Tempest Reports Second Quarter 2022 Financial Results and Provides Business Update

August 15, 2022

SOUTH SAN FRANCISCO, Calif., Aug. 15, 2022 (GLOBE NEWSWIRE) -- Tempest Therapeutics, Inc. (Nasdaq: TPST), a clinical-stage oncology company developing first-in-class[1] therapeutics that combine both targeted and immune-mediated mechanisms, today reported financial results for the quarter ended June 30, 2022 and provided a corporate update.

“In the second quarter, we presented promising trial results from TPST-1120, our novel PPARα antagonist, at the ASCO Annual Meeting. This was the first presentation of clinical data from a Tempest program: a significant milestone for the company that was enhanced by its selection for a podium presentation,” said Stephen R. Brady, chief executive officer of Tempest. “In addition to progress on our other programs, we closed a financing with support from both a new, top-tier investor and our founding investor that extended Tempest’s runway into the first quarter of 2024, providing additional stability during this turbulent time in the biotech capital markets.”

Recent Highlights

- **TPST-1120** (clinical PPARα antagonist): (i) presented data from the monotherapy and combination therapy arms of the TPST-1120 Phase 1 study in an oral presentation at the American Society of Clinical Oncology (ASCO) 2022 Annual Meeting; (ii) hosted a well-attended investor event at ASCO during which multiple key thought leaders discussed Tempest’s programs; and (iii) continued enrollment in a first-line, randomized global Phase 1b/2 study in patients with hepatocellular carcinoma (HCC), under a collaboration with F. Hoffmann La Roche.
- **TPST-1495** (clinical dual EP2/4 prostaglandin receptor antagonist): (i) continued enrollment in a Phase 1 study evaluating both monotherapy and combination (with anti-PD-1 checkpoint inhibitor, pembrolizumab) dose and schedule optimization arms, towards establishing an RP2D; (ii) presented a “trials in progress” poster for the ongoing TPST-1495 Phase 1 monotherapy and combination therapy clinical trial at ASCO; and (iii) presented preclinical data further differentiating TPST-1495 from other approaches targeting the prostaglandin E2 (PGE2) pathway at the American Association for Cancer Research (AACR) 2022 Annual Meeting.
- **TREX-1 Inhibitor** (preclinical tumor-selective STING pathway activator): presented the first data with proprietary targeted molecules demonstrating therapeutic benefit in tumor-bearing mice at the AACR 2022 Annual Meeting.
- **Financing:** closed $15 million private investment in public equity (PIPE) financing with new investor, EcoR1 Capital, and founding investor, Versant Venture Capital.

Planned Near-Term Milestones

- **TPST-1120** (clinical PPARα antagonist): early data from the first 40 patients in the first-line randomized global Phase 1b/2 study in patients with HCC under a collaboration with F. Hoffmann La Roche expected by year end or early 2023.
- **TPST-1495** (clinical dual EP2/4 prostaglandin receptor antagonist): data from Phase 1 monotherapy and combination dose and schedule optimization arms expected by year end or early 2023, with planned presentation of the combined data in 2023.
- **TREX-1 Inhibitor** (preclinical tumor-selective STING pathway activator): planned selection of development candidate in the second half of 2022.

Financial Results

Second Quarter

- Tempest ended the second quarter of 2022 with $51.6 million in cash and cash equivalents, compared to $51.8 million at December 31, 2021. The decrease was primarily due to cash used in operations of $15.5 million offset by proceeds from the PIPE financing of $14.5 million (net of issuance costs).
- Net loss and net loss per share for the second quarter of 2022 were $9.2 million and $0.79, respectively, compared to $7.1 million and $7.63, respectively, for the second quarter of 2021.
- Research and development expenses for the second quarter of 2022 were $5.7 million compared to $4.2 million for the same period in 2021. The $1.5 million increase was primarily attributable to expanded research and development efforts and higher compensation expenses due to an increase in employee headcount.

- General and administrative expenses for the second quarter of 2022 were $3.1 million compared to $2.6 million for the same period in 2021. The increase of $0.5 million was primarily due to higher professional and consulting fees and insurance expense as a result of operating as a publicly-traded company.

Year-to-Date

- Net cash used in operations for the six months ended June 30, 2022 was $15.5 million.
- Net loss and net loss per share for the six months ended June 30, 2022 were $17.7 million and $1.88, respectively, compared to $12.4 million and $17.30, respectively, for the same period in 2021.
- Research and development expenses for the six months ended June 30, 2022 were $10.8 million compared to $7.8 million for the same period in 2021. The $3.0 million increase was primarily due to expanded research and development efforts and higher personnel-related costs.
- For the six months ended June 30, 2022, general and administrative expenses were $6.2 million compared to $4.1 million for the same period in 2021. The increase of $2.1 million was primarily due to an increase in professional and consulting fees and higher insurance expense as a result of operating as a publicly-traded company.

About Tempest Therapeutics

Tempest Therapeutics is a clinical-stage oncology company advancing small molecules that combine both tumor-targeted and immune-mediated mechanisms with the potential to treat a wide range of tumors. The company's two novel clinical programs are TPST-1120 and TPST-1495, antagonists of PPARα and EP2/EP4, respectively. Both programs are advancing through clinical trials designed to study both agents as monotherapies and in combination with other approved agents. Tempest is also developing an orally-available inhibitor of TREX-1, a DNA repair enzyme that controls activation of the cGAS/STING pathway, an innate immune response pathway important for the development of anti-tumor immunity. Tempest is headquartered in South San Francisco. More information about Tempest can be found on the company's website at www.tempesttx.com.

Forward-Looking Statements

This press release contains forward-looking statements (including within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended (the "Securities Act")) concerning Tempest Therapeutics, Inc. ("Tempest Therapeutics"). These statements may discuss goals, intentions, and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of the management of Tempest Therapeutics, as well as assumptions made by, and information currently available to, management of Tempest Therapeutics. Forward-looking statements generally include statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as "may," "will," "should," "would," "could", "expect," "anticipate," "plan," "likely," "believe," "estimate," "project," "intend," and other similar expressions. All statements that are not historical facts are forward-looking statements, including any statements regarding the timing and selection of development candidates, dose selection or commencement of, or availability of data from, clinical trials, the company's guidance regarding cash resources, as well as our operational plans and the timing and ability to deliver on value-creating milestones. Forward-looking statements are based on information available to Tempest Therapeutics as of the date hereof and are not guarantees of future performance. Actual results could differ materially from those contained in any forward-looking statement. These and other risks are described in greater detail in the Form 10-Q filed by Tempest Therapeutics with the Securities and Exchange Commission on August 15, 2022. Except as required by applicable law, Tempest Therapeutics undertakes no obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing Tempest Therapeutics' views as of any date subsequent to the date of this press release and should not be relied upon as prediction of future events. In light of the foregoing, investors are urged not to rely on any forward-looking statement in reaching any conclusion or making any investment decision about any securities of Tempest Therapeutics.

TEMPEST THERAPEUTICS, INC.
Consolidated Balance Sheets
(in thousands)

	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 51,621	$ 51,829
Insurance recovery of legal settlement	15,000	15,000
Prepaid expenses and other current assets	1,686	2,134
Total current assets	68,307	68,963
Property and equipment, net	1,011	1,113
Operating lease right-of-use assets	1,553	3,051
Other noncurrent assets	480	111
Total assets	$ 71,351	$ 73,238

Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 1,448	$ 991
Accrued legal settlement	15,000	15,000
Current loan payable	2,000	-
Accrued expenses and other	2,824	2,501
Current operating lease liabilities	1,050	1,442
Interest payable	101	92
Total current liabilities	22,423	20,026
Loan payable, net	13,301	15,069
Operating lease liabilities	695	2,026
Total liabilities	36,419	37,121
Stockholders' equity		
Common stock	10	7
Additional paid-in capital	152,644	136,173
Accumulated deficit	(117,722)	(100,063)
Total stockholders' equity	34,932	36,117
Total liabilities and stockholders' equity	$ 71,351	$ 73,238

TEMPEST THERAPEUTICS, INC.
Consolidated Statements of Operations
(in thousands except per share amounts)

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Expenses:				
Research and development	$ 5,651	$ 4,229	$ 10,760	$ 7,821
General and administrative	3,123	2,556	6,175	4,091
Total expenses	8,774	6,785	16,935	11,912
Operating loss	(8,774)	(6,785)	(16,935)	(11,912)
Other income (expense), net:				
Interest expense	(464)	(276)	(797)	(507)
Interest and other income, net	70	3	73	6
Net loss	$ (9,168)	$ (7,058)	$ (17,659)	$ (12,413)
Net loss per share	$ (0.79)	$ (7.63)	$ (1.88)	$ (17.30)

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[1] If approved by the FDA