UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported**): May 8, 2023**

EQRX, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-40312**	**86-1691173**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

50 Hampshire Street, Cambridge, MA	**02139**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **617-315-2255**

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common stock, par value $0.0001 per share	**EQRX**	**The Nasdaq Global Market**
Warrants to purchase one share of common stock at an exercise price of $11.50	**EQRXW**	**The Nasdaq Global Market**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Item 1.02 Termination of a Material Definitive Agreement.

CStone Pharmaceuticals

On May 8, 2023, EQRx, Inc. (EQRx) provided written notice to CStone Pharmaceuticals (CStone) of its termination of the Exclusive License Agreement dated October 26, 2020 between EQRx and CStone (as amended, the CStone Agreement), which termination will be effective in accordance with the terms of such agreement. The parties are in discussions regarding their respective transition obligations.

Under the CStone Agreement, EQRx acquired a worldwide exclusive license for the research, development and commercialization of sugemalimab (EQ165) and nofazinlimab (EQ176), with the exception of mainland China, Taiwan, Hong Kong and Macau. EQRx made an upfront non-refundable, non-creditable payment of $150.0 million under the CStone Agreement. Additionally, if EQRx had achieved all of the development and commercialization milestone events under the CStone Agreement, CStone would have been eligible to receive in total (i) $182.5 million in development and regulatory milestone payments, and (ii) $970.0 million in sales milestone payments. CStone would have also been entitled to royalty payments under the CStone Agreement.

Lynk Pharmaceutical (Hangzhou) Co., Ltd.

On May 8, 2023, EQRx provided written notice to Lynk Pharmaceutical (Hangzhou) Co., Ltd. (Lynk) of its termination of the Exclusive License Agreement dated April 1, 2020 between EQRx and Lynk Pharmaceuticals (as amended, the Lynk Agreement), which termination will be effective in accordance with the terms of such agreement.

Under the Lynk Agreement, EQRx acquired an exclusive license for the research, development and commercialization of LNK-207, a novel, highly selective JAK-1 inhibitor (EQ121) worldwide, with the exception of mainland China, Hong Kong, Macau and Taiwan (the Lynk Territory). The Lynk Agreement also provided EQRx with a non-exclusive license in the Lynk Territory to research and develop EQ121 for purposes of obtaining regulatory approval, and to manufacture and/or package EQ121 for use in EQRx's territory. EQRx made an upfront non-refundable, non-creditable payment under the Lynk Agreement. Additionally, if EQRx had achieved all of the development and commercialization milestone events under the Lynk Agreement, Lynk would have been eligible to receive in total (i) $52.0 million in development and regulatory milestone payments, and (ii) $120.0 million in sales milestone payments. Lynk would have also been entitled to royalty payments under the Lynk Agreement.

Item 2.02 Results of Operations and Financial Condition.

On May 8, 2023, EQRx issued a press release announcing its financial results for the first quarter ended March 31, 2023. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information contained or incorporated in this Item 2.02, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 2.05 Costs Associated with Exit or Disposal Activities.

On April 28, 2023, the board of directors of EQRx approved a restructuring plan (the Plan) as a result of its decision to reset EQRx's business and focus on clinically differentiated, high-value medicines. Pursuant to the Plan, in addition to the termination of the CStone Agreement and Lynk Agreement (see Item 1.02), EQRx will undertake several cost-reduction actions, including a decrease in headcount of approximately 170 positions, resulting from a reduction in force and not filling positions following previous departures. Restructuring payments such as employee-related termination costs associated with the reduction in force and contract termination costs associated with the termination of the CStone Agreement and Lynk Agreement (see Item 1.02 above) are currently estimated to be between $15.0 million and $21.0 million and are expected to be substantially incurred by the end of 2023.

EQRx also expects to incur additional costs as it completes the wind-down of various activities related to the terminations of the CStone Agreement and Lynk Agreement and may also incur additional costs not currently contemplated due to events that may occur as a result of, or that are associated with, the other May 2023 strategic decisions. Therefore, EQRx currently estimates total restructuring costs for 2023 will be in the range of $45.0 million to $55.0 million.

Each departing employee of EQRx has played an integral role in EQRx's commitment to develop and commercialize innovative medicines for some of the most prevalent disease areas. EQRx would like to sincerely thank its departing employees for their commitment, passion and contributions and wishes them well in their future endeavors.

As the Plan is implemented, EQRx's management will re-evaluate the estimated costs set forth above and will finalize the estimated restructuring charge, consistent with generally accepted accounting principles. The estimated costs that EQRx expects to incur in connection with the Plan are subject to a number of assumptions, and actual results may differ materially from these estimates. EQRx may also incur additional costs not currently contemplated due to events that may occur as a result of, or that are associated with, the Plan.

Forward-Looking Statements.

This Current Report on Form 8-K contains certain forward-looking statements within the meaning of the federal securities laws. These forward-looking statements may be identified by the use of words such as "believe," "project," "expect," "anticipate," "estimate," "intend," "design," "strategy," "future," "opportunity," "continue, "aim," "goal," "plan," "may," "look forward," "should," "will," "would," "will be," "will likely result," and similar expressions. These forward-looking statements include, but are not limited to, express or implied statements regarding the effects of the license agreement terminations and expected costs from the reduction in force and contract terminations; among others. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Many factors could cause actual future events to differ materially from the forward-looking statements in this Current Report on Form 8-K, including but not limited to risks that EQRx's termination of two of its license agreements may impact its ability to license in additional programs in the future; the risk of delays or unforeseen costs in terminating such arrangements; risks that restructuring costs and charges may be greater than anticipated or incurred in different periods than anticipated; the risk that EQRx's restructuring efforts may adversely affect its programs and its ability to recruit and retain skilled and motivated personnel, and may be distracting to employees and management; the risk that EQRx's restructuring efforts may negatively impact its business operations and reputation with or ability to serve customers; and the risk that EQRx's restructuring efforts may not generate their intended benefits to the extent or as quickly as anticipated. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in the "Risk Factors" section in EQRx's most recent Annual Report on Form 10-K as well as any other filings with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and EQRx assumes no obligation, and does not intend, to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release dated May 8, 2023 (Furnished herewith)
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 8, 2023

EQRX, INC.

By: /s/ Melanie Nallicheri
Name: Melanie Nallicheri
Title: President and Chief Executive Officer

Exhibit 99.1

EQRx Resets to Focus on Clinically Differentiated Medicines,
Leveraging $1.3 Billion Cash Position; Reports First Quarter 2023 Financial Results

- Company to utilize significant scale of capital and team to advance a pipeline of clinically differentiated, high-value therapies
- Prioritizing development of lerociclib (CDK 4/6 inhibitor); initiated Phase 3 trial in first-line advanced endometrial cancer; enrollment in Phase 2 trial in first- and second-line advanced breast cancer near completion, providing a foundation for future combination development opportunities
- Seeking commercialization partnerships for aumolertinib (third-generation EGFR inhibitor)
- Terminating license agreements for sugemalimab (anti-PD-L1 antibody), nofazinlimab (anti-PD-1 antibody) and EQ121 (JAK-1 inhibitor)
- $1.3 billion in cash, cash equivalents and short-term investments at quarter-end; portfolio decisions and a substantial reduction in workforce expected to drive annualized cash savings of at least $125 million and significantly lower future cash burn
- EQRx to host conference call and webcast today at 4:30 p.m. ET

CAMBRIDGE, Mass. – **May 8, 2023** – EQRx, Inc. (Nasdaq: EQRX), today announced plans to reset its business and reported financial results for the first quarter ended March 31, 2023.

“Going forward, EQRx will leverage its significant scale of capital and team of experienced ‘drug hunters’ towards developing clinically differentiated, high-value medicines,” said Melanie Nallicheri, president and chief executive officer of EQRx. “Lerociclib, with its compelling early clinical data and potential for strong financial return, is an exciting starting point from which to build our pipeline, along with some of our early-stage oncology programs. As part of this business reset, we plan to remove programs from our existing portfolio that are inconsistent with this new vision. Our promising and potentially differentiated early-stage immune-inflammatory programs will be transitioned into a separate entity under EQRx, and we will explore its path as an independent company.”

Ms. Nallicheri continued, “We expect that our go-forward streamlined organization will have a significantly lower cash burn, which, when combined with our current $1.3 billion cash position, opens up degrees of freedom to execute against our new strategy.”

Key pipeline updates:

Lerociclib (cyclin-dependent kinases 4 and 6 (CDK4/6) inhibitor)

- Initiated a randomized, double-blind, multiregional Phase 3 clinical trial to evaluate lerociclib in combination with letrozole compared to letrozole with placebo for the first-line treatment of advanced/metastatic or recurrent low grade endometrioid endometrial cancer, with the aim to enroll approximately 320 patients worldwide. The primary endpoint is progression-free survival, as based on RECIST v1.1 and assessed by blinded independent central review. The key secondary endpoint is overall survival.

- A multiregional Phase 2 open-label trial evaluating lerociclib in combination with standard endocrine therapy in first- and second-line hormone receptor positive/human epidermal growth factor receptor 2 negative (HR+/HER2-) advanced breast cancer is ongoing with enrollment near completion. The primary and secondary objectives of the trial are to evaluate the safety and tolerability of lerociclib and to investigate the efficacy of lerociclib in combination with endocrine therapy. EQRx expects data from this trial will provide the foundation for the future development of lerociclib in novel combinations, enabled by its potentially differentiated safety profile.

Aumolertinib (third-generation epidermal growth factor receptor (EGFR) inhibitor)

- EQRx is seeking commercialization partnerships for aumolertinib outside Greater China.

- Marketing authorization applications (MAAs) for aumolertinib for use in the treatment of EGFR-mutated non-small cell lung cancer (NSCLC) are under review by both the United Kingdom's Medicines and Healthcare products Regulatory Agency (MHRA) for a Great Britain (GB) license and the European Medicines Agency (EMA) for a European Union (EU)-wide license.

- A U.S.-led, randomized, three-arm Phase 3b clinical trial (TREBLE), evaluating the safety and efficacy of aumolertinib in combination with chemotherapy or alone versus osimertinib for the first-line treatment of EGFR-mutated NSCLC, is ongoing.

Sugemalimab (anti-programmed death-ligand 1 (PD-L1) antibody) and Nofazinlimab (anti-programmed cell death protein 1 (PD-1) antibody)

- EQRx has provided notice to CStone Pharmaceuticals (CStone) of its termination of the license agreement for sugemalimab and nofazinlimab. CStone will regain rights for the research, development and commercialization of sugemalimab and nofazinlimab outside Greater China. The parties are in discussions regarding their respective transition obligations.

EQ121 (Janus kinase (JAK)-1 inhibitor)

- EQRx has provided notice to Lynk Pharmaceuticals (Lynk) of its termination of the license agreement for EQ121. Lynk will regain rights for the research, development and commercialization of EQ121 outside Greater China.

Early-Stage Pipeline

- EQRx continues to advance its early-stage research and development (R&D) programs through collaborations with leading drug engineering companies, with a focus on assets with clear potential for market-leading differentiation. Consistent with the portfolio reset, EQRx plans to terminate the development of those that do not have the clear potential for differentiation.

- EQRx plans to separate its early-stage, potentially differentiated immune-inflammatory (I&I) R&D programs from its oncology business into a new wholly-owned subsidiary and intends to explore its path as an independent company and pursue additional funding options. EQRx will continue to support these programs in the near-term and has allocated approximately $25 million to this effort for the remainder of 2023.

First Quarter 2023 Financial Highlights

- **Cash Position:** Cash, cash equivalents and short-term investments totaled $1.3 billion as of March 31, 2023. EQRx anticipates 2023 cash used in operations to be $275 million or less, including non-recurring costs of approximately $45 - $55 million for wind down, termination and exit costs related to the announced portfolio decisions and a decrease in the company's workforce of approximately 170 positions. EQRx estimates its year-end cash, cash equivalents and short-term investments position will be approximately $1.1 billion.

- As a result of these actions, EQRx expects to generate annualized cash savings, derived on a 2023 full-year basis, of at least $125 million and to significantly lower future cash burn.

- **Operating Expenses:** Total operating expenses for the first quarter of 2023 were $101.8 million, as compared to $85.7 million for the same period in 2022.

    - **R&D Expenses:** R&D expenses for the first quarter of 2023 were $70.9 million, as compared to $53.4 million for the same period in 2022. This increase was primarily driven by a $13.1 million increase in discovery, preclinical and clinical development costs, a $6.1 million increase in consulting and professional fees primarily related to MAA preparation and inspection readiness associated with the regulatory filing and review processes in Europe, and a $2.1 million increase in employee-related expenses driven by growth in our R&D headcount to support the development of our pipeline, partially offset by a $4.5 million decrease in milestone fees.

    - **G&A Expenses:** General and administrative expenses for the first quarter of 2023 were $27.3 million, as compared to $32.3 million for the same period in 2022. This decrease was primarily driven by a decrease of $1.9 million in consulting and professional fees, a $1.4 million decrease in information technology, facilities, overhead allocations and other expenses, and a $1.0 million decrease in employee-related expenses.

- **Restructuring Expenses:** Restructuring expenses for the first quarter of 2023 were $3.6 million. There were no restructuring expenses in 2022.

- **Net Loss:** Net loss totaled $82.6 million for the first quarter of 2023, as compared to a net income of $20.7 million for the same period in 2022, which included $3.8 million and $105.7 million of non-cash gains resulting from the remeasurement of the contingent earnout liability and warrant liabilities recognized upon completion of EQRx's business combination with CM Life Sciences III Inc. at March 31, 2023, and March 31, 2022, respectively.

Conference Call and Webcast Information

EQRx will host a conference call and webcast today, May 8, 2023, at 4:30 p.m. Eastern Time. A live webcast of the call will be available on the "Investor Relations" page of EQRx's website at https://investors.eqrx.com/news-events/events-presentations. To access the call by phone, participants should visit this link (registration link) to receive dial-in details. Participants are requested to register at least 15 minutes before the start of the call. The webcast will be made available for replay on EQRx's website beginning approximately two hours after the event.

About Lerociclib

Lerociclib is a novel, oral, and selective small molecule cyclin-dependent kinases 4 and 6 (CDK4/6) inhibitor, which has been studied clinically in patients with metastatic breast cancer and shown to be highly active with an encouraging tolerability profile in combination with endocrine therapy. Clinical trials of lerociclib, including those sponsored by EQRx, have included more than 400 patients globally. EQRx is currently conducting a multiregional Phase 3 clinical trial (NCT05712941) to evaluate lerociclib in combination with letrozole compared to letrozole with placebo for the first-line treatment of advanced/metastatic or recurrent low grade endometrioid endometrial cancer. In addition, EQRx is conducting a multiregional Phase 2 open-label trial (NCT05085002) evaluating lerociclib in combination with standard endocrine therapy in first- and second-line hormone receptor positive/human epidermal growth factor receptor 2 negative (HR+/HER2-) advanced breast cancer.

About EQRx

EQRx is a biopharmaceutical company committed to developing and commercializing innovative medicines for some of the most prevalent disease areas. To learn more, visit www.eqrx.com and follow us on social media: Twitter: @EQRx_US, LinkedIn.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of the federal securities laws. These forward-looking statements may be identified by the use of words such as “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “design,” “strategy,” “future,” “opportunity,” “continue, “aim,” “goal,” “plan,” “may,” “look forward,” “should,” “will,” “would,” “will be,” “will likely result,” and similar expressions. These forward-looking statements include, but are not limited to, express or implied statements regarding EQRx’s clinical trials, including initiation and enrollment; savings from portfolio reset and reduction in force; EQRx’s ability to leverage its capital and advance a pipeline of therapies; EQRx’s I&I programs and formation of a new subsidiary (including funding thereof); EQRx’s plans for aumolertinib; and EQRx’s cash burn, cash savings, cash runway and 2023 cash used in operations; among others. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Many factors could cause actual future events to differ materially from the forward-looking statements in this press release, including but not limited to the inherent risks in pharmaceutical development, including with respect to the conduct of clinical trials and risk of delays; risks that the results of prior clinical trials may not be predictive of future results or that additional clinical trials become necessary due to changes in standard of care; risks associated with successfully demonstrating the safety and efficacy of its drug candidates and obtaining regulatory approvals; risks associated with EQRx’s ability to otherwise implement its business plans, including risks associated with its growth and commercialization strategies; variations in operating performance across competitors; changes in the competitive and highly regulated industries in which EQRx operates, including laws and regulations affecting EQRx’s business such as the recently enacted Inflation Reduction Act; and other risks associated with its plans to create a new kind of pharmaceutical company, among others. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in the “Risk Factors” section in EQRx’s most recent Annual Report on Form 10-K as well as any other filings with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and EQRx assumes no obligation, and does not intend, to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

Investors and others should note that EQRx communicates with its investors and the public using its website www.eqrx.com, including, but not limited to, EQRx disclosures, investor presentations and FAQs, SEC filings, press releases, public conference call transcripts and webcast transcripts. The information that EQRx posts on its website could be deemed to be material information. As a result, EQRx encourages investors, the media and other interested parties to review the information that EQRx posts there on a regular basis. The contents of EQRx’s website shall not be deemed incorporated by reference in any filing with the SEC.

EQRx, Inc.
Condensed Consolidated Statements of Operations
(unaudited)
(in thousands, except share and per share data)

	Three months ended March 31,	
	2023	**2022**
Operating expenses:		
Research and development	$ 70,933	$ 53,428
General and administrative	27,277	32,263
Restructuring	3,588	—
Total operating expenses	101,798	85,691
Loss from operations	(101,798)	(85,691)
Other income (expense):		
Change in fair value of contingent earn-out liability	1,929	101,774
Change in fair value of warrant liabilities	1,888	3,947
Interest income, net	15,442	182
Other income (expense), net	(12)	514
Total other income, net	19,247	106,417
Net income (loss)	$ (82,551)	$ 20,726
Net income (loss) per share - basic	$ (0.17)	$ 0.04
Net income (loss) per share - diluted	$ (0.17)	$ 0.04
Weighted average common shares outstanding - basic	480,010,594	470,627,083
Weighted average common shares outstanding - diluted	480,010,594	491,792,152

EQRx, Inc.
Selected Condensed Consolidated Balance Sheet Data
(unaudited)
(in thousands)

	March 31, 2023	December 31, 2022
Cash, cash equivalents and short-term investments	$ 1,325,942	$ 1,399,286
Working capital[(1)]	1,295,094	1,376,170
Total assets	1,383,955	1,455,016
Total stockholders' equity	1,314,311	1,388,862
Restricted cash	633	633

(1) Working capital is defined as current assets less current liabilities.

EQRx Contacts:

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