



SQZ Biotechnologies Reports Second Quarter 2021 Financial Results and Recent Portfolio Updates

8/4/2021

WATERTOWN, Mass.--(BUSINESS WIRE)-- SQZ Biotechnologies (NYSE: SQZ), focused on unlocking the full potential of cell therapies for multiple therapeutic areas, today reported second quarter 2021 financial results and recent portfolio updates.

“This was an exciting quarter for the company as we reported first-in-human data at ASCO for our investigational APC cell therapy, which demonstrated an encouraging safety profile, rapid SQZ manufacturing and early signs of immune activity,” said Armon Sharei, Ph.D., Chief Executive Officer at SQZ Biotechnologies. “We continue to execute on our APC and AAC clinical programs in oncology, while also making significant strides across our other important therapeutic areas and in developing our manufacturing platform. The quarter’s progress further reinforces the breadth of opportunity for our technology.”

Second Quarter 2021 Business and Portfolio Updates

SQZ™ Antigen Presenting Cell (“APC”) Platform in Oncology

- **Presented** initial Phase 1 clinical trial results of SQZ’s engineered APC investigational therapy in patients with advanced or metastatic HPV+ tumors at the American Society of Clinical Oncology:
 - SQZ-PBMC-HPV was found to be safe and well-tolerated at all dose levels tested and no dose-limiting toxicity or Grade 3 or higher treatment-related SAEs were observed
 - Clinical manufacturing feasibility was confirmed with all patient batches produced in less than 24 hours
 - Analyses of pre- and post-therapy tumor biopsies indicated increased immune activity in select patients. Four out of six patients with less advanced disease achieved stable disease. One patient who achieved stable disease remained on study for over 10 months
- Completing fourth Phase 1 monotherapy cohort and progressing towards the combination phase of the study with immune checkpoint inhibitors

SQZ™ Enhanced Antigen Presenting Cell (“eAPC”) Platform in Oncology

- Continued progress on eAPC program supports timeline for year-end IND submission to FDA for first clinical candidate. eAPCs incorporate mRNA, which encode multiple activating signals, as well as antigens to

potentially enable a more potent CD8 T cell response

SQZ™ Activating Antigen Carriers (“AAC”) Platform in Oncology

- Initiating multi-center Phase 1 clinical trial of SQZ-AAC-HPV, the company’s red blood cell-derived investigational cell therapy to treat HPV+ tumors

SQZ™ Tolerizing Antigen Carriers (“TAC”) Platform in Immune Tolerance

- Preclinical research **presented** at the Federation of Clinical Immunology Societies demonstrated that the company’s engineered TACs can drive antigen-specific immune tolerance through key mechanisms relevant to many complex autoimmune diseases
- SQZ TACs were found to exert potent bystander suppression, showing the ability to suppress pathogenic T cells with different autoantigen specificities. This finding offers a potential pathway to treating autoimmune diseases without inducing broad immunosuppression

SQZ™ Manufacturing and Potential Pipeline Expansion Research

- Manufacturing data **presented** at the American Society for Gene and Cell Therapy showed that the company’s manufacturing platform can process 10 billion cells per minute with greater than 90 percent cell viability, and results from the Phase 1 APC trial further indicate the feasibility of the company’s core manufacturing platform to support current therapeutic areas
- First-generation prototype of our point-of-care manufacturing platform is now undergoing internal non-clinical testing
- Preclinical research **presented** at the International Society for Stem Cell Research demonstrated that the company’s Cell Squeeze® technology can rapidly generate neurons with mature markers using optimized, transient mRNA transcription factor expression. Findings indicate potential to direct cell fate for multiple therapeutic applications

Second Quarter 2021 Financial Highlights

- Revenue for the second quarter 2021 was \$4.5 million, compared to \$6.0 million for the same period last year
- Net loss for the second quarter 2021 was \$19.1 million, compared to \$10.0 million for the same period last year
- Research and development expenses for the second quarter 2021 were \$17.7 million, compared to \$12.0 million for the same period last year. The increase was primarily attributable to planned development and manufacturing costs
- General and administrative expenses for the second quarter 2021 were \$5.9 million, compared to \$4.0 million for the same period last year. The increase was primarily due to an increase in personnel and other corporate-related costs, including stock-based compensation expense and other costs related to operating as a public company

- As of June 30, 2021, the company had cash and cash equivalents of \$185.1 million and expects this will be sufficient to fund operating expenses and capital expenditure requirements through the first half of 2023

About SQZ Biotechnologies

SQZ Biotechnologies is a clinical-stage biotechnology company focused on unlocking the full potential of cell therapies for patients around the world and has active programs in Oncology, Autoimmune and Infectious Diseases, as well as additional exploratory initiatives to support future pipeline growth. The company's proprietary Cell Squeeze® technology offers the unique ability to deliver multiple biological materials into many patient cell types to engineer what we believe can be a broad range of potential therapeutics. With demonstrated production timelines under 24 hours and the opportunity to eliminate preconditioning and lengthy hospital stays, our approach could significantly broaden the therapeutic range and accessibility of cell therapies. The company's first therapeutic applications seek to generate target-specific immune responses, both in activation for the treatment of solid tumors and infectious diseases, and in immune tolerance for the treatment of unwanted immune reactions and autoimmune diseases. For more information, please visit www.sqzbiotech.com.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation statements relating to our financial condition and cash position, manufacturing capabilities, product candidates, preclinical and clinical activities and outcomes, development plans and progress, clinical efficacy, regulatory submissions, therapeutic impact and market opportunities. These forward-looking statements are based on management's current expectations. Actual results could differ from those projected in any forward-looking statements due to several risk factors. Such factors include, among others, risks and uncertainties related to our limited operating history; our significant losses incurred since inception and expectation to incur significant additional losses for the foreseeable future; the development of our initial product candidates, upon which our business is highly dependent; the impact of the COVID-19 pandemic on our operations and clinical activities; our need for additional funding and our cash runway; the lengthy, expensive, and uncertain process of clinical drug development, including uncertain outcomes of clinical trials and potential delays in regulatory approval; our ability to maintain our relationships with our third party vendors; and protection of our proprietary technology, intellectual property portfolio and the confidentiality of our trade secrets. These and other important factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-K and other filings with the U.S. Securities and Exchange Commission could cause actual results to differ materially from those indicated by the forward-looking statements. Any forward-looking statements represent management's estimates as of this date and SQZ undertakes no duty to update these forward-looking statements, whether as a result of new information, the occurrence of current events, or otherwise, unless required by law.

Certain information contained in this press release relates to or is based on studies, publications, surveys and other data obtained from third-party sources and our own internal estimates and research. While we believe these third-party sources to be reliable as of the date of this press release, we have not independently verified, and we make no representation as to the adequacy, fairness, accuracy or completeness of any information obtained from third-party sources.

SQZ BIOTECHNOLOGIES COMPANY
Condensed Consolidated Statements of Operations
(In thousands, except share and per share amounts)
(unaudited)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30,		JUNE 30,	
	2021	2020	2021	2020
Collaboration revenue	\$ 4,539	\$ 5,980	\$ 9,993	\$ 12,390
Operating expenses:				
Research and development	17,682	12,037	32,422	23,905
General and administrative	5,933	4,029	12,054	9,527
Operating expenses	<u>23,615</u>	<u>16,066</u>	<u>44,476</u>	<u>33,432</u>
Loss from operations	<u>(19,076)</u>	<u>(10,086)</u>	<u>(34,483)</u>	<u>(21,042)</u>
Other income, net	6	100	14	473
Net loss	<u>(19,070)</u>	<u>(9,986)</u>	<u>(34,469)</u>	<u>(20,569)</u>
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.68)</u>	<u>\$ (5.74)</u>	<u>\$ (1.27)</u>	<u>\$ (11.83)</u>
Weighted-average common shares outstanding, basic and diluted	<u>27,919,647</u>	<u>1,739,114</u>	<u>27,100,817</u>	<u>1,738,353</u>

SQZ BIOTECHNOLOGIES COMPANY
Condensed Consolidated Balance Sheets
(In thousands)
(unaudited)

	JUNE 30, 2021	DECEMBER 31, 2020
Assets		
Cash and cash equivalents	\$ 185,067	\$ 170,357
Other current assets	4,196	6,474
Total current assets	<u>189,263</u>	<u>176,831</u>
Other assets	49,291	54,310
Total assets	<u>\$ 238,554</u>	<u>\$ 231,141</u>
Liabilities and Stockholders' Equity		
Current liabilities	43,835	45,193
Long term liabilities	42,015	58,749
Total liabilities	<u>85,850</u>	<u>103,942</u>
Total stockholders' equity	<u>152,704</u>	<u>127,199</u>
Total liabilities and stockholders' equity	<u>\$ 238,554</u>	<u>\$ 231,141</u>

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