# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2020**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _____ to**

**Commission File Number: 001-38583**

# Crinetics Pharmaceuticals, Inc.

**(Exact name of registrant as specified in its charter)**

| **Delaware** | **26-3744114** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |
| **10222 Barnes Canyon Road, Bldg. #2, San Diego, California** | **92121** |
| **(Address of principal executive offices)** | **(Zip code)** |

Registrant's telephone number, including area code: **(858) 450-6464**

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 $0.001 per share | CRNX | 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, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☑ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☑ |
| | | Emerging growth company | ☑ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of July 31, 2020, the registrant had 32,883,582 shares of common stock ($0.001 per share par value) outstanding.

**CRINETICS PHARMACEUTICALS, INC.**

**QUARTERLY REPORT ON FORM 10-Q**
**For the Quarter Ended June 30, 2020**

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**Item 1. Condensed Financial Statements**

**Crinetics Pharmaceuticals, Inc.**

**Condensed Consolidated Balance Sheets**

(In thousands)

| | June 30, 2020 (Unaudited) | December 31, 2019 |
|---|---|---|
| **Assets** | | |
| **Current assets:** | | |
| Cash and cash equivalents | $ 160,814 | $ 40,326 |
| Investment securities | 44,351 | 78,066 |
| Prepaid expenses and other current assets | 5,445 | 4,947 |
| Total current assets | 210,610 | 123,339 |
| Property and equipment, net | 3,635 | 3,946 |
| Operating lease right-of-use asset | 2,377 | 2,510 |
| Restricted cash | 500 | 500 |
| Other assets | — | 82 |
| Total assets | $ 217,122 | $ 130,377 |
| | | |
| **Liabilities and Stockholders' Equity** | | |
| **Current liabilities:** | | |
| Accounts payable and accrued expenses | $ 6,760 | $ 5,498 |
| Accrued compensation and related expenses | 2,328 | 2,118 |
| Other current liabilities | 782 | 724 |
| Total current liabilities | 9,870 | 8,340 |
| Operating lease liability, non-current | 4,444 | 4,849 |
| Unvested stock liability | 34 | 49 |
| Total liabilities | 14,348 | 13,238 |
| **Commitments and contingencies (Note 7)** | | |
| **Stockholders' equity:** | | |
| Preferred stock, $0.001 par value; 10,000 shares authorized; no shares issued or outstanding at June 30, 2020 or at December 31, 2019 | — | — |
| Common stock and paid-in capital, $0.001 par value; 200,000 shares authorized; 32,906 shares issued and 32,882 shares outstanding at June 30, 2020; 24,296 shares issued and 24,263 shares outstanding at December 31, 2019 | 330,300 | 210,793 |
| Accumulated other comprehensive income | 127 | 148 |
| Accumulated deficit | (127,653) | (93,802) |
| Total stockholders' equity | 202,774 | 117,139 |
| Total liabilities and stockholders' equity | $ 217,122 | $ 130,377 |

*See the accompanying notes to these unaudited condensed consolidated financial statements.*

**Crinetics Pharmaceuticals, Inc.**

**Condensed Consolidated Statements of Operations and Comprehensive Loss**

(In thousands, except per share data)
(Unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Grant revenues | $ — | $ — | $ 71 | $ 367 |
| **Operating expenses:** | | | | |
| Research and development | 12,607 | 10,285 | 26,469 | 17,540 |
| General and administrative | 4,322 | 3,060 | 8,313 | 6,216 |
| Total operating expenses | 16,929 | 13,345 | 34,782 | 23,756 |
| Loss from operations | (16,929) | (13,345) | (34,711) | (23,389) |
| **Other income (expense):** | | | | |
| Interest income | 260 | 960 | 816 | 1,970 |
| Other income (expense), net | 178 | (42) | 44 | (24) |
| Total other income (expense), net | 438 | 918 | 860 | 1,946 |
| Net loss | (16,491) | (12,427) | (33,851) | (21,443) |
| **Other comprehensive income (loss):** | | | | |
| Unrealized gain (loss) on investment securities | (40) | 89 | (21) | 173 |
| **Comprehensive loss** | $ (16,531) | $ (12,338) | $ (33,872) | $ (21,270) |
| **Net loss per share:** | | | | |
| Net loss per share – basic and diluted | $ (0.53) | $ (0.51) | $ (1.21) | $ (0.89) |
| Weighted average shares outstanding – basic and diluted | 31,409 | 24,161 | 27,948 | 24,128 |

*See the accompanying notes to these unaudited condensed consolidated financial statements.*

**Crinetics Pharmaceuticals, Inc.**

**Condensed Consolidated Statements of Stockholders' Equity**

(In thousands, except per share data)
(Unaudited)

| | Common Stock Shares | Common stock and Paid-In Capital | Accumulated Other Comprehensive Income | Accumulated Deficit | Total Stockholders' Equity |
|---|---|---|---|---|---|
| Balance at April 1, 2020 | 24,587 | $ 219,432 | $ 167 | $ (111,162) | $ 108,437 |
| Issuance of stock in public offering, net of issuance costs of $7,259 | 8,223 | 107,856 | — | — | 107,856 |
| Vesting of stock subject to repurchase | 3 | 5 | — | — | 5 |
| Exercise of stock options | 42 | 72 | — | — | 72 |
| Issuance of stock under Stock Purchase Plan | 27 | 407 | — | — | 407 |
| Stock-based compensation | — | 2,528 | — | — | 2,528 |
| Comprehensive loss | — | — | (40) | — | (40) |
| Net loss | — | — | — | (16,491) | (16,491) |
| Balance at June 30, 2020 | 32,882 | $ 330,300 | $ 127 | $ (127,653) | $ 202,774 |
| | | | | | |
| Balance at January 1, 2020 | 24,263 | $ 210,793 | $ 148 | $ (93,802) | $ 117,139 |
| Issuance of stock in public offering, net of issuance costs of $7,259 | 8,223 | 107,856 | — | — | 107,856 |
| Issuance of stock in at the market offering, net of issuance costs of $199 | 276 | 6,427 | — | — | 6,427 |
| Vesting of stock subject to repurchase | 9 | 15 | — | — | 15 |
| Exercise of stock options | 84 | 127 | — | — | 127 |
| Issuance of stock under Stock Purchase Plan | 27 | 407 | — | — | 407 |
| Stock-based compensation | — | 4,675 | — | — | 4,675 |
| Comprehensive loss | — | — | (21) | — | (21) |
| Net loss | — | — | — | (33,851) | (33,851) |
| Balance at June 30, 2020 | 32,882 | $ 330,300 | $ 127 | $ (127,653) | $ 202,774 |
| | | | | | |
| Balance at April 1, 2019 | 24,115 | $ 204,645 | $ 145 | $ (52,396) | $ 152,394 |
| Vesting of stock subject to repurchase | 13 | 18 | — | — | 18 |
| Exercise of stock options | 42 | 67 | — | — | 67 |
| Issuance of stock under Stock Purchase Plan | 25 | 379 | — | — | 379 |
| Stock-based compensation | — | 1,581 | — | — | 1,581 |
| Comprehensive income | — | — | 89 | — | 89 |
| Net loss | — | — | — | (12,427) | (12,427) |
| Balance at June 30, 2019 | 24,195 | $ 206,690 | $ 234 | $ (64,823) | $ 142,101 |
| | | | | | |
| Balance at January 1, 2019 | 24,061 | $ 203,544 | $ 61 | $ (43,380) | $ 160,225 |
| Vesting of stock subject to repurchase | 46 | 71 | — | — | 71 |
| Exercise of stock options | 63 | 87 | — | — | 87 |
| Issuance of stock under Stock Purchase Plan | 25 | 379 | — | — | 379 |
| Stock-based compensation | — | 2,609 | — | — | 2,609 |
| Comprehensive income | — | — | 173 | — | 173 |
| Net loss | — | — | — | (21,443) | (21,443) |
| Balance at June 30, 2019 | 24,195 | $ 206,690 | $ 234 | $ (64,823) | $ 142,101 |

*See the accompanying notes to these unaudited condensed consolidated financial statements.*

**Crinetics Pharmaceuticals, Inc.**

**Condensed Consolidated Statements of Cash Flows**

(In thousands)
(Unaudited)

| | Six months ended June 30, | |
|---|---|---|
| | **2020** | **2019** |
| **Operating activities:** | | |
| Net loss | $ (33,851) | $ (21,443) |
| Reconciliation of net loss to net cash used in operating activities: | | |
| Stock-based compensation | 4,675 | 2,609 |
| Depreciation and amortization | 479 | 430 |
| Noncash lease expense | 133 | 109 |
| Accretion of purchase discounts and amortization of premiums on investment securities, net | (293) | (689) |
| Other, net | (25) | 2 |
| **Increase (decrease) in cash resulting from changes in:** | | |
| Prepaid expenses and other current assets | (416) | 24 |
| Accounts payable and accrued expenses | 1,560 | (92) |
| Operating lease liability | (347) | (277) |
| Net cash used in operating activities | (28,085) | (19,327) |
| **Investing activities:** | | |
| Purchases of investment securities | (70,102) | (52,664) |
| Maturities of investment securities | 104,115 | 87,170 |
| Purchases of property and equipment | (72) | (464) |
| Net cash provided by investing activities | 33,941 | 34,042 |
| **Financing activities:** | | |
| Proceeds from issuance of stock in public offering, net | 108,078 | — |
| Proceeds from issuance of common stock, net | 6,427 | — |
| Proceeds from exercise of stock options | 127 | 87 |
| Repurchase of unvested shares | — | (59) |
| Net cash provided by financing activities | 114,632 | 28 |
| **Net change in cash, cash equivalents and restricted cash** | 120,488 | 14,743 |
| **Cash, cash equivalents and restricted cash at beginning of period** | 40,826 | 45,473 |
| **Cash, cash equivalents and restricted cash at end of period** | $ 161,314 | $ 60,216 |
| **Noncash investing and financing activities:** | | |
| Issuance of shares under Stock Purchase Plan | $ 407 | $ 379 |
| Amounts accrued for purchases of property and equipment | $ 97 | $ — |
| Change in accrued public offering costs | $ 222 | $ — |
| Change in unvested stock liability | $ 15 | $ 71 |

*See the accompanying notes to these unaudited condensed consolidated financial statements.*

## 1. ORGANIZATION AND BASIS OF PRESENTATION

### Description of Business

Crinetics Pharmaceuticals, Inc. (the "Company") is a clinical-stage pharmaceutical company incorporated in Delaware on November 18, 2008 and based in San Diego, California. The Company is focused on the discovery, development and commercialization of novel therapeutics for rare endocrine diseases and endocrine-related tumors. In January 2017, the Company established a wholly owned Australian subsidiary, Crinetics Australia Pty Ltd ("CAPL"), in order to conduct various preclinical and clinical activities for its development candidates.

### Unaudited Interim Financial Information

The accompanying interim condensed consolidated balance sheet as of June 30, 2020, the condensed consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2020 and 2019, the condensed consolidated statements of stockholders' equity for the three and six months ended June 30, 2020 and 2019, and the condensed consolidated statements of cash flows for the six months ended June 30, 2020 and 2019, and the related disclosures are unaudited. In management's opinion, the unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's financial position as of June 30, 2020 and the results of its operations and cash flows for the six months ended June 30, 2020 and 2019 in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The results for the three and six months ended June 30, 2020 are not necessarily indicative of the results expected for the full fiscal year or any other interim period.

### Principles of Consolidation and Foreign Currency Transactions

The condensed consolidated financial statements include the accounts of the Company and CAPL. All intercompany accounts and transactions have been eliminated in consolidation. The functional currency of both the Company and CAPL is the U.S. dollar. Assets and liabilities that are not denominated in the functional currency are remeasured into U.S. dollars at foreign currency exchange rates in effect at the balance sheet date except for nonmonetary assets, which are remeasured at historical foreign currency exchange rates in effect at the date of transaction. Net realized and unrealized gains and losses from foreign currency transactions and remeasurement are reported in other income (expense), in the condensed consolidated statements of operations and were not material for all periods presented.

### Segment Reporting

Operating segments are identified as components of an enterprise about which discrete financial information is available for evaluation by the chief operating decision-maker in making decisions regarding resource allocation and assessing performance. The Company views its operations and manages its business in one operating segment.

### Liquidity and Going Concern

From inception, the Company has devoted substantially all of its efforts to drug discovery and development and conducting preclinical studies and clinical trials. The Company has a limited operating history and the sales and income potential of the Company's business and market are unproven. Successful transition to attaining profitable operations is dependent upon achieving a level of revenues adequate to support the Company's cost structure.

As of June 30, 2020, the Company had $205.2 million in unrestricted cash, cash equivalents and investment securities, which the Company believes is sufficient to meet its funding requirements for at least the next 12 months.

The Company has experienced net losses and negative cash flows from operating activities since its inception and has an accumulated deficit of $127.7 million as of June 30, 2020. The Company expects to continue to incur net losses for the foreseeable future and believes it will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company plans to continue to fund its losses from operations and capital funding needs through a combination of equity offerings, debt financings or other sources, including potential collaborations, licenses and other similar arrangements. If the Company is not able to secure adequate additional funding, the Company may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, or suspend or curtail planned programs. Any of these actions could

materially harm the Company's business, results of operations and future prospects. There can be no assurance as to the availability or terms upon which such financing and capital might be available in the future.

**COVID-19**

The COVID-19 outbreak has caused significant business disruption around the globe. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Company's clinical trials, employees and vendors. In response to the spread of COVID-19, we have closed our offices to all but a limited number of our lab personnel, while the remainder of our employees are continuing their work outside of our offices. At this point, the degree to which COVID-19 may impact the Company's financial condition or future results of operations is uncertain. A prolonged outbreak could have a material adverse impact on financial results and business operations of the Company, including the timing and ability of Company to complete certain clinical trials and other efforts required to advance the development of its drug candidates and raise additional capital.

In response to the pandemic, the Coronavirus Aid, Relief and Economic Security Act ("CARES ACT") was signed into law on March 27, 2020. The CARES Act, among other things, includes tax provisions relating to refundable payroll tax credits, deferment of employer's social security payments, net operating loss utilization and carryback periods, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The CARES Act has not had a material impact on our income tax provision for the six months ended June 30, 2020. We will continue to evaluate the impact of the CARES Act on our financial position, results of operations and cash flows.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The Company's condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of the Company's condensed consolidated financial statements requires it to make estimates and assumptions that impact the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the Company's condensed consolidated financial statements and accompanying notes. The most significant estimates in the Company's condensed consolidated financial statements relate to accrued expenses and associated research and development expense, accrued amounts receivable under the Australian research and development tax incentive program, the assumptions underlying the determination of the estimated incremental borrowing rate for the determination of the Company's operating lease right-of-use asset, and the assumptions underlying the determination of the fair value of equity awards for purposes of determining stock-based compensation. Although these estimates are based on the Company's knowledge of current events and actions it may undertake in the future, actual results may ultimately materially differ from these estimates and assumptions.

**Fair Value Measurements**

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying amounts of the Company's current financial assets, restricted cash and current financial liabilities are considered to be representative of their respective fair values because of the short-term nature of those instruments.

**Cash, Cash Equivalents and Restricted Cash**

Cash and cash equivalents include cash held in readily available checking and money market accounts, as well as short-term debt securities with maturities of three months or less when purchased. Restricted cash represents cash held as collateral for the Company's facility lease and is reported as a long-term asset in the accompanying condensed consolidated balance sheets.

**Investment Securities**

All investments have been classified as "available-for-sale" and are carried at fair value as determined based upon quoted market prices or pricing models for similar securities at period end. Investments with contractual maturities less than 12 months at the balance sheet date are considered short-term investments. Investments with contractual maturities beyond one year are also classified as short-term due to the Company's ability to liquidate the investment for use in operations within the next 12 months.

Realized gains and losses on investment securities are included in earnings and are derived using the specific identification method for determining the cost of securities sold. The Company has not realized any significant gains or losses on sales of available-for-sale investment securities during any of the periods presented. As all the Company's investment holdings are in the form of debt securities, unrealized gains and losses that are determined to be temporary in nature are reported as a component of accumulated other comprehensive income (loss). A decline in the fair value of any security below cost that is deemed other than temporary results in a charge to earnings and the establishment of a new cost basis for the security. Interest income is recognized when earned and is included in investment income, as are the amortization of purchase premiums and accretion of purchase discounts on investment securities.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents and investment securities. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash balances due to the financial position of the depository institution in which those deposits are held. Additionally, the Company has established guidelines regarding approved investments and maturities of investments, which are designed to maintain safety and liquidity.

**Leases**

The Company determines if an arrangement is a lease at the inception of the arrangement. Leases with a term longer than 12 months that are determined to be operating leases are included in operating lease assets, accrued expenses and other current liabilities and noncurrent operating lease liabilities in the condensed consolidated balance sheets based on the present value of the minimum lease payments called for under the arrangement. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

**Research and Development Expenses**

Research and development ("R&D") expenses consist primarily of salaries, payroll taxes, employee benefits and stock-based compensation for individuals involved in R&D efforts, as well as consulting expenses, third-party R&D expenses, laboratory supplies, clinical materials and overhead, including facilities and depreciation costs, offset by the Australian Tax Incentive discussed below. R&D expenses are charged to expense as incurred. Payments made prior to the receipt of goods or services to be used in R&D are capitalized until the goods or services are received.

Costs incurred under contracts with contract research organizations that conduct and manage the Company's clinical trials are also included in research and development expenses. The financial terms and activities of these agreements vary from contract to contract and may result in uneven expense levels. Generally, these agreements set forth activities that drive the recording of expenses such as start-up and initiation activities, enrollment and treatment of patients, or the completion of other clinical trial activities. Expenses related to clinical trials are accrued based on estimates and/or representations from service providers regarding work performed, including actual level of patient enrollment, completion of patient studies and progress of the clinical trials. Other incidental costs related to patient enrollment or treatment are accrued when reasonably certain. If the amounts that the Company is obligated to pay under its clinical trial agreements are modified (for instance, as a result of changes in the clinical trial protocol or scope of work to be performed), the Company adjusts its accruals accordingly on a prospective basis. Revisions to contractual payment obligations are charged to expense in the period in which the facts that give rise to the revision become reasonably certain.

Accrued R&D expenses were $4.2 million at June 30, 2020 and $2.8 million at December 31, 2019 and are included in accounts payable and accrued expenses in the condensed consolidated balance sheets.

**Australian Tax Incentive**

CAPL is eligible to obtain a cash refund from the Australian Taxation Office for eligible R&D expenditures under the Australian R&D Tax Incentive Program (the "Australian Tax Incentive"). The Australian Tax Incentive is recognized as a reduction to R&D expense when there is reasonable assurance that the Australian Tax Incentive will be received, the relevant expenditure has been incurred, and the amount can be reliably measured.

The Company recognized a reduction to R&D expense of $0.2 million and $0.4 million for the three and six months ended June 30, 2020, respectively; for the three and six months ended June 30, 2019, the Company recognized a reduction to R&D expense of $0.2 million and $0.3 million, respectively.

**Stock-Based Compensation**

Stock-based compensation expense represents the estimated grant date fair value of the Company's equity awards, consisting of stock options and shares issued under the Company's Employee Stock Purchase Plan, recognized over the requisite service period of such awards (usually the vesting period) on a straight-line basis. For stock awards for which vesting is subject to performance-based milestones, the expense is recorded over the remaining service period after the point when the achievement of the milestone is probable, or the performance condition has been achieved. The Company estimates the fair value of all stock option grants using the Black-Scholes option pricing model and recognizes forfeitures as they occur.

**Comprehensive Loss**

Comprehensive loss is comprised of the Company's net loss and the unrealized gain or loss on the Company's investment securities held for all periods presented.

**Net Loss Per Share**

Basic net loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding for the period, without consideration for potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock and dilutive common stock equivalents outstanding for the period determined using the treasury-stock and if-converted methods. Dilutive common stock equivalents are comprised of common stock subject to repurchase and stock options outstanding under the Company's stock option plan. For all periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding as inclusion of the potentially dilutive securities would be antidilutive.

Potentially dilutive securities not included in the calculation of diluted net loss per share because to do so would be anti-dilutive are shown below in common stock equivalent shares (in thousands):

| | June 30, | |
|---|---|---|
| | 2020 | 2019 |
| Common stock options | 3,990 | 3,040 |
| Unvested common stock subject to repurchase | 23 | 50 |
| | 4,013 | 3,090 |

**Recently Adopted Accounting Pronouncements**

*ASU 2018-13*

In August 2018, the FASB issued ASU 2018-13, "*Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*," which improves the effectiveness of the disclosures required under ASC 820, "*Fair Value Measurements and Disclosures*" and modifies the disclosure requirements on fair value measurements, including the consideration of costs and benefits. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company has prospectively adopted ASU 2018-13 as of January 1, 2020 for periods presented after adoption. The adoption of ASU 2018-13 did not have a material impact on the Company's consolidated financial statements.

**Recent Accounting Pronouncements**

*ASU 2016-13*

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*” (“Topic 326”). Topic 326 amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, Topic 326 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available for sale debt securities, credit losses should be measured in a manner similar to current GAAP, however Topic 326 will require that credit losses be presented as an allowance rather than as a write-down. This ASU update affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. This update is effective for the company for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is currently evaluating the impact of the pending adoption of this new standard on its consolidated financial statements.

**3. INVESTMENT SECURITIES**

The Company reports its available-for-sale investment securities at their estimated fair values based on quoted market prices for identical or similar instruments. The following is a summary of the available-for-sale investment securities held by the Company as of June 30, 2020 and December 31, 2019 (*in thousands*):

| | As of June 30, 2020 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Market Value |
| Available-for-sale investment securities: | | | | |
| U.S. government and agency obligations | $ 29,984 | $ 32 | $ (1) | $ 30,015 |
| Certificates of deposit | 5,743 | 57 | — | 5,800 |
| Commercial paper | 2,998 | — | — | 2,998 |
| Corporate debt securities | 5,499 | 39 | — | 5,538 |
| Total | $ 44,224 | $ 128 | $ (1) | $ 44,351 |

| | As of December 31, 2019 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Market Value |
| Available-for-sale investment securities: | | | | |
| U.S. government and agency obligations | $ 43,275 | $ 94 | $ (1) | $ 43,368 |
| Certificates of deposit | 5,931 | 51 | — | 5,982 |
| Commercial paper | 17,645 | — | — | 17,645 |
| Corporate debt securities | 11,067 | 7 | (3) | 11,071 |
| Total | $ 77,918 | $ 152 | $ (4) | $ 78,066 |

All available-for-sale investment securities held at June 30, 2020 and December 31, 2019, had maturity dates of less than 24 months.

None of the Company’s available-for-sale investment securities were in a material unrealized loss position at June 30, 2020 or December 31, 2019. As such, the Company has not recognized any impairment in its financial statements related to its available-for-sale investment securities.

**4. FAIR VALUE MEASUREMENTS**

The Company holds investment securities that consist of highly liquid, investment grade debt securities. The Company determines the fair value of its investment securities based upon one or more valuations reported by its investment accounting and reporting service provider. The investment service provider values the securities using a hierarchical security pricing model that relies primarily on valuations provided by an industry-recognized valuation service. Such valuations may be based on trade prices in active markets for identical assets or liabilities (Level 1

inputs) or valuation models using inputs that are observable either directly or indirectly (Level 2 inputs), such as quoted prices for similar assets or liabilities, yield curves, volatility factors, credit spreads, default rates, loss severity, current market and contractual prices for the underlying instruments or debt, and broker and dealer quotes, as well as other relevant economic measures.

Financial assets measured at fair value on a recurring basis as of June 30, 2020 and December 31, 2019 were as follows (*in thousands*):

| | As of June 30, 2020 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| ***Investment securities:*** | | | | |
| U.S. government and agency obligations | $ 27,509 | $ 2,506 | $ — | $ 30,015 |
| Certificates of deposit | — | 5,800 | — | 5,800 |
| Commercial paper | — | 2,998 | — | 2,998 |
| Corporate debt securities | — | 5,538 | — | 5,538 |
| Total assets measured at fair value | $ 27,509 | $ 16,842 | $ — | $ 44,351 |

| | As of December 31, 2019 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| ***Investment securities:*** | | | | |
| U.S. government and agency obligations | $ 15,478 | $ 27,890 | $ — | $ 43,368 |
| Certificates of deposit | — | 5,982 | — | 5,982 |
| Commercial paper | — | 17,645 | — | 17,645 |
| Corporate debt securities | — | 11,071 | — | 11,071 |
| Total assets measured at fair value | $ 15,478 | $ 62,588 | $ — | $ 78,066 |

The Company's policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of Level 3 during the six months ended June 30, 2020.

**5. BALANCE SHEET DETAILS**

Prepaid expenses and other current assets consisted of the following (in thousands):

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| Prepaid research and development costs | $ 3,168 | $ 2,478 |
| Australian tax incentive receivable | 1,408 | 929 |
| Interest receivable | 116 | 224 |
| SBIR grant receivable | — | 225 |
| Prepaid expenses and other assets | 753 | 1,091 |
| Total | $ 5,445 | $ 4,947 |

Property and equipment, net consisted of the following (in thousands):

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| Leasehold improvements | $ 3,494 | $ 3,494 |
| Lab equipment | 1,550 | 1,468 |
| Office equipment | 653 | 567 |
| Computers and software | 41 | 41 |
| Property and equipment at cost | 5,738 | 5,570 |
| Less accumulated depreciation and amortization | 2,103 | 1,624 |
| Total | $ 3,635 | $ 3,946 |

## 6. OPERATING LEASE

*2018 Operating Lease.* In February 2018, as amended in March 2018, the Company entered into a non-cancelable operating lease for a facility in San Diego, California. The lease has an initial term of seven years which expires in August 2025, and the Company has an option to extend the term of the lease for an additional five years and has a termination option subject to early termination fees. The lease is subject to base lease payments and additional charges for common area maintenance and other costs and includes certain lease incentives and tenant improvement allowances. Rent expense is being recognized on a straight-line basis over the term of the lease. The Company's estimated incremental borrowing rate of 8.0% was used in its present value calculation as the facility lease does not have a stated rate, and the implicit rate was not readily determinable.

Under the terms of the lease, the Company provided the lessor with an irrevocable letter of credit in the amount of $0.5 million. The lessor is entitled to draw on the letter of credit in the event of any default by the Company under the terms of the lease.

*Future Minimum Payments.* As of June 30, 2020, future minimum payments under non-cancellable operating leases were as follows (in thousands):

| Year ending December 31, | Minimum Payments |
|---|---|
| 2020 (6 months) | $ 571 |
| 2021 | 1,173 |
| 2022 | 1,208 |
| 2023 | 1,244 |
| 2024 | 1,280 |
| Thereafter | 871 |
| Total future minimum lease payments | 6,347 |
| Less imputed interest | 1,121 |
| Total operating lease liability | 5,226 |
| Less operating lease liability, current | 782 |
| Operating lease liability, non-current | $ 4,444 |

Rent expense was $0.2 million and $0.5 million for the three and six months ended June 30, 2020, respectively; for the three and six months ended June 30, 2019, the Company recognized rent expense of $0.3 million and $0.5 million, respectively.

Cash paid for amounts included in the measurement of lease liabilities for operating cash flow from operating leases was $0.6 million and $0.5 million during the six months ended June 30, 2020 and 2019, respectively.

## 7. COMMITMENTS AND CONTINGENCIES

### Litigation

From time to time, the Company may be subject to various claims and suits arising in the ordinary course of business. The Company does not expect that the resolution of these matters will have a material adverse effect on its financial position or results of operations.

## 8. STOCKHOLDERS' EQUITY

### Authorized Shares

In connection with the completion of the Company's initial public offering in July 2018, the Company amended and restated its certificate of incorporation to authorize 200,000,000 shares of common stock, par value $0.001 per share, and 10,000,000 shares of preferred stock, par value $0.001 per share.

### Stock Offering

On April 17, 2020, the Company completed a public offering of 8,222,500 shares of its common stock at a public offering price of $14.00 per share. Proceeds from the offering were approximately $107.9 million, net of underwriting discounts and commissions and offering costs of $7.3 million. The shares were registered pursuant to the Company's Shelf Registration Statement discussed below.

**Shelf Registration Statement and ATM Offering**

On August 13, 2019, the Company filed a registration statement on Form S-3 (the "Shelf Registration Statement"), covering the offering of up to $300.0 million of common stock, preferred stock, debt securities, warrants and units. The Registration Statement became effective on August 29, 2019.

On August 13, 2019 the Company also entered into a Sales Agreement (the "Sales Agreement") with SVB Leerink LLC and Cantor Fitzgerald & Co. (collectively, the "Sales Agents"), under which the Company may, from time to time, sell shares of its common stock having an aggregate offering price of up to $75.0 million through the Sales Agents (the "ATM Offering"). The Shelf Registration Statement included a prospectus covering the offering, issuance and sale of up to $75.0 million of the Company's common stock from time to time through the ATM Offering. The shares to be sold under the Sales Agreement may be issued and sold pursuant to the Shelf Registration Statement.

During the three-month period ended March 31, 2020, the Company issued 275,764 shares of common stock in the ATM Offering for net proceeds of $6.4 million, after deducting commissions. The Company did not issue any additional shares of common stock in the ATM Offering during the three-month period ended June 30, 2020.

**9. EQUITY INCENTIVE PLANS**

**2018 Incentive Award Plan**

In July 2018, the Company adopted the 2018 Incentive Award Plan (the "2018 Plan"). Under the 2018 Plan, which expires in July 2028, the Company may grant equity-based awards to individuals who are employees, officers, directors or consultants of the Company. Options issued under the 2018 Plan, will generally expire ten years from the date of grant and vest over a four-year period. As of June 30, 2020, 2,485,843 shares were available for future issuance under the 2018 Plan.

The 2018 Plan contains a provision that allows annual increases in the number of shares available for issuance on the first day of each calendar year through January 1, 2028 in an amount equal to the lesser of: (i) 5% of the aggregate number of shares of the Company's common stock outstanding on December 31 of the immediately preceding calendar year, or (ii) such lesser amount determined by the Company. Under this evergreen provision, on January 1, 2020, an additional 1,214,804 shares became available for future issuance under the 2018 Plan.

**2015 Stock Incentive Plan**

In February 2015, the Company adopted the Crinetics Pharmaceuticals, Inc. 2015 Stock Incentive Plan (the "2015 Plan"), which provided for the issuance of equity awards to the Company's employees, members of its board of directors and consultants. In general, options issued under this plan vest over four years and expire after 10 years. Subsequent to the adoption of the 2018 Plan, no additional equity awards can be made under the 2015 Plan.

Certain awards under the 2015 Plan allowed for exercise prior to vesting. Shares issued under such early-exercise provisions are subject to repurchase by the Company until they become fully vested. As of June 30, 2020, 23,311 unvested shares issued under early-exercise provisions were subject to repurchase by the Company. The condensed consolidated balance sheet reflects an unvested stock liability of $34,000 as of June 30, 2020.

**2018 Employee Stock Purchase Plan**

In July 2018, the Company adopted the 2018 Employee Stock Purchase Plan (the "ESPP"). The ESPP permits participants to purchase common stock through payroll deductions of up to 20% of their eligible compensation. As of June 30, 2020, an aggregate of 638,720 shares of common stock were available for issuance under the ESPP.

The ESPP contains a provision that allows annual increases in the number of shares available for issuance on the first day of each calendar year through January 1, 2028 in an amount equal to the lesser of: (i) 1% of the aggregate number of shares of the Company's common stock outstanding on December 31 of the immediately preceding calendar year, or (ii) such lesser amount determined by the Company. Under this evergreen provision, on January 1, 2020, an additional 242,961 shares became available for future issuance under the ESPP.

**Stock Options**

Activity under the Company's stock option plans during the six months ended June 30, 2020 was as follows:

| | Options Outstanding (000's) | Weighted-Average Exercise Price | Weighted-Average Remaining Term | Aggregate Intrinsic Value (000's) |
|---|---|---|---|---|
| Balance at December 31, 2019 | 3,127 | $ 11.52 | | |
| Granted | 1,019 | $ 21.58 | | |
| Exercised | (84) | $ 1.52 | | |
| Forfeited and expired | (73) | $ 20.81 | | |
| Balance at June 30, 2020 | 3,989 | $ 14.13 | 8.4 | $ 24,208 |
| Exercisable at June 30, 2020 | 1,628 | $ 9.55 | 7.7 | $ 15,549 |

Aggregate intrinsic value is calculated as the difference at June 30, 2020 between the closing price of the Company's common stock and the exercise price of stock options that had exercise prices below the closing price.

The aggregate intrinsic value of options exercised during the six months ended June 30, 2020 was $1.5 million.

**Fair Value of Stock Option Awards**

The Company utilizes the Black-Scholes option pricing model to value awards under its equity plans. The following table summarizes the weighted average assumptions used to estimate the fair value of stock options granted under the Company's stock option plans and the shares purchasable under the ESPP during the periods presented:

| Stock Option Plans | 2020 | 2019 |
|---|---|---|
| Expected option term | 6.0 years | 5.9 years |
| Expected volatility | 77% | 78% |
| Risk free interest rate | 1.1% | 2.4% |
| Expected dividend yield | —% | —% |

| ESPP | 2020 | 2019 |
|---|---|---|
| Expected option term | 2.0 years | 1.3 years |
| Expected volatility | 82% | 62% |
| Risk free interest rate | 0.0% | 2.3% |
| Expected dividend yield | —% | —% |

The key assumptions used in determining the fair value of equity awards, and the Company's rationale, were as follows: (i) *Expected option term* - the expected term represents the period that options are expected to be outstanding and has been estimated using the simplified method, which is an average of the contractual option term and its vesting period; (ii) *Expected volatility* - the expected volatility assumption is based on volatilities of a peer group of similar companies in the biotechnology industry whose share prices are publicly available; (iii) *Risk-free interest rate* - the risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant for zero coupon U.S. Treasury notes with maturities that approximate the expected terms of awards; and (iv) *Expected dividend yield* - the expected dividend yield assumption is zero as the Company has never paid dividends and has no present intention to do so in the future.

The weighted-average fair value of stock options awarded during the six months ended June 30, 2020 and 2019 was $14.37 and $16.95 per share, respectively.

**Stock-Based Compensation Expense**

Stock-based compensation expense for the equity awards issued by the Company to employees and non-employees for the periods presented below was as follows (in thousands):

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Included in research and development | $ 1,227 | $ 839 | $ 2,313 | $ 1,378 |
| Included in general and administrative | 1,301 | 742 | 2,362 | 1,231 |
| Total stock-based compensation expense | $ 2,528 | $ 1,581 | $ 4,675 | $ 2,609 |

As of June 30, 2020, unrecognized stock-based compensation cost related to option awards and to the ESPP was $26.9 million and $0.9 million, respectively, which is expected to be recognized over a remaining weighted-average period of approximately 2.9 years and 1.6 years, respectively.

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

*You should read the following discussion of our financial condition and results of operations in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and with our audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2019.*

### Forward Looking Statements

*The following discussion and other parts of this quarterly report contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical facts contained in this quarterly report, including statements regarding our future results of operations and financial position, business strategy, the impact of the COVID-19 pandemic, prospective products, product approvals, research and development costs, timing and likelihood of success, plans and objectives of management for future operations and future results of anticipated products, are forward-looking statements. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "should," "estimate," or "continue," and similar expressions or variations. The forward-looking statements in this quarterly report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, operating results, business strategy, short-term and long-term business operations and objectives. These forward-looking statements speak only as of the date of this quarterly report and are subject to a number of risks, uncertainties and assumptions, including those described in Part II, Item 1A, "Risk Factors." The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.*

### Overview

We are a clinical-stage pharmaceutical company focused on the discovery, development, and commercialization of novel therapeutics for rare endocrine diseases and endocrine-related tumors. Endocrine pathways function to maintain homeostasis and commonly use peptide hormones acting through G-protein coupled receptors, or GPCRs, to regulate many aspects of physiology including growth, energy, metabolism, gastrointestinal functions and stress responses. We have assembled a seasoned team with extensive expertise in drug discovery and development in endocrine GPCRs and built a highly productive drug discovery organization. We have discovered a pipeline of oral nonpeptide (small molecule) new chemical entities that target peptide GPCRs to treat a variety of rare endocrine diseases where treatment options have significant efficacy, safety, and/or tolerability limitations. Our lead product candidate, paltusotine (formerly CRN00808), is currently in clinical development for the treatment of acromegaly, and we are advancing additional product candidates through clinical and preclinical studies in parallel. Our vision is to build the leading endocrine company which consistently pioneers new therapeutics to help patients better control their disease and improve their daily lives.

We focus on the discovery and development of oral nonpeptide therapeutics that target peptide GPCRs with well-understood biological functions, validated biomarkers, and the potential to substantially improve the treatment of endocrine diseases and/or endocrine-related tumors. Our pipeline consists of paltusotine for acromegaly and neuroendocrine tumors, or NETs, and two preclinical programs for diseases of excess adrenocorticotropic hormone, or ACTH, and congenital hyperinsulinism, or congenital HI.

#### *Paltusotine*

Paltusotine, our lead product candidate, establishes a new class of oral selective nonpeptide somatostatin receptor type 2, or SST2, biased agonists designed for the treatment of acromegaly and NETs. The U.S. Food and Drug Administration, or FDA, has granted paltusotine orphan drug designation for the treatment of acromegaly.

We are currently conducting three global Phase 2 clinical trials of paltusotine in acromegaly patients, the ACROBAT Edge, or Edge, ACROBAT Evolve, or Evolve, and ACROBAT Advance, or Advance trials. The Edge trial is an open-label exploratory study designed to evaluate the safety, efficacy and pharmacokinetics of paltusotine in subjects with acromegaly that are treated with somatostatin analog, or SSA, based treatment regimens but whose disease is not biochemically controlled. The Evolve trial is a double-blind, placebo-controlled, randomized withdrawal study designed to evaluate the safety, efficacy and pharmacokinetics of paltusotine, in subjects with acromegaly whose disease is biochemically controlled by octreotide LAR or lanreotide depot monotherapy. The

Advance trial is an open-label, long-term extension study designed to evaluate the safety and efficacy of paltusotine in patients that have completed the Evolve or Edge trials.

On April 6, 2020, we announced interim results from the ongoing Edge Phase 2 clinical trial. Results as of a February 23, 2020 data cutoff showed that acromegaly patients switching from injectable depot therapy to once daily oral paltusotine maintained insulin like growth factor 1, or IGF-1, levels previously achieved with commercially available depot injections of SSAs. Interim results from an exploratory analysis of the first 13 patients who entered the Edge trial on octreotide or lanreotide depot monotherapy showed that, as of the cutoff date, switching to once daily oral paltusotine maintained patient IGF-1 levels at those achieved with prior depot therapy [mean change from baseline = -0.015 x ULN (95% CI = -0.123, +0.092)]. Ten of the 11 (91%) patients who completed paltusotine treatment maintained IGF-1 levels within 15% of their respective baseline levels at week 13. No patient required "rescue therapy" with prior injected peptide acromegaly therapy after switching to paltusotine. Of the 12 patients in whom IGF-1 levels were measured two weeks after paltusotine withdrawal, the mean increase of IGF-1 from baseline was 0.74 x ULN ((95% CI = 0.394, 1.083), $p<0.001$). Paltusotine washed out in a time frame consistent with the 42 to 50 hours half-life previously measured in a healthy volunteer study. The rapid mean rise in IGF-1 after washout of paltusotine indicated the lack of suppressive effects by remnants of prior depot injected medication. Additionally, paltusotine was well tolerated and there were no discontinuations due to drug-related adverse events. The most common treatment emergent adverse events among patients were headache, arthralgia, peripheral swelling, back pain and hyperhidrosis. One serious adverse event (headache) was observed in the overall trial as of the data cutoff and determined to be non-treatment related.

Edge recruitment is complete, and over 50% of the patients enrolled in Edge had completed the trial as of June 11, 2020. Topline data from all patients in the trial is expected in the fourth quarter of 2020. New enrollment in the Evolve study has been discontinued, however the patients already enrolled will continue in the study. We believe that this interim data from Edge alone is supportive of moving forward into Phase 3. Rather than waiting for Evolve to complete enrollment, stopping enrollment enables data from those patients already enrolled in the study to be available for end of Phase 2 regulatory interactions on the same timeline as data from Edge. We plan to advance paltusotine into Phase 3 for patients with acromegaly in the first half of 2021 as well as into Phase 2 for patients with NETs who suffer from carcinoid syndrome.

Phase 1 data for CRN01941, our other SST2 agonist, in healthy volunteers showed that the compound did not represent an improvement over paltusotine. Therefore, we discontinued development of CRN01941 to focus resources on development of paltusotine for both acromegaly and NETs. We believe that the acceleration and increased efficiency offered by focusing on paltusotine offers the best path forward for our SST2 franchise.

***ACTH Antagonist Program***

We are developing the first oral nonpeptide product candidate to antagonize ACTH action at the melanocortin 2 receptor, or MC2 receptor, that is designed for the treatment of Cushing's disease and other diseases caused by excess ACTH, including congenital adrenal hyperplasia and ectopic ACTH syndrome. We are currently conducting first-in-human enabling studies with our lead ACTH antagonist development candidate and plan to initiate a Phase 1 clinical trial in late 2020 or early 2021. If successful, we anticipate pharmacokinetic/pharmacodynamic, or PK/PD, data from these human proof-of-concept studies in 2021.

***SST5 Agonist Program***

We are developing a new class of oral selective nonpeptide somatostatin receptor type 5, or SST5, agonists designed to treat congenital HI. We are currently conducting first-in-human enabling studies with our lead SST5 agonist development candidate and plan to initiate a Phase 1 clinical trial in late 2020 or early 2021. If successful, we anticipate PK/PD data from these human proof-of-concept studies in the first half of 2021.

To date, we have devoted substantially all of our resources to drug discovery, conducting preclinical studies and clinical trials, obtaining and maintaining patents related to our product candidates, and the provision of general and administrative support for these operations. We have recognized revenues from various research and development grants, but do not have any products approved for sale and have not generated any product sales. We have funded our operations primarily through our grant revenues, the private placement of preferred stock, and sales of our common stock. As of June 30, 2020, we had unrestricted cash, cash equivalents, and investment securities of $205.2 million.

We have incurred cumulative net losses since our inception and, as of June 30, 2020, we had an accumulated deficit of $127.7 million. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our clinical trials and preclinical studies and our expenditures on other research and development activities. We expect our expenses and operating losses will increase substantially as we conduct our ongoing and planned clinical trials, continue our research and development activities, and conduct preclinical studies, hire additional personnel, protect our intellectual property and incur costs associated with being a public company, including audit, legal, regulatory, and tax-related services associated with maintaining compliance with exchange listing and Securities and Exchange Commission, or SEC, requirements, director and officer insurance premiums, and investor relations costs.

We do not expect to generate any revenues from product sales unless and until we successfully complete development and obtain regulatory approval for one or more of our product candidates, which we expect will take a number of years. If we obtain regulatory approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Accordingly, until such time as we can generate significant revenue from sales of our product candidates, if ever, we expect to finance our cash needs through equity offerings, debt financings or other capital sources including, potentially, collaborations, licenses and other similar arrangements. However, we may 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 when needed would have a negative impact on our financial condition and could force us to delay, scale back or discontinue the development of our existing product candidates or our efforts to expand our product pipeline.

**COVID-19**

As we continue to actively advance our programs, we are in close contact with our principal investigators and clinical sites, which are located in the United States, the United Kingdom, Europe, Brazil, New Zealand and Australia, and are assessing any impacts of COVID-19 on our drug manufacturing, nonclinical activities and clinical trials, expected timelines, and costs on an ongoing basis. In light of recent developments relating to the COVID-19 global pandemic, and consistent with the FDA's updated industry guidance for conducting clinical trials issued on March 18, 2020, clinical trials may be deprioritized in favor of treating patients who have contracted the virus or to prevent the spread of the virus. This may lead to clinical trial protocol deviations or to discontinuation of treatment for patients who are currently enrolled in our trials. The direct and indirect impacts of COVID-19 on our business could alter our forecasted timelines. In addition, in response to the spread of COVID-19, we have closed our offices with our employees continuing their work outside of our offices and have limited the number of staff in our laboratory. We will continue to evaluate the impact of the COVID-19 pandemic on our business and as we learn more about its impact on our industry.

**Australian operations**

In January 2017, we established Crinetics Australia Pty Ltd, or CAPL, a wholly-owned subsidiary which was formed to conduct various preclinical and clinical activities for our product and development candidates. We believe CAPL will be eligible for certain financial incentives made available by the Australian government for research and development expenses. Specifically, the Australian Taxation Office provides for a refundable tax credit in the form of a cash refund equal to 43.5% of qualified research and development expenditures under the Australian Research and Development Tax Incentive Program, or the Australian Tax Incentive, to Australian companies that operate the majority of their research and development activities associated with such projects in Australia. A wholly-owned Australian subsidiary of a non-Australian parent company is eligible to receive the refundable tax credit, provided that the Australian subsidiary retains the rights to the data and intellectual property generated in Australia, and provided that the total revenues of the parent company and its consolidated subsidiaries during the period for which the refundable tax credit is claimed are less than $20.0 million Australian dollars. If we lose our ability to operate CAPL in Australia, or if we are ineligible or unable to receive the research and development tax credit, or the Australian government significantly reduces or eliminates the tax credit, the actual refund amounts we receive may differ from our estimates.

**Financial operations overview**

***Grant revenues***

To date, we have not generated any revenues from the commercial sale of approved products, and we do not expect to generate revenues from the commercial sale of our product candidates for at least the foreseeable future, if ever.

Revenues for 2020 and 2019 were derived from Small Business Innovation Research Grants, or SBIR Grants, awarded to us by the National Institute of Diabetes and Digestive and Kidney Diseases of the National Institutes of Health. We do not currently have any active SBIR Grants nor do we expect grant revenues to be a material source of future funding.

***Research and development***

To date, our research and development expenses have related primarily to discovery efforts and preclinical and clinical development of our product candidates. Research and development expenses are recognized as incurred and payments made prior to the receipt of goods or services to be used in research and development are capitalized until the goods or services are received.

Research and development expenses include:

- salaries, payroll taxes, employee benefits, and stock-based compensation charges for those individuals involved in research and development efforts;
- external research and development expenses incurred under agreements with contract research organizations, or CROs, investigative sites and consultants to conduct our clinical trials and preclinical and non-clinical studies;
- costs related to manufacturing our product candidates for clinical trials and preclinical studies, including fees paid to third-party manufacturers;
- costs related to compliance with regulatory requirements;
- laboratory supplies; and
- facilities, depreciation and other allocated expenses for rent, facilities maintenance, insurance, equipment and other supplies.

We recognize the Australian Tax Incentive as a reduction of research and development expense. The amounts are determined based on eligible research and development expenditures. The Australian Tax Incentive is recognized when there is reasonable assurance that the Australian Tax Incentive will be received, the relevant expenditure has been incurred, and the amount of the Australian Tax Incentive can be reliably measured.

Our direct research and development expenses consist principally of external costs, such as fees paid to CROs, investigative sites and consultants in connection with our clinical trials, preclinical and non-clinical studies, and costs related to manufacturing clinical trial materials. The majority of our third-party expenses during 2020 and 2019 related to the research and development of paltusotine. We deploy our personnel and facility related resources across all of our research and development activities.

Our clinical development costs may vary significantly based on factors such as:

- the number and scope of preclinical and IND-enabling studies;
- per patient trial costs;
- the number of trials required for approval;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- number of doses that patients receive;
- drop-out or discontinuation rates of patients;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow-up;
- the cost and timing of manufacturing our product candidates;
- the phase of development of our product candidates; and
- the efficacy and safety profile of our product candidates.

We plan to substantially increase our research and development expenses for the foreseeable future as we continue the development of our product candidates and the discovery of new product candidates. We cannot determine with certainty the timing of initiation, the duration or the completion costs of current or future preclinical studies and clinical trials of our product candidates due to the inherently unpredictable nature of preclinical and clinical development. Clinical and preclinical development timelines, the probability of success and development costs can

differ materially from expectations. We anticipate that we will make determinations as to which product candidates to pursue and how much funding to direct to each product candidate on an ongoing basis in response to the results of ongoing and future preclinical studies and clinical trials, regulatory developments and our ongoing assessments as to each product candidate's commercial potential. We will need to raise substantial additional capital in the future. In addition, we cannot forecast which product candidates may be subject to future collaborations, when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

***General and administrative***

General and administrative expenses consist primarily of salaries and employee-related costs, including stock-based compensation, for personnel in executive, finance and other administrative functions. Other significant costs include facility-related costs, legal fees relating to intellectual property and corporate matters, professional fees for accounting and consulting services, insurance costs, and commercial planning expenses. We anticipate that our general and administrative expenses will increase in the future to support our continued research and development activities and, if any of our product candidates receive marketing approval, commercialization activities. We also anticipate increased expenses related to audit, legal, regulatory, and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance premiums, and investor relations costs associated with operating as a public company.

**Critical Accounting Policies and Estimates**

This discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which we have prepared in accordance with United States generally accepted accounting principles. The preparation of these condensed financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of expenses during the reporting periods. We base our estimates on historical experience and on various other factors and assumptions that we believe are reasonable under the circumstances at the time the estimates are made, the results of which form the basis for making judgments about the book values 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 periodically evaluate our estimates and judgments in light of changes in circumstances, facts and experience.

Our critical accounting policies are those accounting principles generally accepted in the United States that require us to make subjective estimates and judgments about matters that are uncertain and are likely to have a material impact on our financial condition and results of operations, as well as the specific manner in which we apply those principles. For a description of our critical accounting policies, please see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Significant Judgments and Estimates" contained in our Annual Report on Form 10-K for the year ended December 31, 2019. There have not been any material changes to the critical accounting policies discussed therein during the three and six months ended June 30, 2020.

**Results of Operations**

***Comparison of the three months ended June 30, 2020 and 2019***

The following table summarizes our results of operations for the three months ended June 30, 2020 and 2019 (*in thousands*):

| | Three months ended June 30, | | Dollar Change |
|---|---|---|---|
| | 2020 | 2019 | |
| Grant revenues | $ — | $ — | $ — |
| Operating expenses: | | | |
| Research and development | 12,607 | 10,285 | 2,322 |
| General and administrative | 4,322 | 3,060 | 1,262 |
| Total operating expenses | 16,929 | 13,345 | 3,584 |
| Loss from operations | (16,929) | (13,345) | (3,584) |
| Other income (expense), net | 438 | 918 | (480) |
| Net loss | $ (16,491) | $ (12,427) | $ (4,064) |

*Grant revenues.* We had no grant revenue in either of the three-month periods ended June 30, 2020 and 2019. We completed activities under our one remaining SBIR Grant during the first quarter of 2020, and we do not expect to generate grant revenues in future reporting periods.

*Research and development expenses.* Research and development expenses were $12.6 million and $10.3 million for the three months ended June 30, 2020 and 2019, respectively. The increase was primarily due to increased spending on manufacturing and development activities of $0.9 million associated with our clinical and nonclinical activities for paltusotine and our other clinical and preclinical programs. Additionally, second quarter 2020 results reflect an increase in personnel-related costs of $0.9 million and additional stock-based compensation of $0.4 million.

*General and administrative expenses.* General and administrative expenses were $4.3 million and $3.1 million for the three months ended June 30, 2020 and 2019, respectively. The increase was primarily due to an increase in personnel-related costs of $0.5 million and additional stock-based compensation of $0.6 million, which was partially offset by a reduction in spending on pre-commercialization activities.

*Other income (expense).* Other income (expense), net was $0.4 million and $0.9 million for the three months ended June 30, 2020 and 2019, respectively. The decrease resulted from a reduction of the income generated by our available-for-sale investment securities portfolio due to declining market yields available for such securities.

***Comparison of the six months ended June 30, 2020 and 2019***

The following table summarizes our results of operations for the three months ended June 30, 2020 and 2019 (*in thousands*):

| | Six months ended June 30, | | Dollar |
|---|---|---|---|
| | 2020 | 2019 | Change |
| Grant revenues | $ 71 | $ 367 | $ (296) |
| Operating expenses: | | | |
| Research and development | 26,469 | 17,540 | 8,929 |
| General and administrative | 8,313 | 6,216 | 2,097 |
| Total operating expenses | 34,782 | 23,756 | 11,026 |
| Loss from operations | (34,711) | (23,389) | (11,322) |
| Other income (expense), net | 860 | 1,946 | (1,086) |
| Net loss | $ (33,851) | $ (21,443) | $ (12,408) |

*Grant revenues.* Grant revenues relate to reimbursable expenses incurred in connection with our SBIR Grants, and totaled $71,000 and $0.4 million for the six months ended June 30, 2020 and 2019, respectively. We completed activities under our one remaining SBIR grant during the first quarter of 2020 and do not expect to generate grant revenues in future reporting periods.

*Research and development expenses.* Research and development expenses were $26.5 million and $17.5 million for the six months ended June 30, 2020 and 2019, respectively. The increase was primarily due to increased spending on manufacturing and development activities of $6.0 million associated with our clinical and nonclinical activities for paltusotine and our other clinical and preclinical programs. Additionally, first half 2020 results reflect an increase in personnel-related costs of $1.9 million and additional stock-based compensation of $0.9 million.

*General and administrative expenses.* General and administrative expenses were $8.3 million and $6.2 million for the six months ended June 30, 2020 and 2019, respectively. The increase was primarily due to an increase in personnel-related costs of $0.9 million and additional stock-based compensation of $1.1 million, which was partially offset by a reduction in spending on pre-commercialization activities.

*Other income (expense).* Other income (expense), net was $0.9 million and $1.9 million for the six months ended June 30, 2020 and 2019, respectively. The decrease resulted from a reduction of the income generated by our available-for-sale investment securities portfolio due to declining market yields available for such securities.

**Cash Flows**

We have incurred cumulative net losses and negative cash flows from operations since our inception and anticipate we will continue to incur net losses for the foreseeable future. As of June 30, 2020, we had an accumulated deficit of $127.7 million and unrestricted cash, cash equivalents and investment securities of $205.2 million.

The following table provides information regarding our cash flows for the six months ended June 30, 2020 and 2019 (*in thousands*):

| | Six months ended June 30, | |
|---|---|---|
| | 2020 | 2019 |
| Net cash used in operating activities | $ (28,085) | $ (19,327) |
| Net cash provided by investing activities | 33,941 | 34,042 |
| Net cash provided by financing activities | 114,632 | 28 |
| Net change in cash, cash equivalents and restricted cash | $ 120,488 | $ 14,743 |

*Operating Activities.* Net cash used in operating activities was $28.1 million and $19.3 million for the six months ended June 30, 2020 and 2019, respectively. The increase in cash used in operations was primarily attributable to development and manufacturing activities associated with paltusotine as well as our other clinical and preclinical programs, and higher personnel costs. The net cash used in operating activities during the six months ended June 30, 2020 was primarily due to our net loss of $33.9 million, adjusted for $5.0 million of noncash charges, primarily for stock-based compensation, depreciation and the accretion in value of our investment securities, and a $0.8 million change in operating assets and liabilities. Net cash used in operating activities during the six months ended June 30, 2019 was primarily due to our net loss of $21.4 million, adjusted for $2.5 million of noncash charges, primarily for stock-based compensation and depreciation, and a $0.3 million change in operating assets and liabilities.

*Investing activities.* Investing activities consist primarily of purchases and maturities of investment securities and, to a lesser extent, the cash outflow associated with purchases of property and equipment. Such activities resulted in a net inflow of funds of approximately $33.9 million during the first six months of 2020, compared to net inflow of funds of approximately $34.0 million during the first half of 2019.

*Financing activities.* Net cash provided by financing activities was $114.6 million and $28,000 for the six months ended June 30, 2020 and 2019, respectively. The net cash provided by financing activities during 2020 was primarily the result of the proceeds of $108.1 million from the sale of shares of common stock in our public offering in April 2020, as well as $6.4 million from the sale of shares in our ATM Offering, as defined below. The net cash provided by financing activities during 2019 was the result of the exercise of stock options.

**Liquidity and Capital Resources**

We believe that our existing unrestricted cash, cash equivalents and investment securities, together with investment income, will be sufficient to satisfy our current and projected funding requirements into 2023. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we expect. Additionally, the process of testing product candidates in clinical trials is costly, and the timing of progress and expenses in these trials is uncertain.

Our future capital requirements will depend on many factors, including:

- the type, number, scope, progress, expansions, results, costs and timing of, our preclinical studies and clinical trials of our product candidates which we are pursuing or may choose to pursue in the future;
- the costs and timing of manufacturing for our product candidates, including commercial manufacturing if any product candidate is approved;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs of obtaining, maintaining and enforcing our patents and other intellectual property rights;
- our efforts to enhance operational systems and hire additional personnel to satisfy our obligations as a public company, including enhanced internal controls over financial reporting;
- the costs associated with hiring additional personnel and consultants as our preclinical and clinical activities increase;
- the timing and the extent of any Australian Tax Incentive refund and future grant revenues that we receive;

- the costs and timing of establishing or securing sales and marketing capabilities if any product candidate is approved;
- our ability to achieve sufficient market acceptance, adequate coverage and reimbursement from third-party payors and adequate market share and revenue for any approved products;
- the terms and timing of establishing and maintaining collaborations, licenses and other similar arrangements; and
- costs associated with any products or technologies that we may in-license or acquire.

Until such time, if ever, as we can generate substantial product revenues to support our cost structure, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including potentially collaborations, licenses and other similar arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, licenses and other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us and/or may reduce the value of our common stock. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market our product candidates even if we would otherwise prefer to develop and market such product candidates ourselves.

In August 2019, we entered into a Sales Agreement, or the Sales Agreement, with SVB Leerink LLC and Cantor Fitzgerald & Co., or collectively, the Sales Agents, under which we may, from time to time, sell shares of our common stock having an aggregate offering price of up to $75.0 million through the Sales Agents, or the ATM Offering. Sales of our common stock made pursuant to the Sales Agreement will be made directly on or through the Nasdaq Global Select Market under our effective shelf Registration Statement on Form S-3 filed on August 19, 2019 by means of ordinary brokers' transactions at market prices. Additionally, under the terms of the Sales Agreement, we may also sell shares of our common stock through the Sales Agents, on the Nasdaq Global Select Market or otherwise, at negotiated prices or at prices related to the prevailing market price. We are not obligated to, and we cannot provide any assurances that we will continue to, make any sales of the shares under the Sales Agreement. The Sales Agreement may be terminated by either Sales Agent (with respect to itself) or us at any time upon 10 days' notice to the other parties, or by either Sales Agent, with respect to itself, at any time in certain circumstances, including the occurrence of a material adverse change. We will pay the Sales Agents a commission for their services in acting as agent in the sale of common stock in an amount equal to 3% of the gross sales price per share sold.

During the six months ended June 30, 2020, we issued 275,764 shares of common stock in the ATM Offering for net proceeds of $6.4 million, after deducting commissions.

On April 17, 2020, we completed a public offering of 8,222,500 shares of our common stock at a public offering price of $14.00 per share. We received proceeds of approximately $107.9 million, net of offering discounts and commissions and offering costs of $7.3 million.

**Off-Balance Sheet Arrangements**

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

## Item 3. Quantitative and Qualitative Disclosures about Market Risk

***Interest Rate Risk***

Our cash, cash equivalents and investment securities consist of cash held in readily available checking and money market accounts and short-term debt securities. We are exposed to market risk related to fluctuations in interest rates and market prices. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of United States interest rates. However, because of the short-term nature of the instruments in our portfolio, a sudden change in market interest rates would not be expected to have a material impact on our financial condition or results of operations.

***Foreign Currency***

We contract with vendors, CROs and investigational sites in several foreign countries, including countries in South America, Europe and the Asia Pacific. We are therefore subject to fluctuations in foreign currency rates in connection with these agreements. We do not hedge our foreign currency exchange rate risk. To date, we have not incurred any material adverse effects from foreign currency changes on these contracts.

In January 2017, we formed CAPL, a wholly-owned subsidiary in Australia, which exposes us to foreign currency exchange rate risk. The functional currency of CAPL is the United States dollar. Assets and liabilities of our foreign subsidiary that are not denominated in the functional currency are remeasured into U.S. dollars at foreign currency exchange rates in effect at the balance sheet date except for nonmonetary assets and capital accounts, which are remeasured at historical foreign currency exchange rates in effect at the date of transaction. Expenses are generally remeasured at foreign currency exchange rates which approximate average rates in effect during each period. Net realized and unrealized gains and losses from foreign currency transactions and remeasurement are reported in other income (expense), net, in the consolidated statements of operations and totaled approximately $45,000 and $25,000 for the six months ended June 30, 2020 and 2019, respectively.

As of June 30, 2020, the impact of a theoretical 10% change in the exchange rate of the Australian dollar would not result in a material gain or loss. To date, we have not hedged exposures denominated in foreign currencies.

***Inflation Risk***

Inflation generally affects us by increasing our cost of labor and clinical trial costs. We do not believe that inflation has had a material effect on our results of operations for the periods presented.

## Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2020 at the reasonable assurance level.

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1. Legal Proceedings

We are not currently a party to any material legal proceedings. From time to time, we may be involved in legal proceedings or subject to claims incident to the ordinary course of business. Regardless of the outcome, such proceedings or claims can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

### Item 1A. Risk Factors

Other than as set forth below, or as previously reported in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, there have been no material changes to the risk factors set forth in Part II, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019.

***The outbreak of the novel coronavirus disease, COVID-19, could adversely impact our business, including our drug manufacturing, nonclinical activities and clinical trials.***

In December 2019, a novel strain of coronavirus, SARS-CoV-2, and the disease that it causes, COVID-19, were identified in Wuhan, China. This virus continues to spread globally and has spread to nearly every country and region in the world, including those in which we have active clinical trial sites. The outbreak and government measures taken in response have also had a significant impact, both direct and indirect, on businesses and commerce, as worker shortages have occurred; supply chains have been disrupted; facilities and production have been suspended; and demand for certain goods and services, such as medical services and supplies, has spiked, while demand for other goods and services, such as travel, has fallen. In response to the spread of COVID-19, we have closed our executive offices with our employees continuing their work remotely and limited the number of staff in our research and development laboratories. As the COVID-19 pandemic continues to spread around the globe, we may experience disruptions that could severely impact our business, drug manufacturing, nonclinical activities, and clinical trials, including:

- delays or difficulties in enrolling patients in our clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and staff;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- interruption of key clinical trial activities, such as clinical trial site monitoring and source data verification, due to limitations on travel imposed or recommended by federal or state governments, employers and others or interruption of clinical trial subject visits and study procedures, which may impact the integrity of subject data and clinical study endpoints;
- interruption or delays in the operations of the FDA or other regulatory authorities, which may impact review and approval timelines;
- interruption of, or delays in receiving, supplies of our product candidates from our contract manufacturing organizations due to staffing shortages, production slowdowns or stoppages and disruptions in delivery systems;
- delays in clinical sites receiving the supplies and materials needed to conduct our clinical trials and interruption in global shipping that may affect the transport of clinical trial materials;
- interruptions in nonclinical studies due to restricted or limited operations at our laboratory facility or those of our outsourced service providers;
- limitations on employee resources that would otherwise be focused on the conduct of our nonclinical studies or clinical trials due to sickness of employees or their families or the desire of employees to avoid contact with large groups of people, or other staffing shortages as a result of remote working requirements or otherwise;
- delays in receiving approval from local regulatory authorities to initiate our planned clinical trials;
- changes in local regulations as part of a response to COVID-19 which may require us to change the ways in which our clinical trials are conducted, which may result in unexpected costs, or to discontinue the clinical trials altogether;
- delays in necessary interactions with local regulators, ethics committees, and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees;

- refusal of the FDA to accept data from clinical trials in affected geographies outside the United States;
- interruption or delays to our discovery and development pipeline; and
- patent office interruption or delays in our ability to timely secure patent coverage for our product candidates.

In addition, the spread of COVID-19 has had and may continue to severely impact the trading price of shares of our common stock and could further severely impact our ability to raise additional capital on a timely basis or at all.

The COVID-19 pandemic continues to rapidly evolve. The extent to which the COVID-19 may impact our business, including our drug manufacturing, nonclinical activities, clinical trials, and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease and its penetration into the general population, the duration of the pandemic, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section and in the “Risk Factors” section of our Annual Report on Form 10-K for the year ended December 31, 2019.

***We have obtained orphan drug designation from the FDA for paltusotine for the treatment of acromegaly, and plan to seek a similar orphan drug designation for paltusotine in the European Union. We also plan to seek orphan drug designations for certain of our other product candidates. However, we may not be able to obtain or maintain orphan drug designations for any of our product candidates, and we may be unable to maintain the benefits associated with orphan drug designation, including the potential for market exclusivity.***

Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act of 1983, the FDA may designate a product as an orphan product if it is intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals in the United States, or a patient population of greater than 200,000 individuals in the United States, but for which there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. In the European Union, the European Medicines Agency’s, or the EMA, Committee for Orphan Medicinal Products grants orphan drug designation to promote the development of products that are intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than five in 10,000 persons in the European Union. We have obtained orphan drug designation for paltusotine in the United States for the treatment of acromegaly, and we intend to seek a similar orphan drug designation in the European Union. We also plan to seek orphan drug designations for certain of our other product candidates. There can be no assurance, however, that the FDA or the EMA’s Committee for Orphan Medicinal Products will grant orphan designation for any indication for which we apply.

In the United States, orphan designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. In addition, if a product candidate that has orphan designation subsequently receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications, including an NDA, to market the same drug for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity or where the manufacturer is unable to assure sufficient product quantity. The applicable exclusivity period is ten years in Europe, but such exclusivity period can be reduced to six years if a product no longer meets the criteria for orphan designation or if the product is sufficiently profitable so that market exclusivity is no longer justified.

Even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs can be approved for the same condition. Even after an orphan drug is approved, the FDA or comparable foreign regulatory authority can subsequently approve the same drug for the same condition if such regulatory authority concludes that the later drug is clinically superior if it is shown to be safer, more effective or makes a major contribution to patient care. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process.

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

***Unregistered Sales of Equity Securities and Use of Proceeds***

None.

***Use of Proceeds***

On July 17, 2018, the SEC declared effective our registration statement on Form S-1 (File No. 333-225824), as amended, filed in connection with our IPO. The IPO closed on July 20, 2018 and we issued and sold 6,900,000 shares of our common stock at a price to the public of $17.00 per share, which included the exercise in full of the underwriters' option to purchase additional shares. We received gross proceeds from the IPO of $117.3 million, before deducting underwriting discounts and commissions of approximately $8.2 million and estimated offering expenses of approximately $2.6 million. The managing underwriters of the offering were J.P. Morgan Securities LLC, Leerink Partners LLC and Piper Jaffray & Co. No offering expenses were paid or are payable, directly or indirectly, to our directors or officers, to persons owning 10% or more of any class of our equity securities or to any of our affiliates.

As of June 30, 2020, we have used approximately $21.5 million of the proceeds from our IPO for general corporate purposes, including the development of paltusotine as well as for the preclinical and clinical development of our other development programs. There has been no material change in the planned use of such proceeds from that described in the Prospectus.

**Item 3. Defaults upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

## EXHIBIT INDEX

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed Herewith |
|---|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date | |
| 3.1 | Amended and Restated Certificate of Incorporation | S-1/A | 333-225824 | 3.3 | 7/9/2018 | |
| 3.2 | Amended and Restated Bylaws | 8-K | 001-38583 | 3.1 | 4/14/2020 | |
| 4.1 | Specimen Stock Certificate Evidencing the Shares of Common Stock | S-1/A | 333-225824 | 4.1 | 7/9/2018 | |
| 4.2 | Amended and Restated Investor Rights Agreement, dated February 9, 2018, as amended, by and among the Registrant and certain of its stockholders | S-1 | 333-225824 | 4.2 | 6/22/2018 | |
| 10.1 | Amended and Restated Employment Agreement, effective as of May 22, 2018, by and between Ajay Madan and the Registrant | | | | | X |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13(a)-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002 | | | | | X |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13(a)-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002 | | | | | X |
| 32.1* | Certification of Chief Executive Officer and Chief Financial Officer pursuant 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 | | | | | X |
| 101.INS | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document | | | | | X |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. | | | | | X |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document. | | | | | X |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. | | | | | X |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document. | | | | | X |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | | | X |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) | | | | | X |

* The certification attached as Exhibit 32.1 that accompanies this Quarterly Report on Form 10-Q is not deemed filed with the SEC and is not to be incorporated by reference into any filing of Crinetics Pharmaceuticals, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

**SIGNATURES**

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

**Crinetics Pharmaceuticals, Inc.**

Date: August 7, 2020

By: /s/ R. Scott Struthers, Ph.D.
R. Scott Struthers, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 7, 2020

By: /s/ Marc J.S. Wilson
Marc J.S. Wilson
Chief Financial Officer
(Principal Financial Officer)

**Exhibit 10.1**

# AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "***Agreement***") is entered into by and between Crinetics Pharmaceuticals, Inc., a Delaware corporation (the "***Company***"), and Ajay Madan ("***Executive***"), and shall be effective as of May 22, 2018 (the "***Effective Date***").

WHEREAS, the Company and Executive previously entered into that certain Employment Agreement, dated May 27, 2016 (the "***Prior Agreement***"), which sets forth the terms and conditions of the Executive's employment with the Company; and

WHEREAS, the Company desires to amend and restate the Prior Agreement on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a)"***Acquisition***" means (i) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the shares of capital stock of the Company immediately prior to such consolidation, merger or reorganization, continue to represent a majority of the voting power of the surviving entity (or, if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization (provided that, for the purpose of this Section 1(a), all shares of the Company's common stock issuable upon exercise of options outstanding immediately prior to such consolidation or merger or upon conversion of Convertible Securities outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of capital stock are converted or exchanged); or (ii) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred; provided that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof.

(b)"***Asset Transfer***" means a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

(c)"***Board***" means the Board of Directors of the Company.

(d)"***Cause***" means any of the following:

(i) the commission of an act of fraud, embezzlement or dishonesty by Executive, or the commission of some other illegal act by Executive, that causes material harm to the Company or any successor or affiliate thereof;

(ii) Executive's conviction of, or plea of "guilty" or "no contest" to, a felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof;

(iii) any intentional unauthorized use or disclosure by Executive of confidential information or trade secrets of the Company or any successor or affiliate thereof;

(iv) Executive's gross negligence, insubordination or material violation of any duty of loyalty to the Company or any successor or affiliate thereof, or any other material misconduct on the part of Executive;

(v) Executive's ongoing and repeated failure or refusal to perform or neglect of Executive's duties as required by this Agreement, which failure, refusal or neglect continues for fifteen (15) days following Executive's receipt of written notice from the Board or the Company's Chief Executive Officer (the "***CEO***") stating with specificity the nature of such failure, refusal or neglect; or

(vi) Executive's intentional, material breach of any Company policy or any contract or agreement between Executive and the Company or any successor or affiliate thereof;

provided, however, that prior to the determination that "Cause" under clauses (iv), (v) or (vi) of this Section 1(d) has occurred, the Company shall (A) provide to Executive in writing, in reasonable detail, the reasons for the determination that such "Cause" exists, (B) other than with respect to clause (v) above which specifies the applicable period of time for Executive to remedy his or her breach, afford Executive a reasonable opportunity to remedy any such breach, (C) provide Executive an opportunity to be heard prior to the final decision to terminate Executive's employment hereunder for such "Cause" and (D) make any decision that such "Cause" exists in good faith.

The foregoing definition shall not in any way preclude or restrict the right of the Company or any successor or affiliate thereof to discharge or dismiss Executive for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of this Agreement, to constitute grounds for termination for Cause.

(e) "***Change in Control***" means an Acquisition or Asset Transfer; provided, however, that, from and after the date on which the Company's Registration Statement on Form S-1 filed with respect to the Company's initial public offering becomes effective, "Change in Control" shall have the meaning given to such term in the Company's 2018 Incentive Award Plan as in effect on such date.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any payment hereunder that provides for the deferral of compensation that is subject to Section409A, to the extent required to avoid the imposition of additional taxes under Section

409A, the transaction or event with respect to such payment shall only constitute a Change in Control for purposes of the payment timing of such payment if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

(f)"***Code***" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations and other interpretive guidance issued thereunder.

(g)"***Convertible Securities***" means preferred stock or other stock, options, warrants, purchase rights or other securities exercisable for or convertible into, additional shares of the Company's common stock.

(h) "***Good Reason***" means the occurrence of any of the following events or conditions without Executive's written consent:

(i)a material diminution in Executive's authority, duties or responsibilities;

(ii)a material diminution in Executive's base compensation, unless such a reduction is imposed across-the-board to senior management of the Company;

(iii)a material change in the geographic location at which Executive must perform his or her duties; or

(iv)any other action or inaction that constitutes a material breach by the Company or any successor or affiliate of its obligations to Executive under this Agreement.

Executive must provide written notice to the Company of the occurrence of any of the foregoing events or conditions without Executive's written consent within sixty (60) days of the occurrence of such event. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Executive. Executive's Separation from Service by reason of resignation from employment with the Company for Good Reason must occur within thirty (30) days following the expiration of the foregoing thirty (30) day cure period.

(i) "***Involuntary Termination***" means (i) Executive's Separation from Service by reason of Executive's discharge by the Company other than for Cause, or (ii) Executive's Separation from Service by reason of Executive's resignation of employment with the Company for Good Reason. Executive's Separation from Service by reason of Executive's death or discharge by the Company following Executive's Permanent Disability shall not constitute an Involuntary Termination.

(j) Executive's "***Permanent Disability***" shall be deemed to have occurred if Executive shall become physically or mentally incapacitated or disabled or otherwise unable fully to discharge his or her duties hereunder for a period of ninety (90) consecutive calendar days or for one hundred twenty (120) calendar days in any one hundred eighty (180) calendar-day period. The existence of Executive's Permanent Disability shall be determined by the Company on the advice

of a physician chosen by the Company and the Company reserves the right to have Executive examined by a physician chosen by the Company at the Company's expense.

(k) "***Separation from Service***," with respect to Executive, means Executive's "separation from service," as defined in Treasury Regulation Section 1.409A-1(h).

(l) "***Stock Awards***" means all stock options, restricted stock and such other awards granted pursuant to the Company's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof.

2. Services to Be Rendered.

(a) Duties and Responsibilities. Executive shall serve as Vice President of Development of the Company the scope of which shall include responsibility for compound manufacturing and control, nonclinical ADME/PK/Tox and clinical pharmacology. In the performance of such duties, Executive shall report directly to the CEO and shall be subject to the direction of the CEO and to such limits upon Executive's authority as the CEO may from time to time impose. In the event of the CEO's incapacity or unavailability, Executive shall be subject to the direction of the Board. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without any additional salary or compensation, if so requested by the CEO. Executive shall be employed by the Company on a full time basis. Executive's primary place of work shall be the Company's offices in San Diego, California, or, with the Company's consent, at any other place at which the Company maintains an office; provided, however, that the Company may from time to time require Executive to travel temporarily to other locations in connection with the Company's business. Executive shall be subject to and comply with the policies and procedures generally applicable to senior executives of the Company to the extent the same are not inconsistent with any term of this Agreement.

(b) Exclusive Services. Executive shall at all times faithfully, industriously and to the best of his or her ability, experience and talent perform to the satisfaction of the Board and the CEO all of the duties that may be assigned to Executive hereunder and shall devote substantially all of his or her productive time and efforts to the performance of such duties. Subject to the terms of the Proprietary Information and Inventions Agreement referred to in Section 5(b), this shall not preclude Executive from (i) serving on industry trade, civic, or charitable boards or committees; (ii) delivering lectures or fulfilling speaking engagements; (iii) serving on the board of directors or other similar governance body of any entity, subject to the consent of the Board, such consent not to be unreasonably withheld; or (iv) managing personal, family and other investments, provided such activities do not interfere with his or her duties to the Company, as determined in good faith by the CEO. Executive agrees that he or she will not join any boards, other than community and civic boards (which do not interfere with his or her duties to the Company), without the prior approval of the Board and the CEO.

3. Compensation and Benefits. The Company shall pay or provide, as the case may be, to Executive the compensation and other benefits and rights set forth in this Section 3.

(a) Base Salary. The Company shall pay to Executive a base salary of $290,000 per year, payable in accordance with the Company's usual pay practices (and in any event no less

frequently than monthly); provided, however, that, effective on the date on which the Company's Registration Statement on Form S-1 filed with respect to the Company's initial public offering becomes effective, Executive's base salary shall be increased to $350,000. Executive's base salary shall be subject to review annually by and at the sole discretion of the Compensation Committee of the Board or its designee.

(b) Bonus. Executive shall participate in any bonus plan that the Board or its designee may approve for the senior executives of the Company. Executive's target bonus under the Company's annual bonus plan shall be thirty-five percent (35%) of Executive's base salary.

(c) Benefits. Executive shall be entitled to participate in benefits under the Company's benefit plans and arrangements, including, without limitation, any employee benefit plan or arrangement made available in the future by the Company to its senior executives, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. The Company shall have the right to amend or delete any such benefit plan or arrangement made available by the Company to its senior executives and not otherwise specifically provided for herein.

(d) Expenses. The Company shall reimburse Executive for reasonable out-of-pocket business expenses incurred in connection with the performance of his or her duties hereunder, subject to such policies as the Company may from time to time establish, and Executive furnishing the Company with evidence in the form of receipts satisfactory to the Company substantiating the claimed expenditures.

(e) Paid Time Off. Executive shall be entitled to such periods of paid time off ("***PTO***") each year as provided from time to time under the Company's PTO policy and as otherwise provided for senior executive officers.

(f) Equity Plans. Executive shall be entitled to participate in any equity or other employee benefit plan that is generally available to executives of the Company. Except as otherwise provided in this Agreement, Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(g) Stock Award Acceleration.

(i)Subject to Section 4(d), in the event of Executive's Separation from Service by reason of Executive's death or discharge by the Company following Executive's Permanent Disability, the vesting and/or exercisability of 100% of Executive's outstanding unvested Stock Awards shall be automatically accelerated on the date of Executive's Separation from Service.

(ii)Subject to Section 4(d), in the event of a Change in Control, the vesting and/or exercisability of 100% of Executive's outstanding unvested Stock Awards shall be automatically accelerated on the first to occur of (A) Executive's Involuntary Termination following such Change in Control, or (B) the first anniversary of the closing of such Change in Control.

(iii) Subject to Section 4(d), in the event of Executive's Involuntary Termination prior to the occurrence of a Change in Control, the vesting and/or exercisability of any outstanding unvested portion of each of Executive's Stock Awards shall be automatically accelerated as to the number of Stock Awards that would vest over the nine (9) month period following the date of Executive's Separation from Service had Executive remained continuously employed by the Company during such period.

(iv)The vesting pursuant to clauses (i), (ii) and (iii) of this Section 3(g) shall be cumulative. The foregoing provisions are hereby deemed to be a part of each Stock Award and to supersede any less favorable provision in any agreement or plan regarding such Stock Award.

4. Severance. Executive shall be entitled to receive benefits upon a Separation from Service only as set forth in this Section 4:

(a) At-Will Employment; Termination. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and that Executive's employment with the Company may be terminated by either party at any time for any or no reason, with or without notice. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided in this Agreement. Executive's employment under this Agreement shall be terminated immediately on the death of Executive.

(b) Severance Upon Involuntary Termination. Subject to Sections 4(d) and 9(o) and Executive's continued compliance with Section 5, if Executive's employment is Involuntarily Terminated, Executive shall be entitled to receive, in lieu of any severance benefits to which Executive may otherwise be entitled under any severance plan or program of the Company, the benefits provided below:

(i) the Company shall pay to Executive his or her fully earned but unpaid base salary, when due, through the date of Executive's Involuntary Termination at the rate then in effect, accrued and unused PTO, plus all other benefits, if any, under any Company group retirement plan, nonqualified deferred compensation plan, equity award plan or agreement (other than any such plan or agreement pertaining to Stock Awards whose treatment is prescribed by Section 3(g) above), health benefits plan or other Company group benefit plan to which Executive may be entitled pursuant to the terms of such plans or agreements at the time of Executive's Involuntary Termination (the "***Accrued Obligations***");

(ii) Executive shall be entitled to receive severance pay in an amount equal to nine (9) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination, which amount shall be payable in a lump sum sixty (60) days following Executive's Involuntary Termination; and

(iii) for the period beginning on the date of Executive's Separation from Service and ending on the date which is nine (9) full months following the date of Executive's Separation from Service (or, if earlier, (1) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("***COBRA***")

expires or (2) the date Executive becomes eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment) (such period, the "***COBRA Coverage Period***"), if Executive and/or his or her eligible dependents who were covered under the Company's health insurance plans as of the date of Executive's Separation from Service elect to have COBRA coverage and are eligible for such coverage, the Company shall pay for or reimburse Executive on a monthly basis for an amount equal to (A) the monthly premium Executive and/or his or her covered dependents, as applicable, are required to pay for continuation coverage pursuant to COBRA for Executive and/or his or her eligible dependents, as applicable, who were covered under the Company's health plans as of the date of Executive's Separation from Service (calculated by reference to the premium as of the date of Executive's Separation from Service) less (B) the amount Executive would have had to pay to receive group health coverage for Executive and/or his or her covered dependents, as applicable, based on the cost sharing levels in effect on the date of Executive's Separation from Service. If any of the Company's health benefits are self-funded as of the date of Executive's Separation from Service, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing the payments or reimbursements as set forth above, the Company shall instead pay to Executive the foregoing monthly amount as a taxable monthly payment for the COBRA Coverage Period (or any remaining portion thereof). Executive shall be solely responsible for all matters relating to continuation of coverage pursuant to COBRA, including, without limitation, the election of such coverage and the timely payment of premiums. Executive shall notify the Company immediately if Executive becomes eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment.

(iv) Notwithstanding anything to the contrary in this Section 4(b), and subject to Sections 4(d) and 9(o) and Executive's continued compliance with Section 5, in the event of Executive's Involuntary Termination within twelve (12) months following a Change in Control, (A) the references to nine (9) months in clauses (ii) and (iii) above shall be increased to twelve (12) months, and (B) Executive shall be entitled to receive, in addition to the severance benefits described in clauses (i), (ii) and (iii) above, an amount equal to Executive's target bonus for the year in which Executive's Involuntary Termination occurs, which amount shall be payable in a lump sum sixty (60) days following Executive's Involuntary Termination.

(c) Termination for Cause, Voluntary Resignation Without Good Reason, Death or Termination for Permanent Disability. In the event of Executive's termination of employment as a result of Executive's discharge by the Company for Cause, Executive's resignation without Good Reason, Executive's death or Executive's termination of employment following Executive's Permanent Disability, the Company shall not have any other or further obligations to Executive under this Agreement (including any financial obligations) except that Executive shall be entitled to receive the Accrued Obligations. The foregoing shall be in addition to, and not in lieu of, any and all other rights and remedies which may be available to the Company under the circumstances, whether at law or in equity.

(d) Release. As a condition to Executive's receipt of any post-termination benefits pursuant to Section 4(b) above, Executive (or, in the event of Executive's incapacity as a result of his or her Permanent Disability, Executive's legal representative) shall execute and not

revoke a general release of all claims in favor of the Company (the "Release") in the form attached hereto as Exhibit A. In the event the Release does not become effective within the fifty-five (55) day period following the date of Executive's Separation from Service, Executive shall not be entitled to the aforesaid payments and benefits.

(e)Exclusive Remedy. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other amounts hereunder (if any) accruing after the termination of Executive's employment shall cease upon such termination. In the event of Executive's termination of employment with the Company, Executive's sole remedy shall be to receive the payments and benefits described in Section 3(g) and this Section 4. In addition, Executive acknowledges and agrees that he or she is not entitled to any reimbursement by the Company for any taxes payable by Executive as a result of the payments and benefits received by Executive pursuant to Section 3(g) and this Section 4, including, without limitation, any excise tax imposed by Section 4999 of the Code. Any payments made to Executive under this Section 4 shall be inclusive of any amounts or benefits to which Executive may be entitled pursuant to the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Sections 2101 et seq., and the Department of Labor regulations thereunder, or any similar state statute.

(f)No Mitigation. Except as otherwise provided in Section 4(b)(iii) above, Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances or other amounts owed by Executive to the Company may be offset by the Company against amounts payable to Executive under this Section 4.

(g) Return of the Company's Property. In the event of Executive's termination of employment for any reason, the Company shall have the right, at its option, to require Executive to vacate his or her offices prior to or on the effective date of separation and to cease all activities on the Company's behalf. Upon Executive's termination of employment in any manner, as a condition to Executive's receipt of any severance benefits described in this Agreement, Executive shall immediately surrender to the Company all lists, books and records of, or in connection with, the Company's business, and all other property belonging to the Company, it being distinctly understood that all such lists, books and records, and other documents, are the property of the Company. Executive shall deliver to the Company a signed statement certifying compliance with this Section 4(g) prior to the receipt of any severance benefits described in this Agreement.

(h) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its affiliates, and, at the Company's request, Executive shall execute such documents as are necessary or desirable to effectuate such resignations.

5. Certain Covenants.

(a) Noncompetition. Except as may otherwise be approved by the Board, during the term of Executive's employment, Executive shall not have any ownership interest (of

record or beneficial) in, or have any interest as an employee, salesman, consultant, officer or director in, or otherwise aid or assist in any manner, any firm, corporation, partnership, proprietorship or other business that engages in any county, city or part thereof in the United States and/or any foreign country in a business which competes directly or indirectly (as determined by the CEO) with the Company's business in such county, city or part thereof, so long as the Company, or any successor in interest of the Company to the business and goodwill of the Company, remains engaged in such business in such county, city or part thereof or continues to solicit customers or potential customers therein; provided, however, that Executive may own, directly or indirectly, solely as an investment, securities of any entity which are traded on any national securities exchange if Executive (i) is not a controlling person of, or a member of a group which controls, such entity; or (ii) does not, directly or indirectly, own one percent (1%) or more of any class of securities of any such entity.

(b) Confidential Information. Executive and the Company have entered into the Company's standard employee proprietary information and inventions agreement (the "Employee Proprietary Information and Inventions Agreement"). Executive agrees to perform each and every obligation of Executive therein contained.

(c) Solicitation of Employees. Executive shall not during the term of Executive's employment and for a period of twelve (12) months following Executive's Separation from Service (the "Restricted Period"), directly or indirectly, solicit or encourage to leave the employment of the Company or any of its affiliates, any employee of the Company or any of its affiliates.

(d) Solicitation of Consultants. Executive shall not during the term of Executive's employment and for the Restricted Period, directly or indirectly, hire, solicit or encourage to cease work with the Company or any of its affiliates any consultant then under contract with the Company or any of its affiliates within one year of the termination of such consultant's engagement by the Company or any of its affiliates.

(e) Rights and Remedies Upon Breach. If Executive breaches or threatens to commit a breach of any of the provisions of this Section 5 (the "Restrictive Covenants"), the Company shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity:

(i) Specific Performance. The right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, all without the need to post a bond or any other security or to prove any amount of actual damage or that money damages would not provide an adequate remedy, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide adequate remedy to the Company; and

(ii) Accounting and Indemnification. The right and remedy to require Executive (A) to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits derived or received by Executive or any associated party

deriving such benefits as a result of any such breach of the Restrictive Covenants; and (B) to indemnify the Company against any other losses, damages (including special and consequential damages), costs and expenses, including actual attorneys' fees and court costs, which may be incurred by them and which result from or arise out of any such breach or threatened breach of the Restrictive Covenants.

(f) Severability of Covenants/Blue Pencilling. If any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If any court determines that any of the Restrictive Covenants, or any part thereof, are unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced. Executive hereby waives any and all right to attack the validity of the Restrictive Covenants on the grounds of the breadth of their geographic scope or the length of their term.

(g) Enforceability in Jurisdictions. The Company and Executive intend to and do hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the Company and Executive that such determination not bar or in any way affect the right of the Company to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(h) Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

(i) Definitions. For purposes of this Section 5, the term "Company" means not only Crinetics Pharmaceuticals, Inc., but also any company, partnership or entity which, directly or indirectly, controls, is controlled by or is under common control with Crinetics Pharmaceuticals,

Inc.

6. Insurance; Indemnification.

(a) Insurance. The Company shall have the right to take out life, health, accident, "key-man" or other insurance covering Executive, in the name of the Company and at the Company's expense in any amount deemed appropriate by the Company. Executive shall assist the Company in obtaining such insurance, including, without limitation, submitting to any required examinations and providing information and data required by insurance companies.

(b) Indemnification. Executive will be provided with indemnification against third party claims related to his or her work for the Company as required by Delaware law. The Company shall provide Executive with directors and officers liability insurance coverage at least as favorable as that which the Company may maintain from time to time for members of the Board and other executive officers.

7. Arbitration. Any dispute, claim or controversy based on, arising out of or relating to Executive's employment or this Agreement shall be settled by final and binding arbitration in San Diego, California, before a single neutral arbitrator in accordance with the National Rules for the Resolution of Employment Disputes (the "***Rules***") of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The Rules may be found online at www.adr.org. Arbitration may be compelled pursuant to the California Arbitration Act (Code of Civil Procedure §§ 1280 et seq.). If the parties are unable to agree upon an arbitrator, one shall be appointed by the AAA in accordance with its Rules. Each party shall pay the fees of its own attorneys, the expenses of its witnesses and all other expenses connected with presenting its case; however, Executive and the Company agree that, to the extent permitted by law, the arbitrator may, in his or her discretion, award reasonable attorneys' fees to the prevailing party. Other costs of the arbitration, including the cost of any record or transcripts of the arbitration, AAA's administrative fees, the fee of the arbitrator, and all other fees and costs, shall be borne by the Company. This Section 7 is intended to be the exclusive method for resolving any and all claims by the parties against each other for payment of damages under this Agreement or relating to Executive's employment; provided, however, that Executive shall retain the right to file administrative charges with or seek relief through any government agency of competent jurisdiction, and to participate in any government investigation, including but not limited to (i) claims for workers' compensation, state disability insurance or unemployment insurance; (ii) claims for unpaid wages or waiting time penalties brought before the California Division of Labor Standards Enforcement; provided, however, that any appeal from an award or from denial of an award of wages and/or waiting time penalties shall be arbitrated pursuant to the terms of this Agreement; and (iii) claims for administrative relief from the United States Equal Employment Opportunity Commission and/or the California Department of Fair Employment and Housing (or any similar agency in any applicable jurisdiction other than California); provided, further, that Executive shall not be entitled to obtain any monetary relief through such agencies other than workers' compensation benefits or unemployment insurance benefits. This Agreement shall not limit either party's right to obtain any provisional remedy, including, without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction pursuant to California Code of Civil Procedure §

1281.8 or any similar statute of an applicable jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such party's right to compel arbitration. Both Executive and the Company expressly waive their right to a jury trial.

8. General Relationship. Executive shall be considered an employee of the Company within the meaning of all federal, state and local laws and regulations including, but not limited to, laws and regulations governing unemployment insurance, workers' compensation, industrial accident, labor and taxes.

9. Miscellaneous.

(a) Modification; Prior Claims. This Agreement and the Employee Proprietary Information and Inventions Agreement (and the other documents referenced therein) set forth the entire understanding of the parties with respect to the subject matter hereof, and supersede all existing agreements between them concerning such subject matter, including, without limitation, the Prior Agreement. This Agreement may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

(b) Assignment; Assumption by Successor. The rights of the Company under this Agreement may, without the consent of Executive, be assigned by the Company, in its sole and unfettered discretion, to any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, that no such assumption shall relieve the Company of its obligations hereunder. As used in this Agreement, the "***Company***" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

(c) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 3(g), 4, 5, 6, 7 and 9 of this Agreement shall survive any Executive's termination of employment.

(d) Third-Party Beneficiaries. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement.

(e) Waiver. The failure of either party hereto at any time to enforce performance by the other party of any provision of this Agreement shall in no way affect such party's rights thereafter to enforce the same, nor shall the waiver by either party of any breach of any provision hereof be deemed to be a waiver by such party of any other breach of the same or any other provision hereof.

(f) Section Headings. The headings of the several sections in this Agreement are inserted solely for the convenience of the parties and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

(g) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by email, telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to Executive at the address listed on the Company's personnel records and to the Company at its principal place of business, or such other address as either party may specify in writing.

(h) Severability. All Sections, clauses and covenants contained in this Agreement are severable, and in the event any of them shall be held to be invalid by any court, this Agreement shall be interpreted as if such invalid Sections, clauses or covenants were not contained herein.

(i) Governing Law and Venue. This Agreement is to be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Except as provided in Sections 5 and 7, any suit brought hereon shall be brought in the state or federal courts sitting in San Diego, California, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

(j) Non-transferability of Interest. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Executive to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

(k) Gender. Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa, and the word "person" shall include any corporation, firm, partnership or other form of association.

(l) Counterparts; Facsimile or .pdf Signatures. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, and all of which together shall constitute one and the same agreement. This Agreement may be executed and delivered by facsimile or by .pdf file and upon such delivery the facsimile or .pdf signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

(m) Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof.

(n) Withholding and other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

(o) Code Section 409A.

(i) **This Agreement is not intended to provide for any deferral of compensation subject to Section 409A of the Code, and, accordingly, the severance payments payable under Sections 4(b)(ii) and 4(b)(iv) shall be paid no later than the later of: (A) the fifteenth (15th) day of the third month following Executive's first taxable year in which such amounts are no longer subject to a substantial risk of forfeiture, and (B) the fifteenth (15th) day of the third month following first taxable year of the Company in which such amounts are is no longer subject to substantial risk of forfeiture, as determined in accordance with Code Section 409A and any Treasury Regulations and other guidance issued thereunder. To the extent applicable, this Agreement shall be interpreted in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. Each series of installment payments made under this Agreement is hereby designated as a series of "separate payments" within the meaning of Section 409A of the Code. For purposes of this Agreement, all references to Executive's "termination of employment" shall mean Executive's Separation from Service.**

**(ii)If Executive is a "specified employee" (as defined in Section 409A of the Code), as determined by the Company in accordance with Section 409A of the Code, on the date of Executive's Separation from Service, to the extent that the payments or benefits under this Agreement are subject to Section 409A of the Code and the delayed payment or distribution of all or any portion of such amounts to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then such portion deferred pursuant to this Section 9(o)(ii) shall be paid or distributed to Executive in a lump sum on the earlier of (A) the date that is six (6)-months following Executive's Separation from Service, (B) the date of Executive's death or (C) the earliest date as is permitted under Section 409A of the Code. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.**

**(iii)** To the extent applicable, this Agreement shall be interpreted in accordance with the applicable exemptions from Section 409A of the Code. If Executive and the Company determine that any payments or benefits payable under this Agreement intended to comply with Sections 409A(a)(2), (3) and (4) of the Code do not comply with Section 409A of the Code, Executive and the Company agree to amend this Agreement, or take such other actions as Executive and the Company deem reasonably necessary or appropriate, to comply with the requirements of Section 409A of the Code and the Treasury Regulations thereunder (and any applicable transition relief) while preserving the economic agreement of the parties. To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an "additional tax" as defined in Section 409A(a)(1)(B) of the Code.

(iv) Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive's taxable year following the taxable year

in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable during any taxable year of Executive's shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Executive's, and Executive's right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

**CRINETICS PHARMACEUTICALS, INC.**

By: /s/ R. Scott Struthers
Name: R. Scott Struthers
Title: Chief Executive Officer

**EXECUTIVE**

/s/ Ajay Madan
Ajay Madan

**EXHIBIT A**

# GENERAL RELEASE OF CLAIMS

[*The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.*]

This General Release of Claims ("***Release***") is entered into as of this _____ day of _____, ____, between Ajay Madan ("***Executive***"), and Crinetics Pharmaceuticals, Inc. (the "***Company***") (collectively referred to herein as the "***Parties***").

WHEREAS, Executive and the Company are parties to that certain Amended and Restated Employment Agreement dated as of May 22, 2018 (the "***Agreement***");

WHEREAS, the Parties agree that Executive is entitled to certain severance benefits under the Agreement, subject to Executive's execution of this Release; and

WHEREAS, the Company and Executive now wish to fully and finally to resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the severance benefits payable to Executive pursuant to the Agreement, the adequacy of which is hereby acknowledged by Executive, and which Executive acknowledges that he or she would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

1.General Release of Claims by Executive.

(a)Executive, on behalf of himself or herself and his or her executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Executive is or has been a participant by virtue of his or her employment with or service to the Company (collectively, the "***Company Releasees***"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "***Claims***"), which Executive has or may have had against such Company Releasees based on any events or circumstances arising or occurring on or prior to the date hereof or on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive's employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims

of any kind that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the "***ADEA***"); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and the California Fair Employment and Housing Act, California Government Code Section 12940, et seq.

Notwithstanding the generality of the foregoing, Executive does not release the following claims:

(i)Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;

(ii)Claims for workers' compensation insurance benefits under the terms of any worker's compensation insurance policy or fund of the Company;

(iii)Claims pursuant to the terms and conditions of the federal law known as COBRA;

(iv)Claims for indemnity under the bylaws of the Company, as provided for by California law or under any applicable insurance policy with respect to Executive's liability as an employee, director or officer of the Company;

(v)Claims based on any right Executive may have to enforce the Company's executory obligations under the Agreement;

(vi)Executive's right to bring to the attention of the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Executive does release his right to secure any damages for alleged discriminatory treatment;

(vi)Claims Executive may have to vested or earned compensation and benefits; and

(viii)Executive's right to communicate or cooperate with any governmental agency.

(b)EXECUTIVE ACKNOWLEDGES THAT HE OR SHE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM OR HER, MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."**

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS HE OR SHE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

***[Note: Clauses (c), (d) and (e) apply only if Executive is age 40 or older at time of termination]***

(c) Executive acknowledges that this Release was presented to him or her on the date indicated above and that Executive is entitled to have [twenty-one (21)][forty-five (45)] days' time in which to consider it. Executive further acknowledges that the Company has advised him or her that he or she is waiving his or her rights under the ADEA, and that Executive should consult with an attorney of his or her choice before signing this Release, and Executive has had sufficient time to consider the terms of this Release. Executive represents and acknowledges that if Executive executes this Release before [twenty-one (21)][forty-five (45)] days have elapsed, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

(d) Executive understands that after executing this Release, Executive has the right to revoke it within seven (7) days after his or her execution of it. Executive understands that this Release will not become effective and enforceable unless the seven (7) day revocation period passes and Executive does not revoke the Release in writing. Executive understands that this Release may not be revoked after the seven (7) day revocation period has passed. Executive also understands that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Executive understands that this Release shall become effective, irrevocable, and binding upon Executive on the eighth (8th) day after his or her execution of it, so long as Executive has not revoked it within the time period and in the manner specified in clause (d) above.

(f)Executive further understands that Executive will not be given any severance benefits under the Agreement unless this Release is effective on or before the date that is fifty-five (55) days following the date of Executive's termination of employment.

2.No Assignment. Executive represents and warrants to the Company Releasees that there has been no assignment or other transfer of any interest in any Claim that Executive may have against the Company Releasees. Executive agrees to indemnify and hold harmless the Company

Releasees from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred as a result of any such assignment or transfer from Executive.

3. Severability. In the event any provision of this Release is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

4. Interpretation; Construction. The headings set forth in this Release are for convenience only and shall not be used in interpreting this Agreement. This Release has been drafted by legal counsel representing the Company, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Release and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Release. Either party's failure to enforce any provision of this Release shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Release.

5. Governing Law and Venue. This Release will be governed by and construed in accordance with the laws of the United States of America and the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the Parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

6. Entire Agreement. This Release and the Agreement constitute the entire agreement of the Parties in respect of the subject matter contained herein and therein and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral. This Release may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

7. Counterparts. This Release may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(Signature Page Follows)

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the foregoing Release as of the date first written above.

**EXECUTIVE** **CRINETICS PHARMACEUTICALS, INC.**

By:

Print Name: Ajay Madan Print Name:

Title:

**Exhibit 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, R. Scott Struthers, Ph.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crinetics Pharmaceuticals, 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 controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2020

/s/ R. Scott Struthers, Ph.D.

R. Scott Struthers, Ph.D.
President and Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Marc J.S. Wilson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crinetics Pharmaceuticals, 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 controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2020

/s/ Marc J.S. Wilson

Marc J.S. Wilson
Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Crinetics Pharmaceuticals, Inc. (the "Company") hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2020 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

/s/ R. Scott Struthers, Ph.D.
R. Scott Struthers, Ph.D.
President and Chief Executive Officer

Date: August 7, 2020

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Crinetics Pharmaceuticals, Inc. (the "Company") hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2020 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

/s/ Marc J.S. Wilson
Marc J.S. Wilson
Chief Financial Officer

Date: August 7, 2020