

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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 March 31, 2019

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 No. 001-38359

**resTORbio, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**500 Boylston Street, 12<sup>th</sup> Floor**  
**Boston, MA**  
(Address of principal executive offices)

**81-3305277**  
(I.R.S. Employer  
Identification No.)

**02116**

(Zip Code)

**(857) 315-5521**

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	TORC	The Nasdaq Global Select 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, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth Company	<input checked="" type="checkbox"/>

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 May 14, 2019, the registrant had 35,743,278 shares of common stock, \$0.0001 par value per share, outstanding.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management and expected market growth are forward-looking statements. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

These forward-looking statements include, among other things, statements about:

- our plans to develop and commercialize RTB101 alone or in combination with rapalogs, such as everolimus or sirolimus, and other product candidates for the targeted indications and patient populations, including the therapeutic potential and clinical benefits thereof;
- our ongoing and future clinical trials for RTB101 alone or in combination with rapalogs, such as everolimus or sirolimus, whether conducted by us or by any future collaborators, including the timing of initiation of these trials and of the anticipated results;
- the timing of and our ability to obtain and maintain regulatory approvals for our product candidates;
- the rate and degree of market acceptance and clinical utility of any products for which we receive regulatory approval;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our intellectual property position and strategy;
- our ability to identify additional product candidates with significant commercial potential;
- our plans to enter into collaborations for the development and commercialization of product candidates;
- the potential benefits of any future collaboration;
- our expectations related to the use of cash, cash equivalents and marketable securities;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- developments relating to our competitors and our industry; and
- the impact of government laws and regulations.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this Quarterly Report on Form 10-Q, particularly in the “Risk Factors” section, that could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, collaborations, joint ventures or investments that we may make or enter into.

You should read this Quarterly Report on Form 10-Q and the documents that we reference herein and have filed or incorporated by reference as exhibits hereto completely and with the understanding that our actual future results may be materially different from what we expect. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## PART I—FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements.

**resTORbio, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(unaudited)**  
**(In thousands, except share and per share data)**

	March 31, 2019	December 31, 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,181	\$ 7,042
Marketable securities	135,910	100,986
Prepaid expenses	1,563	1,491
Other current assets	24	15
Total current assets	144,678	109,534
Restricted cash	84	84
Property and equipment, net	318	321
Total assets	<u>\$ 145,080</u>	<u>\$ 109,939</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 3,364	\$ 2,989
Accrued liabilities	1,245	2,727
Total current liabilities	4,609	5,716
Other liabilities	15	19
Total liabilities	4,624	5,735
Commitments and contingencies (see Note 10)		
Stockholders' equity:		
Common stock, \$0.0001 par value, 150,000,000 shares authorized as of March 31, 2019 and December 31, 2018; 35,255,344 and 28,055,344 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively; 35,254,844 and 28,054,344 shares vested as of March 31, 2019 and December 31, 2018, respectively	4	3
Additional paid-in capital	222,882	175,635
Accumulated deficit	(82,462)	(71,393)
Accumulated other comprehensive gain (loss)	32	(41)
Total stockholders' equity	140,456	104,204
Total liabilities and stockholders' equity	<u>\$ 145,080</u>	<u>\$ 109,939</u>

See accompanying notes to these condensed consolidated financial statements.

**resTORbio, Inc.**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss**  
**(unaudited)**  
**(In thousands, except share and per share data)**

	Three Months Ended March 31,	
	2019	2018
Operating expenses:		
Research and development	\$ 8,852	\$ 8,106
General and administrative	2,839	2,094
Total operating expenses	<u>11,691</u>	<u>10,200</u>
Loss from operations	(11,691)	(10,200)
Other income, net	631	341
Loss before income taxes	(11,060)	(9,859)
Income tax expense	9	—
Net loss	<u>\$ (11,069)</u>	<u>\$ (9,859)</u>
Net loss per share, basic and diluted	<u>\$ (0.38)</u>	<u>\$ (0.46)</u>
Weighted-average common shares used in computing net loss per share, basic and diluted	<u>29,014,750</u>	<u>21,523,072</u>
<i>Other comprehensive gain (loss):</i>		
Net loss	\$ (11,069)	\$ (9,859)
Unrealized gains on marketable securities	73	—
Comprehensive loss	<u>\$ (10,996)</u>	<u>\$ (9,859)</u>

See accompanying notes to these condensed consolidated financial statements.

**resTORbio, Inc.**  
**Condensed Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)**  
**(Unaudited)**  
**(In thousands, except share data)**

	Common Stock		Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income(Loss)	Shareholders Equity (Deficit)
	Shares	Amount				
<b>Balance at December 31, 2018</b>	28,054,344	\$ 3	\$ 175,635	\$ (71,393)	\$ (41)	\$ 104,204
Issuance of common stock upon closing of public offering, net of issuance costs of \$3,455	7,200,000	1	46,584	—	—	46,585
Vesting of restricted shares	500	—	1	—	—	1
Stock-based compensation expense	—	—	662	—	—	662
Net loss	—	—	—	(11,069)	—	(11,069)
Unrealized gain (losses) on marketable securities	—	—	—	-	73	73
<b>Balance at March 31, 2019</b>	<u>35,254,844</u>	<u>\$ 4</u>	<u>\$ 222,882</u>	<u>\$ (82,462)</u>	<u>\$ 32</u>	<u>\$ 140,456</u>

	Series A Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Common Stock		Additional Paid In Capital	Accumulated Deficit	Shareholders Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
<b>Balance at December 31, 2017</b>	15,527,951	\$ 41,674	4,792,716	\$ 39,946	4,562,640	\$ 1	\$ 1,849	\$ (33,779)	\$ (31,929)
Conversion of convertible preferred stock into common stock upon the closing of initial public offering	(15,527,951)	(41,674)	(4,792,716)	(39,946)	15,870,559	1	81,619	—	81,620
Issuance of common stock upon closing of initial public offering, net of issuance costs of \$8,379	—	—	—	—	6,516,667	1	89,369	—	89,370
Vesting of restricted shares	—	—	—	—	1,096,449	—	865	—	865
Stock-based compensation expense	—	—	—	—	—	—	316	—	316
Net loss	—	—	—	—	—	—	—	(9,859)	(9,859)
<b>Balance at March 31, 2018</b>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>28,046,315</u>	<u>\$ 3</u>	<u>\$ 174,018</u>	<u>\$ (43,638)</u>	<u>\$ 130,383</u>

See accompanying notes to these condensed consolidated financial statements.

**resTORbio, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(unaudited)**  
**(In thousands)**

	Three Months Ended March 31,	
	2019	2018
<b>Operating activities:</b>		
Net loss	\$ (11,069)	\$ (9,859)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion on marketable securities	(247)	—
Depreciation and amortization expense	27	9
Stock-based compensation expense	663	1,181
Changes in operating assets and liabilities:		
Restricted cash	—	(84)
Prepaid expenses and other current assets	(81)	(264)
Accounts payable	144	80
Accrued liabilities	(1,482)	1,105
Funding advance	—	500
Other liabilities	(4)	28
Net cash used in operating activities	<u>(12,049)</u>	<u>(7,304)</u>
<b>Investing activities:</b>		
Purchases of property and equipment	(24)	(278)
Maturities of marketable securities	42,500	—
Purchases of marketable securities	(77,104)	—
Net cash used in investing activities	<u>(34,628)</u>	<u>(278)</u>
<b>Financing activities:</b>		
Proceeds from public offering, net of issuance costs	46,816	89,938
Net cash provided by financing activities	<u>46,816</u>	<u>89,938</u>
Net increase in cash and cash equivalents	139	82,356
Cash and cash equivalents at beginning of period	7,042	53,349
Cash and cash equivalents at end of period	<u>\$ 7,181</u>	<u>\$ 135,705</u>
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Purchases of property and equipment included in accounts payable	\$ —	\$ 8
Conversion of redeemable convertible preferred stock into common stock	\$ —	\$ 81,620
Issuance costs associated with public offering included in accounts payable	\$ 231	\$ —

See accompanying notes to these condensed consolidated financial statements.

**resTORbio, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

## **1. Organization**

resTORbio, Inc. (collectively referred to with its wholly-owned, controlled subsidiary, resTORbio Securities Corp. as “resTORbio” or the “Company”) was incorporated in the State of Delaware on July 5, 2016. The Company is a clinical-stage biopharmaceutical company developing innovative medicines that target the biology of aging to prevent or treat aging-related diseases. The Company’s principal operations are located in Boston, Massachusetts.

Since inception, the Company has been primarily involved in research and development activities. The Company devotes substantially all of its efforts to product research and development, initial market development and raising capital. The Company has not generated any product revenue related to its primary business purpose to date and is subject to a number of risks similar to those of other early stage companies, including dependence on key individuals, competition from other companies, the need for development of commercially viable products and the need to obtain adequate additional financing to fund the development of its product candidates. The Company is also subject to a number of risks similar to other companies in the life sciences industry, including regulatory approval of products, uncertainty of market acceptance of products, competition from substitute products and larger companies, the need to obtain additional financing, compliance with government regulations, protection of proprietary technology, dependence on third parties, product liability and dependence on key individuals.

### ***Public Offering***

On March 22, 2019, the Company completed an underwritten public offering, whereby the Company sold 7,200,000 shares of its common stock at a price of \$6.95 per share. The aggregate net proceeds received by the Company from the offering were approximately \$46.6 million, after deducting underwriting discounts and commissions and other offering expenses payable by the Company of \$3.5 million. In addition, the Company granted the underwriters a 30-day option to purchase up to an additional 1,080,000 shares of common stock at the public offering price, less underwriting discounts and commissions. On April 10, 2019, the Company sold an additional 487,934 shares of its common stock at a price of \$6.95 per share. The aggregate net proceeds received by the Company were approximately \$3.1 million, after deducting underwriting discounts and commissions and other offering expenses payable by the Company of \$0.3 million.

### ***Liquidity***

In the course of its development activities, the Company has sustained operating losses and expects such losses to continue over the next several years. The Company’s ultimate success depends on the outcome of its research and development activities. The Company has incurred net losses from operations since inception and has an accumulated deficit of \$82.5 million as of March 31, 2019. As of March 31, 2019, the Company had \$143.1 million of cash, cash equivalents, and marketable securities, which the Company believes will be sufficient to fund the Company’s current operating plan through at least the next twelve months.

## **2. Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The accompanying condensed consolidated financial statements are unaudited. The unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and, in the opinion of management, reflect all adjustments of a normal recurring nature necessary for a fair statement of the Company’s financial position as of March 31, 2019 and the results of operations and cash flows for the interim periods ended March 31, 2019 and 2018. The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 that was filed with the Securities and Exchange Commission (“SEC”) on March 18, 2019 (the “2018 Form 10-K”). Interim results are not necessarily indicative of results for a full year or for any other interim period. The condensed consolidated financial statements include the accounts of resTORbio, Inc. and its wholly owned subsidiary, resTORbio Securities Corp. All inter-company transactions and balances have been eliminated in consolidation.

## Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, as of the date of the condensed consolidated financial statements, and the reported amounts of any expenses during the reporting period. On an ongoing basis, management evaluates its estimates, including those related to accrued liabilities, income taxes, and stock-based compensation expense. Management bases its estimates on historical experience, and on various other market-specific relevant assumptions that management believes to be reasonable, under the circumstances. Actual results may differ from those estimates or assumptions.

## Summary of Significant Accounting Policies

The significant accounting policies and estimates used in the preparation of the condensed consolidated financial statements are described in the Company's audited financial statements as of and for the year ended December 31, 2018, and the notes thereto, which are included in the 2018 Form 10-K. There have been no material changes in the Company's significant accounting policies during the three months ended March 31, 2019.

## Fair Value Measurements

Fair value is defined as the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. The authoritative accounting guidance describes a fair value hierarchy based on three levels of inputs that may be used to measure fair value, of which the first two are considered observable and the last is considered unobservable. These levels of inputs are as follows:

Level 1—Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3—Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The following table summarizes assets measured at fair value on a recurring basis at March 31, 2019 (in thousands):

Description	March 31, 2019	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash	\$ 31	\$ 31	\$ —	\$ —
Money market funds (included in cash and cash equivalents)	7,150	7,150	—	—
U.S. treasury securities (included in marketable securities)	135,910	135,910	—	—
Total	<u>\$ 143,091</u>	<u>\$ 143,091</u>	<u>\$ —</u>	<u>\$ —</u>

The following table summarizes assets measured at fair value on a recurring basis at December 31, 2018 (in thousands):

Description	December 31, 2018	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Money market funds (included in cash and cash equivalents)	\$ 6,804	\$ 6,804	\$ —	\$ —
U.S. treasury securities (included in cash and cash equivalents)	238	238	—	—
U.S. treasury securities (included in marketable securities)	100,986	100,986	—	—
Total	<u>\$ 108,028</u>	<u>\$ 108,028</u>	<u>\$ —</u>	<u>\$ —</u>

There have been no changes to the valuation methods utilized by the Company during the three months ended March 31, 2019 and 2018. The Company evaluates transfers between levels at the end of each reporting period. There were no transfers of financial instruments between levels during the three months ended March 31, 2019 and 2018.

#### Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (“ASU 2016-02”), which requires a lessee to recognize a right-of-use asset and a lease liability for operating leases, initially measured at the present value of the future lease payments, in the balance sheet. ASU 2016-02 also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. This new guidance is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the potential effects of adopting the provisions of ASU 2016-02 on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows* (“ASU 2016-18”), which requires that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018 and interim periods in fiscal years beginning after December 15, 2019 and should be applied using a retrospective transition method to each period presented. Early adoption is permitted. The Company does not expect the impact of ASU 2016-18 to be material to its consolidated financial statements.

In July 2017, the FASB issued ASU 2017-11, *Accounting for Certain Financial Instruments with Down Round Features* (“ASU 2017-11”), which updates the guidance related to the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. Under ASU 2017-11, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity’s own stock. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share (“EPS”) in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. ASU 2017-11 is effective for public entities for all annual and interim periods beginning after December 15, 2019. Early adoption is permitted. The Company does not expect the impact of ASU 2017-11 to be material to its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation – Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting* (“ASU 2018-07”), which intends to simplify aspects of share-based compensation issued to non-employees by making the guidance consistent with the accounting for employee share-based compensation. For public entities, ASU 2018-07 is required to be adopted for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. For non-public entities and emerging growth companies that choose to take advantage of the extended transition period, ASU 2018-07 is effective for annual periods beginning after December 15, 2019. Early adoption is permitted for all entities but no earlier than the Company’s adoption of ASU No. 2016-10, *Revenue from Contracts with Customers* (“ASC 606”). The Company is currently evaluating the impact that the adoption of ASU 2018-07 will have on its consolidated financial statements.

### 3. Marketable Securities

As of March 31, 2019, the fair value of marketable securities by type of security was as follows (in thousands):

Description	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. government agency securities and treasuries	\$ 135,878	\$ 32	\$ —	\$ 135,910
Total	<u>\$ 135,878</u>	<u>\$ 32</u>	<u>\$ —</u>	<u>\$ 135,910</u>

As of December 31, 2018, the fair value of marketable securities by type of security was as follows (in thousands):

Description	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. government agency treasuries and securities	\$ 101,027	\$ —	\$ 41	\$ 100,986
Total	<u>\$ 101,027</u>	<u>\$ —</u>	<u>\$ 41</u>	<u>\$ 100,986</u>

The estimated fair value and amortized cost of the Company's available-for-sale securities by contractual maturity are summarized as follows (in thousands):

	March 31, 2019	
	Amortized Cost	Fair Value
Due in one year or less	\$ 135,878	\$ 135,910
Total	<u>\$ 135,878</u>	<u>\$ 135,910</u>
	December 31, 2018	
	Amortized Cost	Fair Value
Due in one year or less	\$ 101,027	\$ 100,986
Total	<u>\$ 101,027</u>	<u>\$ 100,986</u>

### 4. Property and equipment, net

Property and equipment, net consists of the following:

	March 31, 2019	December 31, 2018
	(In thousands)	
Leasehold improvements	\$ 68	\$ 65
Machinery and equipment	38	38
Furniture and fixtures	210	194
Computers	81	76
Office equipment	11	11
Software	22	22
Total property and equipment	<u>430</u>	<u>406</u>
Less: accumulated depreciation	<u>(112)</u>	<u>(85)</u>
Property and equipment, net	<u>\$ 318</u>	<u>\$ 321</u>

Depreciation and amortization expense was \$27,000 and \$9,000 for the three months ended March 31, 2019 and 2018, respectively.

## 5. Accrued Liabilities

Accrued liabilities consist of the following:

	March 31, 2019	December 31, 2018
	(In thousands)	
Accrued payroll and related expenses	\$ 557	\$ 1,189
Accrued research and development expenses	524	1,028
Other	164	510
Total accrued liabilities	<u>\$ 1,245</u>	<u>\$ 2,727</u>

## 6. License Agreements

### *Novartis License Agreement*

On March 23, 2017, the Company entered into an exclusive license agreement with Novartis International Pharmaceutical Ltd. (“Novartis”). Under the agreement, Novartis granted the Company an exclusive, field-restricted, worldwide license, to certain intellectual property rights owned or controlled by Novartis, to develop, commercialize and sell one or more therapeutic products comprising RTB101 or RTB101 in combination with everolimus in a fixed dose combination. The exclusive field under the license agreement is for the treatment, prevention and diagnosis of disease and other conditions in all indications in humans and animals.

The agreement may be terminated by either party upon a material breach by the other party that is not cured within 60 days after written notice. The Company may terminate the agreement in its entirety or on a product-by-product or country-by-country basis with or without cause with 60 days’ prior written notice.

Novartis may terminate the portion of the agreement related to everolimus if the Company fails to use commercially reasonable efforts to research, develop and commercialize a product utilizing everolimus for a period of three years. Novartis may terminate the license agreement upon the Company’s bankruptcy, insolvency, dissolution or winding up.

As additional consideration for the license, the Company is required to pay up to an aggregate of \$4.3 million upon the satisfaction of clinical milestones, up to an aggregate of \$24 million upon the satisfaction of regulatory milestones for the first indication approved, and up to an aggregate of \$18 million upon the satisfaction of regulatory milestones for the second indication approved. In addition, the Company is required to pay up to an aggregate of \$125 million upon the satisfaction of commercial milestones, based on the amount of annual net sales. The Company is also required to pay tiered royalties ranging from a mid single-digit percentage to a low teen-digit percentage on annual net sales of products. These royalty obligations last on a product-by-product and country-by-country basis until the latest of (i) the expiration of the last valid claim of a Novartis patent covering a subject product, (ii) the expiration of any regulatory exclusivity for the subject product in a country, or (iii) the 10<sup>th</sup> anniversary of the first commercial sale in the country, and are subject to a reduction after the expiration of the last valid claim of a Novartis patent or the introduction of a generic equivalent of a product in a country.

Milestone payments to Novartis will be recorded as research and development expenses in the condensed consolidated statements of operations once achievement of each associated milestone has occurred. In May 2017, the Company initiated a Phase 2b clinical trial for a first indication, triggering the first milestone payment under the agreement. Accordingly, the Company paid the related \$0.3 million payment in May 2017. As of March 31, 2019, none of the remaining development milestones, regulatory milestones, sales milestones, or royalties had been reached. In May 2019, the Company initiated a Phase 3 clinical trial for the first indication, triggering a milestone payment of \$2.5 million under the agreement.

## 7. Research Funding Agreement

On March 6, 2018, the Company and the Silverstein Foundation for Parkinson’s with GBA (the “Silverstein Foundation”) entered into a research funding agreement (the “Funding Agreement”). One of the Company’s directors is a co-founder and current trustee of the Silverstein Foundation. Under the terms of the Funding Agreement, the Silverstein Foundation will partially fund the preclinical research, development work, and Phase 2 clinical trial expenses (the “Research”) to be conducted and borne by the Company in connection with the development of RTB101, alone or in combination with other products (the “Product”).

Upon execution of the Funding Agreement, the Silverstein Foundation paid the Company an upfront sum of \$0.5 million (the “Funding Amount”). The Company is entitled to use the Funding Amount solely to conduct the Research and is obligated to repay the Funding Amount in full to the Silverstein Foundation if it successfully conducts a positive Phase 3 clinical trial of the Product for Parkinson’s Disease. The Company is solely responsible for commencing and conducting the Research and will furnish periodic progress updates to the Silverstein Foundation throughout the term of the Funding Agreement. After completing the Research, the Company must provide the Silverstein Foundation with a formal report describing the work performed and the results of the Research.

The Company recognizes proceeds received from the Silverstein Foundation as a reduction to research and development expenses, rather than as revenue, in the condensed consolidated statements of operations and comprehensive loss because the corresponding Funding Agreement does not contain specified performance obligations other than to conduct research on a particular program or in a particular field and no obligations to deliver specified products or technology.

For funds received under the Funding Agreement, the Company recognizes a reduction in research and development expenses in an amount equal to the qualifying expenses incurred in each period up to the amount funded by the Silverstein Foundation. Funding that has been received by the Company in advance of incurring qualifying expenses is recorded in the condensed consolidated balance sheet as funding advance. No qualifying expenses were incurred during the three months ended March 31, 2019 and 2018. As of March 31, 2019, \$0.5 million qualifying expenses have been incurred. Therefore, all amounts received have been recorded as a reduction of the research and development expense.

## 8. Preferred Stock and Common Stock

As of March 31, 2019, the Company had 10,000,000 shares of preferred stock authorized and none issued and outstanding.

### *Reserve for future issuance*

The Company has reserved the following number of shares of common stock for future issuance upon the exercise of options, vesting of restricted stock units or grant of equity awards:

	March 31, 2019	December 31, 2018
Options issued and outstanding	1,706,317	1,122,677
Unvested restricted stock units	24,960	24,960
Options available for future grants	1,889,155	1,350,582
Shares available for issuance under the 2018 ESPP	555,583	275,030
Total	<u>4,176,015</u>	<u>2,773,249</u>

## 9. Stock-based Compensation

In 2017, the Company adopted the 2017 Stock Incentive Plan (the “2017 Plan”). Under the 2017 Plan, a total of 537,914 shares of the Company’s common stock were reserved for the issuance of stock options to employees, directors, and consultants under terms and provisions established by the Board of Directors (the “Board”). Under the terms of the 2017 Plan, options were granted at an exercise price not less than fair market value. The terms of options granted under the 2017 Plan may not exceed ten years. The Board determined the terms and conditions of a Restricted Stock Award, including the conditions for vesting and repurchase (or forfeiture) and the issue price, if any. On October 11, 2017, the Company increased the number of shares of common stock available for issuance under the 2017 Plan from 537,914 shares to 630,662 shares. On November 29, 2017, the Company increased the number of shares of common stock available for issuance under the 2017 Plan from 630,662 shares to 1,866,009 shares.

In connection with the Company’s initial public offering completed in January 2018, the Board adopted and the Company’s stockholders approved the 2018 Stock Incentive Plan (“2018 Plan”), which became effective on the date immediately preceding the date on which the Company’s registration statement became effective. The 2018 Plan provides for the grant of incentive stock options, nonstatutory stock options, restricted stock awards, restricted stock units, stock appreciation rights, and other stock-based awards. The Company’s employees, officers, directors, consultants and advisors are eligible to receive awards under the 2018 Plan. The number of shares of common stock that were reserved for issuance under the 2018 Plan were 2,200,260 shares. The 2018 Plan provides that the number of shares reserved and available for

issuance under the plan will automatically increase each January 1, beginning on January 1, 2019, by 4% of the outstanding number of shares of the Company's common stock on the immediately preceding December 31 or such lesser number of shares as determined by the Board. On January 1, 2019, as a result of the foregoing evergreen provision, the number of shares of common stock available for issuance under the 2018 Plan automatically increased from 2,200,260 to 3,322,473 shares.

Since the date of effectiveness of the 2018 Plan, the Company has not and will not grant any further awards under the 2017 Plan. However, any shares of common stock subject to awards under the 2017 Plan that expire, terminate, or otherwise are surrendered, canceled, forfeited or repurchased without having been fully exercised or resulting in any common stock being issued will become available for issuance under the 2018 Plan.

### **Stock-based Compensation Expense**

Total stock-based compensation expense is recognized for stock options granted to employees and non-employees and has been reported in the Company's condensed consolidated condensed statements of operations as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Research and development	\$ 277	\$ 625
General and administrative	386	556
<b>Total stock-based compensation expense</b>	<b>\$ 663</b>	<b>\$ 1,181</b>

### **Stock Options**

The following table summarizes stock option activity under the Plans:

	<u>Shares Available for Grant</u>	<u>Number of Options Outstanding</u>	<u>Weighted-Average Exercise Price per Option</u>	<u>Weighted-Average Remaining Contract Term</u>	<u>Aggregate Intrinsic Value (In thousands)</u>
<b>Outstanding, December 31, 2018</b>	1,350,582	1,122,677	\$ 11.63	9.22	
Shares reserved for issuance	1,122,213				
Options granted <sup>(1)</sup>	(604,440)	604,440	8.58		
Options cancelled	20,800	(20,800)	9.91		
<b>Outstanding, March 31, 2019</b>	<u>1,889,155</u>	<u>1,706,317</u>	10.57	9.30	\$ 627
Exercisable, March 31, 2019		194,221	11.62	8.70	202
Vested and expected to vest, March 31, 2019		1,706,317	10.57	9.30	627

(1) The Company granted 9,840 stock options to non-employees during the three months ended March 31, 2019.

The aggregate intrinsic values of options outstanding, exercisable, vested and expected to vest were calculated as the difference between the exercise price of the options and the fair value of the Company's common stock as of March 31, 2019. No options were exercised during the three months ended March 31, 2019.

During the three months ended March 31, 2019, the Company granted options to employees and directors to purchase an aggregate of 594,600 common shares with a weighted-average grant date fair value of \$6.65 per share. During the three months ended March 31, 2019, the Company granted options to non-employees to purchase an aggregate of 9,840 common shares with a weighted-average grant date fair value of \$5.79 per share. The expense related to options granted to employees and directors for the three months ended March 31, 2019 was \$0.6 million. The expense related to options granted to non-employees for the three months ended March 31, 2019 was \$7,000. The expense related to options granted to employees, directors and non-employees was \$0.3 million and \$3,000, respectively, for the three months ended March 31, 2018.

As of March 31, 2019, the total unrecognized compensation expense related to unvested options granted to employees and directors was \$10.7 million, which the Company expects to recognize over an estimated weighted-average

period of 3.30 years. As of March 31, 2019, the total unrecognized compensation expense related to unvested non-employee options was \$0.2 million, which the Company expects to recognize over an estimated weighted-average period of 2.99 years.

The fair value of stock options for employees and non-employees was estimated using a Black-Scholes option pricing model with the following assumptions:

	Three Months Ended	
	2019	2018
<b>Employees:</b>		
Fair value of common stock	\$8.53 - \$8.90	\$13.17 - \$15.45
Expected term (in years)	6.1	5.8 - 6.6
Expected volatility	93.7% - 94.8%	76.1% - 77.7%
Risk-free interest rate	2.5% - 2.6%	2.4% - 2.7%
Expected dividend yield	0.0%	0.0%
<b>Non-employees:</b>		
Fair value of common stock	\$6.82 - \$8.61	\$9.58 - \$15.45
Expected term (in years)	8.2 - 10.0	9.2 - 10.0
Expected volatility	91.3% - 94.9%	77.9% - 78.1%
Risk-free interest rate	2.4% - 2.6%	2.7% - 2.8%
Expected dividend yield	0.0%	0.0%

### Restricted Stock

On April 17, 2018, the Company granted 2,000 shares of restricted stock to a consultant. The restrictions will lapse in four equal quarterly installments and will be fully vested on the first anniversary of such grant. Compensation expenses of such unvested shares will be remeasured at fair value until vested at each reporting date.

The summary of restricted stock activity and related information follows:

	Number of Restricted Shares Outstanding
Unvested shares — December 31, 2018	1,000
Vested	(500)
Unvested shares — March 31, 2019	500

The Company recognized \$1,000 and \$0.9 million of stock-based compensation expense related to restricted shares during the three months ended March 31, 2019 and 2018, respectively. As of March 31, 2019, there was \$159 of unrecognized stock-based compensation expense related to unvested restricted stock. This amount is expected to be recognized over a remaining weighted-average period of 0.05 years. There were no restricted stock awards during the three months ended March 31, 2019 and 2018.

### Restricted Stock Units

In May 2018, the Company granted 24,960 restricted stock units to an employee with a grant date fair value of \$9.03 per share.

The summary of restricted stock unit activity and related information follows:

	<b>Number of Restricted Stock Units Outstanding</b>
Unvested shares — December 31, 2018	24,960
Granted	—
Vested	—
Unvested shares — March 31, 2019	<u>24,960</u>

The Company recognized \$14,000 of stock-based compensation expense related to restricted stock units during the three months ended March 31, 2019. As of March 31, 2019, there was \$0.2 million of unrecognized stock-based compensation expense related to unvested restricted stock units. This amount is expected to be recognized over a remaining weighted-average period of 3.14 years. There were no restricted stock units granted to employees or non-employees during the three months ended March 31, 2019 and 2018.

### **2018 Employee Stock Purchase Plan**

The Board adopted and the Company's stockholders approved the 2018 Employee Stock Purchase Plan ("2018 ESPP"), which became effective on the date immediately preceding the date on which the Company's registration statement became effective. The 2018 ESPP enables eligible employees to purchase shares of the Company's Common Stock at a discount. The number of shares of common stock that are reserved for issuance under the 2018 ESPP are 275,030 shares. The 2018 ESPP provides that the number of shares reserved and available for issuance will automatically increase each January 1, beginning on January 1, 2019 and increasing each January 1 thereafter through January 1, 2028, by the least of (i) 1% of the outstanding number of shares of the Company's common stock on the immediately preceding December 31; (ii) 543,926 shares or (iii) such number of shares as determined by the ESPP administrator. On January 1, 2019, as a result of the foregoing evergreen provision, the number of shares of common stock available for issuance under the 2018 ESPP automatically increased from 275,030 to 555,583 shares.

### **10. Commitments and Contingences**

#### **Litigation**

The Company is not a party to any litigation and does not have contingency reserves established for any litigation liabilities as of March 31, 2019 and December 31, 2018.

### **11. Net Loss per Share**

The Company computes basic and diluted losses per share using a methodology that gives effect to the impact of outstanding participating securities (the "two-class" method). Basic net loss per share is calculated by dividing net loss by the weighted-average number of common shares outstanding during the period and excludes any dilutive effects of share-based awards. Diluted net loss per share is computed giving effect to all potential dilutive common shares, including common stock issuable upon exercise of stock options, convertible preferred stock, and unvested restricted common stock. As the Company had net losses for the three months ended March 31, 2019 and 2018, there is no income allocation required under the two-class method or dilution attributed to weighted average shares outstanding in the calculation of diluted loss per share.

The following potentially dilutive securities have been excluded from the calculation of diluted net loss per share because including them would have had an anti-dilutive effect (in common stock equivalent shares):

	<b>As of March 31,</b>	
	<b>2019</b>	<b>2018</b>
Options issued and outstanding	1,706,317	667,590
Total	<u>1,706,317</u>	<u>667,590</u>

## **12. Related Party Transactions**

Since the Company's incorporation in July 2016, the Company has engaged in transactions with related parties.

The Company is a party to an intellectual property license agreement with Novartis. In addition, NIBR, an affiliate of Novartis, is a shareholder of the Company (See Note 6). No payments have been made to Novartis during the three months ended March 31, 2019 and 2018.

The Company is a party to a Funding Agreement with the Silverstein Foundation, an entity in which one of the Company's directors is a co-founder and current trustee. The Company received \$0 and \$0.5 million from the Silverstein Foundation during the three months ended March 31, 2019 and 2018, respectively.

## **13. Subsequent Event**

In April 2019, the Company amended its multi-year lease agreement to relocate its office space in Boston, Massachusetts under an operating lease agreement. The amended lease term is for a period of seven years from the date of relocation. The initial annual base rent of the relocation premises is \$0.6 million per year, increasing 2% annually. In connection with the lease amendment, the Company issued a new letter of credit for the benefit of the landlord in the amount of \$0.2 million.

In May 2019, the Company was awarded a 5-year grant for up to \$1.5 million from the National Institutes of Health.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*The following discussion should be read in conjunction with our condensed consolidated financial statements and accompanying footnotes appearing elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and related footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2018. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q includes forward-looking statements that involve risks and uncertainties. Actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those set forth in Item 1A, "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2018, as supplemented by our subsequent filings with the SEC. Unless the context indicated otherwise, all references herein to our company include our wholly-owned subsidiary, resTORbio Securities Corp.*

### Overview

We are a clinical-stage biopharmaceutical company developing innovative medicines that target the biology of aging to prevent or treat aging-related diseases. Our lead program selectively inhibits the target of rapamycin complex 1, or TORC1, an evolutionarily conserved pathway that contributes to the decline in function of multiple organ systems. Our lead product candidate, RTB101, is an oral, selective, and potent inhibitor of TORC1. RTB101 inhibits the phosphorylation of multiple targets downstream of TORC1. TORC1 inhibition has been shown to be of therapeutic benefit in multiple aging-related conditions in preclinical species including immunosenescence (aging-related decline in immune function), suggesting potential benefits in several aging-related diseases. In two Phase 2 clinical trials enrolling over 900 elderly people, RTB101 was observed to improve immune function by upregulation of antiviral gene expression and to reduce the incidence of respiratory tract infections, or RTIs. In May 2019, we initiated our Phase 3 program to evaluate the safety and efficacy of RTB101 in decreasing the percent of elderly subjects with clinically symptomatic respiratory illness, defined as clinical symptoms consistent with an RTI based on prespecified diagnostic criteria, with or without laboratory-confirmation of a pathogen. Our PROTECTOR Phase 3 program includes two randomized, double-blinded, placebo-controlled clinical trials that will evaluate RTB101 10mg once daily for 16 weeks during winter cold and flu season to subjects 65 years of age and older, excluding current smokers and chronic obstructive pulmonary disease, or COPD, patients. The primary endpoint is the reduction in the percentage of subjects with clinically symptomatic respiratory illness with or without laboratory-confirmation of a pathogen. PROTECTOR 1, the first Phase 3 clinical trial, initiated in the southern hemisphere is expected to enroll approximately 1,000 subjects. PROTECTOR 2, the second Phase 3 clinical trial, is planned to begin in the northern hemisphere in the fourth quarter of 2019 and is expected to enroll approximately 1,600 subjects. Based on current enrollment expectations for the Phase 3 program, we expect top-line data from both PROTECTOR Phase 3 studies in mid-2020.

In April of 2019, we initiated a Phase 1b/2a clinical trial of RTB101 alone or in combination with sirolimus in Parkinson's disease, or PD. PD is a progressive neurodegenerative disease that affects approximately 7.5 million people worldwide. The incidence of PD increases rapidly in people 60 years of age and older, with a mean age at diagnosis of 70.5 years. Glucocerebrosidase, or GBA1, gene mutations are the most common of the currently known PD genetic mutations and up to 10 percent of people with PD in the United States carry it. Patients with PD develop shaking, rigidity, slowness of movement and difficulty walking. PD may be attributed in part to neuronal damage caused by the accumulation within neurons of abnormal aggregates containing the protein  $\alpha$ -synuclein. Preclinical studies in mouse models of PD have shown that mTOR inhibition can induce autophagy, reduce  $\alpha$ -synuclein accumulation and decrease neuronal cell death. Therefore, induction of autophagy with RTB101 in combination with a rapalogs, such as sirolimus, may have therapeutic benefit for patients with PD. The four-week, multicenter, 2:1 randomized, double-blind, placebo-controlled Phase 1b/2a trial is evaluating the safety and tolerability of RTB101 alone or in combination with sirolimus in PD. We plan to enroll 45 patients with mild to moderate PD who are already on standard-of-care therapy, including those with and without glucocerebrosidase mutations. Patients are expected to be enrolled into five cohorts and dosed once-weekly with RTB101 300mg alone or in combination with three dose levels of sirolimus (2 mg, 4 mg and 6 mg). The planned primary endpoint of the trial is safety and tolerability, and secondary endpoints will include exposure in blood, plasma and cerebrospinal fluid, or CSF. The planned exploratory endpoints include biomarkers in plasma and CSF, and various clinical assessments. We expect data from this trial in 2020.

The decline in immune function that occurs during aging, or immunosenescence, increases susceptibility to a variety of diseases, including RTIs, that significantly contribute to morbidity and mortality in the elderly. Our initial focus is on the development of RTB101 as a first-in-class immunotherapy designed to improve immune function and thereby reduce respiratory illness in the elderly regardless of the causative pathogen. Our TORC1 immunotherapy approach is supported by two randomized, placebo-controlled Phase 2 clinical trials which enrolled more than 900 elderly subjects and provided

statistically significant (defined as nominal  $p < 0.05$ ) and clinically meaningful results. In 2018, we reported results from our exploratory dose-ranging randomized, placebo-controlled Phase 2b clinical trial in 652 elderly patients at increased risk of RTI-associated morbidity and mortality defined as aged 85 and over, or 65-84 with one or more comorbidities including: asthma, COPD, type 2 diabetes mellitus, or T2DM, or current smoker. The results from this trial demonstrated a statistically significant and clinically meaningful 30.6% reduction in the percentage of patients with one or more laboratory-confirmed RTIs, the primary endpoint of the trial, in the RTB101 10 mg once daily cohort compared to the placebo cohort. Prespecified analyses of the patient populations enrolled in the trial demonstrated (i) a statistically significant 52.1% reduction in the percentage of patients with severe laboratory-confirmed RTI symptoms in the RTB101 10 mg once daily cohort compared to the placebo cohort, (ii) a statistically significant 66.7%, 68.9%, and 25.3% reduction in the prespecified endpoint of patients 85 and older, 65 and older with asthma and 65 and older with T2DM, respectively, with one or more laboratory-confirmed RTIs in the RTB101 10 mg once daily cohort compared to the placebo cohort, and (iii) no reduction in the incidence of laboratory-confirmed RTIs in patients who were current smokers or with COPD in the RTB101 10 mg once daily cohort compared to the placebo cohort. The lack of efficacy observed in current smokers and patients with COPD is consistent with preclinical data suggesting that mTOR inhibition exacerbates cigarette smoke-induced lung inflammation in COPD. The combination of RTB101 + everolimus and the RTB101 10 mg twice daily did not meet the primary endpoint, suggesting that less TORC1 inhibition with RTB101 10 mg once daily may be more beneficial for reducing the incidence of RTIs in high risk elderly patients. We believe the collective results from our Phase 2a and Phase 2b clinical trials enrolling more than 900 elderly subjects suggest that RTB101 10 mg once daily, if successfully developed and approved, may improve the function of the aging immune system and reduce the incidence of clinically symptomatic respiratory illness in elderly patients. In our Phase 3 program, we expect to enroll elderly subjects 65 and older, excluding current smokers and COPD patients.

We observed additional positive results from prespecified analyses for any infection and urinary tract infections, or UTIs, in our Phase 2b trial, such as (i) a statistically significant 23.6% reduction in the percentage of patients with any infection in the RTB101 10 mg once daily cohort compared to the placebo cohort, (ii) a statistically significant 74.6% reduction in the percentage of patients with one or more UTIs in the RTB101 10 mg twice daily cohort and (iii) a 34.4% reduction in patients with one or more UTIs in the RTB101 10 mg once daily cohort. Recent scientific findings, including those published in the scientific journals *Cell*, *Nature* and *Science*, suggest that aging and aging-related conditions, such as immunosenescence, may be attributable not only to random cellular wear and tear, but also to specific intra-cellular signaling pathways, including the mTOR pathway. mTOR is a protein kinase that signals via two multiprotein complexes, known as TORC1 and TORC2. TORC1 inhibition has been observed to prolong lifespan, enhance immune function, ameliorate heart failure, enhance memory and mobility, decrease adiposity, and delay the onset of aging-related diseases in multiple animal studies. Specifically, with respect to enhanced immune function, TORC1 inhibition was observed in preclinical studies to rejuvenate blood, or hematopoietic, stem cell function, increase infection-fighting white blood cell production and enhance antibody-mediated, or adaptive, immunity. On the other hand, TORC2 inhibition has been observed to decrease lifespan in preclinical studies and cause unwanted side effects of hyperlipidemia and hyperglycemia in certain animals and humans. Therefore, based on these observations and data from more than 900 patients enrolled in our Phase 2a and Phase 2b clinical trials, we believe our TORC1 program has the potential to improve immune function and counteract immunosenescence in the elderly.

The reduced ability of elderly subjects to effectively detect and fight infections is most commonly manifested in their susceptibility to RTIs and the negative effects such infections have on their overall health. RTIs are the second leading cause of hospitalization in people age 85 and over, and the fourth leading cause in people age 65 and over, contributing to high healthcare costs that are three to five times higher than for the elderly population than for the younger population. Furthermore, antibiotics, which are ineffective against viruses, are often prescribed indiscriminately to treat RTIs, which may cause side effects and contribute to the growing global problem of antibiotic resistance. As the elderly represent the fastest growing population in the world, we believe there is significant unmet medical need for innovative therapeutic options for reducing the incidence of RTIs by improving the function of the aging immune system.

We believe our approach to addressing RTIs in the elderly possesses several clinical and commercial advantages. Our TORC1 program offers an immunotherapy approach that has the potential to address a broad range of viral and bacterial pathogens. Statistically significant and clinically meaningful reductions in RTI incidence were observed in our Phase 2a and Phase 2b clinical trials with RTB101 10mg once daily. We believe the risk-to-benefit ratio of our program observed in clinical studies to date is well-suited to the elderly due to the following observations: our oral product candidates were well-tolerated in elderly subjects, none of the participants in the active treatment arms experienced a serious adverse event that was related to the study drug, and the doses being investigated in our Phase 2b clinical trial were 60 to 240 times lower than maximum tolerated doses established in prior clinical trials for other indications. In May 2019, we initiated our Phase 3 program to evaluate the safety and efficacy of RTB101 in decreasing the percent of elderly subjects with clinically symptomatic respiratory illness, defined as clinical symptoms consistent with an RTI based on prespecified diagnostic

criteria, with or without laboratory-confirmation of a pathogen. We plan to conduct pivotal clinical trials and to seek regulatory approval for commercialization of RTB101 in the United States and Europe. Separate pivotal trials may be conducted to support potential approvals in Japan and China. In some markets, we may collaborate with third parties for the development and commercialization of our product candidates.

Since our inception in July 2016, we have devoted substantially all of our resources to: identifying, acquiring, and developing our product candidate portfolio; organizing and staffing our company; raising capital; developing manufacturing capabilities; conducting clinical trials; and providing general and administrative support for these operations. To date, we have primarily financed our operations through the issuance and sale of our redeemable convertible preferred stock and our common stock. In March 2019, we completed an underwritten public offering. We received aggregate net proceeds from the offering of approximately \$46.6 million, after deducting underwriting discounts and commissions and other offering expenses payable by us. In addition, we granted the underwriters a 30-day option to purchase up to an additional 1,080,000 shares of common stock at the public offering price, less underwriting discounts and commissions. In April 2019, we sold an additional 487,934 shares of common stock at a price of \$6.95 per share. We received aggregate net proceeds of approximately \$3.1 million, after deducting underwriting discounts and commissions and other offering expenses payable by us.

We have never generated revenue and have incurred significant net losses since inception. Our net losses were \$37.6 million and \$11.1 million, for the year ended December 31, 2018 and for the three months ended March 31, 2019, respectively. As of March 31, 2019, we had an accumulated deficit of \$82.5 million. Our net losses may fluctuate significantly from quarter to quarter and year to year. We expect to incur significant expenses and increasing operating losses for the foreseeable future. We anticipate that our expenses will increase substantially as we:

- invest significantly to further develop and seek regulatory approval for RTB101 alone or in combination with a rapalog, such as everolimus or sirolimus, including to advance our product candidate into a Phase 3 program;
- expand our pipeline of potential product candidates, including the initiation of at least one additional proof of concept trial in an additional indication;
- require the manufacture of larger quantities of our product candidates for clinical development and potentially commercialization;
- hire additional clinical, scientific, management and administrative personnel;
- ultimately establish a sales, marketing and distribution infrastructure or collaborate with third parties to commercialize any drugs for which we may obtain regulatory approval;
- maintain, expand and protect our intellectual property portfolio;
- acquire or in-license other assets and technologies; and
- add additional operational, financial and management information systems and processes to support our ongoing development efforts, any future manufacturing or commercialization efforts and our transition to operating as a public company.

We believe that our cash, cash equivalents and marketable securities as of March 31, 2019 will be sufficient to fund our operations through 2020. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. We do not expect to generate revenue from product sales unless and until we successfully complete development and obtain regulatory approval for a product candidate or enter into collaborative agreements with third parties, which we expect will take a number of years and the outcome of which is subject to significant uncertainty. Additionally, we currently use third parties such as contract research organizations, or CROs, and contract manufacturing organizations, or CMOs, to carry out our preclinical and clinical development activities and we do not yet have a sales organization. If we obtain regulatory approval for our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. To fund our current and future operating plans, we will need additional capital, which we may obtain through one or more equity offerings, debt financings or other third-party funding, including potential strategic alliances and licensing or collaboration arrangements. We may, however, be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. Our failure to raise capital or enter into such other arrangements as and when needed would have a

negative impact on our financial condition and our ability to develop our current product candidates, or any additional product candidates, if developed. The amount and timing of our future funding requirements will depend on many factors, including the pace and results of our preclinical and clinical development efforts. We cannot assure you that we will ever be profitable or generate positive cash flow from operating activities.

### ***Novartis License Agreement***

On March 23, 2017, we entered into a license agreement with Novartis, pursuant to which we were granted an exclusive, field-restricted, worldwide license to certain intellectual property rights owned or controlled by Novartis, including patents, patent applications, proprietary information, know-how and other intellectual property, to develop, commercialize and sell one or more therapeutic products comprising RTB101 or RTB101 and everolimus in a fixed dose combination. Under the license agreement, we have been licensed a patent portfolio of ten patent families directed to composition of matter of RTB101 and its salts, formulations of everolimus and methods of using RTB101 and everolimus to enhance the immune response among others. The exclusive field for RTB101 under the license agreement is for the treatment, prevention and diagnosis of diseases and other conditions in all indications in humans and animals.

As initial consideration for the license, we issued Novartis Institutes for Biomedical Research, Inc., or NIBR, 2,587,992 shares of our Series A Preferred Stock.

The agreement may be terminated by either party upon a material breach of obligation by the other party that is not cured with 60 days after written notice. We may terminate the agreement in its entirety or on a product-by-product or country-by-country basis with or without cause with 60 days' prior written notice.

Novartis may terminate the portion of the agreement related to everolimus if we fail to use commercially reasonable efforts to research, develop and commercialize a product utilizing everolimus for a period of three years. Novartis may terminate the license agreement upon our bankruptcy, insolvency, dissolution or winding up.

As additional consideration for the license, we are required to pay up to an aggregate of \$4.3 million upon the satisfaction of clinical milestones, up to an aggregate of \$24 million upon the satisfaction of regulatory milestones for the first indication approved, and up to an aggregate of \$18 million upon the satisfaction of regulatory milestones for the second indication approved. In addition, we are required to pay up to an aggregate of \$125 million upon the satisfaction of commercial milestones, based on the amount of annual net sales. We are also required to pay tiered royalties ranging from a mid-single digit percentage to a low-teen digit percentage on annual net sales of products. These royalty obligations last on a product-by-product and country-by-country basis until the latest of (i) the expiration of the last valid claim of a Novartis patent covering a subject product, (ii) the expiration of any regulatory exclusivity for the subject product in a country, or (iii) the 10<sup>th</sup> anniversary of the first commercial sale in the country, and are subject to a reduction after the expiration of the last valid claim of a Novartis patent or the introduction of a generic equivalent of a product in a country.

Milestone payments to Novartis will be recorded as research and development expenses in our condensed consolidated statements of operations and comprehensive loss once achievement of each associated milestone has occurred or the achievement is considered probable. In May 2017, we initiated a Phase 2b clinical trial for a first indication, triggering the first milestone payment under the agreement. Accordingly, we paid the related \$0.3 million payment in May 2017. As of March 31, 2019, none of the remaining development milestones, regulatory milestones, sales milestones, or royalties had been reached. In May 2019, we initiated a Phase 3 clinical trial for the first indication, triggering a milestone payment of \$2.5 million under the agreement.

### **Financial Operations Overview**

#### ***Revenue***

We have not generated any revenue from the sale of our products, and we do not expect to generate any revenue unless and until we obtain regulatory approval of and commercialize RTB101, alone or in combination with a rapalog, such as everolimus or sirolimus.

## *Operating Expenses*

### *Research and Development*

Research and development expenses consist primarily of costs incurred for the development of our product candidates, which include:

- personnel costs, which include salaries, benefits and stock-based compensation expenses;
- expenses incurred under agreements with consultants, third-party contract organizations and investigative clinical trial sites that conduct research and development activities on our behalf;
- costs related to production of preclinical and clinical materials, including fees paid to contract manufacturers;
- laboratory and vendor expenses related to the execution of preclinical studies and clinical trials; and
- lab supplies and equipment used for internal research and development activities.

We have not provided program costs since inception because historically we have not tracked or recorded our research and development expenses on a program-by-program basis. We use our personnel and infrastructure resources across multiple research and development programs directed toward developing our TORC1 program and for identifying and developing product candidates. We manage certain activities such as contract research and manufacturing of RTB101 alone or in combination with a rapalog, such as everolimus or sirolimus, and our discovery programs through our third-party vendors, and do not track the costs of these activities on a program-by-program basis.

We expense all research and development costs in the periods in which they are incurred. Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors and third-party service providers.

We expect our research and development expenses to increase substantially for the foreseeable future as we continue to invest in research and development activities related to developing our product candidates, including investments in manufacturing, as our programs advance into later stages of development and we continue to conduct clinical trials. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming, and the successful development of our product candidates is highly uncertain. As a result, we are unable to determine the duration and completion costs of our research and development projects or when and to what extent we will generate revenue from the commercialization and sale of any of our product candidates.

Because of the numerous risks and uncertainties associated with product development, we cannot determine with certainty the duration and completion costs of the current or future preclinical studies and clinical trials or if, when, or to what extent we will generate revenues from the commercialization and sale of our product candidates. We may never succeed in achieving regulatory approval for our product candidates. The duration, costs and timing of preclinical studies and clinical trials and development of our product candidates will depend on a variety of factors, including:

- successful completion of preclinical studies and Investigational New Drug-enabling studies;
- successful enrollment in, and completion of, clinical trials;
- receipt of regulatory approvals from applicable regulatory authorities;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- obtaining and maintaining patent and trade secret protection and non-patent exclusivity;
- launching commercial sales of our product candidates, if and when approved, whether alone or in collaboration with others;

- acceptance of our product candidates, if and when approved, by patients, the medical community and third-party payors;
- effectively competing with other therapies and treatment options;
- a continued acceptable safety profile following approval;
- enforcing and defending intellectual property and proprietary rights and claims; and
- achieving desirable medicinal properties for the intended indications.

A change in the outcome of any of these factors could mean a significant change in the costs and timing associated with the development of our current and future preclinical and clinical product candidates. For example, if the FDA, or another regulatory authority were to require us to conduct clinical trials beyond those that we currently anticipate will be required for the completion of clinical development, or if we experience significant delays in execution of or enrollment in any of our preclinical studies or clinical trials, we could be required to expend significant additional financial resources and time on the completion of preclinical and clinical development.

#### *General and Administrative*

General and administrative expenses consist primarily of personnel costs, costs related to maintenance and filing of intellectual property, depreciation expense and other expenses for outside professional services, including legal, human resources, audit and accounting services. Personnel costs consist of salaries, benefits and stock-based compensation expense. We expect our general and administrative expenses to increase for the foreseeable future due to anticipated increases in headcount to advance our product candidates and as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the Securities and Exchange Commission, The Nasdaq Global Select Market, additional insurance expenses, investor relations activities and other administration and professional services.

#### *Other Income, Net*

Other income, net, consists primarily of interest income earned on cash, cash equivalents and marketable securities.

### **Results of Operations**

#### ***Comparison of the Three Months Ended March 31, 2019 and 2018***

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Operating expenses:		
Research and development	\$ 8,852	\$ 8,106
General and administrative	2,839	2,094
Total operating expenses	11,691	10,200
Loss from operations	(11,691)	(10,200)
Other income, net	631	341
Loss before income taxes	(11,060)	(9,859)
Income tax expense	9	—
Net loss	<u>\$ (11,069)</u>	<u>\$ (9,859)</u>

### *Research and Development*

Research and development expenses increased to \$8.9 million for the three months ended March 31, 2019, and were primarily attributable to \$4.5 million of costs from third-party contract organizations and investigative clinical trial sites related to clinical trials \$2.3 million of costs related to preclinical studies and the production of preclinical and clinical materials, \$0.3 million of costs related to external consulting incurred to supplement our research and development personnel, and \$1.8 million of personnel costs, including stock-based compensation. Research and development expenses were \$8.1 million for the three months ended March 31, 2018, and were primarily attributable to \$5.8 million of costs related to clinical trials, including the Phase 2b clinical trial, \$1.0 million of costs related to contract research and supplies, \$0.1 million of costs related to external consulting incurred to supplement our research and development personnel, and \$1.0 million of personnel costs, including stock-based compensation.

### *General and Administrative*

General and administrative expenses increased to \$2.8 million for the three months ended March 31, 2019, and were primarily attributable to \$1.4 million of personnel, including stock-based compensation, and \$1.4 million of professional services fees, including costs related to intellectual property, legal and filing costs, accounting costs, insurance, and external consulting costs incurred to supplement our personnel. General and administrative expenses were \$2.1 million for the three months ended March 31, 2018, and were primarily attributable to \$1.3 million of personnel, including stock-based compensation, and \$0.8 million of professional services fees, including costs related to intellectual property, legal and filing costs, accounting costs, insurance, and external consulting costs incurred to supplement our personnel.

### *Other Income, Net*

Other income, net was \$0.6 million for the three months ended March 31, 2019, and primarily consisted of interest income. Other income, net was \$0.3 million for the three months ended March 31, 2018, and primarily consisted of interest income.

## **Liquidity, Capital Resources and Plan of Operations**

In March 2019, we completed an underwritten public offering and received aggregate net proceeds of approximately \$46.6 million, after deducting underwriting discounts and commissions and other offering expenses payable by us. In addition, we granted the underwriters a 30-day option to purchase up to an additional 1,080,000 shares of common stock at the public offering price, less underwriting discounts and commissions. In April 2019, we sold an additional 487,934 shares of common stock at a price of \$6.95 per share. We received aggregate net proceeds of approximately \$3.1 million, after deducting underwriting discounts and commissions and other offering expenses payable by us.

Since inception, we have not generated any revenue from any sources, including from product sales, and have incurred significant operating losses and negative cash flows from our operations. We have funded our operations to date primarily with proceeds from the sale of shares of common stock and the sale of shares of our redeemable convertible preferred stock. As of March 31, 2019, we had \$143.1 million in cash, cash equivalents, and marketable securities and an accumulated deficit of \$82.5 million.

Our primary use of cash has been to fund operating expenses, which consist of research and development and general and administrative expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses.

Based upon our current operating plan, we believe that our existing cash, cash equivalents and marketable securities will enable us to fund our operating expenses and capital expenditure requirements through 2020, including the completion of a pivotal Phase 3 clinical program for RTB101, and the filing of a New Drug Application, or NDA, with the FDA, assuming a successful outcome in our Phase 3 clinical program. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. We will continue to require additional financing to advance our current product candidate through clinical development, to develop, acquire or in-license other potential product candidates and to fund operations for the foreseeable future. Accordingly, we will continue to seek funds through equity or debt financings, collaborative or other arrangements, or through other sources of financing. Adequate additional funding may not be available to us on acceptable terms, or at all. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

Further, our operating plans may change, and we may need additional funds to meet operational needs and capital requirements for clinical trials and other research and development activities. We currently have no credit facility or committed sources of capital. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated product development programs.

If we need to raise additional capital to fund our operations, funding may not be available to us on acceptable terms, or at all. If we are unable to obtain adequate financing when needed, we may have to delay, reduce the scope of or suspend one or more of our clinical trials, research and development programs or commercialization efforts. We may seek to raise any necessary additional capital through a combination of public or private equity offerings, debt financings, and collaborations or licensing arrangements. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If additional funding is required, there can be no assurance that additional funds will be available to us on acceptable terms on a timely basis, if at all. If we are unable to raise capital, we will need to curtail planned activities to reduce costs. Doing so will likely have an unfavorable effect on our ability to execute our business plans.

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

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Net cash used in operating activities	\$ (12,049)	\$ (7,304)
Net cash used in investing activities	(34,628)	(278)
Net cash provided by financing activities	46,816	89,938
Net increase in cash and cash equivalents	<u>\$ 139</u>	<u>\$ 82,356</u>

### ***Cash Flows from Operating Activities***

Cash used in operating activities for the three months ended March 31, 2019 was \$12.0 million, consisting of a net loss of \$11.1 million adjusted for noncash items including stock-based compensation expense of \$0.7 million and accretion on marketable securities of \$0.2 million. The change in our net operating assets and liabilities for the three months ended March 31, 2019 were due primarily to an decrease in accounts payable and accrued liabilities of \$1.3 million primarily due to decreased clinical activities and an increase in prepaid expenses and other current assets of \$0.1 million due to prepayments for our research and development activities. Cash used in operating activities for the three months ended March 31, 2018 was \$7.3 million, consisting of a net loss of \$9.9 million adjusted for noncash items including stock-based compensation expense of \$1.2 million. The change in our net operating assets and liabilities for the three months ended March 31, 2018 were due primarily to an increase in accrued liabilities of \$1.1 million primarily due to increased clinical activities and \$0.5 million received from the Silverstein Foundation, which were partially offset by an increase in prepaid expenses and other current assets of \$0.3 million due to prepayments for our research and development activities.

### ***Cash Flows from Investing Activities***

Cash used in investing activities for the three months ended March 31, 2019 was \$34.6 million and consisted of \$77.1 million for the purchases of marketable securities, partially offset by \$42.5 million from maturities of marketable securities. Cash used in investing activities for the three months ended March 31, 2018 was \$0.3 million and consisted of the purchases of property and equipment.

### ***Cash Flows from Financing Activities***

Cash provided by financing activities for the three months ended March 31, 2019 was \$46.8 million, net of issuance costs, from the proceeds from the public offering completed in March 2019. Cash provided by financing activities for the three months ended March 31, 2018 was \$89.9 million from the proceeds from the IPO, net of issuance costs paid in 2018.

## **Contractual Obligations and Other Commitments**

The disclosure of our contractual obligations and commitments was reported in our Annual Report on Form 10-K for the year ended December 31, 2018. There have been no material changes from the contractual commitments and obligations previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

## **Off-Balance Sheet Arrangements**

We did not have during the previous periods, and we do not currently have, any off-balance sheet arrangements as defined under the rules and regulations of the Securities and Exchange Commission and do not have any holdings in variable interest entities.

## **Critical Accounting Policies and Estimates**

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated condensed financial statements, which have been prepared in accordance with United States generally accepted accounting principles, or U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, as well as the expenses incurred during the reporting periods. 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 the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

### ***Accrued Research and Development Costs***

We accrue for estimated costs of research and development activities conducted by third-party service providers, which include the conduct of preclinical studies, clinical trials, and contract manufacturing activities. We record the estimated costs of research and development activities based upon the estimated amount of services provided, and include these costs in accrued liabilities in our condensed consolidated balance sheets and within research and development expenses in our condensed consolidated statements of operations and comprehensive loss. These costs are a significant component of our research and development expenses. We estimate the amount of work completed by third-party service providers through discussions with internal personnel and external service providers as to the progress or stage of completion of the services and the agreed-upon fee to be paid for such services. The majority of our service providers invoice in arrears for services performed, on a pre-determined schedule or when contractual milestones are met; however, some require advanced payments. We make significant judgments and estimates in determining the accrued balance in each reporting period based on the facts and circumstances known at that time. As actual costs become known, we adjust our accrued estimates. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed, the number of patients enrolled and the rate of patient enrollment may vary from our estimates and could result in us reporting amounts that are too high or too low in any particular period. Our accrued expenses are dependent, in part, upon the receipt of timely and accurate reporting from CROs, CMOs and other third-party service providers. To date, there have been no material differences from our accrued expenses to actual expenses.

### ***Research and Development Costs***

Research and development costs are expensed as incurred and consist of personnel costs, lab supplies and other costs, as well as fees paid to third parties to conduct research and development activities on our behalf.

Amounts incurred in connection with license agreements are also included in research and development expenses. We record payments made to outside vendors for services performed or goods being delivered for use in research and development activities as either prepaid expenses or accrued expenses, depending on the timing of when services are performed or goods are delivered.

## **Recently Issued and Adopted Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"), which requires a lessee to recognize a right-of-use asset and a lease liability for operating leases, initially measured at the present value of the future lease payments, in the balance sheet. ASU 2016-02 also requires a lessee to recognize a single lease cost, calculated so that the cost

of the lease is allocated over the lease term, generally on a straight-line basis. This new guidance is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. We are currently evaluating the potential effects of adopting the provisions of ASU 2016-02 on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows*, or ASU 2016-18, which requires that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018 and should be applied using a retrospective transition method to each period presented. Early adoption is permitted. We do not expect the impact of ASU 2016-18 to be material to our consolidated financial statements.

In July 2017, the FASB issued ASU 2017-11, *Accounting for Certain Financial Instruments with Down Round Features*, or ASU 2017-11, which updates the guidance related to the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. Under ASU 2017-11, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share, or EPS, in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. ASU 2017-11 is effective for public entities for all annual and interim periods beginning after December 15, 2019. Early adoption is permitted. We do not expect the impact of ASU 2017-11 will be material to our consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation – Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting* ("ASU 2018-07"), which intends to simplify aspects of share-based compensation issued to non-employees by making the guidance consistent with the accounting for employee share-based compensation. For public entities, ASU 2018-07 is required to be adopted for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. For non-public entities and emerging growth companies that choose to take advantage of the extended transition period, ASU 2018-07 is effective for annual periods beginning after December 15, 2019. Early adoption is permitted for all entities but no earlier than the Company's adoption of ASU No. 2016-10, *Revenue from Contracts with Customers* ("ASC 606"). We are currently evaluating the impact that the adoption of ASU 2018-07 will have on our consolidated financial statements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are exposed to market risk related to changes in interest rates. As of March 31, 2019, we had cash, cash equivalents and marketable securities of \$143.1 million, primarily invested in U.S. treasury securities and money market mutual funds. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because our investments are in short-term marketable securities. Our available for sale securities are subject to interest rate risk and will fall in value if market interest rates increase. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our portfolio.

We contract with contract research organizations and contract manufacturers globally. We may be subject to fluctuations in foreign currency rates in connection with certain of these agreements. Transactions denominated in currencies other than the United States dollar are recorded based on exchange rates at the time such transactions arise. We have not engaged in the hedging of our foreign currency transactions to date. As of March 31, 2019, substantially all of our total liabilities were denominated in the U.S. dollar.

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 months ended March 31, 2019 and 2018.

## **Item 4. Controls and Procedures.**

### **Evaluation of Disclosure Controls and Procedures**

The Company has established disclosure controls and procedures (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, as amended, or Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including the principal executive officer (our Chief Executive Officer) and principal financial officer (our Vice President, Finance), to allow timely decisions regarding required disclosure.

The Company's management, with the participation of the Company's Chief Executive Officer and Vice President, Finance, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures have been designed to provide reasonable assurance of achieving their objectives. Based on such evaluation, the Company's Chief Executive Officer and Vice President, Finance concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2019.

### **Changes in Internal Control over Financial Reporting**

There was no other change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended March 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 1. Legal Proceedings.**

From time to time, we may be involved in lawsuits, claims, investigations and proceedings, consisting of intellectual property, commercial, employment and other matters which arise in the ordinary course of business. While the outcome of any such proceedings cannot be predicted with certainty, as of March 31, 2019, we were not party to any legal proceedings that we would expect to have a material adverse impact on our financial position, results of operations or cash flow.

**Item 1A. Risk Factors.**

*The matters discussed in this Quarterly Report on Form 10-Q include forward looking statements that involve risks and uncertainties. These statements are neither promises nor guarantees but are based on various assumptions by management regarding future circumstances, over many of which resTORbio has little or no control. In addition to the other information set forth in this Quarterly Report on Form 10-Q, careful consideration should be given to the risk factors in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, and in all of the other information included or incorporated in this report. There have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2018.*

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

Use of Proceeds from Initial Public Offering of Common Stock

On January 30, 2018, we closed our initial public offering, in which we issued and sold 5,666,667 shares of common stock at a public offering price of \$15.00 per share, and issued an additional 850,000 shares of common stock at a price of \$15.00 per share pursuant to the exercise of the underwriters' over-allotment option. All of the shares of common stock issued and sold in our initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (Registration No. 333-222373), which was declared effective by the SEC on January 25, 2018. BofA Merrill Lynch, Leerink Partners, and Evercore ISI acted as joint book-running managers for the offering. Wedbush PacGrow acted as a co-manager for the offering. The aggregate gross proceeds to us from our initial public offering, inclusive of the over-allotment exercise, were \$97.8 million. The offering commenced on January 25, 2018 and did not terminate until the sale of all shares offered.

The aggregate net proceeds to us from the public offering, inclusive of the over-allotment exercise, were approximately \$89.4 million, after deducting underwriting discounts and commissions and offering expenses payable by us of approximately \$8.4 million. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning 10% or more of any class of our equity securities or to any other affiliates.

As of March 31, 2019, we estimate that we have used approximately \$48.9 million of cash and cash equivalents since our initial public offering to advance our product candidates through clinical trial programs and for working capital and general corporate purposes.

**Item 3. Defaults Upon Senior Securities.**

Not applicable.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

The exhibits filed as part of this Quarterly Report are set forth on the Exhibit Index, which is incorporated herein by reference.

## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1*	<a href="#">Second Amendment to Offer Letter, effective as of March 1, 2019, between the Company and Joan Mannick</a>
10.2*	<a href="#">First Amendment to Office Lease, dated as of April 1, 2019, by and between the Company and 500 Boylston and 222 Berkeley Owner (DE) LLC</a>
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended</a>
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended</a>
32.1+	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed herewith.

+ The certifications furnished in Exhibit 32.1 hereto are deemed to be furnished with this Quarterly Report on Form 10-Q and will not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.



**SECOND AMENDMENT TO OFFER LETTER**

This SECOND AMENDMENT TO OFFER LETTER (the "Amendment") is made by and between resTORbio, Inc., a Delaware corporation (the "Company") and Joan Mannick, M.D. (the "Executive"), and is effective as of March 1, 2019, as amended (the "Effective Date"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Offer Letter (as defined below).

**WHEREAS**, the Company and the Executive entered into an Offer Letter dated March 31, 2017, as amended upon the closing of the Company's first underwritten public offering of its equity securities pursuant to an effective registration statement under the Securities Act of 1933 (the "Offer Letter") and desire to amend the Offer Letter as set forth herein; and

**WHEREAS**, except as expressly provided in this Amendment, all other terms of the Offer Letter shall continue in full force and effect on and after the date of this Amendment.

1. Section 3(b) shall be amended by deleting "35%" and replacing it with "40%".

2. Counterparts. This Second Amendment may be executed in counterparts, each of which when so executed and delivered shall be considered an original; but such counterparts shall together constitute one and the same document.

*[Signature page follows]*

IN WITNESS WHEREOF, this Amendment has been executed by duly authorized officers of the Company and by the Executive.

RESTORBIO, INC.

By: /s/ Chen Schor  
Chen Schor  
President and CEO

EXECUTIVE

By: /s/ Joan Mannick  
Joan Mannick, M.D.

*[Signature Page to Second Amendment to Offer Letter]*

FIVE HUNDRED BOYLSTON STREET  
Boston, Massachusetts

First Amendment to Lease  
resTORbio, Inc.

This First Amendment to Lease (this “First Amendment”) is made as of April 1, 2019 (the “Effective Date”) by and between 500 BOYLSTON & 222 BERKELEY OWNER (DE) LLC, a Delaware limited liability company, having an office at c/o Oxford Properties Group, 125 Summer Street, Boston, Massachusetts 02110 (“Landlord”), and RESTORBIO, INC., a Delaware corporation, having an office at 500 Boylston Street, 12<sup>th</sup> Floor, Boston, Massachusetts 02116, Attn: John McCabe (“Tenant”).

Background

- A. Pursuant to the provisions of that certain Lease dated as of January 8, 2018 (the “Existing Lease”), Tenant leases from Landlord, and Landlord leases to Tenant, a space containing approximately 4,544 square feet of Rentable Floor Area (the “Original Premises”) on a portion of the twelfth (12th) floor of the building located at 500 Boylston Street, Boston, Massachusetts (the “Building”). Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Lease.
- B. Landlord and Tenant desire to enter into this First Amendment to provide for (i) the relocation of Tenant’s current premises to new premises located on the thirteenth (13th) floor of the Building, (ii) the extension of the Term for the relocated premises, and (iii) the amendment of the Lease in certain other respects, all in accordance with the terms and conditions set forth herein. The Existing Lease, as amended by this First Amendment, is referred to herein as the “Lease”).

Agreement

NOW, THEREFORE, in consideration of the foregoing and mutual covenants contained herein, Landlord and Tenant hereby agree to modify and amend the Lease as follows:

1. Relocation Premises. Effective as of the Relocation Commencement Date (as defined below), the Premises under the Lease shall include the portion of the thirteenth (13th) floor of the Building more particularly shown on Exhibit A hereto (the “Relocation Premises”), which the parties stipulate and agree contains 9,501 square feet of Rentable Floor Area. Effective as of the Original Premises Surrender Date (as defined below), the Original Premises shall cease to be included in the Leased Premises under the Lease. Except as expressly set forth in this First Amendment, Tenant’s lease of the Relocation Premises during the Relocation Term (as defined below) shall be on all of the terms and conditions of the Lease in effect as of the Relocation Commencement Date.
  - (a) Relocation Term. The Term in respect of the Relocation Premises (the “Relocation Term”) shall commence at 12:01 a.m. on the Relocation Commencement Date (as defined below) and shall end at 11:59 p.m. on the

Relocation Expiration Date (as defined below), unless earlier terminated in accordance with the terms and conditions of the Lease. As used herein:

- (i) The “Estimated Relocation Commencement Date” shall mean August 1, 2019, subject to the provisions of Exhibit B attached to this First Amendment;
  - (ii) The “Relocation Commencement Date” shall be the date that is the earlier of (x) the Substantial Completion Date (as defined and determined in accordance with Exhibit B attached hereto) for the Relocation Premises Work (as defined in Exhibit B attached hereto) or (y) the date on which Tenant first occupies all or any portion of the Relocation Premises for the regular conduct of Tenant’s business (which shall not be deemed to have occurred by virtue of Tenant’s entry into the Relocation Premises for purposes of installing or testing Tenant’s furniture, fixtures, or equipment therein in preparation for such occupancy in accordance with Exhibit B attached hereto);
  - (iii) The “Relocation Expiration Date” shall mean the last day of the seventh (7<sup>th</sup>) Relocation Lease Year;
  - (iv) “Relocation Lease Year” shall mean each of the successive periods of twelve (12) months commencing on the Relocation Commencement Date and each anniversary thereof, except that, if the Relocation Commencement Date does not occur on the first day of a calendar month, the seventh (7<sup>th</sup>) Relocation Lease Year shall include the balance of the calendar month in which the seventh (7<sup>th</sup>) anniversary of the Relocation Commencement Date occurs.
- (b) Delivery of Relocation Premises and Relocation Premises Work. Landlord shall perform the Relocation Premises Work and provide to Tenant a tenant improvement allowance equal to \$950,100 (i.e., \$100.00 per square foot of Rentable Floor Area of the Relocation Premises) (the “Relocation Allowance”) to apply toward the costs of such Relocation Premises Work, all in accordance with and subject to the terms and conditions set forth in Exhibit B attached hereto. The provisions of Exhibit B to the Existing Lease shall not apply to the Relocation Premises or the Relocation Premises Work hereunder.
- (c) Rent for Relocation Premises. During the Relocation Term, Tenant shall pay Base Rent for the Relocation Premises as set forth in the table below, together with Additional Rent for Tenant’s Proportionate Share (as set forth in Paragraph 3(e) below) of Expenses and Taxes, for electricity charges (as provided below), and for all other payments under the Lease on account of the Relocation Premises, in each case at the times and the manner set forth in the Existing Lease, as amended by this First Amendment. The Base Rent payable for the Relocation Premises shall be as follows:

<b>Period</b>	<b>Annual Base Rent</b>	<b>Monthly Base Rent</b>
Relocation Premises Commencement Date through Relocation Lease Year 1:	\$589,062.00	\$49,088.50
Relocation Lease Year 2:	\$600,843.24	\$50,070.27
Relocation Lease Year 3:	\$612,860.10	\$51,071.68
Relocation Lease Year 4:	\$625,117.31	\$52,093.11
Relocation Lease Year 5:	\$637,619.65	\$53,134.97
Relocation Lease Year 6:	\$650,372.05	\$54,197.67
Relocation Lease Year 7:	\$663,379.49	\$55,281.62

- (d) Electricity. During the Relocation Term, Tenant shall pay to Landlord, as Additional Rent, the costs of electricity used in or for the Relocation Premises in accordance with Section 7.02 of the Existing Lease.
- (e) Letter of Credit. Concurrently with Tenant's execution and delivery of this First Amendment, Tenant shall deliver to Landlord an amendment to the original Letter of Credit provided under Section 6 of the Lease, or a new letter of credit in accordance with Exhibit H to the Existing Lease, that increases the amount of the Letter of Credit to \$245,442.50 (the "Relocation LC Amount"). If Tenant provides a new letter of credit to replace the original Letter of Credit, then Landlord shall return such original Letter of Credit to Tenant within ten (10) Business Days after its receipt of such replacement letter of credit.

Provided that upon each of the First Reduction Date and the Second Reduction Date (each as defined below) (a) no Default then exists or has occurred hereunder during the Term (and no event or condition then exists, which with notice or the passage of time would constitute such a Default hereunder), (b) the original Tenant (or Permitted Transferee) is the Tenant hereunder and Tenant has not assigned this Lease or sublet the Premises, and (c) Tenant provides Landlord with at least ten (10) days advance written notice of the requested reduction of the Letter of Credit as provided below (each, a "Reduction Notice"), which notice shall include an original replacement Letter of Credit (or an amendment or endorsement of the existing Letter of Credit) complying with the terms hereof, then, (i) on the first day of Relocation Lease Year 3, or such later date as is ten (10) days following receipt by Landlord of such Reduction Notice from Tenant hereunder (the "First Reduction Date"), Landlord shall, on or after the First Reduction Date, exchange the existing Letter of Credit for an original replacement Letter of Credit provided by Tenant or accept an amendment or endorsement to the existing Letter of Credit in either case pursuant to which the amount of the Letter of Credit is reduced by \$49,088.50 to equal the remaining \$196,354.00; and (ii) on the first day of Relocation Lease Year 5, or such later date as is thirty (30) days following receipt by Landlord of such Reduction Notice from Tenant hereunder (the "Second Reduction Date"), Landlord shall, on or after such Second Reduction Date, exchange the existing Letter of Credit for an original replacement Letter of Credit provided by Tenant or accept an amendment or endorsement to the existing Letter of Credit, in either case pursuant to which the amount of the Letter of Credit is reduced by \$98,177.00 to equal the remaining \$98,177.00. The replacement Letter of Credit hereunder (or amendment or endorsement to the existing Letter of Credit, as the case may be) shall be in form and substance

satisfying the requirements of Exhibit H to the Existing Lease. If Tenant provides a new letter of credit to replace the existing Letter of Credit, then Landlord shall return such existing Letter of Credit to Tenant within ten (10) Business Days after its receipt of such replacement letter of credit.

- (f) Parking. Tenant currently uses two (2) unreserved parking spaces in the Garage on the terms set forth in Exhibit F of the Existing Lease. During the Relocation Term, Tenant shall have the right to use four (4) unreserved parking spaces in accordance with, and subject to, the terms and conditions of the Exhibit F attached to the Existing Lease. The current monthly rate is \$450 per space per month for unreserved spaces and \$675 per space per month for reserved spaces. During the Relocation Term, Tenant shall pay for all parking spaces under this paragraph at the then prevailing rates from time to time applicable under the Lease, as amended hereby.
2. Surrender of Original Premises. On or before the end of the day (the "Original Premises Surrender Date") that is five (5) Business Days after the Relocation Commencement Date, Tenant shall vacate and surrender the Original Premises in its entirety in the condition required under Section 20 of the Existing Lease, with the same effect as if the Original Premises Surrender Date were the Term Expiration Date under the Existing Lease solely in respect of the Original Premises. For the avoidance of doubt, with respect to the period (i) from the Effective Date and ending on the Relocation Commencement Date, and (ii) from the Relocation Commencement Date to the Original Premises Surrender Date, the provisions of the Existing Lease shall continue to apply to the Original Premises and Tenant shall continue to pay Base Rent, Tenant's Proportionate Share of Expenses and Taxes, electricity charges, and all other payments under the Lease on account of the Original Premises in accordance with the terms of the Existing Lease, except that for the period from the Relocation Commencement Date to the Original Premises Surrender Date, Tenant shall have no obligation to pay Base Rent or Tenant's Proportionate Share of Expenses and Taxes. In the event that Tenant shall fail to vacate and surrender the Original Premises in its entirety in the condition required under Section 20 of the Existing Lease on or before the Original Premises Surrender Date, any such holdover in the Original Premises shall be subject to the provisions of Section 19 of the Existing Lease.
3. Conforming Amendments. In further implementation of the provisions of this First Amendment, the Lease is hereby amended as follows:
- (a) Premises. As of the Relocation Commencement Date, the definitions of "Premises" and "Rentable Floor Area of the Premises" in the Basic Lease Information section of the Lease shall be amended in their entirety to read as follows:
- Premises: A portion of the thirteenth (13<sup>th</sup>) floor of the Building as depicted in Exhibit A attached to the First Amendment to this Lease and known as Suite 1300.
- Rentable Floor Area of the Premises:           9,501 square feet.

- (b) Term Commencement and Expiration Dates. As of the Effective Date, the definitions of “Term Commencement Date”, and “Term Expiration Date” in the Basic Lease Information section of the Lease shall be deemed to refer, respectively and solely in respect of the Relocation Premises, to the Relocation Commencement Date, and the Relocation Expiration Date set forth in Paragraph 1(a) of this First Amendment. The “Term Expiration Date”, solely in respect of the Original Premises, shall be deemed to refer to the Original Premises Surrender Date determined under Paragraph 2 of this First Amendment.
  - (c) Base Rent. As of the Relocation Commencement Date, the definition of “Base Rent” in the Basic Lease Information section of the Lease shall be deemed to refer to the Base Rent for the Relocation Premises set forth in Paragraph 1(c) of this First Amendment.
  - (d) Tenant Work Allowance. The definition of “Tenant Work Allowance” in the Basic Lease Information section of the Lease shall be deemed to refer, solely in respect of the Relocation Premises, to the Relocation Allowance as defined in Exhibit B attached to this First Amendment.
  - (e) Tenant’s Proportionate Share. As of the Relocation Commencement Date, the “Tenant’s Proportionate Share” shall be 1.46%.
  - (f) Letter of Credit. As of the Effective Date, the amount set forth for the “Letter of Credit” in the Basic Lease Information section of the Lease shall be as provided in Paragraph 1(e) of this First Amendment.
  - (g) Parking Spaces. As of the Relocation Commencement Date, the number of Parking Spaces set forth in the Basic Lease Information section of the Lease shall be as provided in Paragraph 1(f) of this First Amendment.
  - (h) Exhibits. As of the Relocation Commencement Date, Exhibit A of the Existing Lease shall be deleted in its entirety and replaced with Exhibit A attached to this First Amendment.
4. Broker. Tenant represents that it has dealt directly with and only with Jones Lang LaSalle (the “Broker”) as a broker, agent or finder in connection with this First Amendment. Tenant shall indemnify and hold Landlord and the Landlord Related Parties (as defined in the Existing Lease) harmless from all claims of any other brokers, agents or finders claiming to have represented Tenant in connection with this First Amendment. Landlord shall indemnify and hold Tenant and the Tenant Related Parties harmless from all claims of any brokers, agents or finders claiming to have represented Landlord in connection with this First Amendment. Any assistance rendered by any agent or employee of Landlord in connection with this First Amendment or any subsequent amendment or modification or any other document related hereto has been or will be made as an accommodation to Tenant solely in furtherance of consummating the transaction on behalf of Landlord, and not as agent for Tenant.

5. General.

- (a) Ratification of Lease Provisions. Except as otherwise expressly amended, modified and provided for in this First Amendment, Landlord and Tenant hereby ratify all of the provisions, covenants and conditions of the Lease, and such provisions, covenants and conditions shall be deemed to be incorporated herein and made a part hereof and shall continue in full force and effect.
- (b) Entire Amendment, Binding Amendment. This First Amendment contains all the agreements of the parties with respect to the subject matter hereof and supersedes all prior dealings between the parties with respect to such subject matter. This First Amendment shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and assigns.
- (c) Tenant Confirmations. Tenant hereby re-states, as of the date of this First Amendment, the representations and warranties of Tenant set forth in Section 22.04 of the Existing Lease with respect to the Lease as amended hereby and hereby further represents and warrants to Landlord that, to Tenant's knowledge as of the date hereof, Tenant has no claim, offset, or defense against the enforcement of the Lease in accordance with its terms. Landlord hereby re-states, as of the date of this First Amendment, the representations and warranties of Landlord set forth in Section 22.04 of the Existing Lease with respect to the Lease as amended hereby.
- (d) Governing Law. This First Amendment shall be governed by the laws of the Commonwealth of Massachusetts without regard to conflict of laws principles.
- (e) Authority. Landlord and Tenant each warrant to the other that the person or persons executing this First Amendment on its behalf has or have authority to do so and that such execution has fully obligated and bound such party to all terms and provisions of this First Amendment.
- (f) No Reservation. Submission of this First Amendment for examination or signature is without prejudice and does not constitute a reservation, option or offer, and this First Amendment shall not be effective until execution and delivery by each of the parties hereto.
- (g) Counterparts. This First Amendment may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. An electronic mail or facsimile version of an executed original of this First Amendment shall be deemed an original, and each of the parties hereto intends to be bound by an electronic mail or facsimile version of a fully-executed original hereof or of an electronic mail or facsimile version of executed counterpart originals hereof.

[SIGNATURES ON FOLLOWING PAGE]

EXECUTED under seal as of the date first above written.

LANDLORD:

500 BOYLSTON & 222 BERKELEY OWNER (DE) LLC,  
a Delaware limited liability company

By: /s/ Chad Remis  
Name: Chad Remis  
Title: Vice President

By: /s/ Kristen E. Binck  
Name: Kristen E. Binck  
Title: Assistant Secretary

TENANT:

RESTORBIO, INC.,  
a Delaware corporation

By: /s/ Chen Schor  
Name: Chen Schor  
Title: President and CEO

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A

Floor Plan of Relocation Premises

This Exhibit is attached to and made a part of the First Amendment to Lease (the "First Amendment" by and between 500 BOYLSTON & 222 BERKELEY OWNER (DE) LLC, a Delaware limited liability company ("Landlord"), and RESTORBIO, INC., a Delaware corporation ("Tenant"), for space in the Building. Capitalized terms used but not defined herein shall have the meanings given in the Lease (as defined in the First Amendment).

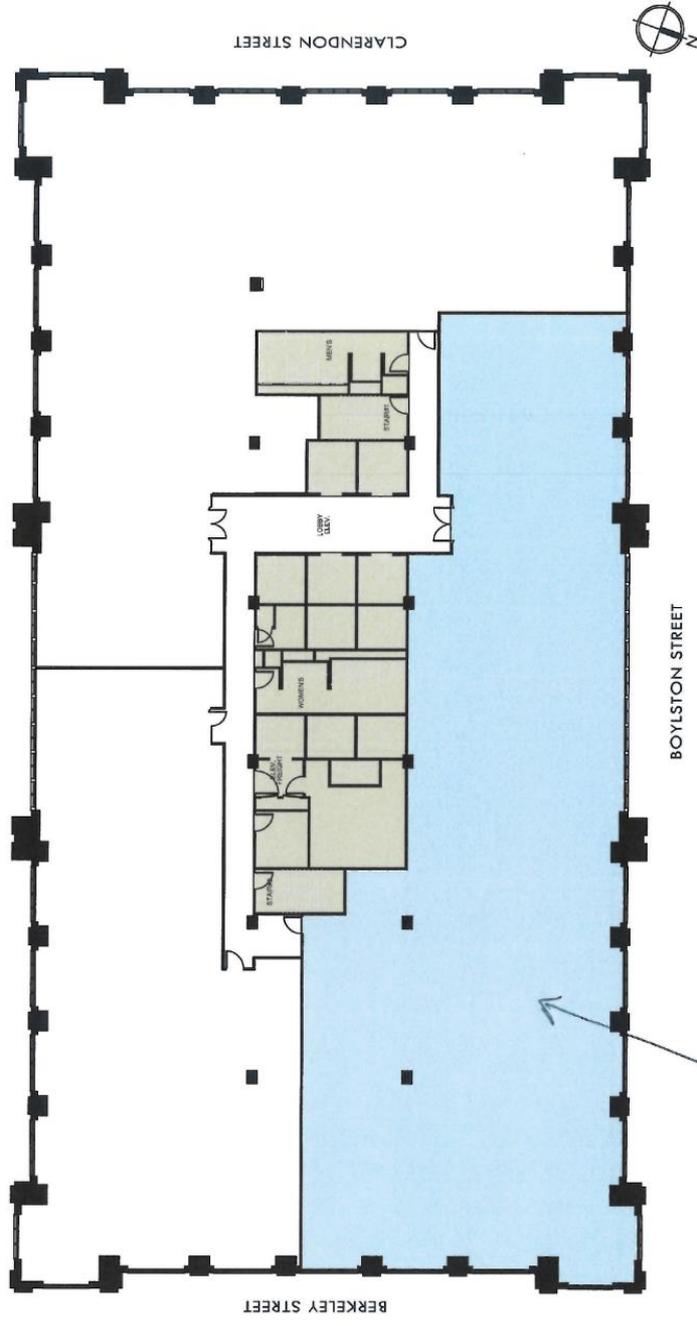
[see attached plan]

# 500 BOYLSTON STREET FLOOR PLAN

13TH FLOOR - AS BUILT PLAN - 9,501 SF



ST. JAMES AVENUE



BERKELEY STREET

CLARENDON STREET

BOYLSTON STREET

*Premises*

EXHIBIT B

Work Letter

(Relocation Premises Work to be Performed by Landlord)

- B.1 Existing Conditions. Subject only to Landlord's obligation to perform the Relocation Premises Work and to provide the Relocation Allowance as provided below, Tenant has inspected, and is satisfied with, the existing, "as-is" condition of the Relocation Premises, including any existing improvements and Base Building elements now located therein.
- B.2 Relocation Premises Work. The work described on Schedule B-2 (the "Relocation Premises Work") shall be constructed by Landlord in accordance with, and subject to, the provisions of this Exhibit B. The "Substantial Completion Date" (for purposes of Paragraph 1 of this First Amendment) shall mean the date on which the Landlord has substantially completed the Relocation Premises Work. Landlord shall use reasonable efforts to substantially complete the Relocation Premises Work on or before the Estimated Relocation Commencement Date.

In addition, Landlord shall perform the common corridor and common restroom work described on Schedule B-1 attached hereto using Building standard materials (the "Common Area Work"). The cost of the Common Area Work shall be performed at Landlord's expense. Landlord shall use reasonable efforts to substantially complete the Common Area Work on or before the Estimated Relocation Commencement Date. In the event that substantial completion of the Common Area Work is delayed beyond the Estimated Relocation Commencement Date (other than due to any request or other delay caused by Tenant or any person acting under Tenant) and to the extent such delay actually delays Tenant's commencement of occupancy of the Relocation Premises for the regular conduct of its business, then the "Relocation Commencement Date" set forth in Paragraph 1 of the First Amendment shall be deemed to be delayed until the day on which Landlord substantially completes the Common Area Work.

If, other than due to a Tenant Delay (as defined below), the Substantial Completion Date does not occur by October 1, 2019, then Tenant shall be entitled to a day-for-day credit of Base Rent until the Substantial Completion Date, such credit to be applied against Base Rent on the Relocation Commencement Date (the "Rent Credit Delay Remedy"). If, other than due to a Tenant Delay (as defined below), (i) the Substantial Completion Date does not occur by December 31, 2019, or (ii) the Common Area Work is not substantially complete by December 31, 2019, then Tenant shall be entitled to terminate this Lease upon thirty (30) days' prior written notice to Landlord (the "Termination Remedy"; and together with the Rent Credit Delay Remedy, the "Delay Remedies"); provided, however, if Landlord substantially completes the Relocation Premises Work or the Common Area Work, as the case may be, on or before such thirtieth (30th) day after Landlord's receipt of Tenant's notice to terminate this Lease, then Tenant's termination of this Lease shall be null and void and of no force and effect. The Delay Remedies shall be Tenant's only remedies arising from any such delay in the Substantial Completion Date.

For purposes hereof, “substantially complete” and “substantial completion” shall mean that (i) the applicable work by Landlord under this Paragraph B.2 has been completed, other than minor punchlist-type items the completion of which will not unreasonably delay or interfere with Tenant’s occupancy of the Relocation Premises for the regular conduct of business (“**Punch-List Items**”), (ii) a temporary certificate of occupancy (as evidenced by obtaining all governmental sign-offs on the building permit for the Relocation Premises Work required to permit occupancy of the Relocation Premises) or a permanent certificate of occupancy shall have been obtained for the Relocation Premises (which temporary or permanent certificate of occupancy shall not have any conditions that would restrict or prohibit the use of the Relocation Premises for the Permitted Uses), (iii) the HVAC and other mechanical, electrical, plumbing, and life safety systems serving the Relocation Premises are in good working order (subject to any Punch-List Items), and (iv) the Relocation Premises are free of Landlord’s construction-related materials, debris, and trash (other than due to Tenant’s entry under Paragraph B.3 below). The foregoing provisions shall be self-operative, but in confirmation thereof at Landlord’s request Tenant shall execute and deliver an instrument confirming the date on which substantial completion of such work occurred, provided that any failure by Tenant to execute and return such confirmatory instrument (or to provide written objection identifying the elements of the work that Tenant claims must be completed in order to achieve substantial completion of such work) within five (5) Business Days after its delivery to Tenant shall be deemed Tenant’s acknowledgement that the applicable work was substantially complete on the date set forth in such instrument.

B.3 Landlord’s Construction Documents. Landlord shall prepare the plans and specifications for the Relocation Premises Work with sufficient detail to obtain a building permit for the Relocation Premises Work (the “Construction Documents”). The Construction Documents shall be consistent with the preliminary plans and specifications for the described on Schedule C-2 attached hereto. Tenant shall respond promptly (and in all events within three (3) Business Days) to Landlord’s requests from time to time for Tenant’s approval of all construction-related items (e.g., carpet and paint selections) not specified on Schedule C-2.

B.4 Tenant Work Allowance. Landlord shall provide Tenant with an allowance for the costs (“Allowance Costs”) of constructing the Relocation Premises Work in the Relocation Premises for Tenant’s initial occupancy (including, without limitation, the so-called soft costs of architectural and engineering fees and construction management fees set forth below) in an amount not to exceed the Relocation Allowance set forth in Paragraph 1 of the First Amendment (such amount sometimes being referred to herein as the “Allowance”). To the extent that the Relocation Premises Work Costs (as defined below) for the Relocation Premises Work exceed the Allowance (such excess being referred to as the “Excess Tenant Work Costs”), Tenant shall pay for the entire amount of the Excess Tenant Work Costs, and Landlord shall not provide any reimbursement therefor.

Landlord shall solicit bids for the Relocation Premises Work from three (3) reputable general contractors designated by Landlord in consultation with Tenant. Landlord shall promptly supply Tenant with such detailed information about bid requests and negotiations with contractors as Tenant may reasonably request. In connection with the bid request for the general contractor for the Relocation Premises Work, Landlord and Tenant shall mutually agree on the selection of the bidder in accordance with the process described herein. Landlord shall

recommend to Tenant one of the three (3) general contractors described above selected in Landlord's good faith determination. Landlord shall notify Tenant of the total fixed-price construction cost of the Relocation Premises Work shown on such Construction Documents ("Base Price"), including the general contractor's so-called general conditions and fees for the Relocation Premises Work and the Relocation Work Estimate at the time Landlord makes its general contractor recommendation to Tenant. The "Relocation Work Estimate" shall mean the sum of (i) the Base Price, (ii) architectural, mechanical, electrical and structural design fees incurred by Landlord for the Relocation Premises Work, (iii) all costs obtaining permits and inspections required by governmental authorities in connection with the Relocation Premises Work, together with the costs of insuring the Relocation Premises Work, to the extent not already included in the Base Price, (iv) Landlord reasonable estimate of Building services or facilities (such as electricity, HVAC, fire alarm plug ins/outs, freight elevator usage, and cleaning, in each case at Building standard rates charged to tenants generally) expected to be required to implement the Relocation Premises Work, and (v) any construction management fee for the Landlord's managing agent providing such construction management services (if the Relocation Work Estimate exceeds the Relocation Allowance as provided below). Tenant shall then have three (3) Business Days to respond in writing either accepting or rejecting Landlord's recommendation. If Tenant fails to respond in writing within such period, Landlord's selection shall be deemed approved by Tenant. If Tenant rejects Landlord's recommendation, then, unless Landlord and Tenant reasonably and mutually determine to select another bidder within three (3) Business Days of Tenant's written rejection, Landlord will accept the lowest responsible bid, in Landlord's good faith determination. If the Relocation Work Estimate exceeds \$115.00 per square foot of Rentable Floor Area of the Relocation Premises, Tenant shall, within three (3) Business Days after acceptance of Landlord's recommendation or mutual agreement by Landlord and Tenant as to the general contract, respond to Landlord in writing either (a) approving of such Relocation Work Estimate, or (b) requesting to consult with the architect to value engineer the Construction Documents for the Relocation Premises Work and identify such Relocation Work Change orders as are reasonably requested by Tenant to reduce the Relocation Work Estimate (and if Tenant fails to respond to Landlord on the Relocation Work Estimate within such three (3) Business Day period, Tenant shall be deemed to have approved the Relocation Work Estimate). If Tenant elects option (b) in the foregoing sentence, the time period from Tenant's election to value engineer until Tenant's approval of the new Relocation Work Estimate shall be deemed to be a Tenant Delay and shall be subject to the provisions of Paragraph B.10 below.

The Base Price shall thereafter be subject to adjustment for any Relocation Work Change Orders (if any) under Paragraph B.5 below. The "Relocation Premises Work Costs" shall include (i) the Base Price (as adjusted for any Relocation Work Change Order), (ii) architectural, mechanical, electrical and structural design fees incurred by Landlord for the Relocation Premises Work, (iii) all costs obtaining permits and inspections required by governmental authorities in connection with the Relocation Premises Work, together with the costs of insuring the Relocation Premises Work, to the extent not already included in the Base Price, (iv) all costs of Building services or facilities (such as electricity, HVAC, fire alarm plug ins/outs, freight elevator usage, and cleaning, in each case at Building standard rates charged to tenants generally) required to implement the Relocation Premises Work, and (v) if the Relocation Premises Work Costs exceeds the Relocation Allowance, a construction management fee for the Landlord's managing agent providing such construction management services equal to two percent (2%) of the hard and soft costs of the Relocation Premises Work in excess of the Relocation Allowance.

All costs referred to in this paragraph shall be subject to reimbursement or application by Landlord from the Allowance. In the event that the total amount of the Relocation Premises Work Costs, as reasonably estimated by Landlord, exceeds the Allowance, Landlord may from time to time require Tenant to pay the estimated Excess Tenant Work Costs to Landlord before performing any Relocation Premises Work or otherwise within ten (10) days following receipt of each of Landlord's invoices therefor. Landlord shall have no obligation to disburse or apply any portion of the Allowance or to perform the Relocation Premises Work at any time when there exists a Default under the Lease (or for so long as an event or condition has occurred which with notice and the passage of time would constitute such a Default), until such time as the Default (or the event or condition) has been cured by Tenant.

B.5 Change Orders. Tenant may, from time to time, by written order to Landlord on a form specified by Landlord ("Relocation Work Change Order" or "Change Order"), request a change in the Relocation Premises Work shown on the Construction Documents. Landlord shall cause the Relocation Premises Work to be performed in accordance with such Relocation Work Change Order after approval thereof by Landlord. The Construction Documents shall not be modified in any material respect except with Landlord's prior written approval; and all modifications to the Construction Documents, whether material or not, shall be made only by Relocation Work Change Order submitted to and approved by Landlord. Tenant shall be responsible for all additional costs in excess of the Allowance arising from any Relocation Work Change Order as provided in Paragraph B.4 above (including, without limitation, as to each such Relocation Work Change Order, the general contractor mark-ups for general conditions and fees and the applicable construction management fee for Landlord's managing agent providing such construction management services) and shall pay such Excess Tenant Work Costs to Landlord as provided in Paragraph B.4 above.

B.6 Landlord's Performance of the Work. Landlord shall be deemed authorized to proceed with the Relocation Premises Work shown on the Construction Documents on the second Business Day after Landlord submits to Tenant the price for the Excess Relocation Premises Work Costs under Paragraph B.4, unless Tenant has then requested that Landlord delay the commencement of the Relocation Premises Work, in which event any such timely request (or any subsequent request) by Tenant to delay the work shall be subject to the provisions on Tenant Delay under Paragraph B.10 below. All Relocation Premises Work shall be performed and constructed by Landlord in accordance with the Construction Documents and in compliance with applicable Laws.

With respect to any Relocation Work Change Order submitted after Landlord is initially authorized (or deemed authorized) to proceed with the Relocation Premises Work, Landlord shall be deemed authorized to proceed with such Change Order immediately upon submission thereof; provided that if Tenant shall specifically request in writing a price estimate for such Change Order, Landlord shall be deemed authorized to proceed with such Change Order on the second Business Day after submission of the price estimate to Tenant if the Change Order has not then been withdrawn.

No Relocation Premises Work shall be performed except in accordance with the Construction Documents, and any Relocation Work Change Orders, approved by Landlord.

Landlord may require that the Construction Documents or any Relocation Work Change Order be revised if, in Landlord's reasonable judgment, (i) the requested work would delay completion of the Relocation Premises Work beyond the Estimated Relocation Commencement Date (unless Tenant acknowledges that such delay shall constitute a Tenant Delay under Paragraph B.10 below), (ii) would increase the cost of operating the Building or performing any other work in the Building (unless Tenant pays such additional costs), (iii) are incompatible with the design, quality, equipment or systems of the Building, (iv) would require unusual expense to readapt the Relocation Premises to general purpose office use, or (v) otherwise do not comply with the provisions of this Lease (including, without limitation, Section 8). Tenant shall be deemed to have agreed to be responsible for any such matters to the extent shown on any Construction Documents prepared by Tenant's architect or requested by Tenant in any Relocation Work Change Orders.

B.7 Tenant's Early Access. The Relocation Premises Work to be performed by Landlord under this Exhibit C shall not include the purchase, installation, or testing of any personal property, furniture, computers or telecommunications equipment, or any other specialized business fixtures and equipment or wiring therefor (even if the same may be generally depicted for illustration or space planning purposes on the Construction Documents), all of which shall be Tenant's responsibility under this Paragraph B.7. Tenant shall have the right to access the Relocation Premises prior to the Substantial

Completion Date pursuant to this Paragraph B.7. Prior to the Substantial Completion Date, any entry by Tenant into the Relocation Premises for the purposes of installing Tenant's wiring, furniture, equipment, and personal property shall be subject in each case to (i) Landlord's reasonable approval of the schedule and scope of such work (which shall not delay the performance by Landlord of the Relocation Premises Work), (ii) Landlord's reasonable approval of Tenant's contractors or vendors for such work in accordance with Section 8 of the Existing Lease, (iii) Landlord's receipt from Tenant of copies of all necessary permits for the applicable work by Tenant, if any, and (iv) customary insurance certificates from Tenant's contractors, subcontractors, and other parties acting under Tenant with respect to the applicable work in accordance with Section 8 of the Existing Lease. Tenant shall be responsible for any damage to the Relocation Premises Work or the Relocation Premises caused by Tenant or its employees, agents, contractors, subcontractors, material suppliers and laborers in connection with such entry. Any entry into the Relocation Premises by Tenant (or its contractors, subcontractors, or other parties acting under Tenant) prior to the Substantial Completion Date shall be subject to all of the provisions of the Lease that are applicable to the Relocation Premises during the Term; except for the obligation to pay Base Rent and Additional Rent for Expenses and Taxes.

B.8 Close-Out of Relocation Premises Work. On a date reasonably specified by Landlord, Landlord and Tenant shall inspect the Relocation Premises Work for the purpose of preparing a list of the Punch-List Items then remaining to be completed (the "Final Punchlist"). Landlord shall submit the Final Punchlist to Tenant, and Tenant shall sign and return the Final Punchlist to Landlord within three (3) Business Days after its receipt (or, if earlier, by the day before Tenant takes occupancy of the Relocation Premises), noting any items that Tenant reasonably believes should be added thereto. Items shall not be added to the Final Punchlist by Tenant after it is delivered to Landlord except with respect to any such noted items pursuant to the immediately foregoing sentence. If the Final Punchlist is

not timely delivered by Tenant, then the Relocation Premises Work shall be deemed final and complete, and Landlord shall have no further obligation to cause any other Relocation Premises Work to be completed, other than the Punch-List Items specified in Landlord's Final Punchlist and the correction of latent defects as provided below. With respect to items on the Final Punchlist not in dispute, Landlord shall cause such Punch-List Items to be completed in a diligent manner during regular business hours, but in a manner that will seek to minimize interruption of Tenant's use and occupancy, and if completion of some or all of the Punch-List items will cause an unreasonable interference to Tenant's use and occupancy of the Premises, then Landlord shall complete those Punch-List Items outside of regular business hours. Landlord shall use commercially reasonable efforts to complete the Punch-List Items within sixty (60) days after the Substantial Completion Date.

Within ninety (90) days after the completion of all items of Relocation Premises Work listed on the Final Punchlist, Landlord shall provide Tenant with a final invoice prepared by Landlord for all Excess Tenant Work Costs. Such statement shall be conclusive between the parties unless the statement is incorrect and is disputed by Tenant by notice to Landlord given within ten (10) days after Tenant's receipt of the statement, specifying in reasonable detail any disputed items. Upon issuance of such final statement, there shall be adjustments between Landlord and Tenant to the end that Landlord shall have received the exact amount due to Landlord hereunder on account of Excess Tenant Work Costs, after the application of the entire amount of the Allowance. Any overpayment by Tenant shall be refunded to Tenant or credited by Landlord against the next payments of Base Rent. Any underpayment by Tenant of the Excess Tenant Work Costs shall be due and payable, within thirty (30) days after receipt of such statement.

Except for latent defects and uncompleted items of Relocation Premises Work specified in the Final Punchlist, Tenant shall be deemed to have accepted all elements of the Relocation Premises Work on the Relocation Commencement Date. In the case of a dispute concerning the completion of items of the Relocation Premises Work specified in the Final Punchlist, such items shall be deemed completed and accepted by Tenant upon the delivery to Tenant of a certificate of Landlord's architect or contractor that such items have been completed in accordance with the Construction Documents, as amended by any Change Orders approved by Landlord. In the case of latent defects in the Relocation Premises Work appearing after the Relocation Commencement Date, Tenant shall be deemed to have waived any claim for correction or cure thereof on the earlier of (a) the date thirty (30) days after the date such defect was discovered by Tenant if Tenant has not then given notice thereof to Landlord or (b) the date fifty one (51) weeks following the Substantial Completion Date if Tenant has not then given notice of such defect to Landlord. With respect to items as to which Tenant has given adequate and timely notice hereunder, and if the period during which Landlord's contractor is responsible to remedy or replace faulty materials or workmanship has not expired, Landlord shall use commercially reasonable efforts to cause Landlord's contractor so to remedy, repair, or replace any incomplete, defective or malfunctioning aspects of the Relocation Premises Work that materially affect Tenant's occupancy of the Relocation Premises, such action to occur as soon as practicable during normal working hours and so as to avoid any unreasonable interruption of Tenant's use of the Relocation Premises. If timely and adequate notice has been given and if Landlord has other guarantees, contract rights, or other claims against contractors, materialmen or architects, Landlord shall, with regard to any incomplete, defective or malfunctioning aspects of the

Relocation Premises Work that adversely affect Tenant's occupancy of the Relocation Premises, use commercially reasonable efforts to enforce such guarantees or contract rights. The foregoing shall constitute Landlord's entire obligation with respect to all incomplete, defective, or malfunctioning aspects of the Relocation Premises Work. Landlord agrees that its construction contract with its contractor that is performing the Relocation Premises Work shall provide for an industry-standard warranty from such contractor for one (1) year following the Substantial Completion Date.

B.9 Tenant's Authorized Representative. Tenant hereby designates John McCabe to serve as Tenant's Authorized Representative, who shall have full power and authority to act on behalf of Tenant on any matters relating to the Relocation Premises Work. Tenant may from time to time change the Tenant's Authorized Representative or designate additional Tenant's Authorized Representative(s) by written notice delivered to Landlord in accordance with the Lease.

B.10 Tenant Delays. Tenant acknowledges that that substantial time will be required on its part to provide complete information concerning its requirements to the architect and engineers for the Relocation Premises Work, that Tenant must make timely decisions as and when requested hereunder, that time is of the essence to Landlord in causing the Relocation Commencement Date to occur as early as possible, and that Tenant will cooperate with Landlord to achieve the earliest possible Relocation Commencement Date. Any delay in the commencement or in the performance of the Relocation Premises Work that actually occurs as a result of any of the following is referred to herein as a "Tenant Delay":

- (i) any failure by Tenant to timely respond to requests for information necessary to complete the preparation of the Construction Documents or to carry out the Relocation Premises Work within three (3) Business Days;
- (ii) any failure by Tenant timely to approve a substitute for any materials, equipment, designs, processes, or products shown on the Construction Documents that are not readily available to Landlord's contractor to acquire in a timely manner and incorporate into the Relocation Premises Work in the ordinary course without delay,
- (iii) any Relocation Work Change Order causing a delay in the commencement or performance of the Relocation Premises Work, whether or not such requested Relocation Work Change Order is actually implemented,
- (iv) any failure of Tenant to act in a timely manner as required hereunder on any construction-related question or matter,
- (v) any request by Tenant that Landlord delay the commencement of, or delay or suspend the performance of, any element of the Relocation Premises Work (it being agreed that Landlord is not required to comply with such request and may decline to comply therewith in its sole discretion), or

- (vi) any delay due to any interference or damage caused by Tenant or any Tenant Party, (including without limitation any equipment vendors) arising from Tenant's entry into the Relocation Premises under Paragraph B.7 above.

For each day of Tenant Delay, the "Substantial Completion Date" shall be deemed to be one day earlier than the actual date thereof, and the Relocation Commencement Date and Tenant's obligation to pay Base Rent and additional charges shall be accelerated accordingly under Paragraph 1 of the First Amendment.

Schedule B-1

Description of Common Area Work

Upgrade common area and restrooms on the thirteenth (13th) floor to be of equal quality to those on the twelfth (12th) floor.

Finishes consistent with those attached to this Schedule B-1.







Preliminary Plans for Relocation Premises Work

The Relocation Premises Work shall consist of Landlord's build-out of the Relocation Premises as follows:

- (i) the office lay-out in the locations generally shown on the preliminary plans attached hereto, and
- (ii) finishes consistent with the finishes in the Original Premises on the twelfth (12th) floor of the Building and shown on the pages attached to this Schedule B-2.





**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) / RULE 15d-14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934, AS AMENDED**

I, Chen Schor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of resTORbio, 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.

/s/ Chen Schor

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**Chen Schor**  
**President and Chief Executive Officer**  
**(Principal Executive Officer)**

Dated: May 15, 2019

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) / RULE 15d-14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934, AS AMENDED**

I, John J. McCabe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of resTORbio, 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.

/s/ John J. McCabe

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**John J. McCabe**

**Vice President, Finance**

**(Principal Financial and Accounting Officer)**

Dated: May 15, 2019

**CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER 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 on Form 10-Q of resTORbio, Inc. (the "Company") for the quarter ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify, pursuant to 18 U.S.C. Section 1350, that, to the best of their knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Chen Schor

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**Chen Schor**

**President and Chief Executive Officer**

**(Principal Executive Officer)**

Dated: May 15, 2019

/s/ John J. McCabe

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**John J. McCabe**

**Vice President, Finance**

**(Principal Financial and Accounting Officer)**

Dated: May 15, 2019