
**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, 2022

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 July 28, 2022, the registrant had 26,564,826 shares of common stock, \$0.001 par value per share, outstanding, comprised of 18,837,353 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.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Rain Therapeutics Inc.
Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)
(unaudited)

	June 30, 2022	December 31, 2021 (1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 43,409	\$ 24,780
Short-term investments	62,344	115,438
Prepaid and other current assets	3,856	5,928
Total current assets	109,609	146,146
Property and equipment, net	121	165
Operating lease right-of-use asset	323	386
Other assets	610	443
Total assets	<u>\$ 110,663</u>	<u>\$ 147,140</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,075	\$ 6,112
Accrued research and development	5,840	4,349
Other accrued liabilities	4,052	5,694
Operating lease liability, current portion	162	160
Total current liabilities	12,129	16,315
Operating lease liability, net of current portion	185	252
Other long-term liabilities	64	69
Total liabilities	12,378	16,636
Commitments and contingencies	—	—
Stockholders' equity:		
Common Stock, \$0.001 par value; 250,000,000 shares authorized as of June 30, 2022 and December 31, 2021, respectively; 26,529,878 shares (comprised of 18,802,408 shares of common stock and 7,727,470 shares of non-voting common stock) and 26,475,812 shares (comprised of 18,748,342 shares of common stock and 7,727,470 shares of non-voting common stock) issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	27	27
Additional paid-in capital	223,600	220,530
Accumulated other comprehensive loss	(373)	(89)
Accumulated deficit	(124,969)	(89,964)
Total stockholders' equity	98,285	130,504
Total liabilities and stockholders' equity	<u>\$ 110,663</u>	<u>\$ 147,140</u>

(1) The balance sheet at December 31, 2021 has been derived from the audited financial statements included in Rain Therapeutics Inc.'s Annual Report on Form 10-K filed on March 3, 2022.

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Operating expenses:				
Research and development	\$ 14,257	\$ 5,489	\$ 27,812	\$ 10,817
General and administrative	3,461	2,700	7,356	4,180
Total operating expenses	17,718	8,189	35,168	14,997
Loss from operations	(17,718)	(8,189)	(35,168)	(14,997)
Other income:				
Interest income	107	6	163	14
Net loss	\$ (17,611)	\$ (8,183)	\$ (35,005)	\$ (14,983)
Net loss per share, basic and diluted	\$ (0.66)	\$ (0.39)	\$ (1.32)	\$ (1.23)
Weighted-average shares used to compute net loss per share, basic and diluted	26,529,482	20,825,334	26,520,662	12,225,929
Net loss	\$ (17,611)	\$ (8,183)	\$ (35,005)	\$ (14,983)
Other comprehensive loss:				
Unrealized loss (gain) on short-term investments	16	—	(284)	—
Comprehensive loss	\$ (17,595)	\$ (8,183)	\$ (35,289)	\$ (14,983)

See accompanying notes to condensed consolidated financial statements.

Rain Therapeutics Inc.
Condensed Consolidated Statements of 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 Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2021	—	\$ —	—	\$ —	26,475,812	\$ 27	\$ 220,530	\$ (89,964)	\$ (89)	\$ 130,504
Exercise of stock options	—	—	—	—	24,262	—	106	—	—	106
Issuance of common stock from employee stock purchase plan	—	—	—	—	26,804	—	293	—	—	293
Stock-based compensation expense	—	—	—	—	—	—	1,242	—	—	1,242
Unrealized loss on investments	—	—	—	—	—	—	—	—	(300)	(300)
Net loss	—	—	—	—	—	—	—	(17,394)	—	(17,394)
Balance as of March 31, 2022	—	\$ —	—	\$ —	26,526,878	\$ 27	\$ 222,171	\$ (107,358)	\$ (389)	\$ 114,451
Exercise of stock options	—	—	—	—	3,000	—	12	—	—	12
Stock-based compensation expense	—	—	—	—	—	—	1,417	—	—	1,417
Unrealized gain on investments	—	—	—	—	—	—	—	—	16	16
Net loss	—	—	—	—	—	—	—	(17,611)	—	(17,611)
Balance as of June 30, 2022	—	\$ —	—	\$ —	26,529,878	\$ 27	\$ 223,600	\$ (124,969)	\$ (373)	\$ 98,285

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2020	3,731,208	\$ 20,147	12,542,198	\$ 74,550	3,530,975	\$ 4	\$ 1,149	\$ (38,570)	\$ —	\$ (37,417)
Stock-based compensation expense	—	—	—	—	—	—	165	—	—	165
Net loss	—	—	—	—	—	—	—	(6,800)	—	(6,800)
Balance as of March 31, 2021	3,731,208	\$ 20,147	12,542,198	\$ 74,550	3,530,975	\$ 4	\$ 1,314	\$ (45,370)	\$ —	\$ (44,052)
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	—	\$ —	—	\$ —	26,466,746	\$ 27	\$ 218,360	\$ (53,553)	\$ —	\$ 164,834

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended	
	June 30,	
	2022	2021
Operating activities		
Net loss	\$ (35,005)	\$ (14,983)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization expense	44	29
Stock-based compensation expense	2,659	958
Amortization of premium and accretion of discounts on short-term investments, net	50	2
Changes in operating assets and liabilities:		
Prepaid and other current assets	2,072	(7,949)
Operating lease right-of-use asset and liability, net	(3)	21
Other assets	(167)	52
Accounts payable	(4,037)	3,079
Accrued research and development	1,491	2,475
Other accrued liabilities	(1,646)	566
Net cash used in operating activities	<u>(34,542)</u>	<u>(15,750)</u>
Investing activities		
Purchases of short-term investments	(17,140)	(46,636)
Purchases of property and equipment	—	(43)
Maturities of short-term investments	69,900	—
Net cash provided by (used in) investing activities	<u>52,760</u>	<u>(46,679)</u>
Financing Activities		
Proceeds from initial public offering	—	121,494
Proceeds from the issuance of common stock under the Company's equity incentive plans and employee stock purchase plan	411	85
Net cash provided by financing activities	<u>411</u>	<u>121,579</u>
Net increase in cash and cash equivalents	18,629	59,150
Cash and cash equivalents at beginning of period	24,780	58,863
Cash and cash equivalents at end of period	<u>\$ 43,409</u>	<u>\$ 118,013</u>
Supplemental schedule of non-cash investing and financing activities:		
Conversion of convertible preferred stock to common stock	\$ —	\$ 94,697

See accompanying notes to condensed consolidated financial statements.

Rain Therapeutics Inc.
Notes to Condensed Consolidated 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 the Company believes will be most likely to 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, is a small molecule, oral inhibitor of mouse double minute 2, which may be 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.

On June 22, 2022, the Company formed Rain Oncology Australia Pty Ltd (“Rain Oncology Australia”), a wholly owned subsidiary incorporated under the laws of Australia. As of June 30, 2022, Rain Oncology Australia was not yet operational.

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.

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. As of June 30, 2022, there were no shares of convertible preferred stock outstanding.

Basis of Presentation

The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) related to a quarterly report on Form 10-Q. These condensed consolidated financial statements include the accounts of the Company and Rain Oncology Australia. All significant inter-company transactions, balances and expenses have been eliminated upon consolidation. Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (“ASC”) and Accounting Standards Updates (“ASU”) promulgated by the Financial Accounting Standards Board (“FASB”). The year-end balance sheet data was derived from the Company’s audited financial statements but does not include all disclosures required by GAAP. These condensed consolidated financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2021 included in the Company’s Annual Report on Form 10-K, filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act). 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, 2022, 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 condensed consolidated 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 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 condensed consolidated financial statements in conformity with 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 condensed consolidated financial statements and accompanying notes. The most significant estimate in the Company's condensed consolidated 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 include commercial paper, readily available money market and checking 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 condensed consolidated balance sheets even though the stated maturity date may be one year or more beyond the current condensed consolidated 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 condensed consolidated 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 consolidated 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 condensed consolidated balance sheets.

The Company capitalized deferred offering costs of \$0.3 million consisting of all direct legal, professional, accounting and other third-party fees incurred in connection with the Company's at-the-market ("ATM") facility, during the three months ended June 30, 2022, which are recorded as other assets on the condensed consolidated balance sheet.

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 condensed consolidated 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 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.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the condensed consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that the Company believes these assets are more likely than not to be realized. In making such a determination, management considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations. If management determines that the Company would be able to realize its deferred tax assets in the future in excess of their recorded amount, management would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions on the basis of a two-step process whereby (1) management determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more likely than not recognition threshold, management recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Company recognizes interest and penalties related to unrecognized tax benefits within income tax expense. Any accrued interest and penalties are included within the related tax liability.

Effective January 1, 2022, we adopted ASU 2019-12 - Simplifying the Accounting for Income Taxes. The adoption of this standard did not impact the Company's condensed consolidated financial statements or related disclosures.

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 includes unrealized gains / losses from short-term investments.

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, shares from the 2021 Employee Stock Purchase Plan (the "ESPP"), 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 periods 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 Developments Regarding the COVID-19 Pandemic

Efforts to control the outbreak of COVID-19 have resulted in challenges to businesses and facilities in various industries around the world, including disruptions to the global economy and supply chains. To date, COVID-19 has not had a material impact on the Company's expenditures.

The Company is unable to predict the ultimate effects of COVID-19 on the U.S. or global economy or its operations. The Company continues to monitor developments affecting its workforce, suppliers, and operations. The extent of the impact of COVID-19 will depend on its duration, actions by government authorities, and impacts on the Company's employees, or vendors. These developments are continuously evolving, and the Company cannot predict whether COVID-19 will have a material impact on its financial condition, results of operations or cash flows.

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 does not anticipate that the adoption of ASU 2016-13 will have a significant impact on its condensed consolidated financial statements or the related 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, 2022. 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 cash, prepaid expenses and other current assets, deferred offering costs, accounts payable, accrued research and development and other current liabilities are reasonable estimates of their fair value due to the short-term nature of these accounts.

The Company's money market funds under 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, 2022.

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, 2022:				
Money market funds	\$ 11,870	\$ —	\$ —	\$ 11,870
Commercial paper	—	56,276	—	56,276
U.S. government securities	25,036	—	—	25,036
U.S. agency bonds	—	9,435	—	9,435
Corporate debt securities	—	1,992	—	1,992
Total cash equivalents and short-term investments	<u>\$ 36,906</u>	<u>\$ 67,703</u>	<u>\$ —</u>	<u>\$ 104,609</u>
Reported as:				
Cash and cash equivalents (includes cash of \$1,144)				\$ 43,409
Short-term investments				62,344
Total cash, cash equivalents and short-term investments				<u>\$ 105,753</u>

	Fair Value Measurements at Reporting Date Using:			
	Level 1	Level 2	Level 3	Total
As of December 31, 2021:				
Money market funds	\$ 10,585	\$ —	\$ —	\$ 10,585
Commercial paper	—	84,616	—	84,616
U.S. government securities	27,824	—	—	27,824
U.S. agency bonds	—	8,531	—	8,531
Corporate debt securities	—	8,265	—	8,265
Total cash equivalents and short-term investments	<u>\$ 38,409</u>	<u>\$ 101,412</u>	<u>\$ —</u>	<u>\$ 139,821</u>
Reported as:				
Cash and cash equivalents (includes cash of \$397)				\$ 24,780
Short-term investments				115,438
Total cash, cash equivalents and short-term investments				<u>\$ 140,218</u>

Note 4 – Investments

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 and U.S. government securities were classified as Level 1 instruments.

Investments in commercial paper, corporate debt 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.

The following table summarizes, by major types of cash equivalents, and investments that are measured at fair value on a recurring basis (in thousands):

	June 30, 2022			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Money market funds	\$ 11,870	\$ —	\$ —	\$ 11,870
Commercial paper	56,312	7	(43)	56,276
U.S. government securities	25,283	—	(247)	25,036
U.S. agency bonds	9,507	—	(72)	9,435
Corporate debt securities	2,010	—	(18)	1,992
Cash equivalents and investments	<u>\$ 104,982</u>	<u>\$ 7</u>	<u>\$ (380)</u>	<u>\$ 104,609</u>

	December 31, 2021			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Money market funds	\$ 10,585	\$ —	\$ —	\$ 10,585
Commercial paper	84,642	2	(28)	84,616
U.S. government securities	27,870	—	(46)	27,824
U.S. agency bonds	8,546	—	(15)	8,531
Corporate debt securities	8,267	—	(2)	8,265
Cash equivalents and investments	<u>\$ 139,910</u>	<u>\$ 2</u>	<u>\$ (91)</u>	<u>\$ 139,821</u>

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

	June 30, 2022	December 31, 2021
Due within one year	\$ 62,344	\$ 105,173
Due within one to two years	—	10,265
Total	<u>\$ 62,344</u>	<u>\$ 115,438</u>

The available-for-sale investments are classified as current assets, even though the stated maturity date may be one year or more beyond the current condensed consolidated balance sheet date, which reflects management's intention to use the proceeds from sales of these securities to fund the Company's operations, as necessary. There were no realized gains or losses due to investment sales for the three and six months ended June 30, 2022 and 2021. As of June 30, 2022, \$92.7 million of the Company's marketable securities were in gross unrealized loss positions, of which none had been in such position for greater than 12 months and \$52.6 million will mature within three months of June 30, 2022.

At each reporting date, the Company performs an evaluation of its marketable securities to determine if any unrealized losses are other-than-temporary. Factors considered in determining whether a loss is other-than-temporary include (i) the financial strength of the issuing institution, (ii) the length of time and extent for which fair value has been less than the cost basis and (iii) the Company's intent and ability to hold its investments in unrealized loss positions until their amortized cost basis has been recovered. Based on the Company's evaluation, it determined that its unrealized losses were not other-than-temporary at June 30, 2022 and December 31, 2021. The Company does not intend to sell the investments before maturity, and it is unlikely that the Company will be required to sell the investments before recovery of their amortized cost bases.

Note 5 - Condensed Consolidated Balance Sheet Details

Prepaid and Other Current Assets

Prepaid and other current assets consist of the following (in thousands):

	June 30, 2022	December 31, 2021
Prepaid insurance	\$ 2,160	\$ 827
Prepaid research	1,099	4,329
Prepaid other	248	96
FICA tax credit receivable	238	452
Other current assets	92	205
Deposits	19	19
Prepaid and other current assets	<u>\$ 3,856</u>	<u>\$ 5,928</u>

Property and equipment, net, consist of the following (in thousands):

	June 30, 2022	December 31, 2021
Furniture and equipment	\$ 204	\$ 204
Leasehold improvements	67	67
Computer equipment	50	50
	<u>\$ 321</u>	<u>\$ 321</u>
Less: accumulated depreciation and amortization expense	(200)	(156)
Property and equipment, net	<u>\$ 121</u>	<u>\$ 165</u>

Depreciation expense for the six months ended June 30, 2022 and 2021 was \$44,000 and \$29,000, respectively.

Other Non-Current Assets

Other non-current assets consist of the following (in thousands):

	June 30, 2022	December 31, 2021
FICA tax credit receivable	\$ 177	\$ 298
Deposits	75	75
Other	70	70
Other non-current assets	<u>\$ 322</u>	<u>\$ 443</u>

Note 6 – Convertible Preferred Stock and Stockholders' Equity

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".

Rights, preferences, powers, privileges and restrictions, qualifications and limitations for holders of the Company's Common Stock and Non-Voting Common Stock are:

- a) Voting Common Stock Voting Rights. Each holder of Voting Common Stock, as such, shall be entitled to one vote for each share of Voting Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote; provided, however, that, except as otherwise required by law, holders of Voting Common Stock, as such, shall not be entitled to vote on any amendment to the Certificate of Incorporation, including any certificate of designations relating to any series of Preferred Stock (each hereinafter referred to as a "Preferred Stock Designation"), that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Certificate of Incorporation (including any Preferred Stock Designation).
- b) Non-Voting Common Stock Voting Rights. Non-Voting Common Stock (i) shall be non-voting except as may be required by law and (ii) shall not entitle the holder thereof to vote on the election of directors at any time.
- c) Non-Voting Common Stock Conversion. Each holder of shares of Non-Voting Common Stock shall have the right to convert each share of Non-Voting Common Stock held by such holder into one share (subject to appropriate adjustment in the event of any stock dividend, stock split, reverse stock split, combination or other similar recapitalization with respect to the Voting Common Stock) of Voting Common Stock at such holder's election by providing written notice to the Company; provided, however, that such shares of Non-Voting Common Stock may only be converted into shares of Voting Common Stock during such time or times as immediately prior to or as a result of such conversion would not result in the holder(s) thereof beneficially owning (for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder (collectively, the "Exchange Act")), when aggregated with affiliates with whom such holder is required to aggregate beneficial ownership for purposes of Section 13(d) of the Exchange Act, in excess of the Beneficial Ownership Limitation. The "Beneficial Ownership Limitation" means initially 9.99% of the Voting Common Stock. Any holder of Non-Voting Common Stock may increase the Beneficial Ownership Limitation with respect to such holder, not to exceed 19.99% of the Voting Common Stock, upon 61 days' prior written notice to the Company and may decrease the Beneficial Ownership Limitation at any time upon providing written notice of such election to the Company; provided, however, that no holder may make such an election to change the percentage with respect to such holder unless all holders managed by the same investment advisor as such electing holder make the same election. Before any holder of Non-Voting Common Stock shall be entitled to convert any shares of Non-Voting Common Stock into shares of Voting Common Stock, such holder shall (A) surrender the certificate or certificates therefor (if any), duly endorsed, at the principal corporate office of the Company or of any transfer agent for the Non-Voting Common Stock, and (B) provide written notice to the Company, during regular business hours at its principal corporate office, of such conversion election (in form satisfactory to the Company) and shall state therein the name or names (i) in which the certificate or certificates representing the shares of Voting Common Stock into which the shares of Non-Voting Common Stock are so converted are to be issued (if such shares of Voting Common Stock are certificated) or (ii) in which such shares of Voting Common Stock are to be registered in book-entry form (if such shares of Voting Common Stock are uncertificated). If the shares of Voting Common Stock into which the shares of Non-Voting Common Stock are to be converted are to be issued in a name or names other than the name of the holder of the shares of Non-Voting Common Stock being converted, such notice shall be accompanied by a written instrument or instruments of transfer, in form satisfactory to the Company, duly executed by the holder. The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder, or to the nominee or nominees of such holder, a certificate or certificates representing the number of shares of Voting Common Stock to which such holder shall be entitled upon such conversion (if such shares of Voting Common Stock are certificated) or shall register such shares of Voting Common Stock in book-entry form (if such shares of Voting Common Stock are uncertificated). Such conversion shall be deemed to be effective immediately prior to the close of business on the date of such surrender of the shares of Non-Voting Common Stock to be converted following or contemporaneously with the provision of written notice of such conversion election as required by this section, the shares of Voting Common Stock issuable upon such conversion shall be deemed to be outstanding as of such time, and the person or persons entitled to receive the shares of Voting Common Stock issuable upon such conversion shall be deemed to be the record holder or holders of such shares of Voting Common Stock as of such time. Notwithstanding anything herein to the contrary, shares of Non-Voting Common Stock represented by a lost, stolen or destroyed stock certificate may be converted if the holder thereof notifies the Company or its transfer agent that such certificate

has been lost, stolen or destroyed and makes an affidavit of that fact acceptable to the Company and executes an agreement acceptable to the Company to indemnify the Company from any loss incurred by it in connection with such certificate. The effectiveness of any conversion of any shares of Non-Voting Common Stock into shares of Voting Common Stock is subject to the expiration or early termination of any applicable premerger notification and waiting period requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

- d) Dividends. Subject to the rights of the holders of any outstanding series of Preferred Stock, the holders of shares of Common Stock shall be entitled to receive any dividends to the extent permitted by law when, as and if declared by the board of directors of the Corporation (the "Board").
- e) Liquidation. Upon the dissolution, liquidation or winding up of the Company, subject to the rights of the holders of any outstanding series of Preferred Stock, the holders of shares of Common Stock shall be entitled to receive the assets of the Company available for distribution to its stockholders ratably in proportion to the number of shares held by them. The Non-Voting Common Stock shall rank on parity with the Voting Common Stock as to distributions of assets upon dissolution, liquidation or winding up of the Company, whether voluntary or involuntary.

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.

Rights, preferences, powers, privileges and restrictions, qualifications and limitations for holders of the Company's Series A convertible preferred stock and Series B convertible preferred stock are:

- Dividends: Each holder of the Company's Series A and Series B convertible preferred stock is entitled to receive non-cumulative dividends, when and if declared by the Company's Board of Directors. No dividends have been declared to date.
- Liquidation Preferences: In the event of any liquidation, dissolution or winding up of the Company, the holders of the Series A and Series B convertible preferred stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the holders of common stock, an amount per share equal to the original issue price plus declared but unpaid dividends.
- Conversion: Each share of Series A and Series B convertible preferred stock is convertible at the option of the holder, at any time, into the number of shares of common stock determined by dividing the applicable purchase price by the applicable conversion price at the time of conversion. Each share of Series A and Series B convertible preferred stock will be automatically converted into common stock immediately upon (i) the closing of a firm commitment underwritten IPO resulting in at least \$50.0 million of gross proceeds to the Company or (ii) the receipt by the Company of a written request for automatic conversion from the holders of a majority of the outstanding shares of Series A and Series B convertible preferred stock.
- Voting: The holders of the Series A and Series B convertible preferred stock are entitled to one vote for each share of common stock into which such shares of Series A and Series B convertible preferred stock could then be converted; and with respect to such vote, such holders shall have full voting rights and powers equal to the voting rights and powers of the holders of the common stock.
- Redemption: The Series A and Series B convertible preferred stock are not explicitly redeemable at the option of the holder at a specified date in the future or at the option of the Company.

Prior to the IPO, the Company's Series A and Series B convertible preferred stock were classified as temporary equity on the accompanying condensed consolidated balance sheet instead of in stockholders' equity (deficit), as events triggering redemption that were not solely within the Company's control because the preferred stockholders had the ability to effect a liquidation event. The Company determined not to adjust the carrying values of the Series A and Series B convertible preferred stock to the liquidation preferences of such shares because of the uncertainty of whether or when such liquidation events would occur.

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, 2022.

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 provided 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 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 2018 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. As a result, the number of shares of common stock reserved for issuance under the 2021 Plan increased by 1,059,032 shares on January 1, 2022.

A summary of the Company's stock option activities during the six months ended June 30, 2022 is as follows:

	Total Options	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contract Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding as of December 31, 2021	1,734,696	\$ 8.50	8.8	\$ 7.6
Granted	889,952	\$ 8.80		
Exercised	(27,262)	\$ 4.30		
Forfeited or cancelled	(194,514)	\$ 11.20		
Outstanding as of June 30, 2022	<u>2,402,872</u>	\$ 8.44	8.8	\$ 2.0
Vested and expected to vest as of June 30, 2022	<u>2,402,872</u>	\$ 8.44	8.8	\$ 2.0
Vested and exercisable as of June 30, 2022	<u>801,929</u>	\$ 5.75	7.9	\$ 1.3

The weighted-average grant date fair values of option grants during the six months ended June 30, 2022 and 2021 were \$7.33 and \$1.25 per share, respectively. The weighted-average grant date fair values of options forfeited during the six months ended June 30, 2022 and 2021 were \$12.05 and \$3.07 per share, respectively.

Employee Stock 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 a result, the number of shares of common stock reserved for issuance under the ESPP increased by 264,758 shares on January 1, 2022. Under the ESPP, the Company issued 26,804 shares of common stock for aggregate cash proceeds of \$0.3 million during the six months ended June 30, 2022.

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,	
	2022	2021	2022	2021
Research and development	\$ 1,203	\$ 634	\$ 2,093	\$ 768
General and administrative	214	159	566	190
Total stock-based compensation expense	\$ 1,417	\$ 793	\$ 2,659	\$ 958

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,	
	2022	2021	2022	2021
Risk-free interest rate	2.95% - 3.02%	0.81% - 1.12%	1.60% - 3.02%	0.80% - 1.12%
Expected volatility	88.1% - 90.2%	115.3% - 116.6%	88.1% - 112.1%	115.3% - 118.7%
Expected term (in years)	5.3 - 6.1	5.0 - 6.1	5.3 - 6.1	5.0 - 6.1
Expected dividend yield	0%	0%	0%	0%

As of June 30, 2022, the unrecognized compensation cost related to outstanding options was \$12 million and is expected to be recognized as expense over approximately 3.0 years.

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

	Six months ended June 30, 2022
Risk-free interest rate	0.1%
Expected volatility	133.6%
Expected term (in years)	1.7
Expected dividend yield	0%

As of June 30, 2022, there was \$0.1 million of unrecognized compensation cost related to the ESPP and is expected to be recognized over approximately 1.0 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, 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, 2022	December 31, 2021
Stock options	2,402,872	1,734,696
Reserved for future equity award grants	3,297,524	2,933,930
Reserved for future ESPP issuances	497,643	259,689
Total	<u>6,198,039</u>	<u>4,928,315</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.

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.

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.

Under the Daiichi Sankyo License Agreement, the Company obtained worldwide, sublicensable exclusive rights to seven families of patents with respect to milademetan (the "Licensed Compound"). The Company is solely responsible under the Daiichi Sankyo License Agreement for the research, development and registration of milademetan. Pursuant to the Daiichi Sankyo License Agreement, Daiichi Sankyo had the right to continue to conduct three clinical trials and prepare final reports with respect to these clinical trials, and such right expires upon all subjects completing the study treatment. The

Company has agreed to reimburse Daiichi Sankyo certain third-party expenses incurred while conducting such trials. On March 3, 2022, the Company and Daiichi Sankyo entered into a Memorandum of Understanding, which provides that Daiichi Sankyo will terminate its U105 study, and the Company will reimburse a total of \$2.0 million to Daiichi Sankyo for expenses related to such study in four installments of \$0.5 million each until December 31, 2022. The Company paid installments of \$0.5 million in April and June 2022. The future \$0.5 million installments are payable on September 30, 2022 and December 31, 2022. The Company made other clinical trials payments of \$57,000 and \$87,000 under the Daiichi Sankyo License Agreement for the three and six months ended June 30, 2022, respectively. The Company made no clinical trials payments to Daiichi Sankyo for the three and six months ended June 30, 2021, respectively. As of June 30, 2022 and December 31, 2021, the accrued Daiichi Sankyo reimbursable clinical trials costs were \$1.0 million and \$2.0 million, respectively, which were recorded in accrued research and development in the condensed consolidated balance sheet.

The Company is required to make aggregate future milestone payments of up to \$223.5 million, contingent on the attainment of certain development, regulatory and sales milestones. The \$223.5 million aggregate future milestone payments include a \$2.0 million increase that was agreed upon in the Memorandum of Understanding with Daiichi Sankyo. 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 for the treatment of de-differentiated liposarcoma. Accordingly, pursuant to the Daiichi Sankyo License Agreement, the Company recorded \$5.5 million in milestone fees as research and development expense in the condensed consolidated statement of operations and comprehensive loss during the three months ended September 30, 2021. Of the \$5.5 million milestone fees, \$2.5 million was paid in the third quarter of 2021 and \$3.0 million was accrued as part of accrued research and development in the condensed consolidated balance sheet as of September 30, 2021. On June 29, 2022, the Company and Daiichi Sankyo entered into an amendment to the Daiichi Sankyo License Agreement. The amendment reduced the \$3.0 million milestone fee liability associated with the previously achieved milestone to \$2.0 million and accordingly reduced research and development expense on the condensed consolidated statements of operations and comprehensive loss by \$1.0 million for the three and six months ended June 30, 2022. The amendment also extended the due date of the milestone fee payment to June 30, 2023. During the three and six months ended June 30, 2022 and 2021, the Company incurred no milestone research and development expense under the Daiichi Sankyo License Agreement.

Additionally, the Company is required to pay Daiichi Sankyo a high single digit royalty based on the annual net sales of products containing milademetan as an active pharmaceutical ingredient (the "Products"), subject to reduction at an agreed rate upon expiration of the licensed patent in the particular country where the Products are sold. 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). However, the Company may only terminate the Daiichi Sankyo License Agreement with respect to the countries affected by such uncured material breach. Daiichi Sankyo may also terminate the Daiichi Sankyo License Agreement in the event of Rain's bankruptcy or insolvency. Additionally, Daiichi Sankyo may terminate the Daiichi Sankyo License Agreement immediately upon written notice if the Company, its affiliates or its sublicensees initiate or join any challenge to the validity or enforceability of a licensed patent, subject to certain exclusions. Furthermore, the Company may terminate the Daiichi Sankyo License Agreement in its entirety or on a country-by-country basis for bona fide material concerns regarding the (i) lack of safety for human use arising from toxicity of the Licensed Compound or Product(s), (ii) lack of efficacy of the Licensed Compound or Product(s) or (iii) adverse economic impact to the Company in connection with its continued development of the Products, in each case, upon six months' prior written notice to Daiichi Sankyo. In addition, if the Company is acquired by a third party that is developing and commercializing a competing compound and the acquiring party decides not to discontinue the development or commercialization of such competing compound, such third party must terminate the Daiichi Sankyo License Agreement within 30 days of such acquisition if it does not discontinue such development or commercialization. Upon termination of the Daiichi Sankyo License Agreement by Daiichi Sankyo for the Company's uncured material breach or by the Company for its bona fide material concerns regarding the safety, efficacy or adverse economic impacts relating to the Licensed Compound or Products, or its development thereof, the Company is required to, among other actions, if requested by Daiichi Sankyo (i) transfer to Daiichi Sankyo ongoing clinical trials, data, reports, records and materials, (ii) grant to Daiichi Sankyo an exclusive, irrevocable, sublicenseable, fully paid-up license under any patents and know-how that are controlled and actually used by the Company at the time of termination in

connection with the Products to allow Daiichi Sankyo exploit the Licensed Compound or Products in countries that are affected by the termination, (iii) grant to Daiichi Sankyo an exclusive, irrevocable, sublicensable, fully paid up license to use trademarks that are specific to the Products and (iv) assign any applicable sublicenses.

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.

Lastly, the Company is also obligated to pay Drexel (i) an annual license maintenance fee of \$15,000 commencing upon filing of the first IND for a licensed product until the first sale of the first licensed product, (ii) a sublicense fee of low double digits percentage on all consideration received by the Company from its sublicensees, subject to certain reductions and (iii) a one-time transaction fee equal to the actual amount of Drexel’s licensing and legal expenses in connection with the Drexel License Agreement and the Sponsored Research Agreement the parties simultaneously entered into with the Drexel License Agreement (the Sponsored Research Agreement).

The Company made payments of \$33,000 and \$38,000 under the Drexel License Agreement for the three and six months ended June 30, 2022, respectively. 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.

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 may terminate the Drexel License Agreement at any time by providing 60 days’ prior written notice to Drexel, in which case the Company will be required to cease exploitation of all licensed products, terminate all permitted sublicenses and pay all amounts owed to Drexel under the Drexel License Agreement and the Sponsored Research Agreement through the effective date of termination. Drexel may terminate the Drexel License Agreement for the Company’s uncured material breach (with 30–135-day cure periods), for the Company’s bankruptcy or insolvency, for the Company’s uncured material default under the Sponsored Research Agreement, or if the Company challenges the validity or enforceability of the licensed patent rights.

Roche Clinical Supply Agreement

In December 2021, the Company entered into a clinical supply agreement with Roche for the supply of the anti-Programmed Death Ligand-1 (PD-L1) monoclonal antibody, atezolizumab. Clinical trials are planned to evaluate milademetan, in combination with atezolizumab for the treatment of patients in genetically selected populations. Under this agreement, Rain is the sponsor of the anticipated clinical trials, and Roche will supply atezolizumab. The Company does not have any financial commitments to Roche under this agreement.

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 are summarized as follows (in thousands):

	As of June 30, 2022
2022 - remainder	\$ 84
2023	171
2024	129
Total minimum lease payments	\$ 384
Less: amount representing interest	(37)
Present value of operating lease liabilities	\$ 347
Operating lease liabilities, current	162
Operating lease liabilities, non-current	185
Total operating lease liabilities	\$ 347
Weighted-average remaining lease term (in years)	2.2
Weighted-average incremental borrowing rate	0.10

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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,	
	2022	2021	2022	2021
Total operating lease expense	\$ 40	\$ 40	\$ 80	\$ 80
Operating cash flows used for operating lease	\$ 41	\$ 41	\$ 82	\$ 81

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 – Employee Benefits

The Company has a defined contribution 401(k) plan available to eligible employees. Under the terms of the plan, employees may make voluntary contributions as a percent of compensation, limited to the maximum amount allowable under federal tax regulations. The Company, at its discretion, may make certain contributions to the 401(k) plan. The Company made matching contributions of \$156,000 and \$40,000 for the six months ended June 30, 2022 and 2021, respectively.

Note 10 – 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,	
	2022	2021	2022	2021
Numerator:				
Net loss	\$ (17,611)	\$ (8,183)	\$ (35,005)	\$ (14,983)
Denominator:				
Weighted-average shares of common stock outstanding, basic and diluted	26,529,482	20,825,334	26,520,662	12,225,929
Weighted-average shares used to compute net loss per share, basic and diluted	26,529,482	20,825,334	26,520,662	12,225,929
Net loss per share, basic and diluted	\$ (0.66)	\$ (0.39)	\$ (1.32)	\$ (1.23)

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,	
	2022	2021
Stock options	2,402,872	1,537,850
Series A convertible preferred stock	—	—
Series B convertible preferred stock	—	—
ESPP shares	53,266	—
Total	2,456,138	1,537,850

Note 11 – Subsequent Events

The Company has evaluated the period subsequent to June 30, 2022 for material events that did not exist at the condensed consolidated balance sheet date but arose after that date and determined that no additional subsequent events arose that should be disclosed in order to keep the condensed consolidated financial statements from being misleading.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q. This discussion and analysis contain forward-looking statements based upon our current plans and expectations that involve risks, uncertainties and assumptions, such as statements regarding our plans, objectives, expectations, intentions and beliefs. Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section titled "Risk Factors" and included in our Annual Report on Form 10-K for the year ended December 31, 2021. You should carefully read the sections titled "Note Regarding Forward-Looking Statements" and "Risk Factors" to gain an understanding of the important factors that could cause actual results to differ materially from the results described below.

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 be most likely to 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 (also known as RAIN-32) is an oral, small molecule inhibitor of the MDM2-p53 complex that reactivates p53. We in-licensed milademetan from Daiichi Sankyo in September 2020 based on the results of a Phase 1 clinical trial, which demonstrated meaningful antitumor activity in an MDM2-amplified subtype of liposarcoma (LPS) and other solid tumors. Data from well-differentiated/de-differentiated (WD/DD) LPS patients in the Phase 1 clinical trial of milademetan demonstrated median progression-free survival (mPFS) of approximately seven to eight months. 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 (MANTRA) in July 2021. We also commenced a Phase 2 tumor-agnostic basket trial in certain solid tumors (MANTRA-2) in November 2021. We anticipate commencing a Phase 2 clinical trial in Merkel cell carcinoma (MCC) (MANTRA-3) in the fourth quarter of 2022 and a Phase 1/2 clinical trial to evaluate the safety, tolerability and efficacy of milademetan in combination with atezolizumab in patients with loss of cyclin-dependent kinase inhibitor 2A (CDKN2A) and wildtype p53 advanced solid tumors (MANTRA-4) in the fourth quarter of 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-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, 2022, we had an accumulated deficit of \$125.0 million and we incurred net losses of approximately \$17.6 million and \$35.0 million for the three and six months ended June 30, 2022, 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, 2022, 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, 2022, we had cash, cash equivalents and short-term investments of \$105.8 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, 2022 will be sufficient to fund our milademetan program.

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 have transferred 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. Our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and the recent disruptions to and volatility in the credit and financial markets in the United States and worldwide resulting from the ongoing COVID-19 pandemic. To the extent possible, we are conducting business as usual, with necessary or advisable modifications, and most of our employees are working remotely. The increased reliance on our personnel working from home has not negatively impacted productivity, or disrupted, delayed or otherwise seriously harmed our business. The collection and integrity of subject data and clinical trial endpoints have not been negatively impacted by the COVID-19 pandemic. We will continue to monitor the 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, including the ability of the FDA and other regulatory authorities to perform routine functions or that we determine are in the best interests of our employees and other third parties with whom we do business. If global health concerns prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our 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 August 2022, we announced the completion of enrollment into our MANTRA Phase 3 randomized, global, registrational trial of our lead product candidate, milademetan, an oral, small molecule inhibitor of the MDM2-p53 complex that reactivates p53. Our Phase 3 MANTRA trial completed enrollment with 175 patients enrolled and five months ahead of previous guidance.

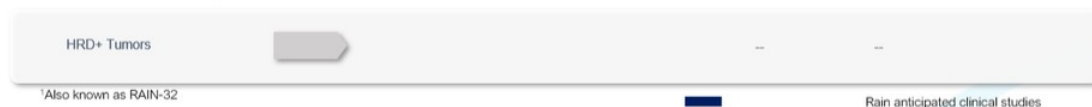
Our Development Pipeline

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.

Milademetan (RAIN-32)



RAD52 Research Program



Milademetan Overview

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 and pharmacokinetics 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. Milademetan's differentiated profile, as a potent MDM2 inhibitor 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 of approximately seven to eight months. 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, pursuant to the Daiichi Sankyo License Agreement, \$2.5 million in milestone fees was paid in the third quarter of 2021 and \$2.0 million is payable as of the second quarter of 2023.

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 the first half of 2023. 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 provided an update on patients who received milademetan monotherapy from the 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 received therapy with durations of 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.

In November 2021, we commenced of a multicenter, single arm open-label, Phase 2 basket trial evaluating milademetan, for the treatment of MDM2-amplified advanced solid tumors (MANTRA-2). The MANTRA-2 trial is designed to evaluate the safety and efficacy of milademetan in patients with advanced or metastatic solid tumors refractory or intolerant to standard-of-care therapy and that exhibit wild-type p53 and a prespecified minimum MDM2 gene copy number. Approximately 65 patients are expected to be enrolled to receive milademetan. The primary endpoint of the trial is objective response rate as measured by RECIST criteria. Secondary endpoints include duration of response, disease control rate progression-free survival by investigator assessment, overall survival, and growth modulation index. An interim analysis from MANTRA-2 is anticipated in the fourth quarter of 2022.

In November 2021, we announced a plan to commence a Phase 2 clinical trial, named MANTRA-3, evaluating the efficacy of milademetan, as a monotherapy for the treatment of patients with MCC refractory to ICI. The Phase 2 clinical trial in MCC (MANTRA-3) is on track to commence in the fourth quarter of 2022. The MANTRA-3 trial is designed to evaluate the efficacy of milademetan, as a monotherapy in patients with MCC that have progressed on immune checkpoint inhibitors. Approximately 34 patients are expected to be enrolled to receive milademetan. The primary endpoint of the trial is objective response rate as measured by RECIST criteria. Secondary endpoints include duration of response, disease control rate, progression free survival by investigator assessment, growth modulation index, overall survival and safety. We plan to prioritize our financial resources towards a Phase 2 clinical trial of milademetan in MCC and replace the previously planned Phase 2 clinical trial of milademetan in intimal sarcoma.

In January 2022, we announced a clinical supply agreement with Roche for the supply of the anti-Programmed Death Ligand-1 (PD-L1) monoclonal antibody, atezolizumab. Clinical trials are planned to evaluate milademetan in combination with atezolizumab for the treatment of patients in genetically selected populations. Under this agreement, we are the sponsor of the anticipated clinical trials, and Roche will supply atezolizumab. An initial Phase 1/2 clinical trial is planned to evaluate the safety, tolerability and efficacy of milademetan in combination with atezolizumab in patients with loss of CDKN2A and wildtype p53 advanced solid tumors who have previously progressed on ICI. We anticipate the start of the Phase 1/2 clinical trial in the fourth quarter of 2022. Subsequent Phase 2 clinical trials evaluating the combination of milademetan and atezolizumab may span various additional tumor types.

In August 2022, we announced the completion of enrollment into our MANTRA Phase 3 randomized, global, registrational trial of our lead product candidate, milademetan, an oral, small molecule inhibitor of the MDM2-p53 complex that reactivates p53. Our trial targeted an enrollment of 160 patients and completed enrollment five months ahead of schedule with 175 patients.

RAD52 Overview

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.

Milademetan and p53 Overview

Milademetan reactivates p53, known as the “guardian of the genome,” by inhibiting MDM2. p53 is present in every cell and acts as a key regulator of a variety of cellular processes including cell cycle, DNA repair and apoptosis. In a normal cell, the activity of p53 is controlled and regulated by the inhibitory protein MDM2. MDM2 binds to p53, thereby inducing degradation and allowing normal cells to function properly. In response to cell damage and other stress conditions, p53 is activated and prevents the formation of cancerous cells by inducing apoptosis.

In contrast to normal cells, in tumor cells, the two primary mechanisms by which p53 can be inactivated in tumor cells are mutations in p53 and activation or overexpression of MDM2. Approximately half of all tumors are characterized by mutations of the p53 gene. The remaining cancer patients have a p53 gene that is not mutated, and is otherwise known as WT p53, but can be functionally suppressed through the activation or overexpression of MDM2. We have identified MDM2 dependence in several solid tumors. This dependence is caused by overexpression of MDM2 through gene amplification or other mechanisms, loss of a negative regulator of MDM2 or other causes. Overexpression of MDM2 promotes the degradation of p53 and also eliminates p53’s ability to activate transcription. Milademetan, by binding MDM2 at the p53 interaction site, prevents the formation of the MDM2- p53 complex, allowing p53 reactivation and subsequent transcription of genes, such as MIC-1, that trigger cancer cell cycle arrest or apoptosis, among others.

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 Consolidated 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;

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- 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,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Milademetan	\$ 7,576	\$ 3,833	\$ 16,127	\$ 6,237
Other research and clinical candidates	161	259	411	1,337
Unallocated internal research and development costs	6,520	1,397	11,274	3,243
Total research and development expenses	<u>\$ 14,257</u>	<u>\$ 5,489</u>	<u>\$ 27,812</u>	<u>\$ 10,817</u>

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. We cannot predict with certainty the timing for initiation or completion of, the duration of, or the costs of current or future clinical trials and nonclinical studies of any of our product candidates due to the inherently unpredictable nature of clinical and preclinical development. 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” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 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

For the three and six months ended June 30, 2022 and 2021, interest income consists of interest on our money market accounts and short-term investments.

Results of Operations**Comparison of Three and Six Months Ended June 30, 2022**

The following table summarizes our results of operations for the three and six months ended June 30, 2022 and 2021, together with the changes in those items in dollars:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
	(in thousands)			(in thousands)		
Operating expenses:						
Research and development	\$ 14,257	\$ 5,489	\$ 8,768	\$ 27,812	\$ 10,817	\$ 16,995
General and administrative	3,461	2,700	761	7,356	4,180	3,176
Total operating expenses	17,718	8,189	9,529	35,168	14,997	20,171
Loss from operations	(17,718)	(8,189)	(9,529)	(35,168)	(14,997)	(20,171)
Other income:						
Interest income	107	6	101	163	14	149
Net loss	\$ (17,611)	\$ (8,183)	\$ 9,428	\$ (35,005)	\$ (14,983)	\$ 20,022

Research and Development Expenses

Research and development (R&D) expenses were \$14.3 million and \$5.5 million for the three months ended June 30, 2022 and 2021, respectively. The increase in R&D expenses was primarily related to milademetan and other research costs offset partially by a decrease in milestone payment liability resulting from the amendment of the Daiichi Sankyo License Agreement. Non-cash stock-based compensation expenses, included as part of personnel costs, were \$1.2 million and \$0.6 million for the three months ended June 30, 2022 and 2021, respectively.

R&D expenses were \$27.8 million and \$10.8 million for the six months ended June 30, 2022 and 2021, 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 \$2.1 million and \$0.8 million for the six months ended June 30, 2022 and 2021, respectively. We expect our R&D costs to continue to increase in 2022 as we continue our Phase 3 trial in LPS and our Phase 2 tumor-agnostic basket trial for milademetan.

General and Administrative Expenses

General and administrative (G&A) expenses were \$3.5 million and \$2.7 million for the three months ended June 30, 2022 and 2021, respectively. The increase in G&A expenses was primarily due to payroll-related costs of \$0.4 million, legal costs of \$0.3 million, and various third-party G&A costs of \$0.1 million. Non-cash stock-based compensation expense included in G&A expenses was approximately \$0.2 million for each of the three months ended June 30, 2022 and 2021. 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.

G&A expenses were \$7.4 million and \$4.2 million for the six months ended June 30, 2022 and 2021, respectively. The increase in G&A expenses was primarily due to payroll-related costs of \$ 1.6 million, directors and officers insurance of \$0.6 million, professional services of \$0.5 million, business licenses and taxes of \$0.2 million, and various third-party G&A costs of \$0.3 million. Non-cash stock-based compensation expense included in G&A expenses was approximately \$0.6 million and \$0.2 million for the six months ended June 30, 2022 and 2021, respectively. We expect our general and administrative expenses to continue to increase in 2022 as we continue to build out systems and infrastructure to support our operations.

Other (Income) Expense

Other income for the three and six months ended June 30, 2022 and 2021 represents interest income from money market or short-term investments.

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, 2022, 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.

In May 2022, we entered into a sales agreement (the "Sales Agreement") with Oppenheimer & Co. Inc. (the "Sales Agent") pursuant to which we may offer and sell up to \$50.0 million of shares of our common stock, from time to time, in "at-the-market" offerings (the "ATM Facility"). The Sales Agent is entitled to compensation at a commission equal to 3.0% of the aggregate gross sales price per share sold under the Sales Agreement. For the three months ended June 30, 2022, there were no sales pursuant to the ATM Facility.

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, 2022, we had cash, cash equivalents and short-term investments of \$105.8 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, 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:

- continue our on-going clinical trials, initiate new 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 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, and any future commercialization efforts; and
- 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 the geopolitical environment.

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 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, including our ATM Facility, 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 and geopolitical events 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 and cash equivalents:

	Six Months Ended June 30,	
	2022	2021
	(in thousands)	
Net cash provided by (used in):		
Operating activities	\$ (34,542)	\$ (15,750)
Investing activities	52,760	(46,679)
Financing activities	411	121,579
Net increase in cash and cash equivalents	<u>\$ 18,629</u>	<u>\$ 59,150</u>

Operating Activities

We have incurred losses since inception. Net cash used in operating activities for the six months ended June 30, 2022 was \$34.5 million, consisting primarily of net loss of \$35.0 million resulting from expenses associated with research and development activities for our lead product candidate and general and administrative expenses. A net decrease in changes in operating assets and liabilities of \$3.4 million also contributed to the use of cash. Partially offsetting the cash use was the non-cash stock compensation adjustment of \$2.7 million.

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 changes in operating assets and liabilities of \$1.8 million and non-cash adjustments of \$1.0 million.

Investing Activities

Net cash provided by investing activities for the six months ended June 30, 2022 was \$52.8 million, which primarily related to \$69.9 million of proceeds received from available for sale securities maturities. Purchases of available for sale securities during the period amounted to \$17.1 million.

Net cash used in investing activities for the six months ended June 30, 2021 was \$46.7 million, which primarily related to purchases of available for sale securities of \$46.6 million and the purchase of property and equipment of \$43,000.

Financing Activities

Net cash provided by financing activities in the six months ended June 30, 2022 was \$0.5 million, which primarily related to the net proceeds from option exercises.

Net cash used in financing activities in the six months ended June 30, 2021 was \$121.6 million, which primarily related 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.

Obligations and other Commitments

As discussed in Note 8 to the condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q, we are party to agreements to license intellectual property. The license agreements may require us to pay future milestones if certain developmental, regulatory and commercial milestones are achieved, as well as to pay royalties on net sales of products applicable to the license agreements. We cannot estimate if milestone and/or royalty payments will occur in future periods and the agreements are cancelable by us at any time upon prior written notice to the licensor.

In the normal course of business, we enter into contracts with CROs and other vendors for preclinical studies and clinical trials, research and development supplies and other testing and manufacturing services. These contracts generally do not contain minimum purchase commitments and are cancelable by either party at any time upon prior written notice.

Our incurred and accrued research and development obligations as of June 30, 2022 and December 31, 2021 were \$5.8 million and \$4.3 million, respectively.

There were no material changes outside of the ordinary course of business to our specific contractual obligations during the three and six months ended June 30, 2022.

Critical Accounting Policies and Use of Estimates

There have been no significant changes to our critical accounting policies and use of estimate from our disclosure reported in "Critical Accounting Estimates" in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-K for the year ended December 31, 2021, except as described in Note 2 to the interim unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Accrued Liabilities

We are required to estimate our expenses resulting from our obligations under contracts with vendors, consultants, CROs 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. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the expense. However, some payments are made in arrears and expenditures are accrued for the time periods which services are performed on a pre-determined schedule or when contractual milestones are met. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones.

This process involves reviewing open contracts and purchase orders, communicating with our applicable personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred when we have not yet been invoiced or otherwise notified of actual costs. During the course of a preclinical study or clinical trial, we adjust our prepaid and expense recognition if actual results differ from our estimates. To date, we have not experienced any material differences between accrued costs and actual costs incurred. The accrued research and development balances were \$5.8 million and \$4.3 million as of June 30, 2022 and December 31, 2021, respectively. The other accrued liabilities balances were \$4.1 million and \$5.7 million as of June 30, 2022 and December 31, 2021, respectively.

Stock-Based Compensation

We follow the provision of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, "Compensation – Stock Compensation" (ASC 718), which requires the measurement and recognition of compensation expense for all stock-based payment awards.

We estimate the fair value of our stock options using the Black-Scholes option pricing model, which requires us to develop estimates to be used in calculating the fair value of stock options. The use of the model requires us to make estimates of assumptions, such as expected stock price volatility and the estimated expected term of each award.

Stock-based compensation expense based on the fair value estimated is recognized over the requisite service period of the awards (generally the vesting period) on a straight-line basis. Prior to the IPO, the estimated fair value of the underlying common stock as determined on the date of grant by our Board of Directors. For the three months ended June 30, 2022 and 2021, stock-based compensation expense was \$1.4 million and \$0.8 million, respectively. The following table summarizes unvested equity compensation costs not yet recognized as of June 30, 2022 and December 31, 2021.

	As of June 30, 2022	As of December 31, 2021
Unvested equity compensation costs not yet recognized (in millions)	\$ 12.0	\$ 9.8
Weighted average period over which the unvested awards are expected to be recognized (in years)	3.0	3.1

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 consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

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 principal executive officer and our principal financial 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 this evaluation,

our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2022.

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, 2022, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost benefit relationship of possible controls and procedures.

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 I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021. There have been no material changes from the risk factors disclosed in Part 1, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021.

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

None.

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	Sales Agreement, by and between the Registrant and Oppenheimer & Co. Inc., dated May 27, 2022 (incorporated by reference from Exhibit 1.2 of the Registrant's Registration Statement on Form S-3 filed on May 27, 2022 (Commission File No. 333-265297)).
10.2*#	Amendment to License Agreement dated June 29, 2022, between the Registrant and Daiichi Sankyo Company Limited.
10.3*+	Form of Employee 2021 Equity Incentive Plan Grant Notice for Nonqualified Stock Options.
10.4*+	Form of Director 2021 Equity Incentive Plan Grant Notice for Nonqualified Stock Options.
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.

Portions of the exhibit have been omitted for confidentiality purposes.

(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 4, 2022

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

Date: August 4, 2022

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

**AMENDMENT TO
LICENSE AGREEMENT**

This Amendment (the “**Amendment**”) to the Agreement (as defined below) is made as of June 29th, 2022 (the “**Amendment Effective Date**”) by and between DAIICHI SANKYO COMPANY, LIMITED, a Japanese corporation having an office and principal place of business at 5-1, Nihonbashi-honcho 3-chome Chuo-ku, Tokyo 103-8426, Japan (“**Daiichi Sankyo**”), and RAIN THERAPEUTICS INC., a Delaware corporation having an office and place of business at 8000 Jarvis Avenue, Suite 204, Newark, CA 94560, USA (“**Rain**”). Daiichi Sankyo and Rain are each referred to herein by name, individually as a “**Party**” or collectively as “**Parties**”. Unless otherwise defined in this Amendment, initially capitalized terms used herein shall have the meanings given to them in the Agreement.

BACKGROUND

- A. Daiichi Sankyo and Rain entered into that certain License Agreement, dated September 2, 2020, as amended pursuant to a Memorandum of Understanding dated effective March 3, 2022 (collectively, the “**Agreement**”).
- B. Daiichi Sankyo and Rain agree to delete the investigator-initiated clinical trial conducted by National Cancer Center Japan (DS-3032 IIS in patients with MDM2 amplified intimal sarcoma (NCCH1806)) (the “**NCC Study**”) from the list in the Exhibit D of the Agreement and to remove Know-How discovered or developed from the NCC Study from Daiichi Sankyo Know-How.
- C. Daiichi Sankyo and Rain now desire to amend the Agreement, all as set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the sufficiency of which is acknowledged by both Parties, the Parties agree as follows:

AGREEMENT

1. **Amendment to Section 5.2.** Section 5.2 of the Agreement shall be amended and restated as set forth in Attachment 1 of this Amendment.
2. **Amendment of Section 7.6.** Section 7.6 of the Agreement is hereby deleted and replaced in its entirety with the following:

7.6 Publication by Academia. Any academia, who has collaborated with Daiichi Sankyo under a particular agreement relating to the Licensed Compound as of the Effective Date, may publish or otherwise disclose the study design, the data and results of pre-clinical and clinical studies conducted under such agreement. With the exception of any abstract, poster or slide deck presented at a conference by National Cancer Center Japan and any journal article submitted for publication by National Cancer Center Japan, Daiichi Sankyo shall give Rain at least twenty (20) Business Days to review and comment on the draft contents of any other

abstract, poster or slide deck before such materials are presented at the applicable conferences and on the draft contents of any other journal article before such article is submitted for publication, provided that Rain acknowledges and agrees that the review period may be shorter, depending on the circumstances and demands of the academia. Daiichi Sankyo shall incorporate any reasonable comments of Rain with respect thereto. Daiichi Sankyo will provide the draft in the language which it was drafted and Daiichi Sankyo shall not be obligated to translate such draft.

3. **Amendment to Exhibit D.** Exhibit D of the Agreement is hereby deleted and replaced in its entirety with the following:

Exhibit D
Continuing Clinical Trials

U101/PTA	A Phase 1 Multiple Ascending Dose Study of DS-3032, in Subjects with Advanced Solid Tumors or Lymphomas
MDACC (MILA/LDAC/VEN)	A Phase 1/2 Study of the DS-3032 in Combination With Low Dose Cytarabine (LDAC) in Patients With Newly Diagnosed or Relapsed/Refractory Acute Myeloid Leukemia (AML)

4. **Release and Waiver.** In consideration of the reduced milestone payment (see amended Section 5.2(a)) and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, Rain hereby irrevocably waives and unconditionally releases, to the full extent permitted by law, Daiichi Sankyo from any and all existing or future claims, rights and causes of action, whether known or unknown, that Rain had, has or may have arising out of the Agreement as it relates to any Know-How generated or derived from the NCC Study.
5. **No Other Modifications.** Except as specifically set forth in this Amendment, the Agreement remains in full force and effect in accordance with its terms. No subsequent alteration, amendment, change or addition to this Amendment shall be binding upon the Parties unless reduced to writing and signed by an authorized officer of each Party.
6. **Miscellaneous.** This Amendment, together with the Agreement, sets forth the entire agreement and understanding of the Parties as to the subject matter hereof and supersedes all proposals, oral or written, and all other communications between the Parties with respect to such subject matter. This Amendment may be executed by electronic signature and in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Parties have executed this Amendment by their duly authorized representatives on the Amendment Effective Date.

DAIICHI SANKYO COMPANY, LIMITED

RAIN THERAPEUTICS INC.

/s/ Tetsuya Iwabuchi

/s/ Avanish Vellanki

By: Tetsuya Iwabuchi
Title: Vice President, Business Development &
Licensing Department

By: Avanish Vellanki
Title: CEO

Attachment 1

5.2 Development Milestones. As further consideration for Daiichi Sankyo's grant of the rights and licenses to Rain hereunder, Rain shall pay Daiichi Sankyo the following non-refundable, non-creditable, one-time milestone payments with respect to the Product upon achievement of the development milestone events described below.

Milestone Event	Payment Amount
a) Upon first dosing of first Phase 2 Clinical Trial	Two million Dollars (\$2,000,000)
b) Upon enrollment of the first patient in the first Pivotal Clinical Trial	Two million five hundred thousand Dollars (\$2,500,000)
c) Upon enrollment of the first patient in the first Pivotal Clinical Trial which is in a different Indication than b)	Three million Dollars (\$3,000,000)
d) Upon acceptance by a Regulatory Authority of the first NDA filing	One million five hundred thousand Dollars (\$1,500,000)
e) Upon acceptance by a Regulatory Authority of the first NDA filing which is in a different Indication than d)	Three million Dollars (\$3,000,000)

f) Upon the first Marketing Approval by FDA	(i) Nine million Dollars (\$9,000,000) in the case such Marketing Approval is a Full Approval, or (ii) Five million Dollars (\$5,000,000) in the case such Marketing Approval is a Conditional Approval, and then four million Dollars (\$4,000,000) upon receiving Full Approval based on such Conditional Approval.
g) Upon the first Marketing Approval by FDA which is in a different Indication than f)	(i) Four million Dollars (\$4,000,000) in the case such Marketing Approval is Full Approval or (ii) Two million Dollars (\$2,000,000) in the case such Marketing Approval is Conditional Approval, and then Two million Dollars (\$2,000,000) upon receiving Full Approval based on such Conditional Approval
h) Upon the first Marketing Approval by FDA which is in a different Indication than f) and g)	(i) Four million Dollars (\$4,000,000) in the case such Marketing Approval is Full Approval or (ii) Two million Dollars (\$2,000,000) in the case such Marketing Approval is Conditional Approval, and then Two million Dollars (\$2,000,000) upon receiving Full Approval based on such Conditional Approval
i) Upon the first Marketing Approval by EMA	(i) Five million Dollars (\$5,000,000) in the case such Marketing Approval is Full Approval or (ii) Three million Dollars (\$3,000,000) in the case such Marketing Approval is Conditional Approval, and then Two million Dollars (\$2,000,000) upon receiving Full Approval based on such Conditional Approval

<p>j) Upon the first Marketing Approval by EMA which is in a different Indication than i)</p>	<p>(i) Three million Dollars (\$3,000,000) in the case such Marketing Approval is Full Approval or (ii) One million five hundred thousand Dollars (\$1,500,000) in the case such Marketing Approval is Conditional Approval, and then One million five hundred thousand Dollars (\$1,500,000) upon receiving Full Approval based on such Conditional Approval</p>
<p>k) Upon the first Marketing Approval by EMA which is in a different Indication than i) and j)</p>	<p>(i) Three million Dollars (\$3,000,000) in the case such Marketing Approval is Full Approval or (ii) One million five hundred thousand Dollars (\$1,500,000) in the case such Marketing Approval is Conditional Approval, and then One million five hundred thousand Dollars (\$1,500,000) upon receiving Full Approval based on such Conditional Approval</p>
<p>l) Upon the first Marketing Approval by a Regulatory Authority other than the FDA and EMA</p>	<p>(i) Five million Dollars (\$5,000,000) in the case such Marketing Approval is Full Approval or (ii) Three million Dollars (\$3,000,000) in the case such Marketing Approval is Conditional Approval, and then Two million Dollars (\$2,000,000) upon receiving Full Approval based on such Conditional Approval</p>
<p>m) Upon the first Marketing Approval by a Regulatory Authority other than the FDA and EMA and such Marketing Approval is in a different region/country or different Indication than l)</p>	<p>(i) Three million Dollars (\$3,000,000) in the case such Marketing Approval is Full Approval or (ii) One million five hundred thousand Dollars (\$1,500,000) in the case such Marketing Approval is Conditional Approval, and then One million five hundred thousand Dollars (\$1,500,000) upon receiving Full Approval based on such Conditional Approval</p>

<p>n) Upon the first Marketing Approval by a Regulatory Authority other than the FDA and EMA and such Marketing Approval is in a different region/country or different Indication than l) and m)</p>	<p>(i) Three million Dollars (\$3,000,000) in the case such Marketing Approval is Full Approval or (ii) One million five hundred thousand Dollars (\$1,500,000) in the case such Marketing Approval is Conditional Approval, and then One million five hundred thousand Dollars (\$1,500,000) upon receiving Full Approval based on such Conditional Approval.</p>
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Rain shall promptly (and in any event within ten (10) Business Days after achievement of such milestone event) notify Daiichi Sankyo in writing of the achievement of any such milestone event. After receipt of such notice from Rain, Daiichi Sankyo shall issue Rain an invoice for the amount of the corresponding milestone payment. Rain shall pay Daiichi Sankyo within thirty (30) Business Days after receipt of an invoice therefor from Daiichi Sankyo. If at the time any given milestone payment set forth in this Section 5.2 is due for any country and Indication and one or more preceding milestone payments for antecedent milestone events for the same country and Indication have not been paid, then such unpaid precedent milestone payments shall be paid at such time as well. Notwithstanding the foregoing, in case the first clinical trial that achieved milestone event is Pivotal Clinical Trial for liposarcoma, then, milestone event a) and b) are achieved and milestone payments for milestone event a) and b) shall become due. Rain shall notify Daiichi Sankyo in writing (i) promptly after the achievement of such milestone event (“First Notice”) and (ii) on June 30th 2023 (“Second Notice”). Daiichi Sankyo shall issue Rain invoice for milestone event b) after receiving First Notice and issue invoice for milestone event a) after receiving Second Notice, which invoices Rain shall pay Daiichi Sankyo in accordance with this Section 5.2. For clarity, Rain shall be required to pay each development milestone payment only once, regardless of the order in which the milestone events occur.

EMPLOYEE FORM

**RAIN THERAPEUTICS INC.
2021 EQUITY INCENTIVE PLAN**

**GRANT NOTICE FOR
NONQUALIFIED STOCK OPTIONS**

FOR GOOD AND VALUABLE CONSIDERATION, Rain Therapeutics Inc. (the “*Company*”), hereby grants to Participant named below the Nonqualified Stock Option (the “*Option*”) to purchase any part or all of the number of shares of Common Stock that are covered by this Option at the Exercise Price per share, each specified below, and upon the terms and subject to the conditions set forth in this Grant Notice, the Rain Therapeutics Inc. 2021 Equity Incentive Plan (as amended from time to time, the “*Plan*”) and the Standard Terms and Conditions (the “*Standard Terms and Conditions*”) promulgated under such Plan and attached hereto as Exhibit A. This Option is granted pursuant to the Plan and is subject to and qualified in its entirety by the Standard Terms and Conditions. This Option is not intended to qualify as an incentive stock option under Section 422 of the Code. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Name of Participant:	
Grant Date:	
Number of Shares of Common Stock covered by Option:	
Exercise Price Per Share:	
Expiration Date:	
Vesting Schedule:	Subject to the Plan and the Standard Terms and Conditions, the Option shall vest in accordance with the following schedule, so long as Participant remains continuously employed by the Company or its Subsidiaries from the Grant Date through such vesting date: .

By accepting this Grant Notice, Participant acknowledges that he or she has received and read, and agrees that this Option shall be subject to, the terms of this Grant Notice, the Plan, and the Standard Terms and Conditions.

RAIN THERAPEUTICS INC.

By: _____

Name:

Title:

PARTICIPANT

[Name]

SIGNATURE PAGE TO
GRANT NOTICE FOR
NONQUALIFIED STOCK OPTIONS

EXHIBIT A

RAIN THERAPEUTICS INC. 2021 EQUITY INCENTIVE PLAN

STANDARD TERMS AND CONDITIONS FOR NONQUALIFIED STOCK OPTIONS

These Standard Terms and Conditions apply to the Options granted pursuant to the Rain Therapeutics Inc. 2021 Equity Incentive Plan (the “**Plan**”), which are identified as nonqualified stock options and are evidenced by a Grant Notice or an action of the Committee that specifically refers to these Standard Terms and Conditions. In addition to these Standard Terms and Conditions, the Option shall be subject to the terms of the Plan, which are incorporated into these Standard Terms and Conditions by this reference. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

1. TERMS OF OPTION

Rain Therapeutics Inc. (the “**Company**”) has granted to the Participant named in the Grant Notice provided to said Participant herewith (the “**Grant Notice**”) a Nonqualified Stock Option (the “**Option**”) to purchase up to the number of shares of Common Stock at an Exercise Price per share, each as set forth in the Grant Notice. The Option is subject to the conditions set forth in the Grant Notice, these Standard Terms and Conditions, and the Plan. For purposes of these Standard Terms and Conditions and the Grant Notice, any reference to the Company shall include a reference to any Subsidiary.

2. NONQUALIFIED STOCK OPTION

The Option is not intended to be an incentive stock option under Section 422 of the Code and will be interpreted accordingly.

3. EXERCISE OF OPTION

(a) The Option shall not be exercisable as of the Grant Date set forth in the Grant Notice. After the Grant Date, to the extent not previously exercised, and subject to termination or acceleration as provided in these Standard Terms and Conditions and the Plan, the Option shall be exercisable only to the extent it becomes vested, as described in the Grant Notice or the terms of the Plan, to purchase up to that number of shares of Common Stock as set forth in the Grant Notice; provided, that (except as set forth in Section 4(a) below) the Participant remains employed with the Company and does not experience a Termination of Employment. The vesting period and/or exercisability of an Option may be adjusted by the Committee to reflect the decreased level of employment during any period in which the Participant is on an approved leave of absence or is employed on a less than full time basis.

(b) To exercise the Option (or any part thereof), the Participant shall deliver to the Company a “Notice of Exercise” in a form specified by the Committee, specifying the number of whole shares of Common Stock the Participant wishes to purchase and how the Participant’s shares

of Common Stock should be registered (in the Participant's name only or in the Participant's and the Participant's spouse's names as community property or as joint tenants with right of survivorship).

(c) The exercise price (the "**Exercise Price**") of the Option is set forth in the Grant Notice. The Company shall not be obligated to issue any shares of Common Stock until the Participant shall have paid the total Exercise Price for that number of shares of Common Stock. The Exercise Price may be paid in, cash, including an irrevocable commitment by a broker to pay over such amount from a sale of the Common Stock issuable under the Option, or in such other manners as may be permitted by the Committee.

(d) Fractional shares may not be exercised. Shares of Common Stock will be issued as soon as practical after exercise. Notwithstanding the above, the Company shall not be obligated to deliver any shares of Common Stock during any period when the Company determines that the exercisability of the Option or the delivery of shares of Common Stock hereunder would violate Company policy or any federal, state or other applicable laws.

4. EXPIRATION OF OPTION

The Option shall expire and cease to be exercisable as of the earlier of (i) the Expiration Date set forth in the Grant Notice or (ii) the date specified below in connection with the Participant's Termination of Employment:

(a) If the Participant's Termination of Employment is as a result of the Participant's death or Disability, the Participant may exercise any portion of the Option that is vested and exercisable at the time of such Termination of Employment until the first anniversary of the Termination Date (as defined below).

(b) If the Participant's Termination of Employment is by the Company without Cause, in each case, on or within 12 months following a Change in Control, subject to the Participant's execution and nonrevocation of a general release of claims in a form provided by the Company, (i) the entire Option shall be full vested and (ii) the Participant may exercise any portion of the Option until the date that is 90 days following the Termination Date.

(c) If the Participant's Termination of Employment is by the Company for Cause, the entire Option, whether or not then vested and exercisable, shall be immediately forfeited and canceled as of the Termination Date.

(d) If the Participant's Termination of Employment is for any reason other than as set forth in Section 4(a), 4(b) or 4(c), the Participant may exercise any portion of the Option that is vested and exercisable at the time of such Termination of Employment until the date that is 90 days following the Termination Date.

(e) Any portion of the Option that is not vested and exercisable at the time of a Termination of Employment (after taking into account any accelerated vesting under this Section 4, Section 15 of the Plan or any other agreement between the Participant and the Company) shall be forfeited and canceled as of the Termination Date.

(f) As used in this Section 4:

(i) “**Good Reason**” has the meaning set forth in the written employment, offer, services or severance agreement or letter between the Participant and the Company or an Affiliate, or if there is no such agreement or no such term is defined in such agreement, means, without the Participant’s consent: (A) a material diminution in the Participant’s title or duties with the Company or an Affiliate; (B) a material diminution in the Participant’s base salary; or (C) a required relocation of the Participant’s principal place of employment by more than 25 miles. Notwithstanding the foregoing, any assertion by the Participant of a termination for Good Reason shall not be effective unless (1) the Participant provides written notice to the Company of the existence of one or more of the foregoing conditions within 30 days after the initial occurrence of such condition(s); (2) the condition(s) specified in such notice must remain uncorrected for 30 days following the Company’s receipt of such written notice; and (3) the date of the termination of the Participant’s employment must occur within 90 days after the initial occurrence of the condition(s) specified in such notice.

(ii) “**Termination Date**” means the date of the Participant’s Termination of Employment.

5. RESTRICTIONS ON REALES OF SHARES ACQUIRED PURSUANT TO OPTION EXERCISE

The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued as a result of the exercise of the Option, including (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other option holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

6. INCOME TAXES

The Company shall not deliver shares of Common Stock in respect of the exercise of any Option unless and until the Participant has made arrangements satisfactory to the Company to satisfy applicable withholding tax obligations. Unless the Participant pays the withholding tax obligations to the Company by cash or check in connection with the exercise of the Option (including an irrevocable commitment by a broker to pay over such amount from a sale of the Common Stock issuable under the Option. The Participant acknowledges that the Company shall have the right to deduct any taxes required to be withheld by law in connection with the exercise of the Option from any amounts payable by it to the Participant (including future cash wages).

7. NONTRANSFERABILITY OF OPTION

Except as permitted by the Committee or as permitted under the Plan, the Participant may not assign or transfer the Option to anyone other than by will or the laws of descent and distribution and the Option shall be exercisable only by the Participant during his or her lifetime. The Company may cancel the Option if the Participant attempts to assign or transfer it in a manner inconsistent with this Section 7.

8. OTHER AGREEMENTS SUPERSEDED

The Grant Notice, these Standard Terms and Conditions and the Plan constitute the entire understanding between the Participant and the Company regarding the Option. Any prior agreements, commitments or negotiations concerning the Option are superseded.

9. LIMITATION OF INTEREST IN SHARES SUBJECT TO OPTION

Neither the Participant (individually or as a member of a group) nor any beneficiary or other person claiming under or through the Participant shall have any right, title, interest, or privilege in or to any shares of Common Stock allocated or reserved for the purpose of the Plan or subject to the Grant Notice or these Standard Terms and Conditions except as to such shares of Common Stock, if any, as shall have been issued to such person upon exercise of the Option or any part of it. Nothing in the Plan, in the Grant Notice, these Standard Terms and Conditions or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's employ or service nor limit in any way the Company's right to terminate the Participant's employment at any time for any reason.

10. NO LIABILITY OF COMPANY

The Company and any affiliate which is in existence or hereafter comes into existence shall not be liable to the Participant or any other person as to: (a) the nonissuance or sale of shares of Common Stock as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares hereunder; and (b) any tax consequence expected, but not realized, by the Participant or other person due to the receipt, exercise or settlement of any Option granted hereunder.

11. GENERAL

(a) In the event that any provision of these Standard Terms and Conditions is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

(b) The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of these Standard Terms and Conditions, nor shall they affect its meaning, construction or effect. Words in the masculine gender shall include the feminine gender, and where appropriate, the plural shall include the singular and the singular shall include the plural. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation", "but not limited to", or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. References herein to any agreement, instrument or other document

means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan or these Standard Terms and Conditions.

(c) These Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

(d) These Standard Terms and Conditions shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of law.

(e) In the event of any conflict between the Grant Notice, these Standard Terms and Conditions and the Plan, the Grant Notice and these Standard Terms and Conditions shall control. In the event of any conflict between the Grant Notice and these Standard Terms and Conditions, the Grant Notice shall control.

(f) All questions arising under the Plan or under these Standard Terms and Conditions shall be decided by the Committee in its total and absolute discretion.

12. CLAWBACK

The Option and any shares of Common Stock issued upon exercise of the Option will be subject to recoupment in accordance with any clawback policy adopted by the Company. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company. By accepting the Option, the Participant is agreeing to be bound by any such clawback policy, as in effect or as may be adopted and/or modified from time to time by the Company in its discretion.

13. ELECTRONIC DELIVERY

By executing the Grant Notice, the Participant hereby consents to the delivery of information (including information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, the Option and the Common Stock via Company web site or other electronic delivery.

DIRECTOR FORM

**RAIN THERAPEUTICS INC.
2021 EQUITY INCENTIVE PLAN**

**GRANT NOTICE FOR
NONQUALIFIED STOCK OPTIONS**

FOR GOOD AND VALUABLE CONSIDERATION, Rain Therapeutics Inc. (the “**Company**”), hereby grants to Participant named below the Nonqualified Stock Option (the “**Option**”) to purchase any part or all of the number of shares of Common Stock that are covered by this Option at the Exercise Price per share, each specified below, and upon the terms and subject to the conditions set forth in this Grant Notice, the Rain Therapeutics Inc. 2021 Equity Incentive Plan (as amended from time to time, the “**Plan**”) and the Standard Terms and Conditions (the “**Standard Terms and Conditions**”) promulgated under such Plan and attached hereto as Exhibit A. This Option is granted pursuant to the Plan and is subject to and qualified in its entirety by the Standard Terms and Conditions. This Option is not intended to qualify as an incentive stock option under Section 422 of the Code. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Name of Participant:	
Grant Date:	
Number of Shares of Common Stock covered by Option:	
Exercise Price Per Share:	
Expiration Date:	
Vesting Schedule:	Subject to the Plan and the Standard Terms and Conditions, the Option shall vest in accordance with the following schedule, so long as Participant remains continuously providing services to the Company or its Subsidiaries from the Grant Date through such vesting date:

By accepting this Grant Notice, Participant acknowledges that he or she has received and read, and agrees that this Option shall be subject to, the terms of this Grant Notice, the Plan, and the Standard Terms and Conditions.

RAIN THERAPEUTICS INC.

By: _____

Name:

Title:

PARTICIPANT

[Name]

SIGNATURE PAGE TO
GRANT NOTICE FOR
NONQUALIFIED STOCK OPTIONS

EXHIBIT A

RAIN THERAPEUTICS INC. 2021 EQUITY INCENTIVE PLAN

STANDARD TERMS AND CONDITIONS FOR NONQUALIFIED STOCK OPTIONS

These Standard Terms and Conditions apply to the Options granted pursuant to the Rain Therapeutics Inc. 2021 Equity Incentive Plan (the “**Plan**”), which are identified as nonqualified stock options and are evidenced by a Grant Notice or an action of the Committee that specifically refers to these Standard Terms and Conditions. In addition to these Standard Terms and Conditions, the Option shall be subject to the terms of the Plan, which are incorporated into these Standard Terms and Conditions by this reference. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

1. TERMS OF OPTION

Rain Therapeutics Inc. (the “**Company**”) has granted to the Participant named in the Grant Notice provided to said Participant herewith (the “**Grant Notice**”) a Nonqualified Stock Option (the “**Option**”) to purchase up to the number of shares of Common Stock at an Exercise Price per share, each as set forth in the Grant Notice. The Option is subject to the conditions set forth in the Grant Notice, these Standard Terms and Conditions, and the Plan. For purposes of these Standard Terms and Conditions and the Grant Notice, any reference to the Company shall include a reference to any Subsidiary.

2. NONQUALIFIED STOCK OPTION

The Option is not intended to be an incentive stock option under Section 422 of the Code and will be interpreted accordingly.

3. EXERCISE OF OPTION

(a) The Option shall not be exercisable as of the Grant Date set forth in the Grant Notice. After the Grant Date, to the extent not previously exercised, and subject to termination or acceleration as provided in these Standard Terms and Conditions and the Plan, the Option shall be exercisable only to the extent it becomes vested, as described in the Grant Notice or the terms of the Plan, to purchase up to that number of shares of Common Stock as set forth in the Grant Notice; provided, that (except as set forth in Section 4(a) below) the Participant remains continuously providing services to the Company and does not experience a Termination of Employment.

(b) To exercise the Option (or any part thereof), the Participant shall deliver to the Company a “Notice of Exercise” in a form specified by the Committee, specifying the number of whole shares of Common Stock the Participant wishes to purchase and how the Participant’s shares of Common Stock should be registered (in the Participant’s name only or in the Participant’s and the Participant’s spouse’s names as community property or as joint tenants with right of survivorship).

(c) The exercise price (the “**Exercise Price**”) of the Option is set forth in the Grant Notice. The Company shall not be obligated to issue any shares of Common Stock until the Participant shall have paid the total Exercise Price for that number of shares of Common Stock. The Exercise Price may be paid in, cash, including an irrevocable commitment by a broker to pay over such amount from a sale of the Common Stock issuable under the Option, or in such other manners as may be permitted by the Committee.

(d) Fractional shares may not be exercised. Shares of Common Stock will be issued as soon as practical after exercise. Notwithstanding the above, the Company shall not be obligated to deliver any shares of Common Stock during any period when the Company determines that the exercisability of the Option or the delivery of shares of Common Stock hereunder would violate Company policy or any federal, state or other applicable laws.

4. EXPIRATION OF OPTION

The Option shall expire and cease to be exercisable as of the earlier of (i) the Expiration Date set forth in the Grant Notice or (ii) the date specified below in connection with the Participant’s Termination of Employment:

(a) If the Participant’s Termination of Employment is as a result of the Participant’s death or Disability, the Participant may exercise any portion of the Option that is vested and exercisable at the time of such Termination of Employment until the first anniversary of the Termination Date (as defined below).

(b) If the Participant’s Termination of Employment is for any reason other than as set forth in Section 4(a), the Participant may exercise any portion of the Option that is vested and exercisable at the time of such Termination of Employment until the date that is 90 days following the Termination Date.

(c) Any portion of the Option that is not vested and exercisable at the time of a Termination of Employment (after taking into account any accelerated vesting under Section 15 of the Plan or any other agreement between the Participant and the Company) shall be forfeited and canceled as of the Termination Date.

(d) As used in this Section 4, “**Termination Date**” means the date of the Participant’s Termination of Employment.

5. RESTRICTIONS ON REALES OF SHARES ACQUIRED PURSUANT TO OPTION EXERCISE

The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued as a result of the exercise of the Option, including (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other option holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

6. RESERVED

7. NONTRANSFERABILITY OF OPTION

Except as permitted by the Committee or as permitted under the Plan, the Participant may not assign or transfer the Option to anyone other than by will or the laws of descent and distribution and the Option shall be exercisable only by the Participant during his or her lifetime. The Company may cancel the Option if the Participant attempts to assign or transfer it in a manner inconsistent with this Section 7.

8. OTHER AGREEMENTS SUPERSEDED

The Grant Notice, these Standard Terms and Conditions and the Plan constitute the entire understanding between the Participant and the Company regarding the Option. Any prior agreements, commitments or negotiations concerning the Option are superseded.

9. LIMITATION OF INTEREST IN SHARES SUBJECT TO OPTION

Neither the Participant (individually or as a member of a group) nor any beneficiary or other person claiming under or through the Participant shall have any right, title, interest, or privilege in or to any shares of Common Stock allocated or reserved for the purpose of the Plan or subject to the Grant Notice or these Standard Terms and Conditions except as to such shares of Common Stock, if any, as shall have been issued to such person upon exercise of the Option or any part of it. Nothing in the Plan, in the Grant Notice, these Standard Terms and Conditions or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's service nor limit in any way the Company's right to terminate the Participant's service at any time for any reason.

10. NO LIABILITY OF COMPANY

The Company and any affiliate which is in existence or hereafter comes into existence shall not be liable to the Participant or any other person as to: (a) the nonissuance or sale of shares of Common Stock as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares hereunder; and (b) any tax consequence expected, but not realized, by the Participant or other person due to the receipt, exercise or settlement of any Option granted hereunder.

11. GENERAL

(a) In the event that any provision of these Standard Terms and Conditions is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

(b) The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of these Standard Terms and Conditions, nor shall they affect its meaning, construction or effect. Words in the masculine gender shall include the feminine gender, and where appropriate, the plural shall include the singular and the singular shall include the plural. The use herein of the word “including” following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation”, “but not limited to”, or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. References herein to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan or these Standard Terms and Conditions.

(c) These Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

(d) These Standard Terms and Conditions shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of law.

(e) In the event of any conflict between the Grant Notice, these Standard Terms and Conditions and the Plan, the Grant Notice and these Standard Terms and Conditions shall control. In the event of any conflict between the Grant Notice and these Standard Terms and Conditions, the Grant Notice shall control.

(f) All questions arising under the Plan or under these Standard Terms and Conditions shall be decided by the Committee in its total and absolute discretion.

12. CLAWBACK

The Option and any shares of Common Stock issued upon exercise of the Option will be subject to recoupment in accordance with any clawback policy adopted by the Company. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company. By accepting the Option, the Participant is agreeing to be bound by any such clawback policy, as in effect or as may be adopted and/or modified from time to time by the Company in its discretion.

13. ELECTRONIC DELIVERY

By executing the Grant Notice, the Participant hereby consents to the delivery of information (including information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, the Option and the Common Stock via Company web site or other electronic delivery.

**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 4, 2022

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 4, 2022

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, 2022 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 4, 2022

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

Date: August 4, 2022

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.
