8,189</u>	<u>2,592</u>	<u>14,997</u>	<u>5,022</u>
Loss from operations	(8,189)	(2,592)	(14,997)	(5,022)
Other income (expense):				
Interest income	6	6	14	26
Interest expense, related party	—	(33)	—	(64)
Change in fair value of convertible promissory notes, related party	—	(5)	—	(133)
Total other income (expense), net	<u>6</u>	<u>(32)</u>	<u>14</u>	<u>(171)</u>
Net loss and comprehensive loss	<u>\$ (8,183)</u>	<u>\$ (2,624)</u>	<u>\$ (14,983)</u>	<u>\$ (5,193)</u>
Net loss per share, basic and diluted	<u>\$ (0.39)</u>	<u>\$ (0.78)</u>	<u>\$ (1.23)</u>	<u>\$ (1.60)</u>
Weighted-average shares used to compute net loss per share, basic and diluted	<u>20,825,334</u>	<u>3,360,388</u>	<u>12,225,929</u>	<u>3,250,039</u>

See accompanying notes to financial statements.

Rain Therapeutics Inc.
Condensed Statements of Changes in Convertible Preferred Stock and Stockholders' Equity (Deficit)
(In thousands, except share amounts)
(unaudited)

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	
Balance as of December 31, 2020	<u>3,731,208</u>	<u>\$ 20,147</u>	<u>12,542,198</u>	<u>\$ 74,550</u>	<u>3,530,975</u>	<u>\$ 4</u>	<u>\$ 1,149</u>	<u>\$ (38,570)</u>	<u>\$ (37,417)</u>
Stock-based compensation expense	—	—	—	—	—	—	165	—	165
Net loss	—	—	—	—	—	—	—	(6,800)	(6,800)
Balance as of March 31, 2021	<u>3,731,208</u>	<u>\$ 20,147</u>	<u>12,542,198</u>	<u>\$ 74,550</u>	<u>3,530,975</u>	<u>\$ 4</u>	<u>\$ 1,314</u>	<u>\$ (45,370)</u>	<u>\$ (44,052)</u>
Conversion of convertible preferred stock to common stock	(3,731,208)	(20,147)	(12,542,198)	(74,550)	15,069,330	15	94,682	—	94,697
Issuance of common stock upon IPO, net of issuance cost	—	—	—	—	7,845,011	8	121,486	—	121,494
Exercise of stock options	—	—	—	—	21,430	—	85	—	85
Stock-based compensation expense	—	—	—	—	—	—	793	—	793
Net loss	—	—	—	—	—	—	—	(8,183)	(8,183)
Balance as of June 30, 2021	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>26,466,746</u>	<u>\$ 27</u>	<u>\$ 218,360</u>	<u>\$ (53,553)</u>	<u>\$ 164,834</u>

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	
Balance as of December 31, 2019	<u>3,731,208</u>	<u>\$ 20,147</u>	<u>—</u>	<u>\$ —</u>	<u>2,986,385</u>	<u>\$ 3</u>	<u>\$ 236</u>	<u>\$ (17,487)</u>	<u>\$ (17,248)</u>
Vesting of restricted shares	—	—	—	—	289,377	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	199	—	199
Net loss	—	—	—	—	—	—	—	(2,569)	(2,569)
Balance as of March 31, 2020	<u>3,731,208</u>	<u>\$ 20,147</u>	<u>—</u>	<u>\$ —</u>	<u>3,275,762</u>	<u>\$ 3</u>	<u>\$ 435</u>	<u>\$ (20,056)</u>	<u>\$ (19,618)</u>
Vesting of restricted shares	—	—	—	—	135,048	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	196	—	196
Net loss	—	—	—	—	—	—	—	(2,624)	(2,624)
Balance as of June 30, 2020	<u>3,731,208</u>	<u>\$ 20,147</u>	<u>—</u>	<u>\$ —</u>	<u>3,410,810</u>	<u>\$ 3</u>	<u>\$ 631</u>	<u>\$ (22,680)</u>	<u>\$ (22,046)</u>

See accompanying notes to financial statements.

Rain Therapeutics Inc.
Condensed Statements of Cash Flows
(In thousands)
(unaudited)

	Six Months Ended June 30,	
	2021	2020
Operating activities		
Net loss	\$ (14,983)	\$ (5,193)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization expense	29	27
Stock-based compensation expense	958	395
Non-cash interest expense, related party	—	64
Change in fair value of convertible promissory notes, related party	—	133
Accretion and amortization of premium on short-term investments, net	2	—
Changes in operating assets and liabilities:		
Prepaid and other current assets	(7,949)	35
Operating lease right-of-use asset and liability, net	21	22
Other assets	52	—
Accounts payable	3,079	356
Accrued research and development	2,475	(185)
Other accrued liabilities	566	(83)
Other long-term liabilities	—	5
Net cash used in operating activities	<u>(15,750)</u>	<u>(4,424)</u>
Investing activities		
Purchases of short-term investments	(46,636)	—
Purchases of property and equipment	(43)	—
Net cash used in investing activities	<u>(46,679)</u>	<u>—</u>
Financing Activities		
Proceeds from initial public offering, net of issuance costs	121,494	—
Proceeds from issuance of convertible promissory notes	—	6,435
Payments of issuance costs related to the issuance of convertible preferred stock	—	(94)
Proceeds from stock option exercises	85	—
Net cash provided by financing activities	<u>121,579</u>	<u>6,341</u>
Net increase in cash and cash equivalents	59,150	1,917
Cash and cash equivalents at beginning of period	58,863	5,794
Cash and cash equivalents at end of period	<u>\$ 118,013</u>	<u>\$ 7,711</u>
Supplemental schedule of non-cash financing activities:		
Conversion of convertible preferred stock to common stock	\$ 94,697	—

See accompanying notes to financial statements.

Rain Therapeutics Inc.
Notes to Condensed Financial Statements (unaudited)

Note 1 – Organization and Nature of Operations***Description of Business***

Rain Therapeutics Inc. (“Rain” or the “Company”) was incorporated in the state of Delaware in April 2017. Rain is a late-stage precision oncology company developing therapies that target oncogenic drivers for which the Company is able to genetically select patients it believes will most likely benefit. This approach includes using a tumor-agnostic strategy to select patients based on their tumors’ underlying genetics rather than histology. Rain’s lead product candidate, milademetan (RAIN-32), is a small molecule, oral inhibitor of MDM2, which is oncogenic in numerous cancers. In addition to milademetan, the Company is also developing a preclinical program that is focused on inducing synthetic lethality in cancer cells by inhibiting RAD52. The Company operates in one business segment and its principal operations are in the United States, with its headquarters in Newark, California.

Reverse Stock Split

On April 15, 2021 and April 16, 2021, the Company’s board of directors (the “Board of Directors”) and stockholders, respectively, approved an amended and restated certificate of incorporation of the Company to effect a 1-for-1.0799 reverse stock split of the Company’s common stock. The reverse stock split was effected on April 16, 2021. The Company’s outstanding stock options were also adjusted to reflect the 1-for-1.0799 reverse stock split of the Company’s common stock. Accordingly, all common stock and stock options and related per share amounts in these financial statements have been retroactively adjusted for all periods presented to give effect to the reverse stock split. Outstanding stock options were proportionately reduced and the respective exercise prices, if applicable, were proportionately increased. The reverse stock split resulted in an adjustment to the Series A and Series B convertible preferred stock conversion prices to reflect a proportional decrease in the number of shares of common stock to be issued upon conversion.

Initial Public Offering

On April 27, 2021, the Company completed its initial public offering (“IPO”) in which the Company issued and sold 7,352,941 shares of common stock at a public offering price of \$17.00 per share. On May 11, 2021, the Company issued an additional 492,070 shares of common stock in connection with the exercise of the underwriters’ option to purchase additional shares at the public offering price. The Company’s net proceeds from the sale of shares in the IPO, including the sale of shares pursuant to the exercise of the underwriters’ option to purchase additional shares, was \$121.5 million, net of underwriting discounts and commissions, and other offering fees. In connection with the IPO, the Board of Directors and stockholders approved an amended and restated certificate of incorporation, which authorized 260,000,000 shares of common stock, 200,000,000 shares of which are designated as “Common Stock” and 50,000,000 shares of which are designated as “Non-Voting Common Stock” and 10,000,000 shares of undesignated preferred stock that may be issued from time to time by the Company’s Board of Directors in one or more series.

Immediately prior to the closing of the IPO, 8,344,905 shares of the Company’s convertible preferred stock were exchanged for 7,727,470 shares of non-voting common stock. Upon the closing of the IPO, 7,928,501 shares of the Company’s convertible preferred stock were automatically converted into 7,341,860 shares of common stock. Following the IPO, there were no shares of convertible preferred stock outstanding.

Basis of Presentation

The accompanying interim unaudited condensed financial statements have been prepared in accordance with United States generally accepted accounting principles (“U.S. GAAP”) and with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) related to a quarterly report on Form 10-Q. The year-end condensed balance sheet data was derived from the Company’s audited financial statements but does not include all disclosures required by U.S. GAAP. These condensed financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2020 included in the Company’s final prospectus for its IPO, filed pursuant to Rule 424(b) under the Securities Exchange Act of 1933, as amended, with the SEC on April 23, 2021 (the “Prospectus”). The unaudited financial information for the interim periods presented herein reflects all adjustments which,

in the opinion of management, are necessary for a fair presentation of the financial condition and results of operation for the periods presented, with such adjustments consisting only of normal recurring adjustments.

Liquidity and Capital Resources

The Company has devoted substantially all of its efforts to drug discovery and development, raising capital and building operations. The Company has a limited operating history and has not generated any revenue since its inception, and the sales and income potential of the Company's business is unproven. The Company has incurred net losses and negative cash flows from operating activities since its inception and expects to continue to incur net losses into the foreseeable future as it continues the development of its product candidates. From inception through June 30, 2021, the Company has funded its operations through net proceeds from its IPO in April 2021, and the issuance of convertible promissory notes and convertible preferred stock.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. Management believes that the Company's current cash, cash equivalents and short-term investments, which include the net proceeds of approximately \$121.5 million from its IPO in April 2021, will provide sufficient funds to enable the Company to meet its obligations for at least twelve months from the filing date of this report.

Note 2 – Summary of Significant Accounting Policies

Use of Estimates

The preparation of the Company's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that impact the reported amounts of assets, liabilities and expenses and the disclosure of contingent liabilities in the Company's financial statements and accompanying notes. The most significant estimate in the Company's financial statements relates to the clinical trial expense accruals. Management evaluates its estimates on an ongoing basis. Although these estimates are based on the Company's historical experience, knowledge of current events and actions it may undertake in the future, actual results may ultimately materially differ from these estimates and assumptions.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents primarily represent funds invested in readily available checking and money market accounts.

Available-for-Sale Investments

The Company holds investment grade securities consisting of money market funds, commercial paper, corporate debt securities, U.S. government securities and U.S. agency bonds, classified as available-for-sale ("AFS") securities at the time of purchase, since it is the Company's intent that these investments be available for current operations. The Company has classified all of its AFS securities as current assets on the balance sheets even though the stated maturity date may be one year or more beyond the current balance sheet date, which reflects management's intention to use the proceeds from sales of these securities to fund its operations, as necessary.

The Company carries these securities at fair value and reports unrealized gains and losses, if any, as a separate component of accumulated other comprehensive loss. The cost of debt securities is adjusted for amortization of purchase premiums and accretion of discounts to maturity. Such amortization and accretion are included in interest income in the statements of operations and comprehensive loss. Realized gains and losses on sales of securities are determined using the specific identification method and recorded in other income (expense), net in the condensed statement of operations and comprehensive loss.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Company consults with its investment managers and considers available quantitative and qualitative evidence in evaluating potential impairment of its investments on a quarterly basis. If the cost of an individual investment exceeds its fair value, the Company evaluates among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and the Company's intent and ability to hold the investment. Once an impairment is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is

established. Declines in the value of AFS securities determined to be other than temporary are included in other income (expense), net.

Deferred Offering Costs

The Company capitalized deferred offering costs consisting of all direct and incremental legal, professional, accounting and other third-party fees incurred in connection with the Company's IPO. Upon the completion of the IPO in April 2021, the total deferred offering costs of \$2.5 million were reclassified to additional paid-in capital on the balance sheets.

Research and Development Costs

Research and development costs primarily consist of costs associated with the Company's research and development activities, including its drug discovery efforts, and the preclinical and clinical development of its product candidates. Research and development costs are expensed as incurred.

Preclinical Studies and Clinical Trial Accruals

The Company is required to estimate its expenses resulting from its obligations under contracts with vendors, consultants, clinical research organizations and clinical site agreements in connection with conducting preclinical activities and clinical trials. The financial terms of these contracts are subject to negotiations which vary from contract to contract and may result in payment flows that do not match the periods over which materials or services are provided under such contracts. The Company reflects preclinical study and clinical trial expenses in its financial statements by matching those expenses with the period in which services and efforts are expended. The Company accounts for these expenses according to the progress of the preclinical study or clinical trial as measured by the timing of various aspects of the preclinical study, clinical trial or related activities. The Company determines accrual and prepaid estimates through review of the underlying contracts along with preparation of financial models taking into account correspondence with clinical and other key personnel and third-party service providers as to the progress of preclinical studies, clinical trials or other services being conducted. During the course of a preclinical study or clinical trial, the Company adjusts its expense recognition if actual results differ from its estimates. To date, the Company has not experienced any material differences between accrued costs and actual costs incurred.

Stock-Based Compensation

Stock-based compensation expense represents the cost of the grant date fair value of equity awards recognized over the requisite service period of the awards (generally the vesting period) on a straight-line basis. The Company recognizes forfeitures as they occur. The Company estimates the fair value of stock option grants using the Black-Scholes option pricing model. Prior to the IPO, the exercise price for all stock options granted was at the estimated fair value of the underlying common stock as determined on the date of grant by the Company's Board of Directors.

Comprehensive Loss

Comprehensive loss is defined as a change in equity during a period from transactions and other events and circumstances from non-owner sources. The Company's comprehensive loss was the same as its reported net loss for the periods presented.

Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period, without consideration of potential dilutive securities. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the sum of the weighted-average number of shares of common stock plus the potential dilutive effects of potential dilutive securities outstanding during the period. Potential dilutive securities are excluded from diluted earnings or loss per share if the effect of such inclusion is antidilutive. The Company's potentially dilutive securities, which include convertible preferred stock, unvested common stock and outstanding stock options under the Company's equity incentive plan, have been excluded from the computation of diluted net loss per share as they would be anti-dilutive to the net loss per share.

For the period presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding due to the Company's net loss position.

Recent Accounting Pronouncements

Financial Instruments. In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The objective of the standard is to provide information about expected credit losses on financial instruments at each reporting date and to change how other-than temporary impairments on investment securities are recorded. The guidance is effective for the Company beginning on January 1, 2023, with early adoption permitted. The Company is currently evaluating the impact the standard may have on its financial statements and related disclosures.

Income Taxes. In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which simplifies the accounting for income taxes. ASU 2019-12 is effective for the Company for the fiscal year beginning after December 15, 2021 and early adoption is permitted. The Company is currently evaluating the impact the adoption of ASU 2019-12 will have on the Company's financial statements.

Debt and Equity Instruments. In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)*, which addresses the complexity associated with applying generally accepted accounting principles for certain financial instruments with characteristics of liabilities and equity. The guidance is effective for the Company beginning on January 1, 2024, with early adoption permitted. The Company elected to adopt this standard on January 1, 2020 under the modified retrospective transition method with no material impact on its financial statements and disclosures.

There were no other significant updates to the recently issued accounting standards other than as disclosed herein for the six months ended June 30, 2021. Although there are several other new accounting pronouncements issued or proposed by the FASB, based on the Company's preliminary assessment, the Company does not believe any of those accounting pronouncements have had or will have a material impact on its financial position or operating results.

Note 3 – Fair Value Measurements

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The carrying amounts of prepaid expenses and other current assets, accounts payable, accrued liabilities and other current liabilities are reasonable estimates of their fair value due to the short-term nature of these accounts.

The Company's cash and cash equivalents are classified using Level 1 inputs within the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. There were no transfers between levels of the fair value hierarchy during the six months ended June 30, 2021.

The following table summarizes financial assets that the Company measured at fair value on a recurring basis, classified in accordance with the fair value hierarchy (in thousands):

	Fair Value Measurements at Reporting Date Using:			
	Level 1	Level 2	Level 3	Total
As of June 30, 2021:				
Money market funds	\$ 113,238	\$ —	\$ —	\$ 113,238
Commercial paper	—	31,961	—	31,961
U.S. government securities	—	9,108	—	9,108
U.S. agency bonds	—	6,062	—	6,062
Corporate debt securities	—	3,502	—	3,502
Total investments	<u>\$ 113,238</u>	<u>\$ 50,633</u>	<u>\$ —</u>	<u>\$ 163,871</u>
Reported as:				
Cash and cash equivalents				\$ 117,237
Short-term investments				46,634
Total investments				<u>\$ 163,871</u>

	Fair Value Measurements at Reporting Date Using:			
	Level 1	Level 2	Level 3	Total
As of December 31, 2020:				
Cash and cash equivalents	<u>\$ 19,257</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 19,257</u>

Cash Equivalents and AFS Securities

Financial assets measured at fair value on a recurring basis consist of the Company's cash equivalents and AFS securities. The Company obtains pricing information from its investment manager and generally determines the fair value of investment securities using standard observable inputs, including reported trades, broker/dealer quotes, and bids and/or offers.

Investments are classified as Level 1 within the fair value hierarchy if their quoted prices are available in active markets for identical securities. Investments in money market funds were classified as Level 1 instruments.

Investments in commercial paper, corporate debt securities, U.S. government securities and U.S. agency bonds are valued using Level 2 inputs. The Company classifies investments within Level 2 if the investments are valued using model driven valuations using observable inputs such as quoted market prices, benchmark yields, reported trades, broker/dealer quotes or alternative pricing sources with reasonable levels of price transparency. Investments are held by custodians who obtain investment prices from a third-party pricing provider that incorporates standard inputs in various asset price models.

As of June 30, 2021, the amortized cost of the Company's AFS securities approximated their fair value. There was no material realized or unrealized gains or losses, either individually or in the aggregate.

The contractual maturities of the Company's AFS securities were as follows (in thousands):

	June 30, 2021
Due within one year	\$ 31,464
Due within one to two years	15,170
Total	<u>\$ 46,634</u>

Convertible Promissory Notes

As further described in Note 5, the Company issued convertible promissory notes in October 2019 (the "2019 Notes") and in June 2020 (the "2020 Notes") to investors. The Company elected the fair value option for the convertible promissory notes. The fair value of the convertible promissory notes was determined using a scenario-based analysis that estimated the fair value of the convertible promissory notes based on the probability-weighted present value of expected future investment returns, considering possible outcomes available to the noteholders, including conversions in subsequent equity financings. The 2019 Notes and 2020 Notes were valued upon issuance, remeasured to fair value each reporting period and remeasured immediately prior to conversion into Series B convertible preferred stock based on changes in the expected time to closing ranging from 0 to 0.67 years and the relevant discount rate of 25% during the period. In September 2020, the 2019 Notes and 2020 Notes were converted to 1,905,688 shares of Series B convertible preferred stock.

There were no liabilities measured at fair value on a recurring basis as of June 30, 2021 and December 31, 2020.

The following table provides a reconciliation of all liabilities measured at fair value using Level 3 significant unobservable inputs (in thousands):

	Convertible Promissory Notes
Fair value as of December 31, 2019	\$ 2,751
Change in fair value of convertible promissory notes (Note 5)	133
Fair value as of June 30, 2020	<u>\$ 2,884</u>

Note 4 – Related Party Transactions

As further described in Note 5, the Company issued the 2019 Notes in October 2019 to certain holders of convertible preferred stock, for an aggregate purchase price of \$2.5 million and the 2020 Notes in June 2020 to certain holders of convertible preferred stock, for an aggregate purchase price of \$6.4 million. In September 2020, all outstanding convertible promissory notes with a total fair value of \$11.2 million and accrued interest of \$167,000 were converted to 1,905,688 shares of Series B convertible preferred stock. The change in fair value of the convertible promissory notes for the three and six months ended June 30, 2020 was \$5,000 and \$133,000, respectively.

Note 5 – Convertible Promissory Notes

In October 2019, the Company entered into a convertible note purchase agreement with certain holders of preferred stock and issued the 2019 Notes for an aggregate purchase price of \$2.5 million. The 2019 Notes bore an interest rate of the lesser of (a) 5% per annum and (b) the maximum rate permissible by law. The 2019 Notes were due and payable on demand from the holders on or after 18 months after the date of issuance ("2019 Notes Maturity Date"), unless repaid in full or automatically converted per the Automatic Conversion feature. Under the Automatic Conversion feature, the 2019 Notes were to automatically convert to convertible preferred stock, upon the closing of the Company's next issuance of preferred stock for capital-raising purposes resulting in net proceeds to the Company of at least \$10.0 million (excluding any amounts received in connection with the conversion of the 2019 Notes) ("Future Qualifying Financing"). The 2019 Notes would convert into that whole number of shares of the securities equal to the number obtained by dividing the principal plus accrued interest of the 2019 Notes by 80% of the price per share paid by cash investors in the Future Qualifying Financing. The convertible notes included other optional redemption features as follows (i) optionally converted upon a non-qualified equity financing with a conversion price of 80% of the price paid per share in such financing, (ii) any time after the 2019 Notes Maturity Date, demand immediate repayment of an amount equal to the then-outstanding loan balance, or convert the outstanding loan balance into shares of common stock of the Company in an amount equal to the ratio of the then-outstanding loan balance over the ratio of \$38.4 million divided by the number of shares of capital stock of the Company outstanding, (iii) automatically upon the occurrence of change in control or an IPO with a conversion of the loan balance into shares of common stock in an amount equal to the ratio of the then-outstanding loan balance over the ratio of \$76.8 million divided by the fully diluted capitalization prior to the change in control or IPO, or demand immediate repayment of two times the outstanding loan balance, and (iv) upon certain events of default, immediately due and payable in full.

In June 2020, the Company entered into a convertible note purchase agreement with certain holders of preferred stock and issued the 2020 Notes for an aggregate purchase price of \$6.4 million. The 2020 Notes bore an interest rate of the lesser of (a) 5% per annum and (b) the maximum rate permissible by law. The 2020 Notes were due and payable on demand from the holders on or after 18 months after the date of issuance ("2020 Notes Maturity Date"), unless repaid in full or automatically converted per the Automatic Conversion feature. Under the Automatic Conversion feature, the 2020 Notes were to automatically convert to convertible preferred stock, upon the closing of the Company's next issuance of preferred stock for capital-raising purposes resulting in net proceeds to the Company of at least \$10.0 million (excluding any amounts received in connection with the conversion of the 2020 Notes) ("Qualifying Financing"). The 2020 Notes would convert into that whole number of shares of the securities equal to the number obtained by dividing the principal plus accrued interest of the 2020 Notes by 80% of the price per share paid by cash investors in the Qualifying Financing. The convertible notes included other optional redemption features as follows (i) optionally converted upon a non-qualified equity financing with a conversion price of 80% of the price paid per share in such financing, (ii) any time after the 2020 Notes Maturity Date, demand immediate repayment of an amount equal to the then-outstanding loan balance, or convert the outstanding loan balance into shares of common stock of the Company in an amount equal to the ratio of the then-outstanding loan balance over the ratio of \$38.4 million divided by the number of shares of capital stock of the Company outstanding, (iii) automatically upon the occurrence of change in control or an IPO with a conversion of the loan balance into shares of common stock in an amount equal to the ratio of the then-outstanding loan balance over the ratio of \$76.8 million divided by the fully diluted capitalization prior to the change in control or IPO, or demand immediate repayment of two times the outstanding loan balance, (iv) automatically upon the consummation of a transaction in which the Company merges with a public company and (v) upon certain events of default, immediately due and payable in full.

For the three and six months ended June 30, 2020, the Company recognized interest expense of \$33,000 and \$64,000, respectively, in connection with the 2019 Notes. In September 2020, all outstanding convertible promissory notes with a total fair value of \$11.2 million and accrued interest of \$167,000 were converted to 1,905,688 shares of Series B convertible preferred stock.

Note 6 – Convertible Preferred Stock and Stockholders' Equity (Deficit)

In 2020, the Company amended its Certificate of Incorporation to authorize the issuance of 24,000,000 shares of common stock, par value \$0.001 per share, and 16,273,406 shares of preferred stock, par value \$0.001 per share, of which 3,731,208 shares were designated Series A convertible preferred stock and 12,542,198 shares were designated Series B convertible preferred stock.

In connection with the reverse stock split on April 16, 2021, the Company filed a certificate of amendment to its certificate of incorporation, which authorized 260,000,000 shares of capital stock, consisting of 250,000,000 shares of common stock, par value \$0.001 per share, and 10,000,000 shares of undesignated preferred stock, par value \$0.001 per share, that may be issued from time to time by the Company's Board of Directors in one or more series. Of the 250,000,000 shares of common stock, 200,000,000 shares were designated as "Common Stock" and 50,000,000 shares were designated as "Non-Voting Common Stock". As of June 30, 2021, there were no preferred stock issued and outstanding.

Convertible Preferred Stock

Series A Convertible Preferred Stock. In April 2018, the Company entered into a Series A convertible preferred stock purchase agreement, pursuant to which the Company issued 2,098,269 shares of Series A convertible preferred stock for an aggregate purchase price of \$11.0 million, net of issuance costs. In December 2018, the Company issued an additional 1,390,788 shares of Series A convertible preferred stock for an aggregate purchase price of \$7.3 million, net of issuance costs.

Series B Convertible Preferred Stock. In September 2020, the Company entered into a Series B convertible preferred stock purchase agreement, pursuant to which the Company issued 10,636,510 shares of Series B convertible preferred stock for an aggregate purchase price of \$63.2 million, net of issuance costs.

Prior to the IPO, the Company's Series A and Series B convertible preferred stock were classified as temporary equity on the accompanying balance sheet instead of in stockholders' equity (deficit) as events triggering redemption were not solely within the Company's control because the preferred stockholders had the ability to effect a liquidation event.

On April 27, 2021, immediately prior to the closing of the IPO, 8,344,905 shares of the Company's convertible preferred stock were exchanged for 7,727,470 shares of non-voting common stock and 7,928,501 shares of the Company's convertible preferred stock converted into 7,341,860 shares of common stock. There were no outstanding shares of the Company's convertible preferred stock as of June 30, 2021.

Equity Incentive Plan

In August 2020, the Company's Board of Directors amended the Amended and Restated 2018 Stock Option—Stock Issuance Plan (the "2018 Plan") to increase the maximum number of shares of common stock that may be issued over the term of the plan. The 2018 Plan provides for the grant of stock options, non-statutory stock options, incentive stock options and stock issuances to employees, nonemployees and consultants of the Company.

In April 2021, the Company's 2021 Equity Incentive Plan (the "2021 Plan") was approved by the Company's Board of Directors and became effective on April 15, 2021. Upon the effectiveness of the 2021 Plan, no further grants may be made under the Company's 2018 Plan.

The 2021 Plan allows the Company to grant equity-based awards to its officers, employees, directors and other key persons (including consultants). The Company initially reserved up to 3,246,120 shares of common stock for issuance under the 2021 Plan, plus (i) 1,722 shares that remained available for the issuance of awards under the 2018 Stock Option—Stock Issuance Plan (the "Plan") at the time the 2021 Plan became effective, and (ii) any shares subject to outstanding options or other share awards that were granted under the Plan that terminate or expire prior to exercise or settlement; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price. The 2021 Plan provides that the number of shares reserved and available for issuance under the plan will automatically increase each January 1, beginning on January 1, 2022 and each January 1 thereafter through January 31, 2032, by 4.0% of the outstanding number of shares of common stock on the immediately preceding December 31, or such lesser number of shares as determined by the Company's Board of Directors.

A summary of the Company's stock option activities during the six months ended June 30, 2021 is as follows (in thousands, except share and per share amounts and years):

	Total Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contract Term	Aggregate Intrinsic Value
Outstanding as of December 31, 2020	882,942	\$ 3.72	9.0	\$ 1,263
Granted	691,196	\$ 11.58		
Exercised	(21,430)	\$ 3.95		
Forfeited or cancelled	(14,858)	\$ 3.99		
Outstanding as of June 30, 2021	1,537,850	\$ 7.25	9.2	\$ 14,676
Vested and expected to vest as of June 30, 2021	1,537,850	\$ 7.25	9.2	\$ 14,676
Vested and exercisable as of June 30, 2021	450,607	\$ 3.71	8.2	\$ 4,471

The weighted-average grant date fair values of employee option grants during the six months ended June 30, 2021 and 2020 were \$11.58 and \$2.34 per share, respectively. The weighted-average grant date fair values of employee options forfeited during the six months ended June 30, 2021 was \$3.07 per share. There were no employee options forfeited during the six months ended June 30, 2020.

Employee Stock Purchase Plan

The 2021 Employee Share Purchase Plan (the "ESPP") was approved by the Board of Directors and became effective on April 15, 2021. The ESPP initially reserved and authorized the issuance of up to 259,689 shares of common stock to participating employees. Under the ESPP, eligible employees can contribute up to 15% of their eligible compensation, as defined in the ESPP, towards the purchase of the Company's common stock at a price of 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the last trading day of the offering period. The ESPP provides for twenty-four-month offering periods with four six-month purchase periods in each offering period. The ESPP provides that the number of shares reserved and available for issuance will automatically increase each January 1, beginning on January 1, 2022 and each January 1 thereafter through January 31, 2032, by 1.0% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year. As of June 30, 2021, no shares had been issued under the ESPP, and the full number of shares authorized under the ESPP was available for issuance.

Liability for Restricted Stock

In 2017, the Company entered into restricted stock purchase agreements with various employees for 3,518,842 shares of common stock, which are subject to time-based vesting. The Company has the option to repurchase any unvested shares at the original purchase price upon any voluntary or involuntary separation of an employee from the Company. The shares purchased pursuant to the restricted stock purchase agreements are not deemed, for accounting purposes, to be outstanding until those shares vest. The cash received in exchange for unvested shares of the restricted stock granted were recorded as a liability on the accompanying condensed balance sheet and were transferred into common stock and additional paid-in capital as the restricted stock vests.

The Company issued 532,455 shares in 2020 in connection with the vesting of the restricted stock. As of December 31, 2020, no shares remained subject to repurchase by the Company.

Stock-Based Compensation Expense

The Company recognized stock-based compensation expense as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Research and development	\$ 634	\$ 118	\$ 769	\$ 245
General and administrative	159	78	189	150
	\$ 793	\$ 196	\$ 958	\$ 395

The weighted-average assumptions used in the Black-Scholes option pricing model to determine the fair value of the stock option grants were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Risk-free interest rate	0.8%–1.1%	0.4%	0.8%–1.1%	0.4%–0.9%
Expected volatility	115.3%–116.6%	100.0%	115.3%–118.7%	96.9%–100.0%
Expected term (in years)	5.0–6.1	5.7	5.0–6.1	5.3–5.7
Expected dividend yield	0%	0%	0%	0%

As of June 30, 2021, the unrecognized compensation cost related to outstanding options was \$8.5 million and is expected to be recognized as expense over approximately 3.5 years.

The weighted average assumptions used Black-Scholes option pricing model to estimate the fair value of purchase rights granted under the ESPP were as follows:

	Three Months Ended June 30, 2021
Risk-free interest rate	0.1%
Expected volatility	127.8%
Expected term (in years)	1.4
Expected dividend yield	0%

As of June 30, 2021, there was \$0.7 million of unrecognized compensation cost related to the ESPP and is expected to be recognized over approximately 2.0 years.

The determination of the fair value of share-based payment awards utilizing the Black-Scholes option-pricing model is affected by the Company's stock price and the following assumptions:

Risk-free interest rate. The risk-free interest rate assumption is based on the U.S. Treasury instruments, the terms of which were consistent with the expected term of the Company's stock-based awards.

Expected volatility. Due to the Company's limited operating history and lack of company-specific historical or implied volatility as a private company, the expected volatility assumption was determined by examining the historical volatilities of a group of industry peers whose share prices are publicly available.

Expected term. The expected term represents the weighted-average period the stock-based awards are expected to be outstanding. The Company uses the simplified method for estimating the expected term. The simplified method calculates the expected term as the average of the time-to-vesting and the contractual life of the stock-based awards.

Expected dividend yield. The expected dividend assumption is based on the Company's history and expectation of dividend payouts. The Company has not paid and does not intend to pay dividends.

Forfeitures. The Company reduces stock-based compensation expense for actual forfeitures during the period.

Common Stock Reserved for Future Issuance

Common stock reserved for future issuance consist of the following:

	June 30, 2021	December 31, 2020
Stock options	1,537,850	882,942
Reserved for future equity award grants	3,139,842	582,203
Reserved for future ESPP issuances	259,689	—
Convertible preferred stock	—	15,069,330
Total	<u>4,937,381</u>	<u>16,534,475</u>

Note 7 – License Agreements

The Company has entered into license agreements, accounted for as asset acquisitions, under which the Company is required to use commercially reasonable efforts to meet certain specified development and regulatory milestones related to the licensed technologies within specified time periods. In consideration of the rights granted to the Company under the agreements, the Company is required to make cash milestone payments to the licensors upon the completion of certain development, regulatory and commercial milestones. For the arrangements that the Company accounted for as asset acquisitions, contingent consideration liabilities are recorded as an additional cost of the acquired assets when the contingency is resolved, and the consideration is paid or becomes payable. Additionally, the Company has agreed to pay royalties on net sales of products applicable to the license agreements. The Company may terminate the agreements upon written notice to the licensors.

Drexel License Agreement and Sponsored Research Agreement

On July 30, 2020 (the "Effective Date"), the Company entered into an intellectual property license agreement (the "Drexel License Agreement") with Drexel University ("Drexel"). Pursuant to the Drexel License Agreement, Drexel granted to the Company (i) a worldwide, exclusive license to make and commercialize products under a single issued patent and two patent applications related to RAD52 inhibitors for the treatment of cancer (the "Patent Rights") and (ii) a worldwide, nonexclusive license to make, use and commercialize certain technical information and know-how related to the Patent Rights. The license grant includes the right to sublicense after the first anniversary of the Effective Date, subject to express conditions set forth in the Drexel License Agreement.

The Company is obligated to use commercially reasonable efforts to (i) develop, commercialize, market and sell licensed products in a manner consistent with a development plan and (ii) achieve certain milestone events, including, among other things, receiving investigational new drug application ("IND") approval for a licensed product by the fourth anniversary of the Effective Date. Under the Drexel License Agreement, for a period of five years from the Effective Date, the Company is granted a first option to license Drexel's rights in certain improvements, developments or inventions developed by Drexel (or jointly by the parties) during the five-year period that are directly related to the licensed products or to RAD52 or compounds that have been generated to specifically target RAD52.

In addition to a one-time, non-refundable initiation fee of \$20,000 paid in four equal installments of \$5,000 each within ten days after the Effective Date and six, twelve and eighteen months after the Effective Date, the Drexel License Agreement requires the Company to make further payments to Drexel of up to an aggregate of \$6.25 million, for the achievement of specified development milestones for certain licensed products. The Company is also required to reimburse Drexel (i) after the filing of the first IND for the first licensed product, for all costs related to the filing, prosecution and maintenance of the Patent Rights accumulated prior to the Effective Date, and (ii) for all reasonable costs related to the filing, prosecution and maintenance of the Patent Rights after the Effective Date. In addition, the Company is also required to pay Drexel, on a quarterly basis, a low single digit royalty on net sales by the Company, its affiliates and sublicensees of certain licensed products, subject to specified reductions and a minimum quarterly royalty payment of up to \$6,250.

Unless sooner terminated or extended, the term of the Drexel License Agreement with respect to any licensed product and country continues until the later of (i) the expiration or abandonment of the last-to-expire valid claim of the Patent Rights that covers the sale of such licensed product in such country, (ii) the expiration of any granted statutory period of marketing and/or data exclusivity for such licensed product that confers upon the Company exclusive commercialization, (iii) the month of the first sale of a generic equivalent of such licensed product in such country and (iv) ten years after the first sale of the first licensed product.

The Company made payments of nil and \$19,000 under the Drexel License Agreement for the three and six months ended June 30, 2021, respectively. No similar payment was made for the three and six months ended June 30, 2020.

Daiichi Sankyo License Agreement

On September 2, 2020, the Company licensed the rights to milademetan (DS-3032b) for all human prophylactic or therapeutic uses in all countries and territories of the world from Daiichi Sankyo Company, Limited, ("Daiichi Sankyo"), a Japanese corporation (the "Daiichi Sankyo License Agreement"). Daiichi Sankyo conducted clinical studies of milademetan prior to the Company's licensing the rights to this product. The Company refers to this product candidate as milademetan.

Under the Daiichi Sankyo License Agreement, the Company obtained worldwide, sublicensable exclusive rights to seven families of patents with respect to milademetan. While the Company is solely responsible under the Daiichi Sankyo License Agreement for the research, development and registration of milademetan, Daiichi Sankyo has the right to continue to conduct three ongoing clinical trials and prepare final reports with respect to these clinical trials. The Company has agreed to reimburse Daiichi Sankyo certain third-party expenses incurred while conducting such trials.

The Company is obligated to use commercially reasonable efforts to develop, commercialize and manufacture milademetan and to commercially launch milademetan as soon as reasonably practicable after receiving the requisite approvals from the authorities in any given country. The Company is also obligated to use commercially reasonable efforts to receive at least three full approvals for use in each of the following countries: France, Germany, Italy, Spain, the United Kingdom, the United States and one country outside of the United States and the European Union. In accordance with the terms of the Daiichi Sankyo License Agreement, the Company paid Daiichi Sankyo an initial upfront payment of \$5.0 million in September 2020. The Company is required to make aggregate future milestone payments of up to an aggregate of \$225.0 million on the attainment of certain development and sales milestones. None of the milestones have been achieved. Additionally, the Company is required to pay Daiichi Sankyo a high single digit royalty based on the annual net sales of milademetan, to be reduced to an agreed rate upon expiration of the licensed patent in the particular country wherein sales are made. To date, no royalty payments have been made to Daiichi Sankyo under the Daiichi Sankyo License Agreement. The royalty obligation terminates on a country-by-country and on a product-by-product basis on the later of: (i) loss of all market exclusivity for such product in such country, (ii) the last-to-expire patent that covers the licensed compound or the product in such country and (iii) twelve years from launch of the first product sold by the Company in such country.

Unless sooner terminated or extended, the Daiichi Sankyo License Agreement will remain in full force and effect until the Company, its affiliates and its sublicensees cease all development and commercial activity related to milademetan. Either party may terminate the Daiichi Sankyo License Agreement for cause in the event of an uncured material breach (subject to a 90-day cure period).

The Company made no payments under the Daiichi Sankyo License Agreement for the six months ended June 30, 2021 and 2020.

Note 8 – Commitments and Contingencies**Leases**

In September 2018, the Company entered into a noncancelable operating lease agreement for office space for its corporate headquarters in Newark, California with an initial term of 5.25 years. The lease commenced in January 2019 and ends March 2024. Under the terms of the lease, the Company pays annual base rent, subject to an annual fixed percentage increase of 3% on March 1st of each year. The Company is obligated to pay for its share of direct expenses including operating expense and taxes, which are considered variable lease costs and are expensed as incurred.

In March 2020, Governor Newsom issued State of California Executive Order No. N-33-20 instructing all individuals in California to stay at home due to the COVID-19 pandemic. In connection with such order, the Company entered into an amendment to the noncancelable operating lease agreement in June 2020. The amendment provided the Company rent relief for three months in 2020. In consideration of the rent relief, the Company agreed to adjust the base rent annual fixed percentage increase of 3% on February 1st of each year and extend the lease until September 2024. The amendment was determined to be a lease modification that qualified as a change of accounting on the existing lease and not a separate contract. Remeasurement of the right-of-use asset and operating lease liabilities at the date of modification did not result in a material increase of the right-of-use asset and operating lease liabilities.

The future minimum lease payments required under the operating lease as of June 30, 2021, are summarized as follows (in thousands):

2021 - remainder	\$	81
2022		167
2023		171
2024		129
Total minimum lease payments	\$	548
Less: amount representing interest		(76)
Present value of operating lease liabilities	\$	472
Operating lease liabilities, current		157
Operating lease liabilities, non-current		315
Total operating lease liabilities	\$	472
Weighted-average remaining lease term (in years)		3.2
Weighted-average incremental borrowing rate		10.0%

The table below summarizes the Company's lease costs and cash payments in connection with operating lease obligations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Total operating lease expense	\$ 40	\$ 40	\$ 80	\$ 80
Operating cash flows used for operating lease	41	39	81	78

Contingencies

In the event the Company becomes subject to claims or suits arising in the ordinary course of business, the Company would accrue a liability for such matters when it is probable that future expenditures will be made, and such expenditures can be reasonably estimated.

Note 9 – Net Loss Per Share

The following tables summarize the computation of the basic and diluted net loss per share (in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator:				
Net loss	\$ (8,183)	\$ (2,624)	\$ (14,983)	\$ (5,193)
Denominator:				
Weighted-average shares of common stock outstanding, basic and diluted	20,825,334	3,518,842	12,225,929	3,518,841
Less: weighted-average unvested common stock	—	(158,454)	—	(268,802)
Weighted-average shares used to compute net loss per share, basic and diluted	20,825,334	3,360,388	12,225,929	3,250,039
Net loss per share, basic and diluted	<u>\$ (0.39)</u>	<u>\$ (0.78)</u>	<u>\$ (1.23)</u>	<u>\$ (1.60)</u>

The following table sets forth the outstanding potentially dilutive securities that have been excluded in the calculation of diluted net loss per share because their inclusion would be anti-dilutive:

	As of June 30,	
	2021	2020
Stock options granted and outstanding	1,537,850	577,361
Series A convertible preferred stock	—	3,731,208
Series B convertible preferred stock	—	—
Unvested common stock subject to repurchase	—	116,673
Total	<u>1,537,850</u>	<u>4,425,242</u>

Note 10 – Subsequent Events

On July 20, 2021, the Company announced that the first patient has been randomized in the multicenter, open-label, Phase 3 registrational trial (MANTRA) evaluating milademetan, an oral mouse double minute 2 (MDM2) inhibitor, for the treatment of de-differentiated liposarcoma. Accordingly, under the Daiichi Sankyo License Agreement, the Company is obligated to pay Daiichi Sankyo \$2.5 million in a milestone payment within 30 days upon receipt of invoice. The Company made no payments under the Daiichi Sankyo License Agreement for the six months ended June 30, 2021 and 2020.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q includes forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), which are subject to the "safe harbor" created by those sections, that involve a number of risks, uncertainties and assumptions. These forward-looking statements can generally be identified as such because the context of the statement will include words such as "may," "will," "intend," "plan," "believe," "anticipate," "expect," "estimate," "predict," "potential," "continue," "likely," "forecast," "target," or "opportunity," the negative of these words or other similar words. Similarly, statements that describe our plans, strategies, intentions, expectations, objectives, goals or prospects and other statements that are not historical facts are also forward-looking statements. For such statements, we claim the protection of the Private Securities Litigation Reform Act of 1995. Readers of this Quarterly Report are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the time this Quarterly Report was filed with the Securities and Exchange Commission (SEC). These forward-looking statements are based largely on our expectations and projections about future events and future trends affecting our business, and are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. These risks and uncertainties include, without limitation, the risk factors identified in our SEC reports, including our Quarterly Report on Form 10Q for the quarter ended March 31, 2021. In addition, past financial or operating performance is not necessarily a reliable indicator of future performance, and you should not use our historical performance to anticipate results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. Except as required by law, we undertake no obligation to update publicly or revise our forward-looking statements.

Overview

We are a late-stage precision oncology company developing therapies that target oncogenic drivers for which we are able to genetically select patients we believe will most likely benefit. This approach includes using a tumor-agnostic strategy to select patients based on their tumors' underlying genetics rather than histology. We have in-licensed product candidates, each with a differentiated profile relative to available therapies, and we intend to continue strengthening our pipeline through focused business development and internal research efforts. Our lead product candidate, milademetan (RAIN-32), is a small molecule, oral inhibitor of mouse double minute 2 (MDM2), which is oncogenic in numerous cancers. We in-licensed milademetan in September 2020 based on the results of a Phase 1 clinical trial, which demonstrated meaningful antitumor activity in an MDM2-amplified subtype of LPS and other solid tumors. Data from well-differentiated/differentiated (WD/DD) liposarcoma (LPS) patients in the Phase 1 clinical trial of milademetan demonstrated median progression-free survival (mPFS) approximately three to four times greater than trabectedin or eribulin, the current standard of care (SOC). Importantly, this result was accomplished with a rationally-designed dosing schedule designed to mitigate safety concerns and widen the therapeutic window of MDM2 inhibition unlocking the potential for milademetan in a broad range of MDM2-dependent cancers. Based on these data, we commenced a pivotal Phase 3 trial in LPS in July 2021 and we anticipate commencing a Phase 2 tumor-agnostic basket trial in certain solid tumors in the second half of 2021 and a Phase 2 trial in intimal sarcoma by early 2022. In addition to milademetan, we are also developing a preclinical program that is focused on inducing synthetic lethality in cancer cells by inhibiting RAD52.

Since our inception in 2017, we have incurred significant operating losses and have utilized substantially all of our resources to date in in-licensing and developing our product candidates, organizing and staffing our company and providing other general and administrative support for our operations. As of June 30, 2021, we had an accumulated deficit of \$53.6 million and we incurred net losses of approximately \$15.0 million and \$5.2 million for the six months ended June 30, 2021 and 2020, respectively. Our operations to date have been funded primarily through the issuance of convertible promissory notes, the issuance of convertible preferred stock, as well as issuance and sale of common stock through our initial public offering (IPO). From our inception through June 30, 2021, we have raised aggregate gross proceeds of \$9.9 million from the issuance of convertible promissory notes and \$81.9 million from the issuance of convertible preferred stock. On April 27, 2021, we completed our IPO in which we issued and sold 7,352,941 shares of common stock at a public offering price of \$17.00 per share. On May 11, 2021, we issued an additional 492,070 shares of common stock in connection with the exercise of the underwriters' option to purchase additional shares at the public offering price. Our net proceeds from the sale of shares in the IPO, including the sale of shares pursuant to the exercise of the underwriters' option to purchase additional shares, was \$121.5 million, net of underwriting discounts and commissions, and other offering fees. As of June 30, 2021, we had cash, cash equivalents and short-term investments of \$164.6 million. Although we believe, based on our current business plans, that our existing cash, cash equivalents and short-term investments will

be sufficient to meet our obligations for at least the next twelve months, we anticipate that we will require additional capital in the future in order to continue the research and development of our drug candidates. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our product candidates. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years as we continue our development of, and seek regulatory approvals for, our product candidates and begin to commercialize any approved products, seek to expand our product pipeline, invest in our organization, as well as incur expenses associated with operating as a public company.

We do not expect to generate any revenue from product sales unless and until we successfully complete development and obtain regulatory approval for one or more product candidates, which will not be for many years, if ever. Accordingly, until such time as we can generate significant revenue from sales of our product candidates, if ever, we expect to finance our cash needs through public or private equity offerings, debt financings or other capital sources which may include strategic collaborations, licensing arrangements or other arrangements with third parties. We may be unable to raise additional funds or enter into such other agreements or arrangements when needed on favorable terms or at all. If we raise funds through strategic collaborations or other similar arrangements with third parties, we may have to relinquish valuable rights to our platform technology, future revenue streams, research programs or product candidates or we may have to grant licenses on terms that may not be favorable to us and/or may reduce the value of our common stock. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts. Our ability to raise additional funds may be adversely impacted by potential worsening of global economic conditions and disruptions to and volatility in the credit and financial markets in the United States and worldwide resulting from the ongoing COVID-19 pandemic or otherwise. Because of the numerous risks and uncertainties associated with our product development, we cannot predict the timing or amount of increased expenses and cannot assure you that we will ever be profitable or generate positive cash flow from operating activities. Based upon our current operating plan, we estimate that our cash, cash equivalents and short-term investments as of June 30, 2021 will be sufficient to fund our pivotal Phase 3 trial in LPS, Phase 2 tumor-agnostic basket trial in certain solid tumors and Phase 2 trial in intimal sarcoma including continuing to advance our pipeline through additional preclinical studies and clinical trials.

We do not own or operate, and currently have no plans to establish, any manufacturing facilities. We currently rely, and expect to continue to rely for the foreseeable future, on third parties for the manufacture of our drug candidates for preclinical and clinical testing, as well as for commercial manufacture of any drugs that we may commercialize. We expect to continue to develop drug candidates that can be produced cost-effectively at contract manufacturing facilities. For the milademetan program, we will select and transfer Daiichi Sankyo Company, Limited (Daiichi Sankyo) processes to suitable contract manufacturing organizations to supply active pharmaceutical ingredients and clinical drug product for our clinical trials and in preparation for submission of marketing applications and potential future commercial supplies.

COVID-19

The ongoing COVID-19 pandemic continues to rapidly evolve, and we will continue to monitor the COVID-19 situation closely. The extent of the impact of the COVID-19 pandemic on our business, operations and clinical development timelines and plans remains uncertain, and will depend on certain developments, including the duration and spread of the outbreak and its impact on our clinical trial enrollment, clinical trial sites, contract research organizations (CROs), third-party manufacturers and other third parties with whom we do business, as well as its impact on regulatory authorities and our key scientific and management personnel. To the extent possible, we are conducting business as usual, with necessary or advisable modifications to employee travel and most of our employees working remotely. We will continue to monitor the rapidly evolving situation related to the COVID-19 pandemic and may take further actions that alter our operations, including those that may be required by federal, state or local authorities, or that we determine are in the best interests of our employees and other third parties with whom we do business. At this point, the extent to which the COVID-19 pandemic may affect our business, operations and clinical development timelines and plans, including the resulting impact on our expenditures and capital needs, remains uncertain and is subject to change.

Recent Developments

In June 2021, we announced a patient referral partnership with Caris Life Sciences (“Caris”). Under the terms of the partnership, Caris will provide patient referral services using their molecular intelligence trials platform for our planned Phase 2 MDM2-amplified tumor-agnostic basket trial for milademetan.

Also in June 2021, we announced a master program and a genomic analysis platform agreement for comprehensive genomic profiling tests utilizing the genomic analysis platform of Tempus, an artificial intelligence and precision medicine company. Under the terms of the agreement, Tempus will provide both centralized tumor testing and patient matching services using their Connect & TIME Trial® Network for the planned Phase 2 MDM2-amplified tumor-agnostic basket trial for milademetan.

Our Development Pipeline

Our development pipeline is unified by a strategy to target oncogenic drivers through differentiated therapies for which we are able to genetically select the patients we believe will be most likely to benefit from treatment. We currently retain global development and commercialization rights to all of our product candidates.

Overview of Milademetan

Our lead product candidate, milademetan, is a small molecule, oral inhibitor of MDM2 and is being developed in patients with MDM2-dependent cancers. Historically, MDM2 inhibition has presented treatment challenges due to dose-limiting, on-target hematologic toxicities. We believe an MDM2-targeted therapy must possess certain pharmacological characteristics related to potency, pharmacokinetics and drug accumulation to allow for the design of an optimized dosing schedule. An optimized dosing schedule is intended to improve peak drug exposure leading to apoptosis and cell cycle arrest during the dosing period, while permitting hematopoietic precursor cell recovery during the dosing break, thereby minimizing hematologic toxicity. Residual drug concentration, due to poor drug clearance or tissue accumulation during the dosing break may otherwise prevent recovery from thrombocytopenia. Milademetan's differentiated profile, as a potent MDM2 inhibitor with rapid plasma clearance and lack of drug accumulation in tissues, has enabled a rationally-designed dosing schedule that we believe has the potential to reduce toxicities while preserving activity. We anticipate that this dosing schedule may also be applicable to other MDM2-dependent cancer populations across solid and hematologic tumor types.

In September 2020, we in-licensed milademetan from Daiichi Sankyo. Daiichi Sankyo previously conducted a Phase 1 clinical trial in WD/DD LPS patients. Liposarcomas are the most common sarcomas in adults. WD and DD LPS represent subtypes of LPS. The DD subtype often develops within WD tumor mass at disease progression or recurrence of resected WD LPS. WD/DD LPS tumors have nearly universal MDM2 amplification and wild type (WT) p53, and hence we believe WD/DD LPS patients represent an appropriate population for MDM2 inhibition therapy. Data from a WD/DD LPS patients in the Phase 1 clinical trial of milademetan demonstrated mPFS approximately three to four times greater than trabectedin or eribulin, the current SOC. Importantly, this result was accomplished with a rationally-designed dosing schedule designed to mitigate safety concerns and widen the therapeutic window of MDM2 inhibition, establishing potential for a differentiated profile. In July 2021, we announced that the first patient has been randomized in the multicenter, open-label, Phase 3 registrational trial (MANTRA) evaluating milademetan for the treatment of DD LPS. Accordingly, under the Daiichi Sankyo License Agreement, we are obligated to pay Daiichi Sankyo \$2.5 million in a milestone payment within 30 days upon receipt of invoice. The MANTRA trial is designed to evaluate the safety and efficacy of milademetan compared to trabectedin, a current standard of care, in patients with unresectable or metastatic DD LPS with or without a WD LPS component that has progressed on one or more prior systemic therapies, including at least one anthracycline-based therapy. Approximately 160 patients are expected to be randomized in a 1:1 ratio to receive milademetan or trabectedin. The primary objective of the trial is to compare progression-free survival (PFS) by blinded independent review between the milademetan treatment arm and the trabectedin control arm. Secondary endpoints include overall survival, PFS by investigator assessment, objective response rate, duration of response, disease control rate, safety and patient reported outcomes. We anticipate top-line data from this trial in 2023. Further information about the clinical program is available on clinicaltrials.gov. Our commencement of a Phase 3 trial following the Phase 1 trial referenced above is based on the data observed in the Phase 1 trial and FDA feedback with respect to our development plan. In July 2021, we also provided an update on patients continuing to receive milademetan monotherapy from the previously concluded Phase 1 dose escalation and expansion study. As of July 1, 2021, three WD/DD LPS patients received therapy with milademetan monotherapy for greater than 51 months. Two of these patients continue to receive therapy with durations now at 51 and 57 months without disease progression, and an additional patient received therapy for greater than 59 months before discontinuation in the second quarter of 2021. We believe this highlights the potential for milademetan to have a favorable long-term tolerability and safety profile. We also plan to evaluate milademetan in other MDM2-dependent cancers in an open-label Phase 2 tumor-agnostic basket trial for milademetan for which there will be pre-specified MDM2 amplification levels and WT p53. This Phase 2 basket trial is expected to commence in the

second half of 2021. We anticipate interim efficacy and safety results in the second half of 2022. We also intend to commence a Phase 2 trial in patients with intimal sarcoma by early 2022.

Overview of RAD52

We are also developing a preclinical program focused on targeting RAD52 in the DNA damage repair pathway. While our RAD52 program is in an early stage of development, we expect to develop this program for patients with a molecularly diagnosed HRD+, such as mutations and loss-of-function in BRCA1/2 or others that utilize RAD52 as an alternative DNA repair pathway, as well as for patients that may have relapsed to poly (ADP ribose) polymerase (PARP) inhibitor therapy. There are currently no approved therapies or clinical programs in development targeting RAD52.

Targeting RAD52 represents a novel strategy for tumors exhibiting tumor HRD+ or a loss of function, of several pathway constituents, including BRCA1/2 or others in tumor types frequently characterized by these deficiencies. These tumors include breast, prostate, pancreatic, ovarian and possibly other cancers. Developmental paths for RAD52 inhibitors include as a monotherapy in HRD+ patients relapsing on PARP inhibitor therapy, or in front-line combinations with PARP inhibitors in HRD+ tumors.

Our RAD52 program is currently in lead optimization stage. We anticipate evaluating identified RAD52 inhibitor candidates in animal models of patient tumors with HRD+ that have relapsed on PARP inhibitors and in HRD+ tumors with a loss-of-function mutation of BRCA1/2 in combination with PARP inhibitors. Lead candidate selection is expected in 2022.

Collaboration and License Agreements

We are party to a number of license agreements for the in-license of our product candidates and development programs. See Note 7 to the Condensed Financial Statements.

Components of Our Results of Operations

Revenue

To date, we have not generated any revenue from product sales, licenses or collaborations and do not expect to generate any revenue from the sale of products in the foreseeable future. If our development efforts for our product candidates are successful and result in regulatory approval, we may generate revenue from future product sales. If we enter into license or collaboration agreements for any of our product candidates or intellectual property, we may generate revenue in the future from payments as a result of such license or collaboration agreements. We cannot predict if, when, or to what extent we will generate revenue from the commercialization and sale of our product candidates or from license or collaboration agreements. We may never succeed in obtaining regulatory approval for any of our product candidates.

Operating Expenses

Our operating expenses since inception have consisted solely of research and development costs, including acquisition of in-process research and development, and general and administrative costs.

Research and Development Expenses

To date, our research and development expenses have related to the discovery and clinical development of our product candidates, including acquisition of in-process research and development. Research and development expenses are recognized as incurred and payments made prior to the receipt of goods or services to be used in research and development are capitalized until the goods or services are received.

Research and development expenses include:

- salaries, payroll taxes, employee benefits and stock-based compensation charges for those individuals involved in research and development efforts;
- expenses incurred in connection with research, laboratory consumables and preclinical studies;

- external research and development expenses incurred under agreements with CROs and consultants to conduct and support our planned clinical trials of our product candidates;
- the cost of consultants engaged in research and development-related services and the cost to manufacture drug product for use in our preclinical studies and clinical trials;
- costs related to regulatory compliance;
- the cost of annual license fees and the cost of acquiring in-process research and development, including upfront license payments; and
- any development milestone payments that we may make under our license agreements.

We track external development costs by product candidate or development program, but we do not allocate personnel costs or other internal costs to specific development programs or product candidates as our personnel works across multiple development programs and product candidates. These costs are included in unallocated research and development expenses in the table below.

The following table summarizes our research and development expenses by product candidate or development program:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)		(in thousands)	
Milademetan	\$ 3,833	\$ —	\$ 6,237	\$ —
Other clinical candidate	259	1,473	1,337	3,235
Unallocated internal research and development costs	1,397	—	3,243	—
Total research and development expenses	\$ 5,489	\$ 1,473	\$ 10,817	\$ 3,235

We plan to substantially increase our research and development expenses for the foreseeable future as we continue to expand the development of our product candidates. The clinical development timeline, probability of success of clinical trials and development costs can differ materially from expectations. In addition, we cannot forecast which product candidates may be subject to future collaborations, when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

Our future clinical development costs may vary significantly. See the section titled “Risk Factors—Risks Related to Product Development—Preclinical and clinical development involves a lengthy and expensive process with uncertain outcomes, and results of earlier studies and trials may not be predictive of future clinical trial results. If our preclinical studies and clinical trials are not sufficient to support regulatory approval of any of our product candidates, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development of such product candidates.” disclosed in Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.

General and Administrative Expenses

General and administrative expenses consist of salaries and employee-related costs, including stock-based compensation, for personnel in executive, finance and other administrative functions, legal fees relating to intellectual property and corporate matters, professional fees for accounting and consulting services and facility-related costs. We anticipate that our general and administrative expenses will continue to increase in the future to support our continued research and development activities, pre-commercial preparation activities for our product candidates and, if any product candidate receives marketing approval, commercialization activities. We also anticipate increased expenses related to audit, legal, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance premiums and investor relations costs associated with operating as a public company.

Interest Income

Interest income consists of interest on our AFS securities.

Interest Expense

We did not have interest expense for the six months ended June 30, 2021. Interest expense for six months ended June 30, 2020 consisted of interest on the outstanding convertible promissory notes.

Results of Operations

Comparison of Three and Six Months Ended June 30, 2021 and 2020

The following table summarizes our results of operations for the three months ended June 30, 2021 and 2020, together with the changes in those items in dollars:

	Three Months Ended June 30,			Change	Six Months Ended June 30,			Change
	2021	2020			2021	2020		
	(in thousands)				(in thousands)			
Operating expenses:								
Research and development	\$ 5,489	\$ 1,473	\$ 4,016	\$ 10,817	\$ 3,235	\$ 7,582		
General and administrative	2,700	1,119	1,581	4,180	1,787	2,393		
Total operating expenses	8,189	2,592	5,597	14,997	5,022	9,975		
Loss from operations	(8,189)	(2,592)	(5,597)	(14,997)	(5,022)	(9,975)		
Other income (expense):								
Interest income	6	6	—	14	26	(12)		
Interest expense, related party	—	(33)	33	—	(64)	64		
Change in fair value of convertible promissory notes, related party	—	(5)	5	—	(133)	133		
Total other income (expense), net	6	(32)	38	14	(171)	185		
Net loss	\$ (8,183)	\$ (2,624)	\$ 5,559	\$ (14,983)	\$ (5,193)	\$ 9,790		

Research and Development Expenses

Research and development (R&D) expenses were \$5.5 million and \$1.5 million for the three months ended June 30, 2021 and 2020, respectively. The increase in R&D expenses was primarily due to increases in R&D costs for our lead product candidate, milademetan, as we launched our Phase 3 pivotal study in LPS in July 2021, as well as personnel costs. Non-cash stock-based compensation expenses, included as part of personnel costs, were \$0.6 million and \$0.1 million for the three months ended June 30, 2021 and 2020, respectively.

R&D expenses were \$10.8 million and \$3.2 million for the six months ended June 30, 2021 and 2020, respectively. The increase in R&D expenses was primarily related to milademetan and other research costs. Non-cash stock-based compensation expenses, included as part of personnel costs, were \$0.8 million and \$0.2 million for the six months ended June 30, 2021 and 2020, respectively. We expect our R&D costs to continue to increase in the remainder of 2021 as we continue our Phase 3 trial in LPS and initiate our Phase 2 tumor-agnostic basket trial for milademetan.

General and Administrative Expenses

General and administrative (G&A) expenses were \$2.7 million and \$1.1 million for the three months ended June 30, 2021 and 2020, respectively. The increase in G&A expenses was primarily due to increases in various third-party G&A costs, including legal costs, outside consulting fees, and accounting and audit fees associated with maintaining compliance with exchange listing and SEC requirements as a public company, and personnel costs as a result of continued growth in headcount. Non-cash stock-based compensation expense included in G&A expenses was approximately \$0.2 million and \$0.1 million for the three months ended June 30, 2021 and 2020, respectively.

G&A expenses were \$4.2 million and \$1.8 million for the six months ended June 30, 2021 and 2020, respectively. The increase in G&A expenses was primarily due to increases in various third-party G&A costs as well as personnel

costs. Non-cash stock-based compensation expense included in G&A expenses was \$0.2 million for each of the six months ended June 30, 2021 and 2020, respectively. We have incurred and expect to continue incur additional expenses as a result of being a public company following the completion of our IPO in April 2021, including costs associated with maintaining compliance with exchange listing and SEC requirements as a public company. In addition, we expect our general and administrative expenses to continue to increase in the remainder of 2021 as we continue to add personnel and build out systems and infrastructure to support our operations as a public company.

Other (Income) Expense

Other (income) expense, net with nominal amounts for the three and six months ended June 30, 2021 and 2020 represents interest income, interest expense on the outstanding convertible promissory notes and change in the fair value of our convertible promissory notes recorded in 2020.

Liquidity and Capital Resources

Since our inception, we have incurred significant operating losses. We expect to continue to incur significant expenses and operating losses for the foreseeable future as we advance the preclinical and clinical development of our research programs and product candidates. We expect that our research and development and general and administrative costs will increase in connection with conducting additional preclinical studies and clinical trials, expanding our intellectual property portfolio and providing general and administrative support for our operations. As a result, we will need additional capital to fund our operations, which we may obtain from additional equity or debt financings, collaborations, licensing arrangements or other sources.

We do not currently have any approved products and have not generated any revenue from product sales since inception. To date, we have financed our operations through the issuance of convertible promissory notes and the issuance of convertible preferred stock and common stock. From our inception through June 30, 2021, we have raised aggregate gross proceeds of \$9.9 million from the issuance of convertible promissory notes and \$81.9 million from the issuance of convertible preferred stock. On April 27, 2021, we completed our IPO in which we issued and sold 7,352,941 shares of common stock at a public offering price of \$17.00 per share. On May 11, 2021, we issued an additional 492,070 shares of common stock in connection with the exercise of the underwriters' option to purchase additional shares at the public offering price. Our net proceeds from the sale of shares in the IPO, including the sale of shares pursuant to the exercise of the underwriters' option to purchase additional shares, was \$121.5 million, net of underwriting discounts and commissions, and other offering fees. As of June 30, 2021, we had cash, cash equivalents and short-term investments of \$164.6 million. Although we believe, based on our current business plans, that our existing cash, cash equivalents and short-term investments will be sufficient to meet our obligations for at least the next twelve months, we anticipate that we will require additional capital in the future in order to continue the research and development of our drug candidates. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we expect.

Future Funding Requirements

We expect our expenses to increase substantially in connection with our ongoing development activities related to milademetan and other product candidates and programs, which are still in the early stages of development. In addition, following the IPO, we expect to incur additional costs associated with operating as a public company. We expect that our expenses will increase substantially if and as we:

- initiate clinical trials for our milademetan program and incur additional preclinical research costs for our RAD52 program;
- initiate and continue research and preclinical and clinical development of our other product candidates;
- seek to identify and develop additional product candidates;
- seek marketing approvals for any of our product candidates that successfully complete clinical trials, if any;
- establish a sales, marketing, manufacturing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;

- require the manufacture of larger quantities of our product candidates for clinical development and potentially commercialization;
- maintain, expand, protect and enforce our intellectual property portfolio;
- acquire or in-license other drugs and technologies;
- defend against any claims of infringement, misappropriation or other violation of third-party intellectual property;
- hire and retain additional clinical, quality control and scientific personnel;
- build out new facilities or expand existing facilities to support our ongoing development activity;
- add operational, financial and management information systems and personnel, including personnel to support our drug development, any future commercialization efforts and our transition to a public company;
- potentially experience the effects of the recent disruptions to and volatility in the credit and financial markets in the United States and worldwide from the ongoing COVID-19 pandemic; and
- operate as a public company.

Because of the numerous risks and uncertainties associated with the development of milademetan and other product candidates and programs and because the extent to which we may enter into collaborations with third parties for development of our product candidates is unknown, we are unable to estimate the timing and amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidates and programs. Our future capital requirements will depend on many factors, including:

- the scope, progress, results and costs of our current and future clinical trials of milademetan for our current targeted indications;
- the scope, progress, results and costs of drug discovery, preclinical research and clinical trials for RAD52 and our other product candidates;
- the number of future product candidates that we pursue and their development requirements;
- the costs, timing and outcome of regulatory review of our product candidates;
- the extent to which we acquire or invest in businesses, products and technologies, including entering into or maintaining licensing or collaboration arrangements for product candidates on favorable terms, although we currently have no commitments or agreements to complete any such transactions;
- the costs of preparing, filing and prosecuting patent applications, maintaining, protecting and enforcing our intellectual property rights and defending intellectual property-related claims;
- our headcount growth and associated costs as we expand our business operations and our research and development activities;
- our ability to successfully acquire or in-license other drugs and technologies;
- the costs and timing of future commercialization activities, including drug sales, marketing, manufacturing and distribution, for any of our product candidates for which we receive marketing approval, to the extent that such sales, marketing, manufacturing and distribution are not the responsibility of any collaborator that we may have at such time;
- the amount of revenue, if any, received from commercial sales of our product candidates, should any of our product candidates receive marketing approval; and
- the costs of operating as a public company.

Developing drug products, including conducting preclinical studies and clinical trials, is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval for any product candidates or generate revenue from the sale of any products for which we may obtain marketing approval. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of drugs that we do not expect to be commercially available for many years, if at all. Accordingly, we will need to obtain substantial additional funds to achieve our business objectives.

Until such time, if ever, as we can generate product revenues to support our cost structure, we expect to finance our cash needs through public or private equity offerings, debt financings or other capital sources which may include strategic collaborations, licensing arrangements or other arrangements with third parties. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through strategic collaborations or other similar arrangements with third parties, we may have to relinquish valuable rights to our technology, future revenue streams, research programs or product candidates or may have to grant licenses on terms that may not be favorable to us and/or may reduce the value of our common stock. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts. Our ability to raise additional funds may be adversely impacted by potential worsening global economic conditions and disruptions to and volatility in the credit and financial markets in the United States and worldwide resulting from the ongoing COVID-19 pandemic or otherwise. Because of the numerous risks and uncertainties associated with product development, we cannot predict the timing or amount of increased expenses and cannot assure you that we will ever be profitable or generate positive cash flow from operating activities.

Cash Flows

The following table summarizes our sources and uses of cash for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30,	
	2021	2020
	(in thousands)	
Net cash provided by (used in):		
Operating activities	\$ (15,750)	\$ (4,424)
Investing activities	(46,679)	—
Financing activities	121,579	6,341
Net increase in cash and cash equivalents	<u>\$ 59,150</u>	<u>\$ 1,917</u>

Operating Activities

We have incurred losses since inception. Net cash used in operating activities for the six months ended June 30, 2021 was \$15.8 million, consisting primarily of net loss of \$15.0 million resulting from expenses associated with research and development activities for our lead product candidate and general and administrative expenses, partially offset by a net of decrease in changes in operating assets and liabilities of \$1.8 million and non-cash adjustments of \$1.0 million.

Net cash used in operating activities for the six months ended June 30, 2020 was \$4.4 million, consisting primarily of net loss of \$6.2 million offset by a net of increase changes in operating assets and liabilities of \$0.2 million and non-cash adjustments of \$0.6 million.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2021 was \$46.7 million mainly related to purchases of available for sale securities of \$46.6 million and purchase of property and equipment of \$43,000. We did not have investing activities for the six months ended June 30, 2020.

Financing Activities

Net cash used in financing activities in the six months ended June 30, 2021 of \$121.6 million primarily relates to the net proceeds of \$121.5 million from IPO, after deducting underwriting discounts and commissions, and other offering fees and proceeds of \$0.1 million from the exercise of stock options.

Net cash used in financing activities in the three months ended June 30, 2020 of \$6.3 million primarily relates to proceeds of \$6.4 million from issuance of convertible promissory notes and payment of \$0.1 million for issuance costs related to convertible preferred stock.

Contractual Obligations and other Commitments

During the period ended June 30, 2021, there were no material changes to our principal contractual obligations and commitments as reported in our final prospectus for our IPO, filed pursuant to Rule 424(b) under the Securities Exchange Act of 1933, as amended, with the SEC on April 23, 2021 (the Prospectus).

Critical Accounting Policies and Use of Estimates

There have been no significant changes to our critical accounting policies from our disclosure reported in “Critical Accounting Policies and Estimates” in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Prospectus, except as described in Note 2 to the interim unaudited condensed financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Emerging Growth Company Status

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of reduced reporting requirements that are otherwise applicable to public companies. Section 107 of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with those standards. We have elected to take advantage of the extended transition period for complying with new or revised accounting standards; and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. The JOBS Act also exempts us from having to provide an auditor attestation of internal control over financial reporting under Sarbanes-Oxley Act Section 404(b).

We will remain an “emerging growth company” until the earliest to occur of: (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of our IPO, or December 31, 2026, (b) in which we have total annual gross revenues of \$1.07 billion or more, or (c) in which we are deemed to be a large accelerated filer under the rules of the SEC, which means the market value of our outstanding common stock held by non-affiliates exceeds \$700 million as of last business day of our most recently completed second fiscal quarter, and (2) the date on which we have issued more than \$1.0 billion in nonconvertible debt during the previous three years.

Recent Accounting Pronouncements

A description of recent accounting pronouncements that may potentially impact our financial position, results of operations or cash flows is disclosed in Note 2 to our unaudited condensed financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, nor do we currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company, as defined by Rule 12b-2 under the Securities and Exchange Act of 1934 and in Item 10(f)(1) of Regulation S-K, and are not required to provide the information under this item.

Item 4. Controls and Procedures.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Accounting Officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Accounting Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2021.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act that occurred during the quarter ended June 30, 2021, that 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.

Our business is subject to various risks, including those described in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021. There have been no material changes from the risk factors disclosed in Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.

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

Use of Proceeds from IPO of Common Stock

On April 27, 2021, we completed our IPO pursuant to which we issued and sold an aggregate of 7,352,941 shares of our common stock at the public offering price of \$17.00 per share. On May 7, 2021, the underwriters exercised their option to purchase 492,070 additional shares of our common stock at the public offering price (the Overallotment) and the Overallotment closed on May 11, 2021.

The offer and sale of all of the shares of our common stock in the IPO were registered under the Securities Act pursuant to our Registration Statement on Form S-1, as amended (File No. 333-254998), which was declared effective on April 22, 2021. Goldman Sachs & Co. LLC, Citigroup, Global Markets, Inc., Piper, Sandler & Co., and Guggenheim Securities LLC acted as joint book-running managers for the IPO.

We received net proceeds from our IPO of approximately \$121.5 million, after deducting underwriting discounts and commissions, and other offering fees, inclusive of the Overallotment. None of the underwriting discounts and commissions or other offering expenses were incurred or paid, directly or indirectly, to any of our directors or officers or their associates or to persons owning 10% or more of our common stock or to any of our affiliates.

The net proceeds from the IPO (including the Overallotment) have been used and will be used, to fund a pivotal Phase 3 trial in LPS, a Phase 2 tumor-agnostic basket trial in certain solid tumors and a Phase 2 trial in intimal sarcoma, in each case, for our lead product candidate, milademetan, to fund the purchase of raw materials and drug substance and drug product manufacturing for our milademetan program and to fund various clinical pharmacology, biomarker and translational studies for our milademetan program, and for working capital, including continuing to advance our pipeline through preclinical studies and clinical trials, and general corporate purposes. There has been no material change in our intended use of proceeds from our IPO as described in the Prospectus filed with the SEC pursuant to Rule 424(b)(4) on April 23, 2021.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

The exhibits file or furnished as part of this Quarterly Report on Form 10-Q are set forth below.

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on April 27, 2021 (Commission File No. 001-40356)).
3.2	Bylaws of the Registrant (incorporated by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on April 27, 2021 (Commission File No. 001-40356)).
4.1	Form of Common Stock Certificate of the Registrant (incorporated by reference from Exhibit 4.1 of the Registrant's Amendment No. 2 to Registration Statement on Form S-1 filed on April 19, 2021 (Commission File No. 333-254998)).
4.2	Amended and Restated Investors' Rights Agreement, dated September 2, 2020, by and among the Registrant and certain of its stockholders (incorporated by reference from Exhibit 4.2 of the Registrant's Amendment No. 2 to Registration Statement on Form S-1 filed on April 19, 2021 (Commission File No. 333-254998)).
10.1+	Form of Indemnification Agreement for directors and executive officers (incorporated by reference from Exhibit 10.1 of the Registrant's Amendment No. 1 to Registration Statement on Form S-1 filed on April 9, 2021 (Commission File No. 333-254998)).
10.2+	2021 Equity Incentive Plan (incorporated by reference from Exhibit 10.3 of the Registrant's Amendment No. 2 to Registration Statement on Form S-1 filed on April 19, 2021 (Commission File No. 333-254998)).
10.3+	2021 Employee Stock Purchase Plan (incorporated by reference from Exhibit 10.4 of the Registrant's Amendment No. 2 to Registration Statement on Form S-1 filed on April 19, 2021 (Commission File No. 333-254998)).
10.4	Exchange Agreement, dated April 17, 2021, by and among the Registrant and the stockholders listed therein (incorporated by reference from Exhibit 10.13 of the Registrant's Amendment No. 2 to Registration Statement on Form S-1 filed on April 19, 2021 (Commission File No. 333-254998)).
31.1*	Certification of the principal executive officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934.
31.2*	Certification of the principal financial officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934.
32.1(1)	Certification of the principal executive officer and principal financial officer pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) under the Securities Exchange Act of 1934
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL 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	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith.

+ Indicates management contract or compensatory plan.

(1) The certifications on Exhibit 32 hereto are deemed not "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

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.

Rain Therapeutics Inc.

Date: August 10, 2021

By: /s/ Avanish Vellanki

Avanish Vellanki
Chairman and Chief Executive Officer
(principal executive officer)

Date: August 10, 2021

By: /s/ Nelson Cabatuan

Nelson Cabatuan
Senior Vice President of Finance and Administration
(principal financial and accounting officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Avanish Vellanki, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rain Therapeutics 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)) 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) 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
 - (c) 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.

Date: August 10, 2021

By: /s/ Avanish Vellanki
Avanish Vellanki
Chairman and Chief Executive Officer
(*principal executive officer*)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Nelson Cabatuan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rain Therapeutics 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)) 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) 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
 - (c) 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.

Date: August 10, 2021

By: /s/ Nelson Cabatuan
Nelson Cabatuan
Senior Vice President of Finance and Administration
(principal financial and accounting officer)

**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 Rain Therapeutics Inc. (the "Company") for the period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

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

Date: August 10, 2021

By: /s/ Avanish Vellanki

Avanish Vellanki
Chairman and Chief Executive Officer
(*principal executive officer*)

Date: August 10, 2021

By: /s/ Nelson Cabatuan

Nelson Cabatuan
Senior Vice President of Finance and Administration
(*principal financial and accounting officer*)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. §1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Note: A signed original of this written statement required by §906 has been provided to Rain Therapeutics Inc. and will be retained by Rain Therapeutics Inc. and furnished to the Securities and Exchange Commission or its staff upon request.