UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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, 2024

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 001-38096

G1 THERAPEUTICS, INC.

(Exact name of Registrant as specified in its Charter)

Delaware	**26-3648180**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

700 Park Offices Drive, Suite 200
Research Triangle Park, NC 27709
(Address of principal executive offices including zip code)

Registrant's telephone number, including area code: (919) 213-9835

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock $.0001 par value	**GTHX**	**The Nasdaq Stock 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, a 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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

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 ☒

As of August 2, 2024 the registrant had 52,758,191 shares of common stock, $0.0001 par value per share, outstanding.

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PART I- FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

G1 Therapeutics, Inc.
Condensed Balance Sheets (unaudited)
(in thousands, except share and per share amounts)

	June 30, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 15,074	$ 32,218
Restricted cash	63	63
Marketable securities	45,656	49,938
Accounts receivable and unbilled receivables, net	13,309	12,687
Inventories	13,383	12,442
Prepaid expenses and other current assets	5,437	7,600
Total current assets	92,922	114,948
Property and equipment, net	1,235	1,476
Restricted cash	187	187
Operating lease assets	4,345	4,908
Other assets	—	21
Total assets	$ 98,689	$ 121,540
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 5,156	$ 3,992
Accrued expenses	17,081	21,893
Deferred revenue	949	620
Loan payable, current portion	11,412	—
Other current liabilities	2,906	3,211
Total current liabilities	37,504	29,716
Loan payable, net of current portion	32,906	51,557
Deferred revenue	—	500
Operating lease liabilities	3,646	4,340
Other liabilities	41	41
Total liabilities	74,097	86,154
Stockholders' equity		
Common stock, $0.0001 par value, 120,000,000 shares authorized as of June 30, 2024, and December 31, 2023; 52,724,545 and 51,952,741 shares issued as of June 30, 2024, and December 31, 2023, respectively; 52,697,879 and 51,926,075 shares outstanding as of June 30, 2024, and December 31, 2023, respectively	5	5
Treasury stock, 26,666 shares as of June 30, 2024, and December 31, 2023	(8)	(8)
Additional paid-in capital	820,268	815,374
Accumulated deficit	(795,673)	(779,985)
Total stockholders' equity	24,592	35,386
Total liabilities and stockholders' equity	$ 98,689	$ 121,540

The accompanying notes are an integral part of these condensed financial statements.

G1 Therapeutics, Inc.
Condensed Statements of Operations (unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues				
Product sales, net	$ 15,838	$ 11,091	$ 29,917	$ 21,583
License revenue	708	31,301	1,105	33,755
Total revenues	16,546	42,392	31,022	55,338
Operating expenses				
Cost of goods sold	733	1,404	1,812	2,863
Research and development	5,738	12,040	13,056	27,520
Selling, general and administrative	13,610	17,432	28,737	39,185
Total operating expenses	20,081	30,876	43,605	69,568
Income (loss) from operations	(3,535)	11,516	(12,583)	(14,230)
Other income (expense)				
Interest income	225	643	506	1,359
Interest expense	(2,726)	(2,710)	(4,704)	(5,799)
Other income	567	569	1,093	1,093
Total other expense, net	(1,934)	(1,498)	(3,105)	(3,347)
Income (loss) before income taxes	(5,469)	10,018	(15,688)	(17,577)
Income tax expense	—	1,308	—	1,308
Net income (loss)	$ (5,469)	$ 8,710	$ (15,688)	$ (18,885)
Earnings per share attributable to common stockholders:				
Basic	$ (0.10)	$ 0.17	$ (0.30)	$ (0.37)
Diluted	$ (0.10)	$ 0.14	$ (0.30)	$ (0.37)
Weighted average common shares outstanding:				
Basic	52,475,190	51,667,099	52,323,436	51,657,456
Diluted	52,475,190	61,040,507	52,323,436	51,657,456

The accompanying notes are an integral part of these condensed financial statements.

G1 Therapeutics, Inc.
Condensed Statements of Stockholders' Equity (unaudited)
(in thousands, except share amounts)

	Common stock		Treasury stock		Additional paid-in capital	Accumulated deficit	Total stock-holders' equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2023	**51,952,741**	**$ 5**	**(26,666)**	**$ (8)**	**$ 815,374**	**$ (779,985)**	**$ 35,386**
Public offering	—	—	—	—	—	—	—
Exercise of common stock options	90,266	—	—	—	26	—	26
Restricted stock units vested	218,044	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	2,546	—	2,546
Net loss during quarter	—	—	—	—	—	(10,219)	(10,219)
Balance at March 31, 2024	**52,261,051**	**$ 5**	**(26,666)**	**$ (8)**	**$ 817,946**	**$ (790,204)**	**$ 27,739**
Public Offering	—	—	—	—	—	—	—
Exercise of common stock options	89,569	—	—	—	232	—	232
Restricted stock units vested	373,925	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	2,090	—	2,090
Net loss during quarter	—	—	—	—	—	(5,469)	(5,469)
Balance at June 30, 2024	**52,724,545**	**$ 5**	**(26,666)**	**$ (8)**	**$ 820,268**	**$ (795,673)**	**$ 24,592**

	Common stock		Treasury stock		Additional paid-in capital	Accumulated deficit	Total stock-holders' equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2022	**51,526,100**	**$ 5**	**(26,666)**	**$ (8)**	**$ 800,768**	**$ (732,018)**	**$ 68,747**
Public offering	—	—	—	—	(1)	—	(1)
Exercise of common stock options	3,008	—	—	—	1	—	1
Restricted stock units vested	156,855	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	3,836	—	3,836
Net loss during quarter	—	—	—	—	—	(27,595)	(27,595)
Balance at March 31, 2023	**51,685,963**	**$ 5**	**(26,666)**	**$ (8)**	**$ 804,604**	**$ (759,613)**	**$ 44,988**
Public Offering	—	—	—	—	40	—	40
Exercise of common stock options	—	—	—	—	—	—	—
Restricted stock units vested	49,150	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	3,810	—	3,810
Net income during quarter	—	—	—	—	—	8,710	8,710
Balance at June 30, 2023	**51,735,113**	**$ 5**	**(26,666)**	**$ (8)**	**$ 808,454**	**$ (750,903)**	**$ 57,548**

The accompanying notes are an integral part of these condensed financial statements.

G1 Therapeutics, Inc.
Condensed Statements of Cash Flows (unaudited)
(amounts in thousands)

	Six Months Ended June 30,	
	2024	**2023**
Cash flows from operating activities		
Net loss	$ (15,688)	$ (18,885)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation	4,636	7,646
Accretion of discount on available for sale securities	(1,235)	(1,097)
Depreciation and amortization	241	262
Amortization of debt origination related costs	128	354
Accretion of end of term fees on debt	1,391	486
Non-cash interest expense	493	630
Change in operating assets and liabilities		
Accounts receivable	(622)	(2,077)
Inventories	(941)	579
Prepaid expenses and other assets	2,763	657
Accounts payable	1,137	(2,020)
Accrued expenses and other liabilities	(6,304)	(1,139)
Deferred revenue	(171)	(364)
Net cash used in operating activities	(14,172)	(14,968)
Cash flows from investing activities		
Purchases of marketable securities	(53,683)	(65,244)
Maturities of marketable securities	59,200	68,500
Proceeds from disposal of property and equipment	1	—
Net cash provided by investing activities	5,518	3,256
Cash flows from financing activities		
Proceeds from stock options exercised	258	1
Repayment of debt principal	(8,195)	(25,000)
Payment of end of term fees on debt	(553)	(1,688)
Payment of public offering costs	—	(281)
Net cash used in financing activities	(8,490)	(26,968)
Net change in cash, cash equivalents and restricted cash	(17,144)	(38,680)
Cash, cash equivalents and restricted cash		
Beginning of period	32,468	94,907
End of period	$ 15,324	$ 56,227
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 3,335	$ 5,179

The accompanying notes are an integral part of these condensed financial statements.

G1 Therapeutics, Inc.
Notes to Financial Statements
(unaudited)

1. Description of Business

G1 Therapeutics, Inc. (the "Company") is a commercial-stage biopharmaceutical company focused on the development and commercialization of novel small molecule therapeutics for the treatment of patients with cancer. The Company's first product approved by the U.S. Food and Drug Administration ("FDA"), COSELA® (trilaciclib), is the first and only therapy indicated to proactively help protect bone marrow from the damage of chemotherapy (myeloprotection) in patients with extensive-stage small cell lung cancer ("ES-SCLC"), and is the first innovation in managing myeloprotection in decades. In October 2023, COSELA (trilaciclib hydrochloride for injection) was granted full approval by the China National Medical Products Administration (NMPA) for marketing in mainland China. The Company is focused on accelerating and expanding the growth of COSELA in our ES-SCLC indication in the U.S., expanding the COSELA business globally through ongoing partnership initiatives and evaluating other myeloprotection uses for the drug.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying condensed financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). In the opinion of management, the Company has made all necessary adjustments, which include normal recurring adjustments necessary for a fair statement of the Company's financial position and results of operations for the interim periods presented.

The information presented in the condensed financial statements and related notes as of June 30, 2024, and for the three and six months ended June 30, 2024, and 2023, is unaudited. The results for the three and six months ended June 30, 2024, are not necessarily indicative of the results expected for the full fiscal year or any future period. These interim financial statements should be read in conjunction with the financial statements and notes set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 28, 2024 (the "2023 Form 10-K"). The December 31, 2023 condensed balance sheet included herein was derived from the audited financial statements as of that date, but does not include all disclosures, including notes, required by U.S. GAAP for complete financial statements.

The Company has experienced net losses since its inception and had an accumulated deficit of $795.7 million and $780.0 million as of June 30, 2024 and December 31, 2023, respectively. The Company does not intend to engage in any new research and development activities in the foreseeable future. The success and future profitability of the Company depends on its ability to continue the global commercialization of COSELA in the extensive-stage small cell lung cancer market to support its operations. Management has evaluated actions already taken, the projected opportunity to reach profitability, future cash flow projections, and the ability of the Company to remain in compliance with the financial covenants and requirements as defined within the Loan Agreement (as defined below). Based on the foregoing, as of the date of issuance of these condensed financial statements, the Company expects that its cash and cash equivalents and marketable securities as of June 30, 2024 will be sufficient to fund the Company's planned operations and remain in compliance with its objective financial covenants for at least the next 12 months from the date of issuance of these condensed financial statements. The Company expects to finance its cash needs through the successful commercialization of COSELA, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements. In the event that the Company is unable to do so, there can be no assurances that the Company will be able to fund its operations without additional financing through a combination of equity offerings, debt financings, or other third-party funding. In the event the Company is not successful in obtaining sufficient funding, that terms are unsatisfactory to the Company, or that funding will be insufficient to meet its needs, this could delay or impede the Company's global commercialization efforts, which could adversely affect its business prospects, or its ability to continue its operations. The Company's condensed financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The condensed financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

In connection with the Loan Payable described in Note 7, the Company is required to be in compliance with a minimum cash covenant and is subject to a conditional borrowing base measured on a trailing three-month net revenue basis, which began with the financial reporting for the period ended June 30, 2023, and has been tested monthly thereafter. The lender also has the ability to call debt based on a material adverse change clause, which is subjectively defined. If the Company is not in compliance with the minimum cash covenant, conditional borrowing base requirements, or the subjective acceleration clauses are triggered under the agreement, then the lender may call the debt resulting in the Company immediately needing additional funds. As of June 30, 2024, the Company was in compliance with the minimum cash covenant and the conditional borrowing base requirements as set forth in the Loan Agreement.

Use of Estimates

The preparation of condensed financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed financial statements and the accompanying notes. On an ongoing basis, the Company's management evaluates its estimates which include, but are not limited to, estimates related to accrued expenses, accrued external clinical costs, net product sales, and stock-based compensation expense. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

The Company considers all highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents at June 30, 2024 consist of amounts on deposit in banks, including checking accounts and money market accounts and funds. Cash deposits are all in financial institutions in the United States. As part of the lease for the office space which commenced on September 2, 2019, the Company obtained a standby letter of credit in the amount of $0.5 million related to the security deposit. This letter of credit is secured by a money market account at the financial institution and is classified as restricted cash on the Company's balance sheet. The letter of credit will be reduced ratably on each anniversary of the commencement of the lease until the end of the lease term. As of June 30, 2024, restricted cash totaled $250 thousand.

Marketable Securities

The Company determines the appropriate classification of marketable securities at the time of purchase and reevaluates such designation at each balance sheet date. The Company classified all of its marketable securities at June 30, 2024 as "available-for-sale" pursuant to ASC Topic 320, Investments – Debt and Equity Securities. Investments not classified as cash equivalents are presented as either short-term or long-term investments based on both their maturities as well as the time period the Company intends to hold such securities. Available-for-sale securities are maintained by an investment manager and primarily consist of fixed income securities. Available-for-sale securities are carried at fair value. Any premium or discount arising at purchase is amortized or accreted to interest income over the life of the instrument. Realized gains and losses are determined using the specific identification method and are included in other (income) expense, net. As of June 30, 2024, the unrealized gains and losses were not considered to be material.

Accounts Receivable

The Company's accounts receivable consists of amounts due from specialty distributors in the U.S. (collectively, its "customers") related to sales of COSELA and have standard payment terms. Trade receivables are recorded net of the estimated variable consideration for chargebacks based on contractual terms and the Company's expectation regarding the utilization and earnings of the chargebacks and discounts as well as the net amount expected to be collected from the Company's customers. Estimates of the Company's credit losses, of which there were none for the quarter ended June 30, 2024, are determined based on existing contractual payment terms, individual customer circumstances, and any changes to the economic environment.

In addition, the Company's accounts receivable consists of open invoices issued to its license partners for services rendered by the Company or receivables with its license partners for invoices related to milestones that were completed and recognized as revenue. The Company also has unbilled accounts receivable related to clinical trial reimbursements where the Company has the right to invoice the license partner and accordingly has recognized revenue. Invoicing to the license partner will occur once the Company has been invoiced by the service provider. As of June 30, 2024, unbilled accounts receivable totaled $0.3 million.

Inventories

Inventories are stated at the lower of cost or net realizable value and recognized on a weighted-average cost method. The Company uses actual cost to determine the cost basis for inventory. Inventory is capitalized based on when future economic benefit is expected to be realized. Due to the nature of the Company's supply chain process, inventory that is owned by the Company, is physically stored at third-party warehouses, logistics providers, and contract manufacturers.

Inventory valuation is established based on a number of factors including, but not limited to, finished goods not meeting product specifications, product excess and obsolescence, or application of the lower of cost or net realizable value concepts. The determination of events requiring the establishment of inventory valuation, together with the calculation of the amount of such adjustments may require judgment. The Company analyzes its inventory levels on a periodic basis to determine if any inventory is at risk for expiration prior to sale or has a cost basis that is greater than its estimated future net realizable value. Any adjustments are recognized through cost of goods sold in the period in which they are incurred.

Debt

The Company classifies its loan payable in current or long-term liabilities based on the timing of scheduled principal payments. The loan and security agreement with Hercules Capital, Inc. ("Hercules") (as amended by the first, second, third, fourth and fifth amendments to the agreement, the "Loan Agreement") contains events of default, including a material adverse change, which is subjectively defined, in the Company's business, payment defaults, and breaches of covenants following any applicable cure period. In the event of default by the Company under the Loan Agreement, the Company may be required to repay all amounts then outstanding under the Loan Agreement. The Company has determined that subjective acceleration under the material adverse events clause included in the Loan Agreement is not probable and, therefore, has classified the outstanding principal amount in long-term liabilities based on the timing of scheduled principal payments.

Revenue Recognition

For elements of those arrangements that the Company determines should be accounted for under ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), the Company assesses which activities in its license or collaboration agreements are performance obligations that should be accounted for separately and determines the transaction price of the arrangement, which includes the assessment of the probability of achievement of future milestones and other potential consideration. For arrangements that include multiple performance obligations, such as granting a license or performing manufacturing or research and development activities, the Company allocates the transaction price based on the relative standalone selling price and recognizes revenue that is allocated to the respective performance obligation when (or as) control is transferred to the customer and the performance obligation is satisfied. Accordingly, the Company develops assumptions that require judgment to determine the standalone selling price for each performance obligation identified in the contract. These key assumptions may include revenue forecasts, clinical development timelines and costs, discount rates and probabilities of clinical and regulatory success.

License Revenue

Licenses of Intellectual Property

If a license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenue allocated to the license when the license is transferred to the customer and the customer is able to use and benefit from the license. For licenses that are bundled with other promises, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue associated with the bundled performance obligation. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of progress and related revenue recognition.

Milestone Payments

At the inception of each arrangement that includes developmental and regulatory milestone payments, the Company evaluates whether the achievement of each milestone specifically relates to the Company's efforts to satisfy a performance obligation or transfer a distinct good or service within a performance obligation. The Company evaluates each milestone to determine when and how much of the milestone to include in the transaction price. The Company first estimates the amount of the milestone payment that the Company could receive using either the expected value or the most likely amount approach. The Company primarily uses the most likely amount approach as that approach is generally most predictive for milestone payments with a binary outcome. Then, the Company considers whether any portion of that estimated amount is subject to the variable consideration constraint (that is, whether it is probable that a significant reversal of cumulative revenue would not occur upon resolution of the uncertainty). The Company updates the estimate of variable consideration included in the transaction price at each reporting date which includes updating the assessment of the likely amount of consideration and the application of the constraint to reflect current facts and circumstances. For regulatory milestones, the Company recognizes revenue at a point in time upon approval, as that is when achievement of the milestone is considered probable. The Company assesses milestones as they are achieved to determine whether they are tied to any other performance obligations in the respective license agreements.

Royalties

For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Company will recognize revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Product Sales, Net

The Company sells COSELA to specialty distributors in the U.S. and, in accordance with ASC 606, recognizes revenue at the point in time when the customer is deemed to have obtained control of the product. The customer is deemed to have obtained control of the product at the time of physical receipt of the product at the customers' distribution facilities, or Free on Board ("FOB") destination, the terms of which are designated in the contract.

Product sales are recorded at the net selling price, which includes estimates of variable consideration for which reserves are established for (a) rebates and chargebacks, (b) co-pay assistance programs, (c) distribution fees, (d) product returns, (e) GPO fees, and (f) other discounts. Where appropriate, these estimates take into consideration a range of possible outcomes for relevant factors such as current contractual and statutory requirements, and forecasted customer buying and payment patterns. Overall, these reserves reflect the Company's best estimates of the amount of consideration to which it is entitled based on the terms of the applicable contract. The amount of variable consideration may be constrained and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. Actual amounts of consideration ultimately received may differ from the Company's estimates. If actual results in the future vary from estimates, the Company adjusts these estimates, which would affect net product revenue and earnings in the period such variances become known.

Liabilities related to co-pay assistance, rebates, returns, and GPO fees are classified as "Accrued Expenses" in the Condensed Balance Sheets. Discounts such as chargebacks and specialty distributor fees are recorded as a reduction to trade accounts receivable, which is included in "Accounts Receivable" in the Condensed Balance Sheets.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. Deposits with financial institutions are insured, up to certain limits, by the Federal Deposit Insurance Corporation ("FDIC"). The Company's cash deposits often exceed the FDIC insurance limit; however, all deposits are maintained with high credit quality institutions and the Company has not experienced any losses in such accounts. The financial condition of financial institutions is periodically reassessed, and the Company believes the risk of any loss on cash due to credit risk is minimal.

All of the Company's product sales are made to three distributor organizations, none of which individually contributed more than fifty percent of product sales during the reporting periods ended June 30, 2024 or December 31, 2023. The sales to these three organizations accounted for 97% and 88% of gross accounts receivable, as of June 30, 2024 and December 31, 2023, respectively. Based on an analysis of historical payment patterns for such customers, the Company believes the risk of loss is minimal, as the Company has not experienced any material losses from uncollectible accounts.

Cost of Goods Sold

Cost of goods sold includes direct and indirect costs related to the manufacturing and distribution of COSELA, including third-party manufacturing costs, packaging services, freight-in, third-party logistics costs associated with COSELA, and Company personnel costs. Cost of goods sold may also include period costs related to certain inventory manufacturing services and inventory adjustment charges for excess and obsolete inventory.

Research and Development

Research and development expenses consist of costs incurred to further the Company's research and development activities and include salaries and related employee benefits, manufacturing of pharmaceutical active ingredients and drug product, costs associated with clinical trials, nonclinical activities, regulatory activities, research-related overhead expenses and fees paid to expert consultants, external service providers and contract research organizations which conduct certain research and development activities on behalf of the Company. Costs incurred in the research and development of products are charged to research and development expense as incurred.

Each reporting period, management estimates and accrues research and development expenses, including external clinical study costs associated with clinical trial activities. The process of estimating and accruing expenses involved reviewing contracts and purchase orders, identifying services that have been provided on the Company's behalf, and estimating the level of service performed and the associated cost incurred for the service when the Company has not yet been invoiced or otherwise notified of the actual costs.

Costs for clinical trial activities were estimated based on an evaluation of vendors' progress towards completion of specific tasks, using data such as patient enrollment, clinical site activations or information provided by vendors regarding their actual costs incurred. Payments for these activities are based on the terms of individual contracts and payment timing may differ significantly from the period in which the services were performed. The Company determines accrual estimates through reports from and discussions with applicable personnel and outside service providers as to the progress or state of completion of trials, or the services completed. The estimates of accrued external clinical study costs as of each balance sheet date are based on the facts and circumstances known at the time.

Stock-Based Compensation

The primary type of stock-based payments utilized by the Company are stock options. The Company accounts for stock-based employee compensation arrangements by measuring the cost of employee services received in exchange for all equity awards granted based on the fair value of the award on the grant date. The fair value of each employee stock option is estimated on the date of grant using an options pricing model. The Company currently uses the Black-Scholes valuation model to estimate the fair value of its share-based payments. The model requires management to make a number of assumptions including expected volatility, expected life, risk-free interest rate and expected dividends.

The Company also incurs stock-based compensation expense related to restricted stock units ("RSUs"), performance based restricted stock units ("PSUs"), and deferred share units ("DSUs"). The fair value of RSUs, PSUs, and DSUs is determined by the closing market price of the Company's common stock on the date of grant and then recognized over the requisite service period of the award. As the PSUs have non-market performance and service conditions, compensation expense will be recognized over the requisite service periods if and when the achievement of such performance condition(s) is determined to be probable by the Company. If a performance condition is not determined to be probable or is not met, no stock-based compensation expense is recognized. The Company reassesses the probability of achieving the performance condition(s) at each reporting period. As of June 30, 2024, the Company did not deem the achievement of any performance condition(s) to be probable and no compensation expense related to PSUs was recognized.

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the condensed financial statements carrying amounts of assets and liabilities and their respective tax bases, operating loss carryforwards, and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, the Company reflects in the condensed financial statements the benefit of positions taken in a previously filed tax return or expected to be taken in a future tax return only when it is considered 'more-likely-than-not' that the position taken will be sustained by a taxing authority. As of June 30, 2024 and December 31, 2023, the Company had no unrecognized income tax benefits and correspondingly there is no impact on the Company's effective income tax rate associated with these items. The Company's policy for recording interest and penalties relating to uncertain income tax positions is to record them as a component of income tax expense in the accompanying condensed statements of operations. As of June 30, 2024 and December 31, 2023, the Company had no such accruals.

Debt Issuance Costs

Debt issuance costs are amortized to interest expense over the estimated life of the related debt based on the effective interest method. In accordance with ASC 835, Interest, the Company presents debt issuance costs on the balance sheet as a direct deduction from the associated debt.

3. Fair Value of Financial Instruments

The Company provides disclosure of financial assets and financial liabilities that are carried at fair value based on the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements may be classified based on the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities using the following three levels:

Level 1	Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
Level 2	Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Unobservable inputs that reflect the Company's estimates of the assumptions that market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available, including its own data.

The carrying amounts of cash, cash equivalents, accounts payable and accrued liabilities approximate fair value because of their short-term nature.

At June 30, 2024 and December 31, 2023, these financial instruments and respective fair values have been classified as follows (in thousands):

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Balance at June 30, 2024
Assets:				
Money market accounts and funds	$ 15,091	$ —	$ —	$ 15,091
Marketable securities:				
U.S. Treasury Bills	45,656	—	—	45,656
Total assets at fair value	$ 60,747	$ —	$ —	$ 60,747

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Balance at December 31, 2023
Assets:				
Money market accounts and funds	$ 32,110	$ —	$ —	$ 32,110
Marketable securities:				
U.S. Treasury Bills	49,938	—	—	49,938
Total assets at fair value	$ 82,048	$ —	$ —	$ 82,048

During the three and six months ended June 30, 2024, and the year ended December 31, 2023, there were no changes in valuation methodology.

As of June 30, 2024, the carrying value of the Loan Payable (discussed in Note 7) was $44.3 million, and approximates fair value as the variable interest rate re-prices frequently.

4. Inventories

Inventories consist of the following (in thousands):

	June 30, 2024	December 31, 2023
Raw materials	$ 2,442	$ 2,422
Work in process	9,185	9,593
Finished goods	1,756	427
Inventories	$ 13,383	$ 12,442

The Company uses third party contract manufacturing organizations for the production of its raw materials, active pharmaceutical ingredients, and finished drug product which the Company owns. The Company evaluates the risk of excess inventory and product expiry by evaluating current and future product demand relative to product shelf life.

5. Property and Equipment

Property and equipment consists of the following (in thousands):

	June 30, 2024	December 31, 2023
Computer equipment	$ 327	$ 327
Laboratory equipment	331	334
Furniture and fixtures	866	866
Leasehold improvements	1,782	1,782
Manufacturing equipment	506	506
Accumulated depreciation	(2,577)	(2,339)
Property and equipment, net	$ 1,235	$ 1,476

Depreciation expenses relating to property and equipment were $121 thousand and $241 thousand for the three and six months ended June 30, 2024, respectively, and $130 thousand and $262 thousand for the three and six months ended June 30, 2023, respectively.

6. Accrued Expenses

Accrued expenses are comprised as follows (in thousands):

	June 30, 2024	December 31, 2023
Accrued external research	$ 25	$ 109
Accrued professional fees and other	6,752	5,854
Accrued external clinical study costs	8,332	10,944
Accrued compensation expense	1,972	4,986
Accrued expenses	$ 17,081	$ 21,893

7. Loan Payable

On May 29, 2020, the Company entered into a loan and security agreement (the "Loan Agreement") with Hercules Capital, Inc. (“Hercules”), under which Hercules agreed to lend the Company up to $100.0 million, to be made available in a series of tranches, subject to certain terms and conditions. The first tranche totals $30.0 million, of which the Company received $20.0 million at closing. Upon initiation of the Phase 3 trial of COSELA for metastatic colorectal cancer and receiving FDA approval for COSELA for small cell lung cancer (the "Performance Milestone”), the second tranche of $20.0 million became available to the Company for drawdown through December 15, 2021. The third tranche of $30.0 million was available through December 31, 2022. The fourth tranche of $20.0 million was available at Hercules’ approval through December 31, 2022.

The Loan Agreement was subsequently amended via First, Second, Third, and Fourth Amendments throughout 2021 and 2022.

On June 6, 2023, the Company entered into a Fifth Amendment to the Loan Agreement (the “Fifth Amendment”) with Hercules, under which Hercules agreed to lend the Company up to $75.0 million, subject to specified conditions. In conjunction with the closing of the Fifth Amendment, the Company repaid $25.0 million of the outstanding debt such that the total loan amount outstanding upon closing of the Fifth Amendment is $50.0 million. In addition to the $25.0 million principal prepayment, upon closing of the Fifth Amendment, the Company made a $1.7 million pro-rata payment of the end-of-term charge. The Company continues to be required to make a payment to Hercules for $2.1 million on the earliest occurrence of (i) June 1, 2025, (ii) the date the Company repays the outstanding principal amount in full, or (iii) the date that the principal amount becomes due and payable in full.

The Fifth Amendment eliminated advances under tranches 2 and 3 and increased the advance available under tranche 4 from $15.0 million to $25.0 million and extended the time for drawing the Tranche 4 Advance (as defined in the Loan Agreement) from June 30, 2024 to December 15, 2024.

Amounts borrowed under the Fifth Amendment will bear an interest rate equal to the greater of either (i) (a) the prime rate as reported in The Wall Street Journal, plus (b) 5.65%, and (ii) 9.15%. The Company will make interest only payments through December 1, 2024 and may be extended through December 1, 2025, in quarterly increments, subject to conditional borrowing base compliance. Following the interest only period, the Company will repay the principal balance and interest of the advances in equal monthly installments through November 1, 2026.

The Company may prepay advances under the Fifth Amendment, in whole or in part, at any time subject to a prepayment charge equal to (a) 3.0% of the prepayment amount in the first year from the effective date of the Fourth Amendment to the Loan Agreement (the "Fourth Amendment"); (b) 2.0% of the prepayment amount in the second year from the effective date of the Fourth Amendment; and (c) 1.0% of the prepayment amount in the third year from the effective date of the Fourth Amendment. For the avoidance of doubt, no prepayment charge shall be applicable when repayments are required to maintain compliance with the conditional borrowing base limit as discussed below.

The Fifth Amendment amended the minimum cash covenant such that the Company must maintain unrestricted cash equal to at least 35% of the outstanding debt at all times. The minimum cash covenant shall be eliminated upon the Company's achievement of quarterly net product revenue of $45.0 million or trailing six months net product revenue of $85.0 million.

The Fifth Amendment removed the existing minimum revenue covenant and provided for a conditional borrowing base limit, beginning with the financial reporting for the period ended June 30, 2023, and tested monthly thereafter. The Fifth Amendment also provides that the Company's debt outstanding shall not exceed certain thresholds of trailing three month net product revenue of COSELA.

The Company evaluated the Fifth Amendment under the guidance found in ASC 470-50 *Modification and Extinguishment*. The Company concluded that the Fifth Amendment was a modification; accordingly, no gain or loss was recorded. A new effective interest rate was established based on the carrying value of the debt and the revised cash flows. The remaining end of term charges are accreted through interest expense through the maturity date using the updated effective interest rate. The borrowing capacity of the new arrangement is less than the old arrangement. As such, the existing unamortized deferred financing costs of the new arrangement were written off in proportion to the decrease in the borrowing capacity of the unfunded portion of the arrangement. The remaining unamortized deferred financing costs are amortized to interest expense and deferred over the commitment term of the new arrangement.

The Loan Agreement contains events of default, including a material adverse change, which is subjectively defined, in the Company's business, payment defaults, and breaches of covenants following any applicable cure period. In the event of default by the Company under the Loan Agreement, the Company may be required to repay all amounts then outstanding under the Loan Agreement. The Company has determined that subjective acceleration under the material adverse events clause included in the Loan Agreement is not probable and, therefore, has classified the outstanding principal amount in long-term liabilities based on the timing of scheduled principal payments.

During the previous quarter ended March 31, 2024, the Company repaid $8.2 million in principal and $0.5 million in a pro-rata portion of the end of term charge. As of June 30, 2024, the outstanding principal of $41.8 million does not exceed the required threshold of trailing three month revenue for the period ended June 30, 2024. Additionally, as of June 30, 2024 the Company maintained unrestricted cash equal to more than 35% of the total outstanding debt and has not been notified of an event of default by the lender under the Loan Agreement.

As of June 30, 2024 and December 31, 2023, the carrying value of the debt under the Loan Agreement, which approximates its fair value, consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Loan payable, principal	$ 41,805	$ 50,000
End of term charges	4,907	5,460
Loan payable, including end of term charges	46,712	55,460
Unamortized debt discount, issuance costs, and unaccreted value of end of term charges	(2,394)	(3,903)
Carrying value of loan payable	$ 44,318	$ 51,557

As of June 30, 2024, the Company classified $11.4 million of the loan payable as current, which represents $13.0 million of principal payments and end of term fees due to Hercules within 12 months from June 30, 2024, net of $1.4 million in accretion of end of term fees and $0.2 million in amortization of the debt discount and debt issuance costs.

The effective interest rate of the outstanding debt under the Loan Agreement was approximately 21.8% and 18.2% as of June 30, 2024 and 2023, respectively. The Company recognized $4.7 million of interest expense related to the debt for the six months ended June 30, 2024. Included in such expense was $1.4 million related to accretion of the end of term charges and an immaterial amount of debt discount and debt issuance cost amortization. During the six months ended June 30, 2023, the Company recognized $5.8 million of interest expense related to the debt, of which $0.5 million related to accretion of the end of term charges and an immaterial amount related to debt discount and debt issuance cost amortization. Interest expense is reflected in other income (expense), net on the Condensed Statement of Operations.

Estimated future principal payments due under the Loan Agreement, including the contractual end of term charges and excluding interest, are as follows as of June 30, 2024 (in thousands):

	Future Payments
2024	$ 1,517
2025	21,685
2026	23,510
Total principal payments, including end of term charges	$ 46,712

8. Stockholders' Equity

Common stock

The Company is authorized to issue 120,000,000 shares of common stock. Holders of common stock are entitled to one vote per share and are entitled to receive dividends, as if and when declared by the Company's Board of Directors.

Preferred stock

The Company is authorized to issue 5,000,000 shares of undesignated preferred stock in one or more series. As of June 30, 2024, no shares of preferred stock were issued or outstanding.

Shares Reserved for Future Issuance

The Company has reserved authorized shares of common stock for future issuance at June 30, 2024 and December 31, 2023 as follows:

	June 30, 2024	December 31, 2023
Common stock options outstanding	7,004,330	6,774,186
RSUs outstanding [(1)]	1,501,329	1,613,215
PSUs outstanding [(1)]	270,000	218,450
DSUs outstanding [(1)]	100,000	50,000
Options, RSUs, PSUs and DSUs available for grant under Equity Incentive Plans [(1)]	2,489,975	2,385,034
	11,365,634	11,040,885

[(1)] RSUs, PSUs, and DSUs are further defined in Note 9.

9. Stock-Based Compensation

2011 Equity Incentive Plan

In March 2011, the Company adopted the 2011 Equity Incentive Plan (the "2011 Plan"). The 2011 Plan provided for the direct award or sale of the Company's common stock and for the grant of stock options to employees, directors, officers, consultants and advisors of the Company. The 2011 Plan was subsequently amended in August 2012, October 2013, February 2015, December 2015, April 2016 and November 2016 to allow for the issuance of additional shares of common stock. In connection with the adoption of the 2017 Plan (as defined below), the 2011 Plan was terminated and no further awards will be made under the 2011 Plan.

2017 Equity Incentive Plan

In May 2017, the Company adopted the 2017 Equity Incentive Plan (the "2017 Plan"). The 2017 Plan provides for the direct award or sale of the Company's common stock and for the grant of up to 1,932,000 stock options to employees, directors, officers, consultants and advisors of the Company. The 2017 Plan provides for the grant of incentive stock options, non-statutory stock options or restricted stock. Effective January 1, 2024, and in accordance with the "evergreen" provision of the 2017 Plan, an additional 1,096,553 shares were made available for issuance.

Under both the 2011 Plan and the 2017 Plan, options to purchase the Company's common stock may be granted at a price no less than the fair market value of a share of common stock on the date of grant. The fair value shall be the closing sales price for a share as quoted on any established securities exchange for such grant date or the last preceding date for which such quotation exists. Vesting terms of options issued are determined by the Board of Directors or Compensation Committee of the Board. The Company's stock options vest based on terms in the stock option agreements. Stock options have a maximum term of ten years.

In January 2021, the Company began granting RSUs under the 2017 Plan. RSUs are granted at the fair market value of a share of common stock on the date of grant.

In January 2023, the Company began granting PSUs, which are subject to non-market performance and service conditions, to Company executives under the 2017 Plan. Beginning in January 2024, PSUs will be granted solely to the Company's Chief Executive Officer. PSUs are granted at the fair market value of a share of common stock on the date of grant.

In May 2023, the Company adopted the G1 Therapeutics, Inc. Deferred Compensation Plan for Non-Employee Directors to enable non-employee directors of the Company (each a "Non-Employee Director") to elect to defer annually the receipt of shares that vest in accordance with the terms of RSUs granted under the 2017 Plan (the "Vested RSUs") for service as a Non-Employee Director (the "Deferred Compensation Plan"). The Deferred Compensation Plan is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). Under the Deferred Compensation Plan, the Non-Employee Directors shall be entitled to file with the Compensation Committee of the Board prior to December 31 of each Plan Year (as defined therein) an election form so as to make an election under the Deferred Compensation Plan effective for the following Plan Year, pursuant to which a Non-Employee Director may elect to defer receipt of shares underlying Vested RSUs with respect to RSUs granted in the following Plan Year. The Deferred Compensation Plan is unfunded and unsecured.

As of June 30, 2024, there were a total of 1,354,120 shares of common stock available for future issuance under the 2017 Plan.

Amended and Restated 2021 Inducement Equity Incentive Plan

In February 2021, the Company adopted the 2021 Inducement Equity Incentive Plan (the "2021 Inducement Plan"). The 2021 Inducement Plan provides for the grant of up to 500,000 non-qualified options, stock grants, and stock-based awards to employees and directors of the Company. The 2021 Inducement Plan does not include an evergreen provision.

In September 2021, the Company adopted the 2021 Sales Force Inducement Equity Incentive Plan (the "2021 Sales Force Inducement Plan"). The 2021 Sales Force Inducement Plan provides for the grant of up to 500,000 non-qualified options, stock grants, and stock-based awards to sales force individuals and support staff that were not previously employees or directors of the Company. The 2021 Sales Force Inducement Plan does not include an evergreen provision.

In March 2022, the Company merged the 2021 Sales Force Inducement Plan into the 2021 Inducement Plan and amended and restated the 2021 Inducement Plan to create the Amended and Restated 2021 Inducement Equity Incentive Plan (the "Amended and Restated 2021 Plan"). In addition, the number of shares reserved for issuance under the Amended and Restated 2021 Plan was increased by 750,000 shares of the Company's common stock, for an aggregate of 1,750,000 shares of the Company's common stock authorized to issue under the Amended and Restated 2021 Plan. The Amended and Restated 2021 Plan does not include an evergreen provision.

As of June 30, 2024, there was a total of 1,135,855 shares of common stock available for future issuance under the Amended and Restated 2021 Plan.

Stock-based Compensation

The Company recognizes compensation costs related to stock options granted to employees based on the estimated fair value of the awards on the date of grant. The grant date fair value of the stock-based awards is generally recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the respective awards. Share-based awards granted to non-employee directors as compensation for serving on the Company's Board of Directors are accounted for in the same manner as employee share-based compensation awards.

The Company calculates the fair value of stock options using the Black-Scholes option pricing model. The Black-Scholes option-pricing model requires the use of subjective assumptions, including the expected volatility of the Company's common stock, the assumed dividend yield, the expected term of the Company's stock options and the fair value of the underlying common stock on the date of grant.

The Company also incurs stock-based compensation expense related to RSUs, PSUs, and DSUs. The fair value of RSUs, PSUs, and DSUs is determined by the closing market price of the Company's common stock on the date of grant and then recognized over the requisite service period of the award. As the PSUs have non-market performance and service conditions, compensation expense will be recognized over the requisite service periods if and when the achievement of such performance condition(s) is determined to be probable by the Company. If a performance condition is not determined to be probable or is not met, no stock-based compensation expense is recognized. The Company reassesses the probability of achieving the performance condition(s) at each reporting period.

The table below summarizes the stock-based compensation expense recognized in the Company's statement of operations by classification (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cost of goods sold	$ 16	$ 123	$ 35	$ 158
Research and development	282	514	661	1,188
Selling, general and administrative	1,792	3,173	3,940	6,300
Total stock-based compensation expense	$ 2,090	$ 3,810	$ 4,636	$ 7,646

Stock options – Black-Scholes inputs

The fair value of each option grant is estimated on the grant date using the Black-Scholes option-pricing model, using the following weighted average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Expected volatility	97.9% - 100.9%	86.2% - 88.4%	88.8% - 100.9%	81.4% - 88.4%
Weighted-average risk free rate	4.2% - 4.6%	3.6% - 3.9%	3.9% - 4.6%	3.4% - 3.9%
Dividend yield	—%	—%	—%	—%
Expected term (in years)	5.53	5.77	6.00	6.00

Stock Option Activity

The following table is a summary of stock option activity for the six months ended June 30, 2024:

	Options outstanding	Weighted average exercise price	Weighted average Remaining contractual for life (Years)	Weighted average Aggregate intrinsic value
				(in thousands)
Balance as of December 31, 2023	6,774,186	$ 13.60	6.4	$ 944
Granted	1,316,180	2.98		
Cancelled	(906,201)	12.26		
Exercised	(179,835)	1.44		
Balance as of June 30, 2024	7,004,330	$ 12.09	6.5	$ 379
Exercisable at December 31, 2023	4,813,088	$ 15.80	5.5	$ 859
Vested at December 31, 2023 and expected to vest	6,774,186	$ 13.60	6.4	$ 944
Exercisable at June 30, 2024	4,864,314	$ 15.06	5.5	$ 373
Vested at June 30, 2024 and expected to vest	7,004,330	$ 12.09	6.5	$ 379

As of June 30, 2024, unrecognized compensation expense related to unvested stock options totaled $7.6 million, which is expected to be recognized over a weighted-average period of approximately 2.0 years.

Restricted Stock Units

The Company’s RSUs are considered nonvested share awards and require no payment from the employee. For each RSU, employees receive one common share at the end of the vesting period. Compensation cost is recorded based on the market price of the Company’s common stock on the grant date and is recognized on a straight-line basis over the requisite service period.

The following table is a summary of the RSU activity for the six months ended June 30, 2024:

	Number of RSUs	Weighted – Average Fair Value per Share
Balance as of December 31, 2023	1,613,215	$ 5.25
Granted	828,848	3.12
Cancelled	(348,765)	4.45
Vested	(591,969)	5.75
Balance as of June 30, 2024	1,501,329	$ 4.06

As of June 30, 2024, there was $5.1 million of total unrecognized compensation cost related to the Company's RSUs that are expected to vest. These costs are expected to be recognized over a weighted-average period of approximately 2.2 years.

Performance Based Restricted Stock Units

The Company's PSUs are considered nonvested share awards and require no payment from the employee. For each PSU, employees receive one common share at the end of the vesting period, subject to non-market performance and service conditions. Compensation cost is recorded based on the market price of the Company's common stock on the grant date and is recognized over the requisite service if and when the achievement of such performance condition(s) is determined to be probable by the Company. The Company reassesses the probability of achieving the performance condition(s) at each reporting period. As of June 30, 2024, the Company did not deem the achievement of any performance condition(s) to be probable and compensation expense related to PSUs was not recognized.

The following table is a summary of the PSU activity for the six months ended June 30, 2024:

	Number of PSUs	Weighted – Average Fair Value per Share
Balance as of December 31, 2023	218,450	$ 5.73
Granted	100,700	2.97
Cancelled	(49,150)	5.73
Vested	—	—
Balance as of June 30, 2024	270,000	$ 4.70

As of June 30, 2024, there was $1.3 million of total unrecognized compensation cost related to the Company's PSUs that are expected to vest. These costs are expected to be recognized over a weighted-average period of approximately 1.7 years.

Deferred Share Units

The Company's DSUs are considered nonvested share awards and require no payment from the holders. For each DSU, holders receive one common share on a future date, generally upon “Separation from Service” (within the meaning of Section 409A of the Code) as a Non-Employee Director of the Company for any reason. Upon settlement, holders will receive one fully paid and non-assessable common share in respect of each vested DSU. Compensation cost is recorded based on the market price of the Company’s common stock on the grant date and is recognized on a straight-line basis over the requisite service period.

The following table is a summary of the DSU activity for the six months ended June 30, 2024:

	Number of DSUs	Weighted – Average Fair Value per Share
Balance as of December 31, 2023	50,000	$ 2.83
Granted	50,000	2.99
Cancelled	—	—
Common shares issued	—	—
Balance as of June 30, 2024	100,000	$ 2.91

As of June 30, 2024, there was $0.1 million of total unrecognized compensation cost related to the Company's DSUs that are expected to vest. These costs are expected to be recognized over a weighted-average period of approximately 1.0 year.

10. License Revenue

Incyclix License Agreement

On May 22, 2020 (the "effective date"), the Company entered into an exclusive license agreement with Incyclix Bio, LLC (“Incyclix”), formerly ARC Therapeutics, LLC, a company primarily owned by a former board member, whereby the Company granted to Incyclix an exclusive, worldwide, royalty-bearing license, with the right to sublicense, solely to make, have made, use, sell, offer for sale, import, export, and commercialize products related to its cyclin dependent kinase 2 (“CDK2”) inhibitor compounds. At close, the Company received consideration in the form of an upfront payment of $1.0 million and an equity interest in Incyclix equal to 10% of its issued and outstanding units valued at $1.1 million. In addition, the Company may receive a future development milestone payment totaling $2.0 million and royalty payments in the mid-single digits based on net sales of the licensed compound after commercialization. The Company has right of first negotiation to re-acquire these assets. In the first quarter of 2022, Incyclix announced a new round of financing which the Company did not participate. Following the financing, the Company's equity interest is now approximately 6.5%.

The Company assessed the license agreement in accordance with ASC 606 and identified one performance obligation in the contract, which is the transfer of the license, as Incyclix can benefit from the license using its own resources. The Company recognized $2.1 million in license revenue consisting of the upfront payment and the 10% equity interest in Incyclix upon the effective date as the Company determined the license was a right to use the intellectual property and the Company had provided all necessary information to Incyclix to benefit from the license.

The Company considers the future potential development milestone and sales-based royalties to be variable consideration. The development milestone is excluded from the transaction price because it determined the payment to be fully constrained under ASC 606 due to the inherent uncertainty in the achievement of such milestone due to factors outside of the Company’s control. As sales-based royalties are all related to the license of the intellectual property, the Company will recognize revenue in the period when subsequent sales are made pursuant to the sales-based royalty exception. The Company will re-evaluate the transaction price in each reporting period and as uncertain events are resolved or other changes in circumstances occur.

There was no revenue recognized during the six months ended June 30, 2024 or 2023.

Genor License Agreement

On June 15, 2020, the Company entered into an exclusive license agreement with Genor Biopharma Co. Inc. (“Genor”) for the development and commercialization of lerociclib in Australia, Bangladesh, China, Hong Kong, India, Indonesia, Macau, Malaysia, Myanmar, New Zealand, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, and Vietnam (the “Genor Territory”). Under the license agreement, the Company granted to Genor an exclusive, royalty-bearing, non-transferable license, with the right to grant sublicenses, to develop, obtain, hold and maintain regulatory approvals for, and commercialize lerociclib, in the Genor Territory.

Under the license agreement, Genor agreed to pay the Company a non-refundable, upfront cash payment of $6.0 million with the potential to pay an additional $40.0 million upon reaching certain development and commercial milestones. In addition, Genor will pay the Company tiered royalties ranging from high single to low double-digits based on annual net sales of lerociclib in the Genor Territory. In September 2020, the Company transferred to Genor the related technology and know-how that is necessary to develop, seek regulatory approval for, and commercialize lerociclib in the Genor Territory, which resulted in the recognition of $6.0 million in revenue in accordance with ASC 606. Since then, through December 31, 2022, the Company had recognized an additional $3.0 million in revenue for the achievement of development and commercial milestones as defined by the license agreement.

There was no milestone revenue recognized during the six months ended June 30, 2024 or 2023.

EQRx License Agreement

On July 22, 2020, the Company entered into an exclusive license agreement with EQRx, Inc. (“EQRx”) for the development and commercialization of lerociclib in the U.S., Europe, Japan and all other global markets, excluding the Asia-Pacific region (except Japan) (the “EQRx Territory”). Under the license agreement, the Company granted to EQRx an exclusive, royalty-bearing, non-transferable license, with the right to grant sublicenses, to develop, obtain, hold and maintain regulatory approvals for, and commercialize lerociclib in the EQRx Territory.

Under the license agreement, EQRx agreed to pay the Company a non-refundable, upfront cash payment of $20.0 million with the potential to pay an additional $290.0 million upon reaching certain development and commercial milestones. In addition, EQRx would pay the Company tiered royalties ranging from mid-single digits to mid-teens based on annual net sales of lerociclib in the EQRx Territory. In September 2020, the Company transferred to EQRx the related technology and know-how that was necessary to develop, seek regulatory approval for, and commercialize lerociclib in the EQRx Territory which resulted in the recognition of $20.0 million in revenue in accordance with ASC 606. EQRx was responsible for the development of the product in the EQRx Territory. The Company agreed to continue until completion, as the clinical trial sponsor, its two primary clinical trials and EQRx agreed to reimburse the Company for all related out-of-pocket costs incurred after the effective date of the license agreement.

On August 1, 2023, the Company received from EQRx formal notice of termination of the lerociclib license agreement in connection with the acquisition of EQRx by Revolution Medicines, Inc. The notice stated the intention to revert the lerociclib product rights back to the Company. Under the terms of the license agreement, EQRx is responsible for winding down its development activities. On September 13, 2023, the parties entered into a letter agreement whereby EQRx would pay the Company $1.6 million to reimburse anticipated wind down costs; the payment was received during the third quarter of 2023. No milestones were previously achieved through the date of termination of the lerociclib license agreement, and as a result of the termination, the Company will not receive any further milestone payments or future royalties from EQRx.

During the six months ended June 30, 2024, the remaining $0.2 million previously held as short-term deferred revenue on the balance sheet for the year-ended December 31, 2023 was recognized as revenue as the remaining clinical trial wind down costs following EQRx's termination of the license agreement were incurred. During the six months ended June 30, 2023, the Company recognized revenue of $0.8 million for the reimbursement of patent and clinical trial costs.

Simcere License Agreement

On August 3, 2020, the Company entered into an exclusive license agreement with Simcere Pharmaceutical Co., Ltd. ("Simcere") for the development and commercialization of trilaciclib in all indications in Greater China (mainland China, Hong Kong, Macau, and Taiwan) (the “Simcere Territory”). Under the license agreement, the Company granted to Simcere an exclusive, royalty-bearing, non-transferable license, with the right to grant sublicenses, to develop, obtain, hold and maintain regulatory approvals for, and commercialize trilaciclib in the Simcere Territory. Since entering into the license agreement, the Company had received an upfront payment of $14.0 million and an additional $22.0 million for the achievement of development milestones through December 31, 2022.

On April 28, 2023, the Company amended the license agreement with Simcere, whereby the Company received a one-time, non-refundable payment of $30.0 million in exchange for the relief of future royalty payments from the sale of COSELA in Greater China. In addition, the milestone payments under the license agreement were adjusted such that the Company will be eligible to receive a $5.0 million payment upon Simcere’s filing an New Drug Application ("NDA") of triple negative breast cancer ("TNBC") in mainland China and a $13.0 million payment upon Simcere receiving regulatory approval of TNBC in mainland China. Under the amended license agreement, Simcere is not responsible for any sales milestone payments or any royalties accrued after April 28, 2023. Following the amendment, the Company continues to own all the global development and commercial rights to trilaciclib, excluding Greater China.

During the six months ended June 30, 2024, revenue recognized for supply and manufacturing services and for the reimbursement of patent and clinical trial costs was immaterial. During the six months ended June 30, 2023, the Company recognized $30.0 million in revenue from the one-time payment for the relief of future royalty payments, $2.0 million in revenue for supply and manufacturing services, $0.6 million in royalty revenue, and $0.2 million in revenue for the reimbursement of patent and clinical trial costs.

There was no milestone revenue recognized during the six months ended June 30, 2024 or 2023.

Pepper License Agreement

On April 30, 2024, the Company entered into an exclusive licensing agreement with Pepper Bio, Inc. ("Pepper"). Under the license agreement, the Company granted to Pepper the exclusive rights to develop, manufacture, and commercialize lerociclib for all indications except for certain radioprotectant uses in the US, Europe, Japan, and all other global markets, excluding the Asia-Pacific region ("Pepper Territory").

Under the license agreement, Pepper agreed to pay the Company a non-refundable, upfront cash payment of $0.5 million with the potential to pay an additional $120.0 million upon achievement of certain development milestones and $15.0 million upon achievement of certain commercial milestones, in up to three indications. In addition, Pepper will pay the Company low double-digit royalties on aggregate annual net sales of lerociclib in the Pepper Territory. In June 2024, the Company transferred to Pepper the related technology and know-how that is necessary to develop, manufacture, and commercialize lerociclib in the Pepper Territory, which resulted in the recognition of $0.5 million in revenue in accordance with ASC 606.

There was no milestone revenue recognized through June 30, 2024.

Deimos License Agreement

On May 20, 2024, the Company entered into an exclusive licensing agreement with Deimos Biosciences Inc. ("Deimos"), a portfolio company of Jupiter Bioventures ("Jupiter"), which was co-founded by a current board member (see "Note 13 - Related Party Transactions" of this Form 10-Q for more details). Under the license agreement, the Company granted to Deimos the exclusive rights to develop, manufacture, and commercialize lerociclib for certain radioprotective uses in the US, Europe, Japan, and all other global markets, excluding the Asia-Pacific region ("Deimos Territory"), which the Company has already licensed to Genor. As described above, lerociclib was recently licensed globally (excluding the Asia-Pacific region) to Pepper for all indications except for certain radioprotectant uses.

Under the license agreement, the Company is expected to receive shares of Deimos' common stock representing 10% of Deimos' outstanding equity capitalization, on a fully diluted basis, measured at and granted on the earlier of the completion of all of Deimos' preclinical development activities, or August 31, 2024. In addition to the equity grant, Deimos will pay royalties to the Company on a calendar year basis equal to 20% of aggregate annual net sales of licensed products sold in the Deimos Territory. Royalties will be paid on a licensed product-by-licensed product and country-by-country basis. Under the terms of the license agreement, if a Priority Review Voucher (PRV) is issued to Deimos, the Company is entitled to a percentage of the proceeds from Deimos' potential future sale or transfer of the PRV.

The Company assessed the license agreement in accordance with ASC 606 and has identified one performance obligation in the contract, which is the transfer of the license, as Deimos can benefit from the license using its own resources. The Company did not recognize any license revenue during the three months ended June 30, 2024, because the Company had not yet provided all necessary information to Deimos to benefit from the license, and the Company had not yet received its equity in Deimos as of June 30, 2024.

11. Net Loss per Common Share

Basic net loss per common share is computed using the weighted average number of common shares outstanding during the period. Diluted net loss per common share is computed using the sum of the weighted average number of common shares outstanding during the period and, if dilutive, the weighted average number of potential shares of common stock, including the assumed exercise of stock options and unvested restricted common stock. The following potentially dilutive securities have been excluded from the computations of diluted weighted-average shares outstanding for the periods presented below, except for the three months ended June 30, 2023, because the effect would be anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Stock options issued and outstanding	7,326,974	7,696,646	7,521,345	7,888,449
Unvested RSUs	1,689,307	1,450,070	1,824,420	1,202,495
Unvested PSUs	270,442	218,450	292,595	214,829
Unvested DSUs	59,340	8,242	54,671	4,144
Total potential dilutive shares	9,346,063	9,373,408	9,693,031	9,309,917

Amounts in the table above reflect the common stock equivalents of the noted instruments.

12. Income Taxes

The Company's effective income tax rate was 0.0% and 13.1% for the three months ended June 30, 2024 and 2023, respectively, and 0.0% and (7.4)% for the six months ended June 30, 2024 and 2023, respectively The Company continues to recognize losses in the United States and therefore, has recorded no tax benefit associated with these losses.

13. Related Party Transactions

On September 19, 2023, Mark A. Velleca, M.D., Ph.D., notified the Company of his decision to resign from the Company's Board of Directors, effective as of September 30, 2023. Dr. Velleca was a member of the Board since May 2014. Dr. Velleca's decision to resign was not due to any disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Dr. Velleca continues to serve as a senior advisor to the Company pursuant to the terms of a Senior Advisor Agreement dated September 29, 2020 (the "Agreement"), as amended by that certain First Amendment to Senior Advisor Agreement, dated as of September 20, 2023 (the "Amendment"). Pursuant to the Amendment, the term of the Agreement was extended from December 31, 2023 to December 31, 2024. Dr. Velleca will not receive any cash or equity compensation for his services during the period from January 1, 2024 through December 31, 2024 (the "Extended Term"). However, any stock options held by Dr. Velleca will continue to vest in accordance with their terms during the Extended Term.

On May 20, 2024, the Company entered into an exclusive licensing agreement with Deimos, a portfolio company of Jupiter. Norman E. Sharpless, M.D. is currently a member of the Company's Board of Directors, and a co-founder and managing director of Jupiter. Dr. Sharpless has an equity interest in Jupiter and Deimos; however, Dr. Sharpless does not directly oversee Deimos and was recused from voting during negotiation of the license agreement with the Company.

14. Subsequent Events

On August 6, 2024, the Company, Pharmacosmos A/S, a Danish Aktieselskab ("Pharmacosmos"), and Genesis Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Pharmacosmos ("Purchaser"), entered into an Agreement and Plan of Merger (the "Merger Agreement"). Pursuant to the Merger Agreement, and upon the terms and subject to the conditions therein, Purchaser will commence a cash tender offer (the "Offer") to acquire all of the issued and outstanding shares of the Company's common stock, at a price per share of $7.15, net to the seller in cash, without interest and subject to any withholding of taxes required by applicable law. Assuming closing of the Offer, Purchaser will merge with and into the Company, with the Company continuing as the surviving corporation, and the Company will deregister its common stock. The merger is expected to close in the late third quarter of 2024. If the Merger Agreement is terminated by the Company under certain circumstances specified in the Merger Agreement, the Company will be required to pay Pharmacosmos a termination fee of $12.1 million.

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 financial statements and related notes included elsewhere in this quarterly report. This discussion and other parts of this quarterly report contain forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations and intentions. As a result of many factors, including those factors set forth in the "Risk Factors" section of our 2023 Form 10-K, and in our subsequently filed Quarterly Reports on Form 10-Q, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

In this Quarterly Report on Form 10-Q, the terms "we," "us," "our," the "Company" and "G1" mean G1 Therapeutics, Inc.

Overview

We are a commercial-stage biopharmaceutical company focused on the development and commercialization of novel small molecule therapeutics for the treatment of patients with cancer. COSELA® (trilaciclib), our first product approved by the U.S. Food and Drug Administration ("FDA"), is the first and only therapy indicated to proactively help protect bone marrow (myeloprotection) from the damage of chemotherapy and is the first innovation in managing myeloprotection in decades. COSELA (trilaciclib hydrochloride for injection) is also approved by the China National Medical Products Administration ("NMPA") for marketing in mainland China and is commercialized by our partner, Simcere, in Greater China (mainland China, Hong Kong, Macau and Taiwan).

Trilaciclib was developed from a technology platform that targets key cellular pathways including transient arrest of the cell cycle at the G1 phase, prior to the beginning of DNA replication. Controlled administration and clean G1 arrest from transient CDK4/6 inhibition can protect bone marrow from cytotoxic damage during treatment. Beyond our primary extensive-stage small cell lung cancer ("ES-SCLC") indication in the United States, we are focusing our efforts on potentially developing trilaciclib in antibody-drug conjugate ("ADC") combinations.

We believe our opportunities for growth include, (1) accelerating and expanding the growth of COSELA in our initial ES-SCLC marketed indication in the U.S., (2) expanding the COSELA business globally through ongoing partnership initiatives, and (3) evaluating other myeloprotection uses for the drug. We will also seek a development partner to develop trilaciclib in combination with certain leading ADC treatments with an opportunity to meaningfully improve their efficacy and safety.

G1 Therapeutics owns all global development and commercial rights for trilaciclib across all indications, with the exception of Greater China (Simcere).

We use “COSELA” when referring to our FDA approved drug and “trilaciclib” when referring to our development of COSELA for additional indications.

Commercial Product

COSELA®
trilaciclib for injection 300 mg

On February 12, 2021, the FDA approved COSELA (trilaciclib for intravenous injection) to decrease the incidence of chemotherapy-induced myelosuppression in adult patients treated with a platinum/etoposide-containing regimen or topotecan-containing regimen for ES-SCLC. COSELA became commercially available in the United States through our specialty distributor network on March 2, 2021.

COSELA is also commercially available in Greater China (i.e., mainland China, Hong Kong, Macau and Taiwan) pursuant to an exclusive license agreement with Simcere entered into in August 2020 to develop and commercialize trilaciclib for any indication in humans through parenteral delivery, including intravenous delivery, in China, Hong Kong, Macau, and Taiwan. See "Business - License Agreements - Exclusive license to Simcere for trilaciclib in Greater China" section of the 2023 Form 10-K for more details. COSELA (trilaciclib hydrochloride for injection) is indicated in Greater China to decrease the incidence of chemotherapy-induced myelosuppression in adult patients when administered prior to a platinum/etoposide-containing regimen for ES-SCLC.

Product Portfolio

Our product portfolio consists of three assets: trilaciclib and lerociclib, both of which are CDK4/6 inhibitors, and a CDK2 inhibitor.

Trilaciclib

Trilaciclib is a novel therapy designed to transiently arrest cells that are dependent on CDK4/6 for proliferation, including hematopoietic stem and progenitor cells ("HSPCs"), in the G1 phase. The unique product attributes of trilaciclib include: (1) rapid onset from IV administration, (2) potent and selective CDK4 and CDK6 inhibition, and (3) a short half-life. These attributes enable a controlled administration of trilaciclib intended to achieve a precisely timed effect, a robust clean G1-phase arrest, and an optimal environment for T-cells to proliferate. Trilaciclib has demonstrated an ability to protect the bone marrow. This may lead to reduced hematologic adverse events ("AEs"), which can mitigate the need for rescue interventions and hospitalizations.

As a condition of marketing approval in ES-SCLC, we are required to conduct a post marketing trial of trilaciclib in combination with chemotherapy in patients with ES-SCLC to evaluate survival outcomes. To meet this requirement, a trial of trilaciclib or placebo in combination with topotecan in patients with ES-SCLC has been initiated and the first patient was enrolled in October 2023.

Beyond our continued development and commercialization of our initial ES-SCLC indication in the U.S., we are focusing our efforts on evaluating other myeloprotection uses for the drug, including in combination with lurbinectedin, and identifying a development partner to develop trilaciclib in combination with leading ADC treatments.

During the quarter ended June 30, 2024, we disclosed the final results from two clinical trials.

On May 28, 2024, we announced the presentation of mature Phase 2 clinical trial results at the 2024 American Society of Clinical Oncology meeting which described the positive impact of trilaciclib in combination with a TROP2 ADC (sacituzumab govitecan; SG) on overall survival (OS) and tolerability compared to SG alone based on historical data from the ASCENT trial. These results indicate that patients in the intent-to-treat (ITT) population receiving trilaciclib with the ADC experienced an approximately four-month improvement in median OS (15.9 months vs. 12.1 months) compared to that expected from the ADC alone based on historical data from the ASCENT trial and had a 12-month survival of 60%. In addition, the mature safety results show a clinically meaningful on-target effect of trilaciclib to reduce the rates of multiple treatment emergent adverse events associated with SG compared to the previously published SG single agent safety profile from the ASCENT trial, including measures of myelosuppression (neutropenia, anemia, thrombocytopenia) and diarrhea. G1 is actively seeking a partner to continue the development of trilaciclib in combination with leading TROP2 ADCs.

On June 24, 2024, we announced the final results from our Phase 3 PRESERVE 2 trial in metastatic triple negative breast cancer ("mTNBC"). Consistent with other trilaciclib studies, evidence of myeloprotection was observed, including a reduction in the occurrence of severe neutropenia, which occurred in 8% of patients who received trilaciclib compared to 29% of patients in the control arm. However, the trial did not demonstrate a statistically significant treatment effect in the ITT (n=187) population, with a Hazard Ratio of 0.91. We have discontinued all expenditures into this indication.

In addition, we are supporting multiple investigator sponsored studies ("ISS") and conducting a post-marketing trial. See "Business - Preclinical and Clinical Development - Ongoing Clinical Trials" section of the 2023 Form 10-K for more details.

Lerociclib

Lerociclib is a differentiated clinical-stage oral CDK4/6 inhibitor being developed for use in combination with other targeted therapies in multiple oncology indications. We are not actively pursuing preclinical or clinical development activities for lerociclib. In 2020, we out-licensed the development and commercialization of lerociclib in all indications. See "Business - License Agreements - Exclusive License to Genor for lerociclib in certain licensed territories" section of the 2023 Form 10-K for more details.

On April 30, 2024, we entered into an exclusive global licensing agreement (excluding the Asia-Pacific region) with Pepper Bio, Inc. ("Pepper") for lerociclib for all indications except for certain radioprotectant uses. Under the terms of the agreement, we received an upfront payment of $0.5 million during the three months ended June 30, 2024, and are eligible to receive a maximum of $120.0 million upon achievement of certain development milestones and $15.0 million upon achievement of certain commercial milestones, in up to three indications. In addition, Pepper will pay us a low double-digit royalty on aggregate annual net sales of lerociclib.

On May 20, 2024, we entered into an exclusive global licensing agreement (excluding the Asia-Pacific region) with Deimos Biosciences Inc. ("Deimos"), a portfolio company of Jupiter Bioventures, for lerociclib for radioprotective uses. Under the terms of the agreement, we expect to receive, no later than August 31, 2024, shares of Deimos' common stock representing 10% of Deimos’ outstanding equity capitalization on a fully diluted basis. In addition, we expect to receive a 20% royalty on aggregate annual net sales of lerociclib.

CDK2 Inhibitor

Cyclin-dependent kinase 2 ("CDK2") is an internally discovered inhibitor. We are not actively pursuing preclinical or clinical development activities for CDK2. In 2020, we out-licensed the development and commercialization of CDK2 inhibitor for all human and veterinary uses. See "Business - License Agreements - Exclusive License to Incyclix" section of the 2023 Form 10-K for more details.

Financial Overview

Since our inception in 2008, we have devoted substantially all of our resources to synthesizing, acquiring, testing and developing our product candidates, including conducting preclinical studies and clinical trials and providing selling, general and administrative support for these operations as well as securing intellectual property protection for our products. Currently, COSELA is our only product approved for sale. We began generating revenue for the net product sales from COSELA in March of 2021. We recorded $29.9 million and $46.3 million of net product sales from COSELA for the six months ended June 30, 2024 and the year ended December 31, 2023, respectively. We recorded $1.1 million and $36.2 million of license revenue for the six months ended June 30, 2024 and the year ended December 31, 2023, respectively. To date, we have financed our operations primarily through the sale of equity securities, our loan agreement with Hercules, and licensing arrangements. Under our licensing arrangements, we are eligible to receive certain development and sales-based milestones. Our ability to earn these milestones and the timing of achieving these milestones is primarily dependent upon the outcome of the licensee's activities and is uncertain at this time.

As of June 30, 2024, we had cash and cash equivalents of $15.1 million and marketable securities of $45.7 million. Since inception we have incurred net losses. As of June 30, 2024, we had an accumulated deficit of $795.7 million. Substantially all of our net losses have resulted from costs incurred in connection with our research and development programs, our commercial launch of COSELA, and from selling, general and administrative expenses associated with our operations. However, we expect to become profitable in the second half of the next fiscal year. As disclosed in the Liquidity and Capital Resources section, as of the date of issuance of these condensed financial statements, we expect that our cash and cash equivalents and marketable securities as of June 30, 2024 will be sufficient to fund our planned operations and remain in compliance with our objective financial covenants for at least the next 12 months from the date of issuance of these condensed financial statements. To date, inflation has not had a material impact on our business, but if the global inflationary trends continue, we expect appreciable increases in clinical trial, selling, labor, and other operating costs. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases of our product. Our inability or failure to do so could adversely affect our business, financial condition and results of operations.

In addition, currently there is a conflict involving Russia and Ukraine and a conflict involving Israel and Hamas, and these conflicts may directly or indirectly impact our contract research organizations, clinical data management organizations, and clinical investigators' ability to conduct certain of our trials in Eastern European countries, and may increase our product development costs and materially harm our business.

We also expect to continue incurring costs for research and development, commercial activities, and selling, general and administrative expenses, in connection with our ongoing and future initiatives as we:

- continue development of trilaciclib, including continuation of ongoing clinical trials;
- seek additional label expansion;
- grow our sales, marketing and distribution infrastructure to commercialize COSELA;
- achieve market acceptance of our product in the medical community and with third-party payors;
- maintain, expand and protect our intellectual property portfolio;
- enter into collaboration arrangements, if any, for the development of our product or in-license other products; and
- continue to incur costs as a result of operating as a public company.

Components of our Results of Operations

Revenues

On February 12, 2021, COSELA was approved by the FDA and we began generating revenue for the product sales of COSELA in March 2021. Prior to the approval of COSELA, our revenues were derived from our license agreements.

Pursuant to the exclusive license agreement with Simcere, during the six months ended June 30, 2024, revenue recognized for supply and manufacturing services and for the reimbursement of patent and clinical trial costs was immaterial. We did not receive any development milestones during the six months ended June 30, 2024. On April 28, 2023, we amended the license agreement with Simcere, whereby we received a one-time, non-refundable payment of $30.0 million in exchange for the relief of future royalty payments from the sale of COSELA in Greater China, which was recognized as license revenue during the period. See "Business - License Agreements - Exclusive license to Simcere for trilaciclib in Greater China" section of the 2023 Form 10-K for more details.

Pursuant to the terminated exclusive license agreement with EQRx, during the six months ended June 30, 2024, we recognized as revenue the remaining $0.2 million previously held as short-term deferred revenue on the balance sheet for the year-ended December 31, 2023, as the remaining clinical trial wind down costs following EQRx's termination of the license agreement were incurred. No milestones were previously achieved through the date of termination of the lerociclib license agreement, and as a result of the termination, we will not receive any further milestone payments or future royalties from EQRx. See "Business - License Agreements - Exclusive license to EQRx for lerociclib" section of the 2023 Form 10-K for more details.

Pursuant to the exclusive license agreement with Genor, we have the potential to receive $40.0 million upon reaching development and commercial milestones, and receive tiered royalties ranging from high single to low double-digits based on annual net sales of lerociclib in the Genor Territory. We did not receive any development milestones during the six months ended June 30, 2024. See "Business - License Agreements - Exclusive license to Genor for lerociclib" section of the 2023 Form 10-K for more details.

Pursuant to the exclusive license agreement with Incyclix, we are entitled to receive an additional milestone payment and sales-based royalties, and have right of first negotiation to re-acquire these assets. We did not receive the development milestone payment during the six months ended June 30, 2024. See "Business - License Agreements - Exclusive license to Incyclix" section of the 2023 Form 10-K for more details.

Pursuant to the exclusive license agreement with Pepper, we have the potential to receive up to $135.0 million upon achievement of certain development and commercial milestones in up to three indications, and receive low double-digit royalties on aggregate annual net sales of lerociclib in the Pepper Territory. We did not receive any milestones during the six months ended June 30, 2024. See "Note 10 - License Revenue" of this Form 10-Q for more details.

Pursuant to the exclusive license agreement with Deimos, we are entitled to receive sales-based royalties. We did not recognize any license revenue during the six months ended June 30, 2024. See "Note 10 - License Revenue" of this Form 10-Q for more details.

Operating expenses

We classify our operating expenses into three categories: cost of goods sold, research and development and selling, general and administrative expenses. Personnel costs, including salaries, benefits, bonuses, and stock-based compensation expense, comprise a significant component of each of these expense categories. We allocate expenses associated with personnel costs based on the nature of work associated with these resources. In addition, costs to sell and market COSELA are included within selling, general and administrative expense categories.

Cost of goods sold

Cost of goods sold includes direct and indirect costs related to the manufacturing and distribution of COSELA, including third-party manufacturing costs, packaging services, freight-in, third-party logistics costs associated with COSELA, and personnel costs. Cost of goods sold may also include period costs related to certain inventory manufacturing services and inventory adjustment charges for excess and obsolete inventory.

Research and Development Expenses

The largest component of our total operating expenses since inception has been research and development activities, including the preclinical and clinical development of our product candidates.

Research and development costs are expensed as incurred. Our research and development expense primarily consists of:

- salaries and personnel-related costs, including bonuses, benefits and any stock-based compensation, for our scientific personnel performing or managing out-sourced research and development activities;
- costs incurred under agreements with contract research organizations and investigative sites that conduct preclinical studies and clinical trials;
- costs related to manufacturing pharmaceutical active ingredients and drug product for preclinical studies and clinical trials;
- fees paid to consultants and other third parties who support our product development; and
- allocated facility-related costs and overhead.

The successful development of our products is highly uncertain. Products in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. Accordingly, we expect research and development costs to increase as we conduct later stage clinical trials. However, we do not believe that it is possible at this time to accurately project total program-specific expenses. Our expenditures on current and future preclinical and clinical development programs are subject to numerous uncertainties in timing and cost to completion. The duration, costs and timing of clinical trials and development of our products will depend on a variety of factors, including:

- the scope, rate of progress, and expenses of our ongoing as well as any additional clinical trials and other research and development activities;
- future clinical trial results;
- uncertainties in clinical trial enrollment rates or drop-out or discontinuation rates of patients;
- potential additional studies requested by regulatory agencies;
- significant and changing government regulation; and
- the timing and receipt of any regulatory approvals.

We track research and development expenses on a program-by-program basis only for clinical-stage product candidates. Preclinical research and development expenses and chemical manufacturing research and development expenses are not assigned or allocated to individual development programs.

Selling, general and administrative expenses

Selling, general and administrative expenses consist of personnel costs, allocated expenses and other expenses for outside professional services, including legal, audit and accounting services. Personnel costs consist of salaries, bonuses, benefits and stock-based compensation. Other selling, general and administrative expenses include facility-related costs not otherwise allocated to research and development expense, professional fees, commercialization costs, expenses associated with obtaining and maintaining patents and costs of our information systems. We anticipate that our selling, general and administrative expenses will continue to increase in the future as we continue to expand our commercialization of COSELA.

Total other income (expense), net

Total other income (expense), net consists of interest income earned on cash and cash equivalents and interest expenses incurred under our Loan Agreement with Hercules.

Income taxes

To date, we have not been required to pay U.S. federal or state income taxes because we have not generated taxable income. We did not recognize any income tax expense for the three and six months ended June 30, 2024. Income tax recognized for the three and six months ended June 30, 2023 related to the foreign withholding taxes incurred as a result of payments received from Simcere during the period.

Results of operations

Comparison of the three months ended June 30, 2024 and June 30, 2023

	Three Months Ended June 30,		Change
	2024	2023	$
		(in thousands)	
Revenues			
Product sales, net	$ 15,838	$ 11,091	$ 4,747
License revenue	708	31,301	(30,593)
Total revenues	16,546	42,392	(25,846)
Operating expenses			
Cost of goods sold	733	1,404	(671)
Research and development	5,738	12,040	(6,302)
Selling, general and administrative	13,610	17,432	(3,822)
Total operating expenses	20,081	30,876	(10,795)
Income (loss) from operations	(3,535)	11,516	(15,051)
Other income (expense)			
Interest income	225	643	(418)
Interest expense	(2,726)	(2,710)	(16)
Other income	567	569	(2)
Total other expense, net	(1,934)	(1,498)	(436)
Income (loss) before income taxes	(5,469)	10,018	(15,487)
Income tax expense	—	1,308	(1,308)
Net income (loss)	$ (5,469)	$ 8,710	$ (14,179)

Product sales, net

Product sales, net was $15.8 million and $11.1 million for the three months ended June 30, 2024 and June 30, 2023, respectively. The increase of $4.7 million, or 43%, was primarily due to increased sales volume as we continued our commercialization efforts.

License revenue

License revenue was $0.7 million and $31.3 million for the three months ended June 30, 2024 and June 30, 2023, respectively. License revenue decreased $30.6 million, or 98%. In the current period, we recognized $0.5 million in license revenue related to recognition of revenue on an upfront payment from Pepper, and $0.2 million in license revenue related to legal costs reimbursed primarily by Deimos. License revenue recognized in the prior period was primarily related to the $30.0 million one-time payment for the relief of future royalty payments from Simcere.

Cost of goods sold

Cost of goods sold was $0.7 million and $1.4 million for the three months ended June 30, 2024 and June 30, 2023, respectively. The decrease of $0.7 million, or 48%, was driven by a reduction in payroll and stock based compensation due to headcount reductions, as well as a planned reduced weighted average cost of finished goods compared to the quarter ended June 30, 2023.

Research and development

Research and development expenses were $5.7 million and $12.0 million for the three months ended June 30, 2024 and June 30, 2023, respectively. The decrease of $6.3 million, or 52%, was primarily due to a decrease of $6.1 million in our clinical program costs, and a decrease of $0.2 million in costs related to our discovery and pre-clinical programs. The following table summarizes our research and development expenses allocated to trilaciclib, rintodestrant (discontinued), lerociclib, and unallocated research and development expenses for the periods indicated:

	Three Months Ended June 30,	
	2024	2023
	(in thousands)	
Clinical Program Expenses—trilaciclib	$ 5,252	$ 10,964
Clinical Program Expenses—rintodestrant	(5)	87
Clinical Program Expenses—lerociclib	93	363
Chemical Manufacturing and Development	35	93
Discovery, Pre-Clinical and Other Expenses	363	533
Total Research and Development Expenses	$ 5,738	$ 12,040

Selling, general and administrative

Selling, general and administrative expenses were $13.6 million and $17.4 million for the three months ended June 30, 2024 and June 30, 2023, respectively. The decrease of $3.8 million, or 22%, was primarily due to decreases of $2.2 million in personnel costs, $0.8 million in commercialization activities, $0.5 million in medical affairs costs related to trilaciclib, and a net decrease of $0.3 million primarily in franchise taxes, IT costs, and other corporate and administrative expenses.

Total other expense, net

Total other expense, net was $1.9 million and $1.5 million for the three months ended June 30, 2024 and June 30, 2023, respectively. The increase of $0.4 million, or 29%, was primarily driven by a decrease of $0.4 million in interest income due to lower cash and marketable securities balances.

Income tax expense

There was no income tax expense recognized for the three months ended June 30, 2024 as compared to $1.3 million for the three months ended June 30, 2023. The decrease was related to the foreign withholding taxes incurred as a result of the one-time payment for the relief of future royalty payments from Simcere during the prior period.

Results of operations

Comparison of the six months ended June 30, 2024 and June 30, 2023

	Six Months Ended June 30,		Change
	2024	2023	$
Revenues			
Product sales, net	$ 29,917	$ 21,583	$ 8,334
License revenue	1,105	33,755	(32,650)
Total revenues	31,022	55,338	(24,316)
Operating expenses			
Cost of goods sold	1,812	2,863	(1,051)
Research and development	13,056	27,520	(14,464)
Selling, general and administrative	28,737	39,185	(10,448)
Total operating expenses	43,605	69,568	(25,963)
Loss from operations	(12,583)	(14,230)	1,647
Other income (expense)			
Interest income	506	1,359	(853)
Interest expense	(4,704)	(5,799)	1,095
Other income	1,093	1,093	—
Total other expense, net	(3,105)	(3,347)	242
Loss before income taxes	(15,688)	(17,577)	1,889
Income tax expense	—	1,308	(1,308)
Net loss	$ (15,688)	$ (18,885)	$ 3,197

Product sales, net

Product sales, net was $29.9 million and $21.6 million for the six months ended June 30, 2024 and June 30, 2023, respectively. The increase of $8.3 million, or 39% was primarily due to increased sales volume as we continued our commercialization efforts.

License revenue

License revenue was $1.1 million and $33.8 million for the six months ended June 30, 2024 and June 30, 2023, respectively. License revenue decreased $32.7 million, or 97%. In the current year we recognized $0.5 million in license revenue related to recognition of revenue on an upfront payment from Pepper, and $0.6 million in other license revenue related to patent and clinical trial costs, primarily reimbursed by EQRx and Deimos. License revenue recognized in the prior period was primarily related to the $30.0 million one-time payment for the relief of future royalty payments from Simcere.

Cost of goods sold

Cost of goods sold was $1.8 million and $2.9 million for the six months ended June 30, 2024 and June 30, 2023, respectively. The decrease of $1.1 million, or 37%, was due to decreases of $0.5 million in personnel costs, $0.3 million due to a cancellation fee in the prior year, and despite an increase in units sold, the weighted average cost per vial is less in the current period following the write-off of expired vials in the prior year, contributing to a decrease of $0.3 million.

Research and development

Research and development expenses were $13.1 million and $27.5 million for the six months ended June 30, 2024 and June 30, 2023, respectively. The decrease of $14.5 million, or 53%, was primarily due to decreases of $13.5 million in our clinical program costs, $0.6 million for manufacturing of active pharmaceutical ingredients and drug product to support our clinical trials, and $0.3 million in costs related to discovery and pre-clinical programs. The following table summarizes our research and development expenses allocated to trilaciclib, rintodestrant (discontinued), lerociclib, and unallocated research and development expenses for the periods indicated:

	Six Months Ended June 30,	
	2024	2023
	(in thousands)	
Clinical Program Expenses—trilaciclib	$ 12,266	$ 24,952
Clinical Program Expenses—rintodestrant	(4)	7
Clinical Program Expenses—lerociclib	(109)	736
Chemical Manufacturing and Development	120	746
Discovery, Pre-Clinical and Other Expenses	783	1,079
Total Research and Development Expenses	$ 13,056	$ 27,520

Selling, general and administrative

Selling, general and administrative expenses were $28.7 million and $39.2 million for the six months ended June 30, 2024 and June 30, 2023, respectively. The decrease of $10.4 million, or 27%, was due to decreases of $5.9 million in personnel costs, $2.7 million in commercialization activities, $1.2 million in medical affairs costs related to trilaciclib, and $0.6 million in audit, legal, IT, taxes, office and other administrative expenses.

Total other expense, net

Total other expense, net was $3.1 million and $3.3 million for the six months ended June 30, 2024 and June 30, 2023, respectively. The decrease of $0.2 million, or 7%, was primarily driven by a decrease of $1.1 million in interest expense on the loan payable due to reduced principal outstanding, offset by a reduction of $0.9 million in interest income due to reduced cash and marketable securities balances.

Income tax expense

There was no income tax expense for the six months ended June 30, 2024 as compared to $1.3 million for the six months ended June 30, 2023. The decrease was related to the foreign withholding taxes incurred as a result of the one-time payment for the relief of future royalty payments from Simcere during the prior period.

Liquidity and Capital Resources

We have experienced net losses since our inception, and have an accumulated deficit of $795.7 million and $780.0 million as of June 30, 2024 and December 31, 2023, respectively. We do not intend to engage in any new research and development activities in the foreseeable future. Our success and future profitability depends on our ability to continue the global commercialization of COSELA in the extensive-stage small cell lung cancer market to support our operations. We have evaluated actions already taken, our projected opportunity to reach profitability, future cash flow projections, and our ability to remain in compliance with the financial covenants and requirements as defined within the Loan Agreement (as defined in Note 7 - Loan Payable). Based on the foregoing, as of the date of issuance of these condensed financial statements, we expect that our cash and cash equivalents and marketable securities as of June 30, 2024 will be sufficient to fund our planned operations and remain in compliance with our objective financial covenants for at least the next 12 months from the date of issuance of these condensed financial statements. We expect to finance our cash needs through the successful commercialization of COSELA, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements. In the event that we are unable to do so, there can be no assurances that we will be able to fund our operations without additional financing through a combination of equity offerings, debt financings, or other third-party funding. In the event we are not successful in obtaining sufficient funding, that terms are unsatisfactory to us, or that funding will be insufficient to meet our needs, this could delay or impede our global commercialization efforts, which could adversely affect our business prospects, or our ability to continue our operations. Our condensed financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The condensed financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

In connection with the Loan Payable described in Note 7, we are required to remain in compliance with a minimum cash covenant and are subject to a conditional borrowing base measured on a trailing three-month net revenue basis, which began with the financial reporting for the period ending June 30, 2023, and has been tested monthly thereafter. The lender also has the ability to call debt based on a material adverse change clause, which is subjectively defined. As of June 30, 2024, we are in compliance with the minimum cash covenant and the conditional borrowing base requirements. If we do not maintain unrestricted cash equal to at least 35% of the outstanding or do not comply with the conditional borrowing base requirements or the subjective acceleration clauses are triggered under the agreement, then the lender may call the debt, resulting in us immediately needing additional funds.

To date, we have funded our operations primarily through proceeds from our initial public offering, our follow-on stock offerings, our Loan Agreement with Hercules, product sales, and proceeds from our license agreements. Under our licensing arrangements, we are eligible to receive certain development and sales-based milestones. Our ability to earn these milestones and the timing of achieving these milestones is primarily dependent upon the outcome of the licensee's activities and are uncertain at this time.

Shelf registration statement

On July 2, 2021, we filed an automatically effective shelf registration statement (the "2021 Form S-3") with the Securities and Exchange Commission (the "SEC"). Each issuance under the shelf registration statement would have required the filing of a prospectus supplement identifying the amount and terms of securities to be issued. The 2021 Form S-3 did not limit the amount of securities that could have been issued thereunder.

On February 23, 2022, we amended the 2021 Form S-3 to register for sale up to $300.0 million of any combination of our common stock, preferred stock, debt securities, warrants, rights and/or units from time to time and at prices and on terms that we may determine. The 2021 Form S-3, as amended, expired on July 2, 2024.

Loan and Security Agreement

On May 29, 2020, we entered into the Loan Agreement, under which they agreed to lend us up to $100.0 million, to be made available in a series of tranches, subject to specified conditions. We borrowed $20.0 million at loan closing. The term of the loan was approximately 48 months, with a maturity date of June 1, 2024. No principal payments were due during an interest-only period, commencing on the initial borrowing date and continuing through June 1, 2022. The interest only period could be extended through January 1, 2023 upon satisfaction of certain milestones. Following the interest only period, we agreed to repay the principal balance and interest of the advances in equal monthly installments through June 1, 2024.

The Loan Agreement was subsequently amended via First, Second, Third, and Fourth Amendments throughout 2021 and 2022. See "Note 7 – Loan Payable" to the accompanying audited financial statements included in Item 15 of the 2023 Form 10-K for a further description of each Amendment.

On June 6, 2023, we entered into a Fifth Amendment to Loan Agreement (the "Fifth Amendment") with Hercules, under which Hercules agreed to lend us up to $75.0 million, subject to specified conditions. In conjunction with the closing of the Fifth Amendment, we repaid $25.0 million of the outstanding debt such that the total loan amount outstanding upon closing of the Fifth Amendment was $50.0 million. The Fifth Amendment eliminated advances under tranches 2 and 3 and increased the advance available under tranche 4 from $15.0 million to $25.0 million and extended the time for drawing the Tranche 4 Advance (as defined in the Loan Agreement) from June 30, 2024 to December 15, 2024. The Fifth Amendment adjusted the minimum cash covenant such that we must maintain unrestricted cash equal to at least 35% of the outstanding debt at all times. The Fifth Amendment removed the existing minimum revenue covenant and provided for a conditional borrowing base limit such that, beginning with the financial reporting for the period ended June 30, 2023, and tested monthly, our debt outstanding shall not exceed certain thresholds of trailing three months net product revenue of COSELA.

Hercules also has the ability to call debt based on a material adverse change clause, which is subjectively defined. If we are not in compliance with the minimum cash covenant, conditional borrowing base requirements, or the subjective acceleration clauses are triggered under the agreement, then Hercules may call the debt resulting in us immediately needing additional funds. We have determined that subjective acceleration under the material adverse events clause included in the Loan Agreement is not probable and, therefore, have classified the outstanding principal amount in long-term liabilities based on the timing of scheduled principal payments. During the previous quarter ended March 31, 2024, we repaid $8.2 million in principal and $0.5 million in a pro-rata portion of the end of term charge. As of June 30, 2024, the outstanding principal of $41.8 million does not exceed the required threshold of trailing three month revenue for the period then ended. Additionally, as of June 30, 2024 we maintained unrestricted cash equal to more than 35% of the total outstanding debt and has not been notified of an event of default by the lender under the Loan Agreement.

License Agreements

On May 22, 2020, we entered into an exclusive license agreement with Incyclix, formerly ARC Therapeutics, LLC, for the development and commercialization of a CDK2 inhibitor for all human and veterinary uses. On June 15, 2020, we entered into an exclusive license agreement with Genor for the development and commercialization of lerociclib in the Genor Territory. On July 22, 2020, we entered into an exclusive license agreement with EQRx for the development and commercialization of lerociclib in the EQRx Territory. The license agreement with EQRx was terminated in August 2023. On August 3, 2020, we entered into an exclusive license agreement with Simcere for the development and commercialization of trilaciclib in all indications in the Simcere Territory. The license agreement with Simcere was amended on April 28, 2023. On April 30, 2024, we entered into an exclusive license agreement with Pepper for the development and commercialization of lerociclib for all indications except for certain radioprotective uses in the Pepper Territory. On May 20, 2024, we entered into an exclusive license agreement with Deimos, for the development and commercialization of lerociclib for certain radioprotective uses in the Deimos Territory. See "Note 10 – License Revenue" to the audited financial statements included in Item 15 of the 2023 Form 10-K for a further description of our license agreements and relationships with Incyclix, Genor, EQRx, and Simcere. See "Note 10 – License Revenue" of this Form 10-Q for a further description of our license agreements and relationships with Pepper and Deimos.

Cash flows

The following table summarizes our cash flows for the periods indicated:

	Six Months Ended June 30,		Change
	2024	2023	$
	(in thousands)		
Net cash used in operating activities	$ (14,172)	$ (14,968)	$ 796
Net cash provided by investing activities	5,518	3,256	2,262
Net cash used in financing activities	(8,490)	(26,968)	18,478
Net change in cash, cash equivalents, and restricted cash	$ (17,144)	$ (38,680)	$ 21,536

Net cash used in operating activities

During the six months ended June 30, 2024, net cash used in operating activities was $14.2 million, which consisted of a net loss of $15.7 million, accretion of discount on available for sale securities of $1.2 million, and a decrease in net operating assets and liabilities of $4.1 million, offset by non-cash stock compensation expense of $4.6 million, $1.4 million in accretion of the end of term fee on the Hercules debt, $0.5 million of non-cash interest expense, $0.2 million of depreciation expense, and $0.1 million in amortization of debt discount and debt issuance costs.

During the six months ended June 30, 2023, net cash used in operating activities was $15.0 million which consisted of a net loss of $18.9 million, accretion of discount on available for sale securities of $1.1 million, and a decrease in net operating assets and liabilities of $4.4 million, partially offset by non-cash stock compensation expense of $7.6 million, $0.6 million of non-cash interest expense, $0.5 million in accretion of the end of term fee on the Hercules debt, $0.4 million in amortization of debt discount and debt issuance costs, and $0.3 million of depreciation expense.

Net cash provided by investing activities

During the six months ended June 30, 2024, net cash provided by investing activities was $5.5 million, due to maturities of $59.2 million in marketable securities, offset by the purchase of $53.7 million in marketable securities.

During the six months ended June 30, 2023, net cash provided by investing activities was $3.3 million, due to maturities of $68.5 million in marketable securities, offset by the purchase of $65.2 million in marketable securities.

Net cash used in financing activities

During the six months ended June 30, 2024, net cash used in financing activities was $8.5 million, which consisted of $8.2 million for repayment of debt principal and $0.6 million for the proportionate amount of the end of term fee, offset by $0.3 million in proceeds from stock options exercised.

During the six months ended June 30, 2023, net cash used in financing activities was $27.0 million which consisted of $25.0 million for repayment of debt principal and $1.7 million for the proportionate amount of the end of term fee, and $0.3 million in payment of public offering costs.

Operating capital requirements and plan of operations

To date, we have generated limited revenue from product sales. We expect our expenses to increase as we continue the development of and seek additional regulatory approvals for trilaciclib, and continue to commercialize COSELA. We are subject to all of the risks inherent in the development of new products, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business.

We believe that our existing cash and cash equivalents and marketable securities will be sufficient to fund our projected cash needs for at least the next 12 months from the date of issuance of the condensed financial statements.

We have based our projections of operating capital requirements on assumptions that may prove to be incorrect and we may use all of our available capital resources sooner than we expect. Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical products, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the scope, progress, results and costs of nonclinical development, laboratory testing and clinical trials for our product candidates;
- the scope, prioritization and number of our research and development programs;
- the costs, timing and outcome of regulatory review of our product candidates;
- the extent to which we enter into non-exclusive, jointly funded clinical research collaboration arrangements, if any, for the development of our product candidates in combination with other companies' products;
- our ability to establish such collaborative co-development arrangements on favorable terms, if at all;
- the achievement of milestones or occurrence of other developments that trigger payments under our license agreements and any collaboration agreements into which we enter;

- the extent to which we are obligated to reimburse, or entitled to reimbursement of, clinical trial costs under future collaboration agreements, if any;
- the extent to which we acquire or in-license product candidates and technologies and the terms of such in-licenses;
- the costs of commercialization activities, including product sales, marketing, manufacturing and distribution, for any of our product candidates for which we receive marketing approval;
- the potential benefit of the NMPA's approval for our products and product candidates and our ability to provide comprehensive clinical data from post-approval clinical research;
- revenue received from commercial sales of our product candidates;
- our ability to meet the required financial covenants under our loan agreement;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims; and
- global economic uncertainty, rising inflation, rising interest rates, market disruptions and volatility in commodity prices.

We expect to finance our cash needs through the successful commercialization of COSELA, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements. Other than amounts included under the terms of our licensing arrangements and the Loan Agreement with Hercules, which are subject to certain conditions, we do not have any committed external source of funds. We may be bound by ongoing compliance with financial covenants under the Loan Agreement with Hercules. To the extent that we may raise additional capital through the sale of equity or convertible debt securities, our stockholders' ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt 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 additional collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Contractual Obligations, Commitments and Contingencies

There have been no material changes to our contractual obligations during the current period from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Off-Balance Sheet Arrangements

We did not have, during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under applicable SEC rules.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of our condensed financial statements requires us to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the dates of the balance sheet, and the reported amount of expenses incurred during the reporting period. In accordance with U.S. GAAP, we evaluate our estimates and judgments on an ongoing basis. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe that our accounting policies are critical to the process of making significant judgments and estimates in the preparation of our condensed financial statements and understanding and evaluating our reported financial results. We discussed our accounting policies and significant assumptions used in our estimates in Note 2 of our audited financial statements included in our 2023 Form 10-K. We have updated Note 2 to the condensed financial statements to include disclosure related to our critical accounting policy and significant judgment related to the classification of debt.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed in Note 2 of our audited financial statements included in our 2023 Form 10-K, we believe the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption. We did not adopt any new accounting pronouncements that had a material effect on our condensed financial statements during the quarter ended June 30, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities, which are affected by changes in the general level of U.S. interest rates. We had cash and cash equivalents of $15.1 million and marketable securities of $45.7 million as of June 30, 2024. Cash and cash equivalents consist of deposits in banks, including checking accounts and money market accounts and funds. Marketable securities consist of U.S. Treasury bills. Such interest-earning instruments carry a degree of interest rate risk; however, historical fluctuations in interest income have not been significant. Due to the short-term nature of our cash equivalents, a sudden change in interest rates would not be expected to have a material effect on our business, financial condition or results of operations.

We also have exposure to market risk on our Loan Agreement with Hercules. Our Loan Agreement accrues interest from its date of issue at a variable interest rate equal to the greater of either (i) (a) the prime rate as reported in The Wall Street Journal, plus (b) 5.65%, and (ii) 9.15%. As of June 30, 2024, $41.8 million of principal was outstanding under the Loan Agreement with Hercules. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Loan and Security Agreement" section of the 2023 Form 10-K for more details.

We are not currently exposed to significant market risk related to changes in foreign currency exchange rates; however, our operations may be subject to fluctuations in foreign currency exchange rates in the future.

Inflation generally affects us by increasing our cost of labor. We do not believe that inflation had a material effect on our business, financial condition, or results of operations during the three and six months ended June 30, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2024. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports that it files or submits under the Exchange Act of 1934 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, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and our management necessarily applies its judgement in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2024, our principal executive officer and our principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. In addition to the other information contained elsewhere in this report, you should carefully consider the risks and uncertainties described in our "Item 1A. Risk Factors" of our 2023 Form 10-K, which could materially affect our business, financial condition or future results before investing in our common stock. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our Form 10-K, as updated in our quarterly reports. Except as presented below, there have been no material changes in the risk factors set forth in Part II, Item 1A of our 2023 Form 10-K.

Risks Related to the Pending Transaction with Purchaser

We may not complete the pending transaction with Pharmacosmos within the time frame we anticipate, or at all, which could have an adverse effect on our business, financial results, and/or operations.

On August 6, 2024, the Company, Pharmacosmos A/S, a Danish Aktieselskab ("Pharmacosmos"), and Genesis Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Pharmacosmos ("Purchaser"), entered into an Agreement and Plan of Merger (the "Merger Agreement"). Pursuant to the Merger Agreement, and upon the terms and subject to the conditions therein, Purchaser will commence a cash tender offer (the "Offer") to acquire all of the issued and outstanding shares of our common stock, at a price per share of $7.15, net to the seller in cash, without interest and subject to applicable withholding tax required by applicable law. Following the consummation of the Offer, Purchaser will merge with and into our Company, with our Company surviving as a wholly owned subsidiary of Pharmacosmos, and each outstanding share of our common stock (other than shares of common stock held by us as treasury stock, owned by Pharmacosmos or any of its direct or indirect subsidiaries at the commencement of the Offer, irrevocably accepted for payment by Purchaser in the Offer or held by stockholders who are entitled to demand, and who properly demand, appraisal rights under Delaware law) will be converted into the right to receive $7.15 per share in cash, without interest, subject to any withholding of taxes required by applicable law.

The completion of the pending transaction is subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement, including that (i) there be validly tendered, and not properly withdrawn, prior to the expiration of the Offer, a number of shares of our common stock that, together with the number of shares of our common stock, if any, then owned beneficially by Pharmacosmos and Purchaser (together with their wholly-owned subsidiaries), represents at least a majority of our shares of common stock outstanding as of the consummation of the Offer, (ii) there shall not be any order injunction or decree issued by any governmental body of competent jurisdiction preventing the consummation of the merger in effect, (iii) the Purchaser has irrevocably accepted for purchase the shares validly tendered (and not validly withdrawn) pursuant to the Offer and (iv) other customary conditions contained in the Merger Agreement.

In addition, the Merger Agreement may be terminated under certain specified circumstances, including, but not limited to, (i) our board of directors determines to terminate the Merger Agreement in order to enter into a definitive agreement with respect to a superior proposal and the Company so terminates or (ii) in the event that the Merger Agreement is terminated by Pharmacosmos following a change of recommendation by our board of directors. As a result, we cannot assure you that the transaction with Purchaser will be completed, or that, if completed, it will be exactly on the terms set forth in the Merger Agreement or within the expected time frame.

If the pending transaction is not completed within the expected time frame or at all, we may be subject to a number of material risks. The price of our common stock may decline to the extent that current market prices reflect a market assumption that the transaction will be completed. We could be required to pay Pharmacosmos a termination fee of $12,140,000 if the Merger Agreement is terminated under specific circumstances described in the Merger Agreement. The failure to complete the transaction also may result in negative publicity and negatively affect our relationship with our stockholders, employees, collaborators, distributors, vendors, suppliers, regulators, and other business partners. We may also be required to devote significant time and resources to litigation related to any failure to complete the merger or related to any enforcement proceeding commenced against us to perform our obligations under the Merger Agreement.

The announcement and pendency of the transaction with Pharmacosmos could adversely affect our business, financial results, and/or operations.

Our efforts to complete the transaction could cause substantial disruptions in, and create uncertainty surrounding, our business, which may materially adversely affect our results of operation and our business. Uncertainty as to whether the transaction will be completed may affect our ability to recruit prospective employees or to retain and motivate existing employees. Employee retention may be particularly challenging while the transaction is pending because employees may experience uncertainty about their roles following the transaction. A substantial amount of our management's and employees' attention is being directed toward the completion of the transaction and thus is being diverted from our day-to-day operations. Uncertainty as to our future could adversely affect our business and our relationship with collaborators, distributors, vendors, suppliers, regulators and other business partners. For example, vendors, suppliers, collaborators, distributors, and other counterparties may react unfavorably, including by delaying or deferring decisions concerning their business relationships or transactions with us, or seek to change existing business relationships with us. Changes to or termination of existing business relationships could adversely affect our results of operations and financial condition, as well as the market price of our common stock. The adverse effects of the pendency of the transaction could be exacerbated by any delays in completion of the transaction or termination of the Merger Agreement.

While the Merger Agreement is in effect, we are subject to restrictions on our business activities.

While the Merger Agreement is in effect, we are subject to restrictions on our business activities generally requiring us to conduct our business in the ordinary course and subjecting us to a variety of specified limitations absent Pharmacosmos' prior consent. Outside certain limited exceptions, these limitations include, among other things, restrictions on our ability to acquire other businesses and assets in excess of a specified limit, dispose of our assets, make investments, enter into certain contracts, repurchase or issue securities, pay dividends, incur capital expenditures in excess of a specified limit, take certain actions relating to intellectual property, amend our organizational documents, and incur indebtedness. These restrictions could prevent us from pursuing strategic business opportunities, taking actions with respect to our business that we may consider advantageous and responding effectively and/or timely to competitive pressures and industry developments, and may as a result materially and adversely affect our business, results of operations, and financial condition.

In certain instances, the Merger Agreement requires us to pay a termination fee to Pharmacosmos, which could require us to use available cash that would have otherwise been available for general corporate purposes.

Under the terms of the Merger Agreement, we may be required to pay Pharmacosmos a termination fee of $12,140,000 if the Merger Agreement is terminated under specific circumstances described in the Merger Agreement. If the Merger Agreement is terminated under such circumstances, the termination fee we may be required to pay under the Merger Agreement may require us to use available cash that would have otherwise been available for general corporate purposes and other uses. For these and other reasons, termination of the Merger Agreement could materially and adversely affect our business operations and financial condition, which in turn would materially and adversely affect the price of our common stock.

We have incurred, and will continue to incur, direct and indirect costs as a result of the pending transaction with Pharmacosmos.

We have incurred, and will continue to incur, significant costs and expenses, including fees for professional services and other transaction costs, in connection with the pending transaction. We must pay a material portion of these costs and expenses whether or not the transaction is completed. There are a number of factors beyond our control that could affect the total amount or the timing of these costs and expenses, any of which could materially and adversely affect our business, prospects, financial condition, and results of operations.

Lawsuits may be filed against us and the members of our board of directors arising out of the proposed merger with Pharmacosmos, which may delay or prevent the proposed merger.

Complaints may in the future be filed against us, our board of directors, Pharmacosmos, Pharmacosmos' board of directors and/or others in connection with the transactions contemplated by the Merger Agreement. The outcome of litigation is uncertain, including the amount of costs associated with defending these claims or any other liabilities that may be incurred in connection with the litigation of these claims, and we may not be successful in defending against any such future claims. Lawsuits that may be filed against us, our board of directors, Pharmacosmos, or Pharmacosmos' board of directors could delay or prevent the consummation of the Offer and the merger, result in significant costs, and divert the attention of our management and employees from our day-to-day business which could affect our operations and otherwise adversely affect us financially.

Item 5. Other Information

During the three months ended June 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended), adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

Item 6. Exhibits

Exhibit Number	Description
10.1*	Second Amendment to Employment Agreement by and between John E. Bailey Jr. and the Registrant effective as of August 6, 2024, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 7, 2024 (File No. 001-38096) and incorporated herein by reference
10.2*	Second Amendment to Employment Agreement by and between Mark Avagliano and the Registrant effective as of August 6, 2024, filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on August 7, 2024 (File No. 001-38096) and incorporated herein by reference.
10.3*	Fourth Amendment to Employment Agreement by and between Rajesh K. Malik and the Registrant effective as of August 6, 2024, filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on August 7, 2024 (File No. 001-38096) and incorporated herein by reference.
10.4*	Second Amendment to Employment Agreement by and between John W. Umstead V and the Registrant effective as of August 6, 2024, filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on August 7, 2024 (File No. 001-38096) and incorporated herein by reference
10.5*†	Third Amendment to Employment Agreement by and between Terry Murdock and the Registrant effective as of August 6, 2024.
10.6*†	Second Amendment to Employment Agreement by and between Andrew Perry and the Registrant effective as of August 6, 2024.
10.7*†	Second Amendment to Employment Agreement by and between Monica R. Thomas and the Registrant effective as of August 6, 2024.
31.1†	Certification of Principal Executive Officer 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.
31.2†	Certification of Principal Financial Officer 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.
32.1^	Certification of Principal Executive Officer Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2^	Certification of Principal Financial Officer Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance 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 (formatted as Inline XBRL and contained in Exhibit 101)XBRL Taxonomy Extension Presentation Linkbase Document

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* Management contract or compensatory plan or arrangement.

† Filed herewith.

^ Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

G1 THERAPEUTICS, INC.

Date: August 8, 2024

By: /s/ John W. Umstead V

John W. Umstead V

Chief Financial Officer (On behalf of the Registrant and as Principal Financial and Accounting Officer)

EXHIBIT 10.5

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

THIS THIRD AMENDMENT TO EMPLOYMENT AGREEMENT (this **"Amendment"**) by and between G1 Therapeutics, Inc., a Delaware corporation (the **"Company")**, and Terry Murdock, an individual (**"Employee"**) is made and entered into effective as of August 6, 2024. Employee and the Company may be individually referred to as a **"Party"** and collectively as the **"Parties."**

Employee is employed under an Employment Agreement, dated as of August 1, 2017, as amended by that certain First Amendment to Employment Agreement dated June 12, 2019 and as further amended by that certain Second Amendment to Employment Agreement dated April 1, 2024 (as amended, the **"Employment Agreement"**), setting forth certain terms and conditions relating to base salary, bonus, separation and separation benefits, and execution and compliance with the Company's confidentiality, inventions, non-competition and non-solicitation agreements. The Parties have agreed to certain modifications of these provisions.

Employee and the Company wish to enter into this Amendment to memorialize the Parties' agreement to update the Employment Agreement as necessary to effectuate the agreed upon modifications. Capitalized terms in this Amendment not defined herein are defined as set forth in the Employment Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employee and the Company agree as follows:

1. Amendment of Employment Agreement. Employee and the Company agree that the Employment Agreement shall be, and hereby is, amended by changing the numbering of the existing Section 4(b) to Section 4(b)(i) and adding a new Section 4(b)(ii) to the Employment Agreement:

> "(ii) SEVERANCE BENEFITS UPON CERTAIN TERMINATIONS OCCURRING DURING THE CHANGE IN CONTROL PERIOD. If the Company terminates Employee's employment without Cause (as defined below), or if Employee resigns for Good Reason (as defined below), in either case, during the twelve (12) month- period following a Change in Control (the **"Change in Control Period"**), then conditioned upon Employee executing and not revoking the Release within the time period specified therein, in lieu of the severance payments provided in subsection (i) above, Employee will be entitled to receive (a) an amount equal to the sum of (x) Employee's then-current Base Salary (the **"Current Base Salary"**); provided, however, that in the event such termination occurs during the Salary Reduction Period, the Current Base Salary shall be an amount equal to the greater of Employee's 2024 Base Salary or Employee's Base Salary in effect on the date prior to the notice of (i) termination without Cause or (ii) an event without Employee's consent constituting Good Reason and (y)

Employee's target Annual Bonus calculated based on the Employee's Current Base Salary (the **"Change in Control Separation Pay"**); and (b) provided that Employee timely elects to continue Employee's coverage and that of any eligible dependents in the Company's group health plans under the federal law known as "COBRA" or similar state law, a monthly amount equal to the full amount of the monthly health premiums for such coverage for the Employee and any eligible dependents immediately prior to the date that the Employee's employment terminates until the earlier of (x) the date that is twelve (12) months following the date that Employee's employment terminates, (y) the date that Employee and Employee's eligible dependents cease to be eligible for such COBRA coverage under applicable law or plan terms and (z) the date on which Employee obtains health coverage from another employer (the **"Change in Control Health Continuation Benefits"**, together with the Change in Control Separation Pay, the **"Change in Control Separation Benefits"**).

The Change in Control Separation Benefits are conditioned upon Employee executing the Release within the time specified therein, which Release is not revoked within any time period allowed for revocation under applicable law. The Change in Control Separation Pay will be payable in a lump sum on the first payroll date following the 10th day after the Release becomes effective, subject to compliance with Section 409A of the Code, but no later than 60 days following the effective separation date; provided that, if the Release execution period begins in one taxable year and ends in another taxable year, payments shall not begin until the beginning of the second taxable year. The Change in Control Health Continuation Benefits will be payable in substantially equal installments on the same payroll schedule that was applicable to Employee immediately prior to Employee's separation from service, beginning on the first such payroll date following the 10th day after the Release becomes effective, but no later than 60 days following the effective separation date; provided that, if the Release execution period begins in one taxable year and ends in another taxable year, payments shall not begin until the beginning of the second taxable year.

For avoidance of doubt, the termination of Employee's employment as a result of Employee's death or disability (meaning the inability of Employee, due to the condition of Employee's physical, mental or emotional health, effectively to perform the essential functions of Employee's job with or without reasonable accommodation for a continuous period of more than 90 days or for 90 days in any period of 180 consecutive days, as determined by the Board in its sole discretion in consultation with a physician retained by the Company and in accordance with the Americans with Disabilities Act (ADA)) will not constitute a termination without Cause triggering the rights described in this Section 4(b)(ii)."

2. Entire Agreement. Except as expressly modified herein, the Employment Agreement remains in full force and effect, and is respectively binding upon the Company and Employee in accordance with its terms. Employee acknowledges and agrees that the

Employment Agreement, as amended by this Amendment constitutes the entire agreement between Employee and the Company, with respect to terms and conditions of employment and supersedes all other agreements and understandings, whether written or oral.

3. Good Reason. The consummation of the transactions contemplated by the Agreement and Plan of Merger by and among Pharmacosmos A/S, Genesis Merger Sub, Inc., and the Company will constitute a Change in Control for purposes of the Employment Agreement. Employee agrees that if he or she claims Good Reason (as defined in the Employment Agreement) solely because of the occurrence of a Change in Control (and not, for the avoidance of doubt, because of any action or inaction following a Change in Control or due to other conduct constituting Good Reason) within the three (3)-month period following the Change in Control, he or she will not be entitled to the enhanced severance benefits provided under this Amendment (but will be entitled to the severance benefits under the Employment Agreement, as in effect prior to this Amendment). Nothing herein constitutes a waiver of Employee's right to claim Good Reason (including solely because of the occurrence of a Change in Control) and the period of time in which Employee may claim Good Reason shall be tolled until such time as three (3) months following the Change in Control has elapsed.

4. Governing Law. This Amendment will be governed by and construed in accordance with the laws of the State of North Carolina, without regard to that body of law known as choice of law. The parties agree that any litigation arising out of or related to this Amendment or Employee's employment by the Company will be brought exclusively in any state or federal court in Durham County, North Carolina. Each party (i) consents to the personal jurisdiction of said courts, (ii) waives any venue or inconvenient forum defense to any proceeding maintained in such courts, and (iii) agrees not to bring any proceeding arising out of or relating to this Amendment or Employee's employment by the Company in any other court.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which will be deemed an original and all of which constitute one and the same Amendment. The parties agree that this Agreement may be delivered by facsimile or electronic mail transmission, and that electronic signatures shall be as effective as original signatures.

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

SIGNATURE PAGE

IN WITNESS WHEREOF, the Employee and the Company have executed or have caused this Third Amendment to the Employment Agreement to be executed, as of the day and year first written above.

TERRY MURDOCK

/s/ Terry Murdock

G1 THERAPEUTICS, INC.

By:*/s/ John E. Bailey, Jr.*
Name: John E. Bailey, Jr.
Title: Chief Executive Officer

EXHIBIT 10.6

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

THIS SECOND AMENDMENT TO EMPLOYMENT AGREEMENT (this **"Amendment"**) by and between G1 Therapeutics, Inc., a Delaware corporation (the **"Company")**, and Andrew Perry, an individual (**"Employee"**) is made and entered into effective as of August 6, 2024. Employee and the Company may be individually referred to as a **"Party"** and collectively as the **"Parties."**

Employee is employed under an Employment Agreement, dated July 28, 2021, as amended by that certain First Amendment to Employment Agreement dated April 1, 2024 (as amended, the **"Employment Agreement"**), setting forth certain terms and conditions relating to base salary, bonus, separation and separation benefits, and execution and compliance with the Company's confidentiality, inventions, non-competition and non-solicitation agreements. The Parties have agreed to certain modifications of these provisions.

Employee and the Company wish to enter into this Amendment to memorialize the Parties' agreement to update the Employment Agreement as necessary to effectuate the agreed upon modifications. Capitalized terms in this Amendment not defined herein are defined as set forth in the Employment Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employee and the Company agree as follows:

1. Amendment of Employment Agreement. Employee and the Company agree that the Employment Agreement shall be, and hereby is, amended as follows by changing the numbering of the existing Section 4(b) to Section 4(b)(i) and adding a new Section 4(b)(ii) to the Employment Agreement:

> "(ii) SEVERANCE BENEFITS UPON CERTAIN TERMINATIONS OCCURRING DURING THE CHANGE IN CONTROL PERIOD. If the Company terminates Employee's employment without Cause (as defined below), or if Employee resigns for Good Reason (as defined below), in either case, during the twelve (12) month- period following a Change in Control (the **"Change in Control Period"**), then conditioned upon Employee executing and not revoking the Release within the time period specified therein, in lieu of the severance payments provided in subsection (i) above, Employee will be entitled to receive (a) an amount equal to the sum of (x) Employee's then-current Base Salary (the **"Current Base Salary"**); provided, however, that in the event such termination occurs during the Salary Reduction Period, the Current Base Salary shall be an amount equal to the greater of Employee's 2024 Base Salary or Employee's Base Salary in effect on the date prior to the notice of (i) termination without Cause or (ii) an event without Employee's consent constituting Good Reason and (y) Employee's target Annual Bonus calculated based on the Employee's Current

Base Salary (the **"Change in Control Separation Pay"**); and (b) provided that Employee timely elects to continue Employee's coverage and that of any eligible dependents in the Company's group health plans under the federal law known as "COBRA" or similar state law, a monthly amount equal to the full amount of the monthly health premiums for such coverage for the Employee and any eligible dependents immediately prior to the date that the Employee's employment terminates until the earlier of (x) the date that is twelve (12) months following the date that Employee's employment terminates, (y) the date that Employee and Employee's eligible dependents cease to be eligible for such COBRA coverage under applicable law or plan terms and (z) the date on which Employee obtains health coverage from another employer (the **"Change in Control Health Continuation Benefits"**, together with the Change in Control Separation Pay, the **"Change in Control Separation Benefits"**).

The Change in Control Separation Benefits are conditioned upon Employee executing the Release within the time specified therein, which Release is not revoked within any time period allowed for revocation under applicable law. The Change in Control Separation Pay will be payable in a lump sum on the first payroll date following the 10th day after the Release becomes effective, subject to compliance with Section 409A of the Code, but no later than 60 days following the effective separation date; provided that, if the Release execution period begins in one taxable year and ends in another taxable year, payments shall not begin until the beginning of the second taxable year. The Change in Control Health Continuation Benefits will be payable in substantially equal installments on the same payroll schedule that was applicable to Employee immediately prior to Employee's separation from service, beginning on the first such payroll date following the 10th day after the Release becomes effective, but no later than 60 days following the effective separation date; provided that, if the Release execution period begins in one taxable year and ends in another taxable year, payments shall not begin until the beginning of the second taxable year.

For avoidance of doubt, the termination of Employee's employment as a result of Employee's death or disability (meaning the inability of Employee, due to the condition of Employee's physical, mental or emotional health, effectively to perform the essential functions of Employee's job with or without reasonable accommodation for a continuous period of more than 90 days or for 90 days in any period of 180 consecutive days, as determined by the Board in its sole discretion in consultation with a physician retained by the Company and in accordance with the Americans with Disabilities Act (ADA)) will not constitute a termination without Cause triggering the rights described in this Section 4(b)(ii)."

2. Entire Agreement. Except as expressly modified herein, the Employment Agreement remains in full force and effect, and is respectively binding upon the Company and Employee in accordance with its terms. Employee acknowledges and agrees that the Employment Agreement, as amended by this Amendment constitutes the entire agreement

between Employee and the Company, with respect to terms and conditions of employment and supersedes all other agreements and understandings, whether written or oral.

3. Good Reason. The consummation of the transactions contemplated by the Agreement and Plan of Merger by and among Pharmacosmos A/S, Genesis Merger Sub, Inc., and the Company will constitute a Change in Control for purposes of the Employment Agreement. Employee agrees that if he or she claims Good Reason (as defined in the Employment Agreement) solely because of the occurrence of a Change in Control (and not, for the avoidance of doubt, because of any action or inaction following a Change in Control or due to other conduct constituting Good Reason) within the three (3)-month period following the Change in Control, he or she will not be entitled to the enhanced severance benefits provided under this Amendment (but will be entitled to the severance benefits under the Employment Agreement, as in effect prior to this Amendment). Nothing herein constitutes a waiver of Employee's right to claim Good Reason (including solely because of the occurrence of a Change in Control) and the period of time in which Employee may claim Good Reason shall be tolled until such time as three (3) months following the Change in Control has elapsed.

4. Governing Law. This Amendment will be governed by and construed in accordance with the laws of the State of North Carolina, without regard to that body of law known as choice of law. The parties agree that any litigation arising out of or related to this Amendment or Employee's employment by the Company will be brought exclusively in any state or federal court in Durham County, North Carolina. Each party (i) consents to the personal jurisdiction of said courts, (ii) waives any venue or inconvenient forum defense to any proceeding maintained in such courts, and (iii) agrees not to bring any proceeding arising out of or relating to this Amendment or Employee's employment by the Company in any other court.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which will be deemed an original and all of which constitute one and the same Amendment. The parties agree that this Agreement may be delivered by facsimile or electronic mail transmission, and that electronic signatures shall be as effective as original signatures.

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

SIGNATURE PAGE

IN WITNESS WHEREOF, the Employee and the Company have executed or have caused this Second Amendment to the Employment Agreement to be executed, as of the day and year first written above.

ANDREW PERRY

/s/ Andrew Perry

G1 THERAPEUTICS, INC.

By: */s/ John E. Bailey, Jr.*
Name: John E. Bailey, Jr.
Title: Chief Executive Officer

EXHIBIT 10.7

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

THIS SECOND AMENDMENT TO EMPLOYMENT AGREEMENT (this **"Amendment"**) by and between G1 Therapeutics, Inc., a Delaware corporation (the **"Company")**, and Monica R. Thomas, an individual (**"Employee"**) is made and entered into effective as of August 6, 2024. Employee and the Company may be individually referred to as a **"Party"** and collectively as the **"Parties."**

Employee is employed under an Employment Agreement, dated May 22, 2023, as amended by that certain First Amendment to Employment Agreement dated April 1, 2024 (as amended, the **"Employment Agreement"**), setting forth certain terms and conditions relating to base salary, bonus, separation and separation benefits, and execution and compliance with the Company's confidentiality, inventions, non-competition and non-solicitation agreements. The Parties have agreed to certain modifications of these provisions.

Employee and the Company wish to enter into this Amendment to memorialize the Parties' agreement to update the Employment Agreement as necessary to effectuate the agreed upon modifications. Capitalized terms in this Amendment not defined herein are defined as set forth in the Employment Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employee and the Company agree as follows:

1. Amendment of Employment Agreement. Employee and the Company agree that the Employment Agreement shall be, and hereby is, amended as follows by changing the numbering of the existing Section 4(b) to Section 4(b)(i) and adding a new Section 4(b)(ii) to the Employment Agreement:

> "(ii) SEVERANCE BENEFITS UPON CERTAIN TERMINATIONS OCCURRING DURING THE CHANGE IN CONTROL PERIOD. If the Company terminates Employee's employment without Cause (as defined below), or if Employee resigns for Good Reason (as defined below), in either case, during the twelve (12) month- period following a Change in Control (the **"Change in Control Period"**), then conditioned upon Employee executing and not revoking the Release within the time period specified therein, in lieu of the severance payments provided in subsection (i) above, Employee will be entitled to receive (a) an amount equal to the sum of (x) Employee's then-current Base Salary (the **"Current Base Salary"**); provided, however, that in the event such termination occurs during the Salary Reduction Period, the Current Base Salary shall be an amount equal to the greater of Employee's 2024 Base Salary or Employee's Base Salary in effect on the date prior to the notice of (i) termination without Cause or (ii) an event without Employee's consent constituting Good Reason and (y) Employee's target Annual Bonus calculated based on the Employee's Current

Base Salary (the **"Change in Control Separation Pay"**); and (b) provided that Employee timely elects to continue Employee's coverage and that of any eligible dependents in the Company's group health plans under the federal law known as "COBRA" or similar state law, a monthly amount equal to the full amount of the monthly health premiums for such coverage for the Employee and any eligible dependents immediately prior to the date that the Employee's employment terminates until the earlier of (x) the date that is twelve (12) months following the date that Employee's employment terminates, (y) the date that Employee and Employee's eligible dependents cease to be eligible for such COBRA coverage under applicable law or plan terms and (z) the date on which Employee obtains health coverage from another employer (the **"Change in Control Health Continuation Benefits"**, together with the Change in Control Separation Pay, the **"Change in Control Separation Benefits"**).

The Change in Control Separation Benefits are conditioned upon Employee executing the Release within the time specified therein, which Release is not revoked within any time period allowed for revocation under applicable law. The Change in Control Separation Pay will be payable in a lump sum on the first payroll date following the 10th day after the Release becomes effective, subject to compliance with Section 409A of the Code, but no later than 60 days following the effective separation date; provided that, if the Release execution period begins in one taxable year and ends in another taxable year, payments shall not begin until the beginning of the second taxable year. The Change in Control Health Continuation Benefits will be payable in substantially equal installments on the same payroll schedule that was applicable to Employee immediately prior to Employee's separation from service, beginning on the first such payroll date following the 10th day after the Release becomes effective, but no later than 60 days following the effective separation date; provided that, if the Release execution period begins in one taxable year and ends in another taxable year, payments shall not begin until the beginning of the second taxable year.

For avoidance of doubt, the termination of Employee's employment as a result of Employee's death or disability (meaning the inability of Employee, due to the condition of Employee's physical, mental or emotional health, effectively to perform the essential functions of Employee's job with or without reasonable accommodation for a continuous period of more than 90 days or for 90 days in any period of 180 consecutive days, as determined by the Board in its sole discretion in consultation with a physician retained by the Company and in accordance with the Americans with Disabilities Act (ADA)) will not constitute a termination without Cause triggering the rights described in this Section 4(b)(ii)."

2. Entire Agreement. Except as expressly modified herein, the Employment Agreement remains in full force and effect, and is respectively binding upon the Company and Employee in accordance with its terms. Employee acknowledges and agrees that the Employment Agreement, as amended by this Amendment constitutes the entire agreement

between Employee and the Company, with respect to terms and conditions of employment and supersedes all other agreements and understandings, whether written or oral.

3. Good Reason. The consummation of the transactions contemplated by the Agreement and Plan of Merger by and among Pharmacosmos A/S, Genesis Merger Sub, Inc., and the Company will constitute a Change in Control for purposes of the Employment Agreement. Employee agrees that if he or she claims Good Reason (as defined in the Employment Agreement) solely because of the occurrence of a Change in Control (and not, for the avoidance of doubt, because of any action or inaction following a Change in Control or due to other conduct constituting Good Reason) within the three (3)-month period following the Change in Control, he or she will not be entitled to the enhanced severance benefits provided under this Amendment (but will be entitled to the severance benefits under the Employment Agreement, as in effect prior to this Amendment). Nothing herein constitutes a waiver of Employee's right to claim Good Reason (including solely because of the occurrence of a Change in Control) and the period of time in which Employee may claim Good Reason shall be tolled until such time as three (3) months following the Change in Control has elapsed.

4. Governing Law. This Amendment will be governed by and construed in accordance with the laws of the State of North Carolina, without regard to that body of law known as choice of law. The parties agree that any litigation arising out of or related to this Amendment or Employee's employment by the Company will be brought exclusively in any state or federal court in Durham County, North Carolina. Each party (i) consents to the personal jurisdiction of said courts, (ii) waives any venue or inconvenient forum defense to any proceeding maintained in such courts, and (iii) agrees not to bring any proceeding arising out of or relating to this Amendment or Employee's employment by the Company in any other court.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which will be deemed an original and all of which constitute one and the same Amendment. The parties agree that this Agreement may be delivered by facsimile or electronic mail transmission, and that electronic signatures shall be as effective as original signatures.

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

SIGNATURE PAGE

IN WITNESS WHEREOF, the Employee and the Company have executed or have caused this Second Amendment to the Employment Agreement to be executed, as of the day and year first written above.

MONICA R. THOMAS

/s/ Monica R. Thomas

G1 THERAPEUTICS, INC.

By: */s/ John E. Bailey, Jr.*
Name: John E. Bailey, Jr.
Title: Chief Executive Officer

Exhibit 31.1

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, John E. Bailey, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of G1 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(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) 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

   (d) 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(s) 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 8, 2024

By: /s/ *John E. Bailey, Jr.*

John E. Bailey, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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, John W. Umstead V, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of G1 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(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) 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

   (d) 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(s) 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 8, 2024

By: /s/ *John W. Umstead V*

John W. Umstead V

Chief Financial Officer

(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 of G1 Therapeutics, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned 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 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 8, 2024

/s/ *John E. Bailey, Jr.*

John E. Bailey, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of G1 Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

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 of G1 Therapeutics, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned 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 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 8, 2024

/s/ *John W. Umstead V*

John W. Umstead V
Chief Financial Officer
(Principal Financial and Accounting Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of G1 Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.