# Compass Therapeutics Reports Fourth Quarter and Full Year 2020 Financial Results and Provides Business Update

March 5, 2021

BOSTON--(BUSINESS WIRE)-- Compass Therapeutics, Inc. (OTCQB: CMPX), a clinical-stage biotechnology company developing proprietary antibody therapeutics intended to engage the immune system to treat both solid tumors and hematological malignancies, today reported fourth quarter and full year 2020 financial results and provided a business update.

“2020 was a transformational year for Compass,” said Thomas J. Schuetz, M.D., Ph.D., co-founder and chief executive officer. “We initiated the dose expansion stage (Phase 1b) of our Phase 1 study for our lead product candidate CTX-471 (CD137 agonist) in September after successfully completing the dose escalation stage of the study in July. Importantly, among the six evaluable patients in the dose expansion stage of the study, who have reached their week 9 evaluation, five patients had stable disease. Subsequently, one of those patients who has advanced small cell lung cancer had a partial response (PR) at week 17. In addition, in the dose escalation stage of the study (Phase 1a) we reported a patient with melanoma of mucosal origin who had a 24% decline in his linear tumor burden. These early signs of anti-tumor activity are encouraging, and we look forward to receiving more CTX-471 data as the study progresses. Top-line data from the Phase 1b stage of the study is expected in the second half of the year, and we could initiate a Phase 2/3 study in the second half of 2022.

“On the financing side, we completed a $60M private placement and became a public reporting company in June 2020. We also recently announced that our common stock has been cleared for trading on the OTCQB tier of the OTC market. These events represent significant achievements for the company as we continue to build the infrastructure to support the future growth of Compass.”

**Development Pipeline Update and Highlights:**

CTX-471, a CD137 Agonist monoclonal antibody:

- Completed CTX-471 Phase 1a dose escalation study and found CTX-471 to be generally well-tolerated
- Initiated CTX-471 Phase 1b dose expansion study and treated 11 patients in the study as of February 28, 2021
- Of the six evaluable patients in the dose expansion part of the study, five patients with advanced solid tumors who have reached their week 9 evaluation had stable disease. Additionally, a patient with advanced small cell lung cancer had a PR at week 17 of the study
- Data published in the peer-reviewed *Journal of Clinical Investigation Insight* (JCI Insight) demonstrated the preclinical monotherapy activity and safety of CTX-471 across various syngeneic tumor models

CTX-8371, a PD-1 X PD-L1 Bispecific:

- Initiated IND-enabling studies and the GMP manufacturing campaign
- Generated preclinical data that demonstrated the differentiation between CTX-8371 and commercially available single PD-1 blockers, single PD-L1 blockers or combinations of PD-1 and PD-L1 blockers
- Initiated preparation of IND submission materials with the goal of submission of the IND in early 2022 and potential for early safety and top-line data later in 2022

**Financial Highlights:**

- Completed $60.5M in gross proceeds ($54.2M net of expenses) private placement financing in combination with reverse merger with a public shell that transitioned the company to a public company and enabled listing of the company stock on the OTC market under the symbol “CMPX”
- Established public company reporting process including internal controls over financial reporting

**Other Business Updates:**

- Promoted Vered Bisker-Leib, Ph.D., to Chief Operating Officer in January and President and COO in July
- Strengthened our board with the addition of Brett Kaplan as an independent board member and chair of the audit committee of the board and audit committee financial expert
- Published preclinical data in the journal *Science* supporting the potential of CTX-2026, a novel antibody to the butyrophilin BTN3A1 in ovarian cancer tumor models
- Based on a review of our pipeline, made a strategic decision to deprioritize the development of our NKp30 innate cell engager platform and discontinued efforts to advance CTX-8573 to IND-enabling studies
- Entered into a new lease agreement for our lab and office space and relocated our operations to 80 Guest Street, Boston, MA

**Financial Results for Fourth Quarter and Full Year Ended December 31, 2020**

Net loss for the full year 2020 was $29.5 million or $0.96 per common share, compared to $34.7 million or $5.19 per common share for the full year 2019. Net loss for the fourth quarter of 2020 was $8.4 million or $0.16 per common share, compared to $6.6 million or $0.95 per common share in the fourth quarter of 2019.

Research and development (R&D) Expenses

R&D expenses were $14.9 million for the full year of 2020, as compared to $22.4 million for the same period in 2019, a reduction of $7.5 million or 34%. The lower costs were principally driven by a strategic reduction in head count and the completion of preclinical efforts for CTX-471. R&D expenses were $4.4 million during the fourth quarter of 2020, as compared to $3.3 million for the same period in 2019, an increase of $1.1 million or 33%. The higher costs were primarily related to manufacturing expenses and toxicological studies for CTX-8371.

General and Administrative (G&A) Expenses

G&A expenses were $12.9 million for the full year 2020, as compared to $11.6 million for the same period in 2019, an increase of $1.3 million or 11%. The higher costs were principally driven by an increase in stock-based compensation expenses and costs associated with the transition of the company from private to public. G&A expenses were $3.5 million during the fourth quarter of 2020, as compared to $3.1 million for the same period in 2019, an increase of $0.4 million or 14%. The higher costs were driven by higher stock-based compensation expenses.

**Cash Position**

As of December 31, 2020, cash and cash equivalents were $47.1 million as compared to $25.3 million as of December 31, 2019, providing the Company with an anticipated cash runway into the second quarter of 2022. During 2020, the Company increased its cash position through proceeds from financing activities of $48.5 million, primarily from $54.2 million of net proceeds from issuance of common stock, partially offset with loan payments of $5.6 million. The Company used $26.8 million of cash to fund operations.

**About Compass Therapeutics**

Compass Therapeutics, Inc. is a clinical-stage biopharmaceutical company developing proprietary antibody therapeutics intended to engage the immune system to treat both solid tumors and hematologic malignancies. Compass is leveraging its proprietary StitchMabs™ and common light-chain based multispecific platforms to empirically identify multispecifics and combinations of antibody therapeutics that synergistically modulate key nodes in the immune system. The Company's lead product candidate, CTX-471, is a fully human agonistic antibody of CD137, and is currently being evaluated in a Phase 1b study. The Company's offices and labs are located in Boston, MA. Visit website at www.compasstherapeutics.com

**Forward-Looking Statements**

This press release contains forward-looking statements. Statements in this press release that are not purely historical are forward-looking statements. Such forward-looking statements include, among other things, references to the Company's financial position to continue advancing its product candidates, expectations about the Company's cash runway, our product candidates and the development and therapeutic potential thereof, our technologies for identifying additional product candidates, and our business and development plans. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such factors include, among others, our ability to raise the additional funding we will need to continue to pursue our business and product development plans, the inherent uncertainties associated with developing product candidates and operating as a development stage company, our ability to identify additional product candidates for development, our ability to develop, complete clinical trials for, obtain approvals for and commercialize any of our product candidates, and competition in the industry in which we operate and market conditions. These forward-looking statements are made as of the date of this press release, and Compass assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by law. Investors should consult all of the information set forth herein and should also refer to the risk factor disclosure set forth in the reports and other documents we file with the SEC available at www.sec.gov, including without limitation our Form 10-K for the year ended December 31, 2020, and our subsequent filings with the SEC.

Compass Therapeutics, Inc.

Condensed Consolidated Statements of Operations

(in thousands, except per share data)

(unaudited)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Operating expenses: | | | | |
| Research and development | $ 4,406 | $ 3,303 | $ 14,904 | $ 22,449 |

| | | | | |
|---|---|---|---|---|
| General and administrative | 3,544 | 3,099 | 12,908 | 11,603 |
| Loss from operations | (7,950) | (6,402) | (27,812) | (34,052) |
| Total other income (expense) | (441) | (200) | (1,656) | (601) |
| Income tax expense | — | (10) | (32) | (91) |
| **Net loss** | **$ (8,391)** | **$ (6,612)** | **$ (29,500)** | **$ (34,744)** |
| Basic and diluted EPS | ($0.16) | ($0.95) | ($0.96) | ($5.19) |
| Weighted average shares outstanding | 51,052 | 6,956 | 30,776 | 6,691 |

Compass Therapeutics, Inc.

Condensed Consolidated Balance Sheets

(in thousands)

(unaudited)

| | **December 31,** | |
|---|---|---|
| | **2020** | **2019** |
| Cash and cash equivalents | $ 47,076 | $ 25,303 |
| Total assets | 51,911 | 30,381 |
| Total debt | 9,334 | 14,869 |
| Total Liabilities | 11,966 | 19,114 |
| Total stockholders' equity (deficit) | 39,945 | (118,603) |

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Source: Compass Therapeutics, Inc.