



Turnstone Biologics Corp. Reports Second Quarter 2023 Financial Results and Provides Business Update

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- *Successfully closed upsized IPO, raising \$88 million in gross proceeds to continue advancing pipeline of Selected TIL Therapy programs*
- *Cash position expected to fund operations into second quarter of 2025*
- *Two Phase 1 clinical trials of lead program, TIDAL-01, in several solid tumor Indications ongoing*

SAN DIEGO, Sept. 01, 2023 (GLOBE NEWSWIRE) -- Turnstone Biologics Corp. ("Turnstone" or the "Company") (Nasdaq: TSBX), a clinical-stage biotechnology company developing new medicines to treat and cure solid tumors by pioneering a differentiated approach to tumor-infiltrating lymphocyte (TIL) therapy, today announced financial results for the second quarter ended June 30, 2023, and provided an update on recent business highlights.

"I am extremely proud of the recent achievements of the Turnstone team, including the successful completion of our upsized IPO which, despite challenging current market conditions, is indicative of the potential for Turnstone to deliver transformative therapies to the millions of cancer patients underserved by current treatment options," said Sammy Farah, Ph.D., M.B.A., Turnstone's President and Chief Executive Officer. "We are thrilled to bring in new investors through our upsized IPO and to have the continued support of our existing stockholders. With the additional funding and the deeply experienced and dynamic team we have assembled at the Company, Turnstone is strongly positioned to execute on our lead clinical candidate, TIDAL-01, and continue advancing our next-generation Selected TIL therapy pipeline."

Recent Business Highlights

- **Completed Upsized Initial Public Offering:** In July 2023, Turnstone priced its initial public offering (IPO) at \$12.00 per share. In connection with the offering, the Company issued 7,318,275 common shares, including 651,608 shares sold in August 2023 pursuant to the exercise of the underwriters' option to purchase additional shares, and received gross proceeds of approximately \$88.0 million before deducting underwriting discounts and commissions and other offering expenses. The shares began trading on the Nasdaq Global Market on July 21, 2023, under the ticker symbol "TSBX".

Clinical Development and Pre-Clinical Data

- **Advancing TIDAL-01 in Two Phase 1 Clinical Trials:** Turnstone's lead Selected TIL product candidate, TIDAL-01, utilizes an unbiased identification and functional screening process to isolate and selectively expand the greatest breadth of tumor-reactive TILs from the patient's tumor that we believe can extend the utility of TILs to solid tumor types where first-generation TILs have not to date shown objective responses in clinical trials. We have initiated two Phase 1 clinical trials for TIDAL-01, including STARLING, a multi-site trial for the treatment of breast cancer, colorectal cancer and uveal melanoma, and an investigator-sponsored trial with H. Lee Moffitt Cancer Center and Research Institute in both cutaneous and non-cutaneous melanomas. We expect to provide an initial clinical update across these two trials in mid-2024.
- **Preclinical Data at AACR 2023 Annual Meeting Supporting Ongoing Clinical Efforts:** In April 2023, Turnstone presented at the American Association for Cancer Research (AACR) Annual Meeting pre-clinical data on TIDAL-01. Relative to bulk TIL, the data demonstrated that TIDAL-01 successfully enriched for tumor-reactive TIL in metastatic colorectal cancer, melanoma, non-small lung cancer and ovarian tumors, and these results further support continued advancement of the Company's lead Selected TIL program in the ongoing

STARLING and Moffitt-sponsored clinical trials. In addition, Turnstone presented pre-clinical data from its development pipeline showcasing a novel strategy to efficiently directly select and expand tumor-reactive TIL.

Second Quarter 2023 Financial Results

- **Cash, Cash Equivalents and Short-Term Investments:** As of June 30, 2023, cash, cash equivalents and short-term investments were \$49.2 million. The Company's subsequent IPO in the third quarter of 2023 raised \$77.4 million in net proceeds after deducting underwriting discounts and commissions and other offering expenses. The Company expects that the combined cash, cash equivalents and short-term investments will be sufficient to fund its operations into the second quarter of 2025.
- **Research and Development (R&D) Expenses:** R&D expenses for the three months ended June 30, 2023, were \$17.2 million, compared to \$26.5 million for the same period in 2022. The decrease was due primarily to a decrease in pre-clinical research costs and manufacturing expenses due to the termination of the discovery, collaboration and license agreement entered into on November 7, 2019, with Takeda Oncology for certain viral immunotherapy candidates offset by increases in personnel-related costs, and in clinical and regulatory costs.
- **General and Administrative (G&A) Expenses:** G&A expenses for the three months ended June 30, 2023, were \$4.7 million, compared to \$3.9 million for the same period in 2022. The increase was due primarily to an increase in professional services and compensation as we transition to being a public company.
- **Net Loss:** Net loss for the three months ended June 30, 2023, was \$21.5 million, compared to net income of \$11.6 million for the second quarter of 2022.

About Turnstone

Turnstone Biologics is a clinical-stage biotechnology company developing new medicines to treat and cure solid tumors by pioneering a differentiated approach to TIL therapy. Turnstone's innovative TIL therapy is based upon the identification, selection, and expansion of the most potent tumor-reactive T cells, known as Selected TILs, and is designed to overcome the limitations of first-generation bulk TILs that have demonstrated objective responses only in limited tumor types. Turnstone's most advanced program, TIDAL-01, is currently being evaluated in two Phase 1 studies in patients with melanoma, breast cancer and colorectal cancer, and the Company is also actively advancing its preclinical pipeline programs including TIDAL-02, its next Selected TIL program, and its TIDAL-01 and viral immunotherapy combination program. For additional information about Turnstone, please visit www.turnstonebio.com, and follow us on [LinkedIn](#).

Forward-Looking Statements

This press release contains forward-looking statements including, but not limited to, statements related to Turnstone's expectations regarding its cash runway; the potential for Turnstone to deliver transformative therapies to the millions of cancer patients underserved by current treatment options; anticipated development activities; the therapeutic potential of Turnstone's product candidates; and other statements that are not historical fact. These forward-looking statements are based on Turnstone's current plans, objectives and projections, and are inherently subject to risks and uncertainties that may cause Turnstone's actual results to materially differ from those anticipated in such forward-looking statements. Such risks and uncertainties include, without limitation, those associated with the successful completion of development and regulatory activities with respect to Turnstone's product candidates; maintaining and defending intellectual property protection; delays or failures to secure adequate supply of its product candidates; legal proceedings, government investigations or other actions; macroeconomic conditions; market volatility; and other risks and uncertainties affecting Turnstone including those described from time to time under the caption "Risk Factors" and elsewhere in Turnstone's current and future reports filed with the Securities and Exchange Commission, including its Quarterly Report on Form 10-Q for the quarter ended June 30, 2023. Forward-looking statements contained in this press release are made as of this date, and Turnstone undertakes no duty to update such information except as required under applicable law.

Condensed Consolidated Balance Sheet (unaudited) (In thousands)

	June 30, 2023	December 31, 2022
Cash and cash equivalents and short-term investments	\$ 49,236	\$ 82,061
Total assets	74,771	114,938
Total liabilities	23,393	44,461

Total redeemable convertible preferred stock	171,983	171,944
Total stockholders' deficit	(120,605)	(101,467)

Condensed Consolidated Statement of Operations and Comprehensive Income (Loss)
(unaudited)
(In thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Collaboration revenue	\$ -	\$ 41,915	\$ 19,306	\$ 52,633
Operating expenses				
Research and development	17,193	26,537	32,861	45,238
General and administrative	4,659	3,932	8,691	8,630
Total operating expenses	<u>21,852</u>	<u>30,469</u>	<u>41,552</u>	<u>53,868</u>
Income (loss) from operations	(21,852)	11,446	(22,246)	(1,235)
Other income (expense), net	347	180	727	265
Net income before income taxes	<u>(21,505)</u>	<u>11,626</u>	<u>(21,519)</u>	<u>(970)</u>
Benefit (provision) for income taxes	6	(26)	88	(46)
Net income (loss)	\$ (21,499)	\$ 11,600	\$ (21,431)	\$ (1,016)
Other comprehensive income (loss)	59	(81)	180	(175)
Total comprehensive income (loss)	<u>\$ (21,440)</u>	<u>\$ 11,519</u>	<u>\$ (21,251)</u>	<u>\$ (1,191)</u>
Net income (loss)	\$ (21,499)	\$ 11,600	\$ (21,431)	\$ (1,016)
Less: accretion of preferred stock to redemption value	\$ (19)	\$ (57)	\$ (39)	\$ (114)
Less: undistributed earnings allocable to participating securities	\$ -	\$ (10,355)	\$ -	\$ -
Net income (loss) attributable to common stockholder, basic and diluted	<u>\$ (21,518)</u>	<u>\$ 1,188</u>	<u>\$ (21,470)</u>	<u>\$ (1,130)</u>
Weighted-average number of shares used in computing net earnings (loss) per share				
Basic	<u>2,847,675</u>	<u>2,355,553</u>	<u>2,817,008</u>	<u>2,317,631</u>
Diluted	<u>2,847,675</u>	<u>2,827,238</u>	<u>2,817,008</u>	<u>2,317,631</u>
Net income (loss) per share attributable to common stockholders				
Basic	<u>\$ (7.56)</u>	<u>\$ 0.50</u>	<u>\$ (7.62)</u>	<u>\$ (0.49)</u>
Diluted	<u>\$ (7.56)</u>	<u>\$ 0.42</u>	<u>\$ (7.62)</u>	<u>\$ (0.49)</u>

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