UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

OR

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

For the transition period from _____ to _____.

Commission File Number: 001-43177

FIRST TRACKS BIOTHERAPEUTICS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**39-5003207**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
10770 Wateridge Circle, Suite 210	
San Diego, CA	**92121**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (858) 362-6295

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	TRAX	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of August 7, 2026, there were 35,730,843 shares of the Registrant's Common Stock outstanding.

First Tracks Biotherapeutics, Inc.
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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

First Tracks Biotherapeutics, Inc.
Balance Sheets
(in thousands, except share and par value)
(unaudited)

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 168,018	$ 238,196
Short-term investments	—	73,442
Prepaid expenses and other current assets	9,727	4,762
Total current assets	177,745	316,400
Property and equipment, net	1,071	1,370
Operating lease right-of-use assets	4,324	12,519
Other long-term assets	—	256
Total assets	$ 183,140	$ 330,545
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,553	$ 3,111
Accrued expenses	7,458	25,832
Current portion of operating lease liability	2,436	2,080
Total current liabilities	12,447	31,023
Operating lease liability, net of current portion	1,897	12,032
Stockholders' equity:		
Preferred stock $0.001 par value, 10,000,000 shares authorized and no shares outstanding at June 30, 2026	—	—
Common stock, $0.001 par value, 500,000,000 shares authorized and 35,390,679 shares issued and outstanding at June 30, 2026 and 100 shares authorized and no shares, issued or outstanding at December 31, 2025	35	—
Additional paid-in capital	193,337	—
Accumulated other comprehensive loss	—	(24)
Accumulated deficit	(24,576)	—
Net former parent investment	—	287,514
Total stockholders' equity	168,796	287,490
Total liabilities and stockholders' equity	$ 183,140	$ 330,545

See accompanying notes to unaudited financial statements.

First Tracks Biotherapeutics, Inc.
Statements of Operations and Comprehensive Loss
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating expenses:				
Research and development	25,644	39,272	59,599	80,737
General and administrative	9,293	6,626	28,149	16,441
Total operating expenses	34,937	45,898	87,748	97,178
Loss from operations	(34,937)	(45,898)	(87,748)	(97,178)
Other income (expense), net:				
Interest income	1,564	3,466	3,892	7,557
Other expense, net	(1)	(13)	(2)	(20)
Total other income (expense), net	1,563	3,453	3,890	7,537
Net loss	(33,374)	(42,445)	(83,858)	(89,641)
Other comprehensive loss:				
Unrealized gain (loss) on available-for-sale securities	146	(167)	24	(311)
Comprehensive loss	$ (33,228)	$ (42,612)	$ (83,834)	$ (89,952)
Net loss per common share:				
Basic and diluted	$ (0.95)	$ (1.47)	$ (2.40)	$ (3.02)
Weighted-average number of shares outstanding:				
Basic and diluted	35,003	28,810	35,003	29,722

See accompanying notes to unaudited financial statements.

First Tracks Biotherapeutics, Inc.
Statements of Stockholders Equity
(in thousands)
(unaudited)

	Common Stock		Additional Paid-in	Net Former Parent	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Investment	(Loss) Gain	Deficit	Equity
Balance, December 31, 2025	—	$ —	$ —	$ 287,514	$ (24)	$ —	$ 287,490
Stock-based compensation	—	—	—	11,503	—	—	11,503
Net parent investment	—	—	—	9,077	—	—	9,077
Comprehensive loss, net	—	—	—	—	(122)	—	(122)
Net loss	—	—	—	(50,484)	—	—	(50,484)
Balance, March 31, 2026	—	$ —	$ —	$ 257,610	$ (146)	$ —	$ 257,464
Issuance of common stock from exercises of options	441	—	2,591	—	—	—	2,591
Issuance of common stock upon vesting of restricted stock units and performance stock units	57	—	—	—	—	—	—
Issuance of common stock in connection with the spin-off and reclassification of net parent investment	29,101	29	109,214	(350,284)	—	—	(241,041)
Issuance of common stock, net of $5,309 of transaction costs	5,792	6	74,685	—	—	—	74,691
Stock-based compensation	—	—	6,847	1,472	—	—	8,319
Transfers from former parent	—	—	—	100,000	—	—	100,000
Comprehensive income, net	—	—	—	—	146	—	146
Net loss	—	—	—	(8,798)	—	(24,576)	(33,374)
Balance, June 30, 2026	35,391	$ 35	$ 193,337	$ —	$ —	$ (24,576)	$ 168,796

	Net Parent Investment	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Equity
Balance, December 31, 2024	$ 391,291	$ 305	$ —	$ 391,596
Stock-based compensation	7,746	—	—	7,746
Net parent investment	5,716	—	—	5,716
Comprehensive loss, net	—	(144)	—	(144)
Net loss	(47,196)	—	—	(47,196)
Balance, March 31, 2025	$ 357,557	$ 161	$ —	$ 357,718
Stock-based compensation	7,656	—	—	7,656
Net parent investment	(52,105)	—	—	(52,105)
Comprehensive loss, net	—	(167)	—	(167)
Net loss	(42,445)	—	—	(42,445)
Balance, June 30, 2025	$ 270,663	$ (6)	$ —	$ 270,657

See accompanying notes to unaudited financial statements.

First Tracks Biotherapeutics, Inc.
Statements of Cash Flows
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (83,858)	$ (89,641)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	230	288
Stock-based compensation	19,822	15,402
Accretion/amortization of investments, net	138	(3,264)
Amortization of right-of-use assets – operating	102	919
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(10,202)	639
Accounts payable and other liabilities	9,382	(7,045)
Operating lease liabilities	(93)	(941)
Net cash used in operating activities	(64,479)	(83,643)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	—	(176,755)
Sales and maturities of investments	35,000	228,079
Purchases of property and equipment	(42)	(74)
Net cash provided by investing activities	34,958	51,250
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock in connection with the spin-off	109,243	—
Proceeds from public offerings	75,200	—
Proceeds from the issuance of common stock upon the exercise of stock options	2,122	—
Proceeds from former parent company with Spin-off	100,000	—
Payments for offering costs	(26)	—
Net parent investment	(327,196)	(46,389)
Net cash used in financing activities	(40,657)	(46,389)
Net decrease in cash and cash equivalents	(70,178)	(78,782)
Cash and cash equivalents, beginning of period	238,196	123,080
Cash and cash equivalents, end of period	$ 168,018	$ 44,298
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non-cash investing and financing activities:		
Leased assets obtained in exchange for operating lease liabilities	$ 4,426	$ —
Offering costs accrued	$ 483	$ —
Non-cash transfer of assets and liabilities in connection with the spin-off	$ 14,011	$ —
Receivable related to issuance of common stock, upon exercise of stock options	$ 469	$ —

See accompanying notes to unaudited financial statements.

First Tracks Biotherapeutics, Inc.
Notes to Financial Statements

1. Description of the Business

Organization

First Tracks Biotherapeutics, Inc. ("First Tracks Biotherapeutics," "we," "us," "our," or the "Company") is a clinical-stage biotechnology company advancing antibody therapies that modulate immune pathways implicated in autoimmune and inflammatory diseases. Our pipeline includes ANB033, a CD122 antagonist in development for celiac disease and eosinophilic esophagitis; rosnilimab, a pathogenic T cell depleter in development for rheumatoid arthritis; and ANB101, a BDCA2 modulator.

The Separation

Our financial support has been provided primarily by AnaptysBio, Inc. ("AnaptysBio"), our former parent company. In September 2025, AnaptysBio announced its intent, as approved by its board of directors on September 29, 2025, to separate our operations from AnaptysBio into a separate, independent, publicly traded company (the "Spin-Off"). The Spin-Off was completed on April 20, 2026 (the "Distribution Date").

The Spin-Off was achieved through AnaptysBio's pro rata distribution of 29,100,902 shares of common stock of First Tracks Biotherapeutics to holders of record of AnaptysBio's common stock. Each holder of record of AnaptysBio's common stock received one share of First Tracks Biotherapeutics' common stock for every one share of AnaptysBio's common stock held on April 6, 2026, the record date for the distribution. On April 20, 2026, First Tracks Biotherapeutics' shares of common stock began trading on the Nasdaq Stock Market LLC under the ticker symbol "TRAX."

On the Distribution Date, AnaptysBio distributed 29,100,902 shares of First Tracks Biotherapeutics common stock to its shareholders and the Company completed the previously announced private placement contemplated by that certain purchase agreement (the "Purchase Agreement") by and among the Company, EcoR1 Capital Fund Qualified, L.P. (the "Selling Stockholder") and certain third party investors (collectively, the "Investors"), pursuant to which the Company agreed to issue and sell an aggregate of 5,791,479 shares of the Company's common stock (the "Primary Shares"), and the Selling Stockholder agreed to sell an aggregate of 4,705,575 shares of the Company's common stock (the "Secondary Shares") that the Selling Stockholder received in the Spin-Off, at a purchase price of $13.81 per share (the "Private Placement"). The aggregate gross proceeds to First Tracks Biotherapeutics from the sale of the Primary Shares were approximately $80 million, before deducting offering expenses. First Tracks Biotherapeutics did not receive any proceeds from the sale of the Secondary Shares.

In connection with the Spin-Off, we entered into a separation and distribution agreement (the "Separation and Distribution Agreement") with AnaptysBio. The Separation and Distribution Agreement identifies the assets transferred to (including the contracts assigned) or retained by, and the liabilities assumed or retained by each of us, and AnaptysBio. Pursuant to the Separation and Distribution Agreement, on the Distribution Date, $100 million in cash and cash equivalents was allocated to us from AnaptysBio. Furthermore, all accounts payable and accrued liabilities were assumed by AnaptysBio.

Liquidity and Risks

Going forward, as we continue our expansion, we may seek additional financing and/or strategic investments. However, there can be no assurance that any additional financing or strategic investments will be available to us on acceptable terms, if at all. If events or circumstances occur such that we do not obtain additional funding, we will most likely be required to reduce our plans and/or certain discretionary spending, which could have a material adverse effect on our ability to achieve our intended business objectives. Our management believes our currently available resources will provide sufficient funds to enable us to meet our operating plans for at least the next 12 months from the issuance of our financial statements. The accompanying financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

2. Summary of Significant Accounting Policies

Basis of Presentation

We have historically operated as part of AnaptysBio and not as a separate, publicly traded company. For the periods prior to the Spin-Off, the accompanying unaudited financial statements have been derived from AnaptysBio's historical accounting records of its Biopharma segment ("Biopharma") and are presented on a carve-out basis. All revenues and costs as well as assets and liabilities directly associated with our business activity are included as a component of the financial statements. The financial statements also

include allocations of certain general, administrative, sales and marketing expenses and cost of sales from AnaptysBio's corporate office and from other AnaptysBio businesses to us and allocations of related assets, liabilities, and retained earnings prior to the Spin-Off ("Net former parent investment") which represents AnaptysBio's interest in our recorded net assets, as applicable. The allocations have been determined on a reasonable basis; however, the amounts are not necessarily representative of the amounts that would have been reflected in the financial statements had we been an entity that operated independently of AnaptysBio.

Following the Spin-Off, the financial statements include the accounts of First Tracks Biotherapeutics and no longer include any allocations from AnaptysBio. Accordingly:

- The Balance Sheet as of June 30, 2026 consists of First Tracks Biotherapeutics' stand-alone balance sheet, while the Balance Sheet as of December 31, 2025 consists of the combined balances of First Tracks Biotherapeutics and AnaptysBio.
- The Statements of Operations and Comprehensive Loss for the three and six months ended June 30, 2026 consist of the combined results of First Tracks Biotherapeutics for the period from January 1, 2026 through April 19, 2026, and the stand-alone results of First Tracks Biotherapeutics for the period from April 20, 2026 through June 30, 2026. The Statements of Operations and Comprehensive Loss for the three and six months ended June 30, 2025 consist of the combined results of First Tracks Biotherapeutics.
- The Statements of Equity for the three and six months ended June 30, 2026 consist of the combined results of First Tracks Biotherapeutics for the period from January 1, 2026 through April 19, 2026, and the stand-alone results of First Tracks Biotherapeutics for the period from April 20, 2026 through June 30, 2026. The Combined Statements of Equity for the three and six months ended June 30, 2025 consisted of the combined activity of First Tracks Biotherapeutics and AnaptysBio.
- The Statement of Cash Flows for the six months ended June 30, 2026 consists of the combined results of First Tracks Biotherapeutics for the period from January 1, 2026 through April 19, 2026, and the stand-alone results of First Tracks Biotherapeutics for the period from April 20, 2026 through June 30, 2026. The Statement of Cash Flows for the six months ended June 30, 2025 consisted of the combined results of First Tracks Biotherapeutics and AnaptysBio.

Prior to the Spin-Off, First Tracks Biotherapeutics was dependent upon AnaptysBio for all of its working capital and financing requirements under AnaptysBio's centralized approach to cash management and financing of its operations. Because the Company was part of AnaptysBio during the six months ended June 30, 2026, only cash, cash equivalents, and borrowings clearly associated with First Tracks Biotherapeutics and related to the Spin-Off have been included in these financial statements. Other financial transactions relating to the business operations of the Company during the period January 1, 2026 through April 19, 2026 were accounted for through the Net former parent investment account of the Company.

All transactions between First Tracks Biotherapeutics and AnaptysBio have been included in the accompanying financial statements for the three and six months ended June 30, 2026 and June 30, 2025. Transactions with AnaptysBio are reflected in the accompanying Statements of Changes in Equity as "Net parent investment" and in the accompanying Balance Sheets within "Net former parent investment."

All intercompany accounts and transactions between the operations comprising First Tracks Biotherapeutics have been eliminated in the accompanying Statements of Operations for the three and six months ended June 30, 2026 and June 30, 2025 and the Balance Sheets as of June 30, 2026 and December 31, 2025.

The accompanying unaudited financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") have been omitted. The accompanying unaudited financial statements include all known adjustments necessary for a fair presentation of the results of interim periods as required by U.S. GAAP. These adjustments consist primarily of normal recurring accruals and estimates that impact the carrying value of assets and liabilities. Operating results for the six months ended June 30, 2026 are not necessarily indicative of the results that may be expected for the year ending December 31, 2026. The financial statements should be read in conjunction with our audited financial statements for the year ended December 31, 2025 included in our Form 10, which was filed with the SEC on March 27, 2026.

During the periods presented prior to April 20, 2026, we were not a separate legal entity and did not directly own the Australian subsidiary, which was legally owned by AnaptysBio. The portions of the Australian subsidiary's assets, liabilities, income, expenses and cash flows related to our business are included in these financial statements.

We operate in one reportable segment, and our functional and reporting currency is the U.S. dollar.

Use of Estimates

The preparation of the accompanying financial statements in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of expenses during the reporting periods. Actual results could differ from those estimates. We base our estimates and assumptions on historical experience when available and on various factors that we believe to be reasonable under the circumstances. Significant estimates relied upon in preparing these financial statements include estimates related to accrued research and development expenses, stock-based compensation, leases and the allocation of costs between AnaptysBio and First Tracks Biotherapeutics. We evaluate our estimates and assumptions on an ongoing basis. Our actual results could differ from these estimates under different assumptions or conditions.

Net Loss Per Common Share

Basic net loss per common share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing net loss by the weighted-average number of common equivalent shares outstanding for the period, as well as any dilutive effect from outstanding stock options and awards using the treasury stock method. For each period presented, there is no difference in the number of shares used to calculate basic and diluted net loss per share, as we are in a loss position for both periods and all shares are anti-dilutive.

The following table sets forth the weighted-average outstanding potentially dilutive securities that have been excluded in the calculation of diluted net loss per share because to do so would be anti-dilutive (in common stock equivalent shares):

	For the Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2026	2025	2026	2025
Options to purchase common stock	7,545	7,621	7,545	7,644
Stock awards	1,752	854	1,752	873
Total	9,297	8,475	9,297	8,517

Accounting Pronouncements

We have implemented all new accounting pronouncements that are in effect and may have an impact on our financial statements. Unless otherwise discussed, we believe the impact of any recently issued pronouncements will not have a material impact on our financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,* which requires disclosure about the types of costs and expenses included in certain expense captions presented on the income statement. The new disclosure requirements are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. We are currently evaluating the provisions of this guidance and assessing the potential impact on our financial statement disclosures.

In December 2025, the FASB issued ASU No. 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements,* which clarifies the guidance in Topic 270 to improve the consistency of interim financial reporting. The ASU provides a comprehensive list of required interim disclosures and introduces a disclosure principle requiring entities to disclose events since the end of the last annual period that have a material impact on the entity. ASU 2025-11 is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the impact of adoption on our financial statement disclosures.

3. Balance Sheet Accounts and Supplemental Disclosures

Property and Equipment, Net

Property and equipment, net consist of the following:

(in thousands)	June 30, 2026	December 31, 2025
Laboratory equipment	$ 6,765	$ 6,723
Office furniture and equipment	1,583	1,583
Leasehold improvements[1]	—	203
Property and equipment, gross	8,348	8,509
Less: accumulated depreciation and amortization	(7,277)	(7,139)
Total property and equipment, net	$ 1,071	$ 1,370

(1) All leasehold improvements remained with AnaptysBio as part of the Spin-Off.

Accrued Expenses

Accrued expenses consist of the following:

(in thousands)	June 30, 2026	December 31, 2025
Accrued compensation and related expenses	$ 1,969	$ 10,636
Accrued professional fees and other expenses	1,067	3,156
Accrued research, development and manufacturing expenses	4,422	12,040
Total accrued expenses	$ 7,458	$ 25,832

Pursuant to the Separation and Distribution Agreement, all accrued expenses prior to the Spin-Off were retained by AnaptysBio.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

(in thousands)	June 30, 2026	December 31, 2025
Receivable from AnaptysBio	$ 4,226	$ —
Prepaid clinical development	2,470	2,851
Receivable from option exercises	848	29
Other current assets	2,183	1,882
Total prepaid expenses and other current assets	$ 9,727	$ 4,762

4. Collaborative Research and Development Agreements

Centessa

On November 24, 2023, we entered into an exclusive license agreement (as amended, the "Centessa Agreement") with Centessa Pharmaceuticals (UK) Limited ("Centessa"), pursuant to which we acquired the exclusive global development and commercialization rights to a blood dendritic cell antigen 2 (BDCA2) modulator antibody portfolio, including lead asset CBS004 (renamed ANB101), and the related family of antibodies, for the treatment of autoimmune and inflammatory diseases.

In connection with the Centessa Agreement, we paid Centessa an up front cash payment of $4.0 million and an additional cash payment of $3.0 million as reimbursement to Centessa for manufacturing costs incurred. There were $0.3 million in transaction

costs incurred. The total transaction amount of $7.3 million was expensed as in-process research and development and classified as an operating activity in the statement of cash flows. We accounted for the transaction as an asset acquisition as the set of acquired assets did not constitute a business.

Under the terms of the Centessa Agreement, Centessa may be entitled to receive potential future payments of up to $10.0 million upon the achievement of a certain event-based milestone and would be entitled to receive on a product-by-product and country-by-country basis, a royalty of low single digits on annual net sales of any product in the territory in each calendar year. As of June 30, 2026, achievement of the milestone is not probable and, therefore, we have not recognized a liability for the associated $10.0 million contingent consideration.

Vanda

On January 31, 2025, AnaptysBio entered into an Exclusive License Agreement (the "Vanda License Agreement") with Vanda pursuant to which Vanda was granted an exclusive, global license for the development and commercialization of imsidolimab (IL-36R antagonist mAb), which has completed two registration-enabling global Phase 3 trials, GEMINI-1 and GEMINI-2, evaluating the safety and efficacy of imsidolimab in patients with generalized pustular psoriasis ("GPP"). Pursuant to the Separation and Distribution Agreement, any and all rights to receive milestone payments under the Vanda License Agreement were transferred to us.

The following milestones are payable under the Vanda License Agreement:

Milestone Event	Amount	Quarter Recognized
FDA regulatory approval for marketing of first licensed product in the USA for the treatment of active flares in GPP	$5.0M	—
Regulatory approval for marketing of the first licensed product in the EU	$5.0M	—
Commercial sales first exceed $100.0 million	$25.0M	—
Milestones recognized through June 30, 2026	—	—
Milestones that may be recognized in the future	$35.0M	—

5. Related Party Transactions

We have historically operated as part of AnaptysBio and not as a stand-alone entity. Accordingly, the accompanying financial statements for periods prior to the Spin-Off were derived from the consolidated financial statements and accounting records of AnaptysBio. Following the Spin-Off, the financial statements no longer include allocations from AnaptysBio.

Cost Allocations

The financial statements through the date of the Spin-Off reflect allocations of certain expenses from the financial statements of AnaptysBio, including research and development expenses and administrative expenses. These allocations include, but are not limited to, executive management, employee compensation and benefits, facilities and operations, information technology, business development, financial services (such as accounting, audit, and tax), legal, insurance, and stock-based compensation.

Internal research and development costs that could not be specifically identified were allocated to the program level using the percentage of external research and development costs as the allocation driver. General and administrative expenses were allocated similarly to the allocation of internal research and development costs, with a portion allocated based on estimated employee headcount.

These allocations are reflected in the statements of operations as follows:

For the three and six months ended June 30, 2026 and 2025, transactions with AnaptysBio were as follows:

(in thousands)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Research and development	$ 1,853	$ 13,129	$ 17,166	$ 26,816
General and administrative	$ 3,664	$ 6,626	$ 22,520	$ 16,441
Total allocated operating expenses	$ 5,517	$ 19,755	$ 39,686	$ 43,257

The financial statements through the date of the Spin-Off reflect allocations of certain assets and liabilities from the financial statements of AnaptysBio. These allocations include, but are not limited to, prepaid expenses and other current assets, accounts payable, accrued expenses, and accumulated deficit. Amounts that could not be specifically identified were allocated using the percentage of external research and development costs as the allocation driver.

Management believes these cost allocation methods are reasonable and reflect the services provided to First Tracks Biotherapeutics during the periods presented. The allocations may not, however, be indicative of the actual expenses that would have been incurred had First Tracks Biotherapeutics operated as a stand-alone public company. Actual costs that may have been incurred if First Tracks Biotherapeutics had been a stand-alone public company would depend on a number of factors, including the organizational structure, whether functions were outsourced or performed by First Tracks Biotherapeutics employees, and decisions made in areas such as research and development, infrastructure, and information technology.

Net Investment from AnaptysBio

Related party transactions between First Tracks Biotherapeutics and AnaptysBio have been included within net former parent investment in the balance sheet as of December 31, 2025, as these related party transactions were not settled in cash. Net former parent investment, in the balance sheets and statements of equity, represents AnaptysBio's investment in First Tracks Biotherapeutics, the net effect of transactions with, and allocations from AnaptysBio. The components of net transfers from AnaptysBio and the reconciliation to the corresponding amount presented on the statements of cash flows, for the six months ended June 30, 2026 and 2025, were as follows:

(in thousands)	2026	2025
Allocations of AnaptysBio's corporate expenses	$ 9,077	$ (46,389)
Non-cash transfer of investments to AnaptysBio	37,986	—
Non-cash transfer of ROU assets to AnaptysBio	12,886	—
Non-cash transfer of lease liabilities to AnaptysBio	(14,112)	—
Non-cash transfer of other current assets to AnaptysBio	6,048	—
Non-cash transfer of accrued liabilities to AnaptysBio	(28,797)	—
Total	$ 23,088	$ (46,389)

6. Fair Value Measurements and Available-for-Sale Investments

Fair Value Measurements

Our financial instruments consist principally of cash, cash equivalents, short-term and long-term investments, receivables, and accounts payable. Certain of our financial assets and liabilities have been recorded at fair value in the balance sheet in accordance with the accounting standards for fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Accounting guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level 3—Unobservable inputs that are supported by little or no market activities, therefore requiring an entity to develop its own assumptions.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes our assets and liabilities that require fair value measurements on a recurring basis and their respective input levels based on the fair value hierarchy:

		Fair Value Measurements at End of Period Using:		
(in thousands)	Fair Value	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
At June 30, 2026				
Money market funds[1]	$ 140,791	$ 140,791	$ —	$ —
Mutual funds[1]	26,186	26,186	—	—
At December 31, 2025				
Money market funds[1]	$ 140,380	$ 140,380	$ —	$ —
Mutual funds[1]	91,359	91,359	—	—
U.S. Treasury securities[2]	63,268	63,268	—	—
Commercial and corporate obligations[2]	10,174	—	10,174	—

(1) Included in cash and cash equivalents in the accompanying balance sheets.

(2) Included in short-term investments in the accompanying balance sheets.

The following methods and assumptions were used to estimate the fair value of our financial instruments for which it is practicable to estimate that value:

Marketable Securities. For fair values determined by Level 1 inputs, which utilize quoted prices in active markets for identical assets, the level of judgment required to estimate fair value is relatively low. For fair values determined by Level 2 inputs, which utilize quoted prices in less active markets for similar assets, the level of judgment required to estimate fair value is also considered relatively low.

Fair Value of Other Financial Instruments

The carrying amounts of certain of our financial instruments, including cash and cash equivalents, accounts payable, and accrued expenses approximate fair value due to their short-term nature.

Available-for-Sale Investments

We invest our excess cash in agency securities, debt instruments of financial institutions and corporations, commercial obligations, and U.S. Treasury securities, which we classify as available-for-sale investments. These investments are carried at fair value and are included in the tables above. As of June 30, 2026, we did not have any available-for-sale investments by security type, classified in short-term or long-term investments.

The aggregate market value, cost basis, and gross unrealized gains and losses of available-for-sale investments by security type, classified in cash equivalents, short-term and long-term investments as of December 31, 2025 are as follows:

(in thousands)	Amortized Cost	Gross Unrealized Gains	Total Fair Value
Commercial and corporate obligations[1]	10,152	22	10,174
U.S. Treasury securities[2]	63,107	161	63,268
Total available-for-sale investments	$ 73,259	$ 183	$ 73,442

(1) Of our outstanding commercial and corporate obligations, $10.2 million have maturity dates of less than one year and $0.0 million have a maturity date of between one to two years as of December 31, 2025.

(2) Of our outstanding U.S. Treasury securities, $63.3 million have maturity dates of less than one year and $0.0 million have a maturity date of between one to two years as of December 31, 2025.

There were no available-for-sale investments in an unrealized loss position as of June 30, 2026 or December 31, 2025. Accordingly, no allowance for credit losses was recorded.

7. Stockholders' Equity

Preferred Stock

The Company has authorized up to 10,000,000 shares of preferred stock, $0.001 par value per share, for issuance. There were no preferred shares outstanding as of June 30, 2026.

Common Stock

The Company has authorized up to 500,000,000 shares of common stock, $0.001 par value per share, for issuance. There were 35,390,679 shares of common stock issued and outstanding as of June 30, 2026.

Private Placement

On April 20, 2026, the Company completed the previously announced private placement contemplated by that certain purchase agreement (the "Purchase Agreement") by and among the Company, EcoR1 Capital Fund Qualified, L.P. (the "Selling Stockholder") and certain third party investors (collectively, the "Investors"), pursuant to which the Company agreed to issue and sell an aggregate of 5,791,479 shares of the Company's common stock (the "Primary Shares"), and the Selling Stockholder agreed to sell an aggregate of 4,705,575 shares of the Company's common stock (the "Secondary Shares") that the Selling Stockholder received in the Spin-Off, at a purchase price of $13.81 per share (the "Private Placement"). The aggregate gross proceeds to First Tracks Biotherapeutics from the sale of the Primary Shares were approximately $80 million, before deducting offering expenses. First Tracks Biotherapeutics did not receive any proceeds from the sale of the Secondary Shares.

8. Equity Incentive Plans

Prior to the Spin-Off, First Tracks Biotherapeutics had no stock-based compensation plans; however, certain of its employees were eligible to participate in AnaptysBio's 2017 Equity Incentive Plan (the "AnaptysBio Equity Plan") which provided grants of restricted stock units ("RSUs") and performance stock units ("PSUs") (collectively, "Stock Awards"), stock options, or any other stock-based awards. All grants of stock options and Stock Awards prior to separation were made under the AnaptysBio Equity Plan.

In connection with the Spin-Off, the Company established the First Tracks Biotherapeutics 2026 Equity Incentive Plan (the "First Tracks Equity Plan"). The outstanding RSUs and stock options of AnaptysBio were all cancelled and reissued in both the AnaptysBio Equity Plan and the First Tracks Equity Plan. These equity awards were repriced based on a proportional allocation of the original award price, based on First Tracks Biotherapeutics and AnaptysBio's closing prices on the Distribution Date. In doing so, these reissued awards maintained the economic value before and after the Spin-Off. The terms of the equity awards, such as the award period, exercisability, and vesting schedule, as applicable, generally remained unchanged. There was no incremental stock-based compensation expense recorded as a result of the equity award conversion.

In connection with the Spin-Off, each AnaptysBio PSU was replaced with a number of First Tracks Biotherapeutics PSUs with a value equal to the AnaptysBio common stock covered by the cancelled award, rounded down to the nearest share. The replacement awards are subject to substantially equivalent conditions and restrictions as the AnaptysBio cancelled PSUs, except that the stock-price hurdles therein were equitably adjusted such that each hurdle retains the same ratio from the First Tracks Biotherapeutics stock price following the Spin-Off as related to the AnaptysBio stock price prior to the Spin-Off and, following the Spin-Off, performance is based on the First Tracks Biotherapeutics stock price.

Under the First Tracks Equity Plan, 4,169,861 shares (plus the shares subject to substitution awards granted pursuant to the Separation and Distribution Agreement) are reserved for issuance and 347,488 shares are reserved for issuance under the 2026

Employee Stock Purchase Plan. As of June 30, 2026, 2,187,351 shares were available for future issuance under the First Tracks Equity Plan.

Stock Options

Stock options granted to employees and non-employees generally vest over a four-year period while stock options granted to directors generally vest over a one-year period. Each stock option award has a maximum term of 10 years from the date of grant, subject to earlier cancellation prior to vesting upon cessation of service to us. A summary of the activity related to stock option awards during the six months ended June 30, 2026 is as follows:

	Shares Subject to Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at April 20, 2026[(1)]	6,641,885	$ 6.81	7.14	$ 78,934
Granted	1,383,690	$ 17.85		
Exercises	(440,896)	$ 5.88		
Forfeitures and cancellations	—	$ —		
Outstanding at June 30, 2026	7,584,679	$ 8.88	7.55	$ 85,742
Exercisable at June 30, 2026	3,708,578	$ 7.02	6.15	$ 49,037

(1) As part of the Spin-Off, 6,641,885 substitute options were issued related to options from the AnaptysBio Equity Plan.

Total cash received from the exercise of stock options was approximately $2.1 million during the six months ended June 30, 2026.

Time-Based Restricted Stock Units

Each RSU represents one equivalent share of our common stock to be issued after satisfying the applicable continued service-based vesting criteria over a specified period. The fair value of these RSUs is based on the closing price of our common stock on the date of the grant. We measure compensation expense over the expected vesting period on a straight-line basis. The RSUs do not entitle the participants to the rights of holders of common stock, such as voting rights, until the shares are issued.

	Number of Restricted Stock Units	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at April 20, 2026[(1)]	1,514,446	$ 17.62	1.59	$ 28,169
Granted	598,820	$ 17.75		
Released	(57,402)	$ 12.95		
Forfeitures and cancellations	—	$ —		
Outstanding at June 30, 2026	2,055,864	$ 17.79	1.65	$ 41,364
RSU expected to vest at June 30, 2026	2,055,864	$ 17.79	1.65	$ 41,364

(1) As part of the Spin-Off, 1,514,446 substitute awards were issued related to awards from the AnaptysBio Equity Plan.

Performance Stock Units

A PSU represents one equivalent share of our common stock to be issued after achievement of the performance metrics specified in the grant. The following table presents a summary of activity with respect to our PSUs:

	Number of Performance Stock Units	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)
Outstanding at April 20, 2026[(1)]	1,109,394	$ 6.07	2.22
Granted	—	$ —	
Released	—	$ —	
Forfeitures	—	$ —	
Outstanding at June 30, 2026	1,109,394	$ 6.07	2.03

(1) As part of the Spin-Off, 1,109,394 substitute awards were issued related to awards from the AnaptysBio Equity Plan.

The fair value of our PSUs is estimated as of the grant date of July 22, 2024, based upon the expected achievement of the performance metrics specified in the grant and the closing market price of our common stock on the date of grant. The grant date fair value is estimated using a Monte Carlo simulation using the following assumptions:

	Six Months Ended June 30, 2026
Volatility of common stock	59.0%
Risk-free interest rate	4.1%
Contract term (in years)	3.9

The compensation expense for the awards is recognized over the requisite service period regardless of whether the market conditions are achieved and will only be adjusted for pre-vesting forfeitures due to the termination of the recipient's employment with the Company prior to the expiration of the requisite service period. The requisite service period over which the compensation expense will be recognized is July 22, 2024 through July 1, 2028.

Stock-Based Compensation Expense

We recognize stock-based compensation expense for awards issued to employees and non-employees over the requisite service period based on the estimated grant-date fair value of such awards. The estimated fair values of stock option awards granted were determined on the date of grant using the Black-Scholes option valuation model with the following weighted-average assumptions:

	Six Months Ended June 30,	
	2026	2025
Risk-free interest rate	4.3%	4.5%
Expected volatility	83.3%	81.8%
Expected dividend yield	—	—
Expected term (in years)	6.78	6.35
Weighted average grant date fair value per share	$ 13.57	$ 10.95

We determine the appropriate risk-free interest rate, expected term for employee stock-based awards, contractual term for non-employee stock-based awards, and volatility assumptions. The weighted-average expected option term for employee and non-employee stock-based awards reflects the historical option term. Expected volatility incorporates the historical volatility of our stock price. The risk-free interest rate is based upon U.S. Treasury securities with remaining terms similar to the expected or contractual term of the stock-based payment awards. The assumed dividend yield is based on our expectation of not paying dividends in the foreseeable future.

Prior to the Distribution Date, stock-based compensation expense was allocated to us using a proportionate cost allocation method, which management believes is consistent and reasonable. For the research and development portion, costs were allocated using the percentage of external research and development costs as the allocation driver. For the general and administrative portion, costs were allocated similarly to the allocation of research and development costs, with a portion allocated based on estimated employee headcount.

Stock-based compensation expense under AnaptysBio's 2017 Plan allocated to us and included within our statements of operations consisted of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2026	2025	2026	2025
Research and development	$ 734	$ 9,058	$ 5,280	$ 4,620
General and administrative	738	6,344	7,695	3,036
Total	$ 1,472	$ 15,402	$ 12,975	$ 7,656

Stock-based compensation expense under the First Tracks Equity Plan that was recognized in the statements of operations and comprehensive loss is as follows:

(in thousands)	Three Months Ended June 30, 2026
Research and development	$ 3,596
General and administrative	3,251
Total	$ 6,847

At June 30, 2026, there was $48.2 million of unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a remaining weighted average vesting period of 2.87 years, $33.3 million of unrecognized cost related to unvested RSU awards, which is expected to be recognized over a period of 2.63 years, and $3.0 million of unrecognized cost related to unvested PSU awards, which is expected to be recognized over a period of 2.03 years.

9. Commitments and Contingencies

Operating Leases

On June 15, 2026, we entered into a Sublease Agreement with AnaptysBio (the "Sublease Agreement"), with respect to facilities in the building at 10770 Wateridge Circle, San Diego, California 92121. Under the Sublease Agreement, we agreed to sublease approximately 45,000 square feet of space for a term of 24 months, beginning on April 20, 2026.

Under the Sublease Agreement, the monthly base rent is initially $4.87 per rentable square foot and is increased by 3% annually. We are also responsible for our pro rata share of real estate taxes, building insurance, maintenance, direct expenses, and utilities. The terms of the Sublease Agreement do not provide us with an option to extend the term of the lease, but do provide us with an option to terminate the lease early on December 31, 2027, by delivery of written notice provided at least six months in advance. The exercise of this option is at our sole discretion, which we do not anticipate exercising at this time. Upon lease commencement, on April 20, 2026, we recognized a right of use ("ROU") asset and a corresponding lease liability of $4.4 million each, on the balance sheet. There were no lease incentives, prepayments or direct costs as part of the sublease agreement.

Our lease payments are fixed, and we recognize lease expense for leases on a straight-line basis over the lease term. Operating lease ROU assets and lease liabilities are recorded based on the present value of the future minimum lease payments over the lease term at commencement date. As our lease does not provide an implicit rate, we used our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments. The weighted-average discount rate used was 9.5% and the weighted-average remaining lease term is approximately 1.8 years.

The following non-cancellable office lease costs are included in our statements of cash flow (in thousands):

Leases	Classification on the Cash Flow	Six Months Ended June 30, 2026	2025
Operating lease cost	Operating	$ 524	$ —
Cash paid for amounts included in the measurement of lease liabilities	Operating	—	—

At June 30, 2026, the future minimum annual obligations for the Company's operating lease liabilities are as follows:

Years Ending December 31, (in thousands)	
2026	$ 1,833
2027	2,174
2028	708
Total minimum payments required	$ 4,715
Less: imputed interest	(382)
Total	$ 4,333

10. Segment Reporting

We operate as one reportable segment focused on research and development activities to deliver immunology therapeutics for autoimmune and inflammatory diseases. Segment profit or loss is measured as the net loss reported on our Statements of Operations and Comprehensive Loss and net loss is used to monitor results. The measure of segment assets is reported on our Balance Sheets as total assets.

The chief operating decision maker ("CODM") is our Chief Executive Officer. The CODM manages the business activities on a combined basis in making decisions regarding resource allocation and performance assessment.

The following table is a summary of segment loss and our significant expenses (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating expenses:				
External R&D				
ANB033	8,837	3,926	18,136	7,729
Rosnilimab	1,217	15,613	5,811	30,639
ANB101	687	2,040	2,171	3,521
ANB032	5	108	(26)	3,644
Preclinical and other unallocated costs	4,451	4,456	7,747	8,388
Total External R&D[1]	15,197	26,143	33,839	53,921
Total Internal R&D[2]	10,447	13,129	25,760	26,816
Total R&D	25,644	39,272	59,599	80,737
External G&A[3]	(459)	1,453	8,262	5,301
Internal G&A[2]	9,752	5,173	19,887	11,140
Total G&A	9,293	6,626	28,149	16,441
Total operating expenses	34,937	45,898	87,748	97,178
Loss from operations	(34,937)	(45,898)	(87,748)	(97,178)
Interest income	1,564	3,466	3,892	7,557
Other expense, net	(1)	(13)	(2)	(20)
Total other income, net	1,563	3,453	3,890	7,537
Segment net loss	$ (33,374)	$ (42,445)	$ (83,858)	$ (89,641)

(1) External R&D consists of costs associated with our research and development activities, including drug discovery efforts, preclinical and clinical development of our programs, manufacturing, and allocated facility-related costs.

(2) Internal R&D and G&A consist of salaries and wages, stock-based compensation, recruiting and other employee benefits.

(3) External G&A consists of general and administrative expenses including legal services, insurance, professional fees for auditing, tax, and market research, and allocated facility-related costs not otherwise included in research and development expenses.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"). The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "intend," "could," "would," "project," "plan," and "expect," and similar expressions that convey uncertainty of future events or outcomes, are intended to identify forward-looking statements.

The forward-looking statements in this Quarterly Report include, among other things, statements about:

- the success, cost, and timing of our product candidate development activities and ongoing and planned clinical trials;
- our plans and ability to develop and commercialize antibodies;
- the likelihood that the clinical data generated in any study we performed, are performing, or plan to perform in a non-U.S. jurisdiction will be subsequently accepted by the U.S. Food and Drug Administration (the "FDA") and/or by foreign regulatory authorities outside of the jurisdiction where the study was being performed;
- the potential benefits and advantages of our product candidates and approaches versus those of our competitors;
- the success of competing therapies that are or may become available;
- the timing of and the ability to obtain and maintain regulatory approvals for our product candidates;
- the rate and degree of market acceptance and clinical utility of any approved product candidates;
- the size and growth potential of the markets for any approved product candidates, and our ability to serve those markets;
- regulatory developments in the United States and foreign countries;
- the impact of political, economic or public health events on our business and the U.S. and global economies;
- our ability to attract and retain key scientific or management personnel;
- general macroeconomic factors, including volatility in equity markets, fluctuations in interest rates and foreign exchange rates and political and regulatory developments or changes in trade policy, including tariffs;
- our ability to obtain funding for our operations on favorable terms or at all, including funding necessary to complete further development and commercialization of our product candidates;
- the future benefits or costs of the Company's recent separation from AnaptysBio, Inc. ("AnaptysBio") into two independent, publicly traded companies;
- the risk of significant volatility in our stock price or an active trading market for shares of our common stock not developing or being sustained; and
- our estimates regarding expenses, future revenue, capital requirements, and needs for additional financing.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in Part II, Item 1A, "Risk Factors," and elsewhere in this Quarterly Report. Moreover, we operate in a competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this Quarterly Report may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update publicly any forward-looking statements to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this Quarterly Report with the understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect.

Unless the context indicates otherwise, as used in this Quarterly Report, when we refer to "we", "us", "our," or the "Company," we refer to First Tracks Biotherapeutics following the Spin-Off and the combined company with AnaptysBio prior to the Spin-Off. First Tracks Biotherapeutics is our common law trademark. This Quarterly Report contains additional trade names, trademarks, and service marks of other companies, which are the property of their respective owners. We do not intend our use or display of other companies' trade names, trademarks, or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

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

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our unaudited financial statements and related notes for the three months ended June 30, 2026, included in Part I, Item 1 of this Quarterly Report and with our audited combined financial statements and related notes thereto for the year ended December 31, 2025 included in our Form 10 filed with the Securities and Exchange Commission on March 27, 2026. This discussion and other sections of this Quarterly Report contain forward-looking statements that involve risks and uncertainties, such as our plans, objectives, expectations, intentions, and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section entitled "Risk Factors" included in Part II, Item 1A of this Quarterly Report. You should also carefully read "Special Note Regarding Forward-Looking Statements".

Spin-Off from AnaptysBio

In September 2025, AnaptysBio announced its intention to separate its business into two independent, publicly traded companies (the "Spin-Off"). The spun-out company, First Tracks Biotherapeutics, would be a clinical-stage biotechnology company focused on the development and potential commercialization of innovative therapeutics for autoimmune and inflammatory diseases, including ANB033, rosnilimab and ANB101. AnaptysBio would hold and continue to manage the financial collaboration for *Jemperli* with GSK and for imsidolimab with Vanda, with a focus on protecting and returning value of the royalties to its stockholders. As part of the Spin-Off, AnaptysBio transferred the assets, liabilities and operations of its biopharma development business to First Tracks Biotherapeutics. The Spin-Off was approved by the AnaptysBio board of directors and completed on April 20, 2026.

First Tracks Biotherapeutics' historical financial statements have been prepared on a standalone basis and are derived from AnaptysBio consolidated financial statements and accounting records. Therefore, these financial statements reflect, in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"), First Tracks Biotherapeutics' financial position, results of operations and cash flows as the business was historically operated as part of AnaptysBio prior to the Spin-Off. They may not be indicative of First Tracks Biotherapeutics' future performance and do not necessarily reflect what First Tracks Biotherapeutics' financial position, results of operations and cash flows would have been had First Tracks Biotherapeutics operated as a separate, publicly traded company during the periods presented, particularly because the Company expects that changes will occur in our operating structure and its capitalization as a result of the separation from AnaptysBio. Following the Spin-Off, the financial statements no longer include allocations from AnaptysBio.

First Tracks Biotherapeutics' statements of operations through the date of the Spin-Off reflect allocations of certain expenses, including research and development expenses and administrative expenses, and allocations of certain assets and liabilities from the consolidated financial statements of AnaptysBio, Inc., as applicable. Management believes these cost allocation methods are reasonable and reflect the services provided to First Tracks Biotherapeutics during the periods presented. The allocations may not, however, be indicative of the actual expenses that would have been incurred had First Tracks Biotherapeutics operated as a standalone public company. Related party cost allocations are further described in Note 5. Related-Party Transactions to the financial statements. First Tracks Biotherapeutics expects to provide some of the services related to these general and administrative functions to AnaptysBio on a transitional basis following the Spin-Off. These services will be provided under the Transition Services Agreement.

We entered into a Separation and Distribution Agreement and a Transition Services Agreement with AnaptysBio to govern the Spin-Off and our relationship with AnaptysBio following the Spin-Off. These agreements will provide for the allocation between First Tracks Biotherapeutics and AnaptysBio of AnaptysBio's assets, employees, liabilities and obligations (including its property, employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after the Spin-Off and will govern certain relationships between First Tracks Biotherapeutics and AnaptysBio after the Spin-Off.

Private Placement

Certain third-party investors (the "Private Placement Investors") purchased shares of First Tracks Biotherapeutics common stock from First Tracks Biotherapeutics and EcoR1 Capital Fund Qualified, L.P. (the "Selling Stockholder") in the private placement that closed on April 20, 2026 (the "Private Placement"). Pursuant to the purchase agreement by and between First Tracks Biotherapeutics, the Selling Stockholder and the Private Placement Investors, First Tracks Biotherapeutics issued and sold an aggregate of 5,791,479 shares of First Tracks Biotherapeutics common stock and the Selling Stockholder sold an aggregate of 4,705,575 shares of First Tracks Biotherapeutics common stock (the "Secondary Shares") that the Selling Stockholder received in the Spin-Off to the Private Placement Investors in the Private Placement, at a purchase price of $13.81 per share. The aggregate gross proceeds to First Tracks Biotherapeutics from the sale of the Primary Shares were approximately $80 million, before deducting offering expenses. The Private Placement closed immediately after the closing of the Spin-Off. Leerink Partners LLC and Barclays Capital Inc. served as placement agents for the Private Placement and received a placement fee from the Company in connection therewith.

Overview

We are a clinical-stage biotechnology company advancing antibody therapies that modulate immune pathways implicated in autoimmune and inflammatory diseases. Our pipeline includes ANB033, a CD122 antagonist in development for celiac disease and eosinophilic esophagitis; rosnilimab, a pathogenic T cell depleter in development for rheumatoid arthritis; and ANB101, a BDCA2 modulator.

Our Wholly Owned Clinical-Stage Pipeline

Our antibodies are in development to treat autoimmune and inflammatory diseases. We believe these molecules have potential applicability across a broad range of autoimmune and inflammatory diseases, including in gastroenterology, rheumatology, dermatology, respiratory, and other therapeutic areas.

ANB033

ANB033 is an antagonist of CD122, the common beta subunit shared by the IL-15 and IL-2 receptors. IL-15 and IL-2 signaling mediate the proliferation and survival of subsets of CD8+ and CD4+ T cells, NK cells, as well as ILC2s. ANB033 is an antibody designed with an optimal epitope and affinity to CD122 that inhibits IL-15 and IL-2 signaling through both the intermediate affinity IL-2 receptor (comprised of CD122 and the common gamma subunit, CD132) expressed by cytolytic CD8 T cells as well as NK cells and the high affinity IL-2 receptor (comprised of CD122, CD132 and the alpha receptor subunit for IL-2, CD25) expressed by activated CD4 Th1 and Th2 T cells as well as ILC2. Antagonizing CD122 has the potential to achieve and maintain remission of inflammation through the reduction of disease-causing cytolytic CD8 T cell subsets, including intraepithelial lymphocytes ("IELs"), NK cells and reducing inflammatory cytokine secretion by activated CD4+ Th1 and Th2 cells, as well as ILC2 cells.

We announced top-line data from a healthy volunteer Phase 1a trial of ANB033 in October 2025 that demonstrated no safety concerns at any dose and a rapid and sustained PK profile. A total of 80 subjects were enrolled in the randomized, double-blind, placebo-controlled healthy volunteer Phase 1 trial, where SAD cohorts received SC or IV single doses of ANB033 or placebo, while MAD cohorts received four weekly SC doses of ANB033. ANB033 was generally well-tolerated and no SAE discontinuations or dose-limiting toxicities were observed in the study. ANB033 demonstrated an estimated two-to-three week half-life and full receptor occupancy for SC and IV routes of administration. A dose response was observed on relevant PD biomarkers. We observed responsive effects in the peripheral blood with both IV and SC modes of administration. In this trial, treatment with ANB033 resulted in: 1) a 70-75% reduction in CD122-expressing CD8 T cells, which did not result in a meaningful reduction in overall CD8 T cells; 2) elimination of effectively all CD122-expressing NK cells, but the overall NK cell count remained above the levels believed to be needed to maintain immune competency as not all NK cells in humans express CD122 and 3) no observed overall reductions of regulatory T cell counts.

We are conducting a randomized placebo-controlled ~70-patient, global Phase 1b trial cohort of ANB033 in celiac disease ("CeD"). This trial will assess both a cohort of patients with baseline villus height to crypt depth ("Vh:Cd") ratio greater than 2.0 in a gluten-challenge to assess prevention of further mucosal damage, as well as a cohort of patients with a Vh:Cd ratio less than or equal to 2.5, who will not be subjected to a gluten-challenge, to assess the ability to heal mucosal damage in patients with active symptoms. The cohorts will each be randomized 1:1 between one dose level of subcutaneously administered ANB033 dose and placebo. Key assessments include safety and tolerability, efficacy assessments including the change in Vh:Cd ratio, IEL counts, and PROs, such as the Celiac Disease Symptom Diary ("CDSD"), as well as PK and immunogenicity.

The FDA granted Fast Track designation to ANB033 for the treatment of people with CeD on a gluten-free diet.

We are also conducting a global Phase 1b trial cohort of ANB033 in eosinophilic esophagitis ("EoE"). We intend the cohort to enroll 50 patients, randomized 1:1 between one dose level of subcutaneously administered ANB033 dose and placebo, who have histologic evidence of EoE with peak eosinophil count ≥15/hpf at the screening endoscopy and with symptomatic dysphagia. Key assessments include safety and tolerability, efficacy assessments including the DSQ and peak eos/hpf, as well as PK and immunogenicity.

Rosnilimab

Rosnilimab is an IgG1 antibody that directly targets pathogenic T cells, such as activated Tph/Tfh and T effector cells, in the periphery or inflamed tissue. These T cells, when activated, proliferate and migrate, and secrete the inflammatory cytokines that are the drivers of autoimmune and inflammatory diseases. Rosnilimab is designed to selectively deplete pathogenic T cells in both inflamed tissue and the periphery while sparing non-pathogenic T cells, including naïve T cells, to preserve overall immune function and restore immune homeostasis. This drives specific immunological outcomes, such as a reduction in T cell proliferation, migration

and cytokine secretion, and a reduction of plasma cell generation and autoantibody levels. We announced top-line data from a healthy volunteer Phase 1 trial of rosnilimab in November 2021 that supported advancement of rosnilimab into subsequent patient trials. A total of 144 subjects were enrolled in the randomized, double-blind, placebo-controlled healthy volunteer Phase 1 trial, where single ascending dose ("SAD") cohorts received subcutaneous ("SC") or intravenous ("IV") single doses of rosnilimab up to 600mg or placebo, while multiple ascending dose ("MAD") cohorts received four weekly subcutaneous doses of rosnilimab ranging up to 400mg or placebo. Rosnilimab was generally well-tolerated and no dose-limiting toxicities were observed. Rosnilimab demonstrated a sustained systemic exposure and dose-proportionality with an estimated two-week half-life for subcutaneous and IV routes of administration.

In February 2025, we announced initial data that was updated in June 2025, from rosnilimab's randomized, placebo-controlled, global 424-patient, Phase 2b clinical trial for moderate-to-severe rheumatoid arthritis. Patients were randomized to receive either 100mg of subcutaneous rosnilimab every four weeks ("Q4W"), 400mg Q4W, 600mg every two weeks, or placebo.

During the three-month placebo-controlled period, the trial achieved its primary endpoint by observing the reduction of disease activity using the disease activity score, 28 joints ("DAS28") C-Reactive Protein ("CRP") score as well as ACR20 response (an accepted Phase 3 registrational endpoint), at Week 12 in all three doses of rosnilimab compared to placebo. Rosnilimab achieved its secondary endpoint by demonstrating statistical significance in at least one dose and numerical superiority at all doses, including once monthly administration, on ACR20, ACR50 and with respect to the clinical disease activity index ("CDAI") low disease activity ("LDA") score at Week 12. Specifically, at Week 12, ACR20 achieved statistical significance at 100 mg ($p < 0.05$), 400 mg ($p < 0.01$), and 600 mg ($p < 0.001$); ACR50 achieved statistical significance at 600 mg ($p < 0.05$); and CDAI LDA achieved statistical significance at 100 mg ($p < 0.05$) and 400 mg ($p < 0.01$).

Following completion of the Week 14 visit, 69% (or 220 of the 318) rosnilimab-treated patients who achieved CDAI LDA at this timepoint continued their assigned treatment through six months in a blinded, all-active treatment period. At six months, rosnilimab results demonstrated deepening of responses through six months on CDAI LDA, CDAI remission and ACR70 and independent of prior treatments, including anti-TNFα, anti-IL6R or JAK inhibitors. Importantly, this was particularly observed in b/tsDMARD-experienced patients for the 400mg Q4W and 600mg Q2W doses, showing a dose response relative to the 100mg Q4W dose. Furthermore, Week 28 clinical responses across multiple measures, including CDAI LDA, mean CDAI, mean DAS28-CRP and ACR50/70, were durable off-drug through at least three months after the last rosnilimab dose, results which we believe suggest the potential for extended dosing (e.g., Q8W/Q12W) after initial monthly dosing. Due to the trial design, max response rates for rosnilimab have not yet been observed as strict criteria at Week 14, which prevented additional patients with meaningful improvement from continuing treatment in the trial.

We completed an End-of-Phase 2 ("EOP2") meeting with the FDA in the first quarter of 2026.

A table summarizing the results for primary and secondary endpoints follows:

Efficacy Measure	Placebo	Rosnilimab 100mg Q4W		Rosnilimab 400mg Q4W		Rosnilimab 600mg Q2W	
	(N=106)	(N=106)		(N=107)		(N=105)	
Primary Endpoint							
DAS28-CRP at Week 12							
(mean change from baseline)	-1.69	-2.06	**	-2.12	**	-2.06	**
Select Secondary Endpoint^ (% of participants)							
ACR20 at Week 12^	52.8	68.9	*	70.1	**	75.2	***
ACR50 at Week 12^	33	44.3		36.4		46.7	*
Week 28	—	45.3		48.6		58.1	
ACR70 at Week 12^	17.9	21.7		21.5		21.9	
Week 28	—	40.6		36.4		44.8	
CDAI ≤10 (LDA) at Week 12^	31.1	46.2	*	49.5	**	38.1	
Week 28	—	52.8		54.2		62.9	
Select Exploratory Endpoints (Mean Change from Baseline)							
DAS28-CRP							
Week 28	—	-2.51		-2.51		-2.57	
hs-CRP							
Week 12	-0.73	-9.67	***	-10.10	***	-7.60	**
Week 28	—	-7.23		-10.55		-5.98	
Patient Global Assessment							
Week 12	-25.4	-30.1		-30.5		-34.7	**
Week 28	—	-35.9		-38.4		-40.7	
HAQ-DI (range 0-3)							
Week 12	-0.56	-0.61		-0.59		-0.60	
Week 28	—	-0.74		-0.75		-0.78	
Pain VAS							
Week 12	-29	-32.6		-35.3		-39.7	**
Week 28	—	-40		-44.5		-47.2	

A p-value indicates the probability of observing the reported results if there is no difference without treatment (i.e., the null hypothesis is true). Smaller p-values indicate stronger evidence of statistical evidence.

*p<0.05

**p<0.01

***p<0.001

Clinical outcomes were further substantiated by objective translational data. An approximately 50% reduction in the mean CRP from baseline, an objective measure of inflammation, was observed through Week 28 in rosnilimab patients who entered the all-active period. Additionally, translational blood and synovial biopsy biomarker data showed differentiated and consistent immunological impact with on-target pharmacological activity in rosnilimab patients that was not observed on placebo. In blood, rosnilimab demonstrated rapid, deep and sustained reductions of approximately 90% in pathogenic T cells (largely Tph, Tfh and Teff cells), and an increase in total Tregs. Additionally, synovial biopsies of the most impacted joint taken at baseline and after six weeks showed a deep reduction of approximately 90% in pathogenic T cells (largely Tph cells) at the 400mg Q4W and 600mg Q2W doses, showing a dose response relative to the 100mg Q4W dose.

Consistent with prior rosnilimab studies, all rosnilimab doses through end-of-trial follow up at week 38 demonstrated no treatment-related serious adverse events (“SAEs”), malignancies, anaphylaxis or systemic hypersensitivity, and a low incidence of injection site reactions. Most adverse events (“AEs”) were mild to moderate in severity. Less than 2% of patients in the trial discontinued rosnilimab due to an AE, including only one patient after three months for a moderate headache treated with over-the-counter pain medication. Non-treatment related SAEs observed were consistent with known RA patient history and comorbidities.

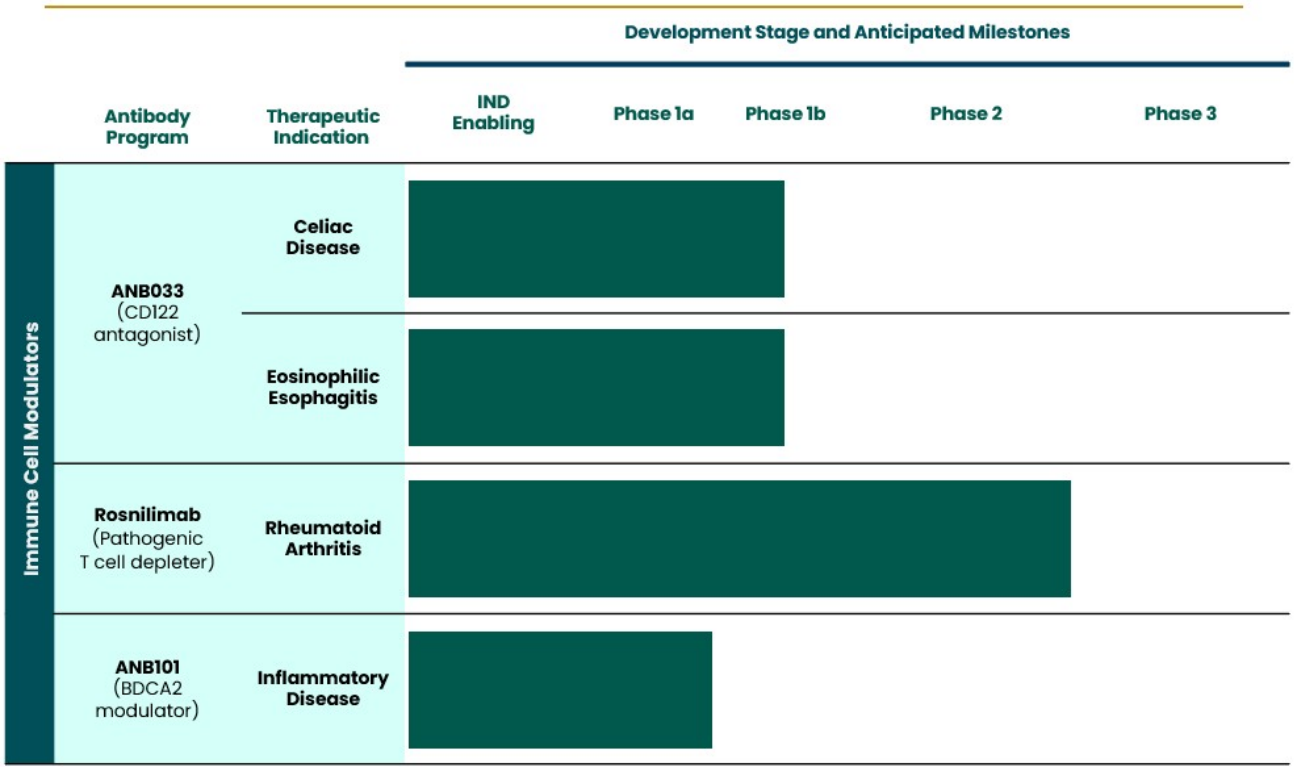
ANB101

ANB101 is a blood dendritic cell antigen 2 ("BDCA2") modulator antibody that targets plasmacytoid dendritic cells ("pDCs") and inhibits interferon secretion and modulates antigen presentation for the treatment of autoimmune and inflammatory diseases. BDCA2 is a molecule specifically expressed on pDCs, a class of immune cells which, while found in relatively small numbers in healthy individuals, are enriched in patients with a variety of inflammatory diseases, that is critical to the regulation of toll-like receptor signaling and interferon secretion. pDCs are a key upstream node in the inflammatory cascade that serve as a bridge between innate and adaptive immunity. They have been shown to be prolific secretors of type I interferons, which drive activation of a variety of downstream cell types including T cells and monocytes. Together with their ability to present antigens to the adaptive immune system, this creates a pro-inflammatory environment for the establishment and perpetuation of autoimmune pathology. BDCA2 has been implicated in the pathophysiology of systemic lupus erythematosus ("SLE"), where there exists mechanistic clinical proof of concept for pDC modulation.

We initiated a Phase 1 clinical trial of ANB101 in healthy volunteers in March 2025 and completed the trial in August 2026. ANB101 preclinical data suggests it is a more potent antibody compared to litifilimab with a longer half-life that results in a deeper and more durable PD effect on pDC depletion.

Our Product Candidates

The following table summarizes certain key information about our wholly owned product candidates:



Components of Operating Results

Research and Development Expense

Research and development expenses consist of costs associated with our research and development activities, preclinical and clinical development of our programs, and manufacturing. Our research and development expenses include:

- External research and development expenses incurred under arrangements with third parties, such as contract research organizations ("CROs"), consultants, members of our scientific and therapeutic advisory boards, and contract manufacturing organizations ("CMOs");

- Employee-related expenses, including salaries, benefits, travel, and stock-based compensation;

- Facilities, depreciation and other allocated expenses, which include direct and allocated expenses for rent and maintenance of facilities, depreciation of leasehold improvements and equipment, and laboratory supplies; and

- License and sub-license fees.

We may also incur in-process research and development expense as we acquire assets from other parties. Acquired in-process research and development costs that have no alternative future use are immediately expensed.

We expense research and development costs as incurred. We account for nonrefundable advance payments for goods and services that will be used in future research and development activities as expense when the service has been performed or when the goods have been received.

We are conducting research and development activities primarily on inflammation programs. We have a research and development team that conducts antibody characterization, translational studies, Investigational New Drug ("IND")-enabling preclinical studies, and clinical development. We conduct some of our preclinical activities internally and plan to rely on third parties, such as CROs and CMOs, for the execution of certain of our research and development activities, such as in vivo toxicology and pharmacology studies, drug product manufacturing, and clinical trials.

We expect our research and development expenses to fluctuate for the foreseeable future as we continue to advance our product candidates.

General and Administrative Expense

General and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation for our executive, finance, legal, business development, human resource, and support functions. Other general and administrative expenses include allocated facility-related costs not otherwise included in research and development expenses, travel expenses, transaction costs, and professional fees for auditing, tax, and legal services.

Interest Income

Interest income consists primarily of interest earned on our short-term and long-term investments and is recognized when earned.

Critical Accounting Policies and Use of Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. On an ongoing basis, we evaluate our judgments and estimates in light of changes in circumstances, facts, and experience. We believe there have been no significant changes in our critical accounting policies as discussed in our Form 10 filed with the SEC on March 27, 2026.

JOBS Act Accounting Election and Smaller Reporting Company Status

We are an emerging growth company ("EGC"). The Jumpstart Our Business Startups Act (the "JOBS Act") contains provisions that, among other things, reduce certain reporting requirements for an EGC. We have elected to use this extended transition period for complying with certain new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our audited financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. Refer to Note 2 to

our financial statements included elsewhere in this Quarterly Report for additional information regarding new or revised accounting pronouncements.

We intend to rely on the other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company" we are not required to, among other things, (i) provide an auditor's attestation report on our system of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act; (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies; (iii) comply with certain types of new requirements adopted by the Public Company Accounting Oversight Board; and (iv) disclose certain executive compensation-related items, such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation. We may remain an "emerging growth company" until the last day of the fiscal year following the fifth anniversary of the completion of the Spin-Off. However, if certain events occur prior to the end of such five-year period, including if we become a "large accelerated filer," our annual gross revenue equals or exceeds $1.235 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an "emerging growth company" prior to the end of such five-year period.

We are also a "smaller reporting company," as defined by applicable rules of the SEC. We may continue to be a smaller reporting company even after we are no longer an emerging growth company. We intend to take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as shares of our voting and non-voting common stock held by non-affiliates is less than $250.0 million measured on the last business day of our second fiscal quarter, or our annual revenue is less than $100.0 million during the most recently completed fiscal year and shares of our voting and non-voting common stock held by non-affiliates is less than $700.0 million measured on the last business day of our second fiscal quarter.

Results of Operations—Comparison of the Three and Six Months Ended June 30, 2026 and 2025

Research and Development Expenses

Research and development expenses were $25.6 million during the three months ended June 30, 2026 compared to $39.3 million during the three months ended June 30, 2025, a decrease of $13.7 million. The decrease is primarily attributable to a $11.1 million decrease in clinical and related expenses, and a $2.6 million decrease in salaries and related costs, including stock compensation expense.

Research and development expenses were $59.6 million during the six months ended June 30, 2026 compared to $80.7 million during the six months ended June 30, 2025, a decrease of $21.1 million. The decrease is primarily attributable to a $20.1 million decrease in clinical and related expenses, and a $1.0 million decrease in salaraies and related costs, including stock compensation.

We do not track fully burdened research and development costs separately for each of our product candidates. We review our research and development expenses by focusing on external development and internal development costs. External development expenses consist of costs associated with our external preclinical and clinical trials, including pharmaceutical development and manufacturing. Included in preclinical and other unallocated costs are external corporate overhead costs that are not specific to any one program. Internal costs consist of salaries and wages, stock-based compensation and benefits, which are not tracked by product candidate as several of our departments support multiple product candidate research and development programs. The following table summarizes the external costs attributable to each program and internal costs:

(in thousands)	Three Months Ended June 30, 2026	2025	Increase/ (Decrease)	Six Months Ended June 30, 2026	2025	Increase/ (Decrease)
External Costs						
ANB033	$ 8,837	$ 3,926	$ 4,911	$ 18,136	$ 7,729	$ 10,407
Rosnilimab	1,217	15,613	(14,396)	5,811	30,639	(24,828)
ANB101	687	2,040	(1,353)	2,171	3,521	(1,350)
ANB032	5	108	(103)	(26)	3,644	(3,670)
Preclinical and other unallocated costs	4,451	4,456	(5)	7,747	8,388	(641)
Total External Costs	$ 15,197	$ 26,143	$ (10,946)	$ 33,839	$ 53,921	$ (20,082)
Internal Costs						
Salaries and wages	6,280	8,510	(2,230)	16,953	17,758	(805)
Stock compensation	4,085	4,619	(534)	8,631	9,058	(427)
Other internal costs	82	—	82	176	—	176
Total Internal Costs	10,447	13,129	(2,682)	25,760	26,816	(1,056)
Total Costs	$ 25,644	$ 39,272	$ (13,628)	$ 59,599	$ 80,737	$ (21,138)

General and Administrative Expenses

General and administrative expenses were $9.3 million during the three months ended June 30, 2026 compared to $6.6 million during the three months ended June 30, 2025, an increase of approximately $2.7 million. The increase is primarily due to a $2.0 million increase in personnel costs, an increase of $1.1 million in stock compensation expense, and a $1.0 million increase in legal expenses, offset by a $1.4 million decrease in other general and administrative expenses.

General and administrative expenses were $28.1 million during the six months ended June 30, 2026 compared to $16.4 million during the six months ended June 30, 2025, an increase of approximately $11.7 million. The increase is primarily due to a $2.6 million increase in personnel costs, an increase of $5.1 million in stock compensation expense, and a $5.0 million increase in legal expenses, offset by a $1.0 million decrease in other general and administrative expenses.

We expect that our general and administrative expenses may increase for the foreseeable future as we incur costs associated with stock compensation expense, legal, auditing and filing fees, additional insurance premiums, investor relations expenses and general compliance and consulting expenses.

Interest Income

Interest income was $1.6 million and $3.5 million during the three months ended June 30, 2026 and 2025, respectively, which primarily related to our short-term and long-term investments. The decrease in interest income is primarily due to the decrease in investment balances, as well as the timing of sales, maturities and purchases of our investments.

Interest income was $3.9 million and $7.6 million during the six months ended June 30, 2026 and 2025, respectively, which primarily related to our short-term and long-term investments. The decrease in interest income is primarily due to the decrease in investment balances, as well as the timing of sales, maturities and purchases of our investments.

Other Expense, Net

Other expense, net was less than $0.1 million during the three and six months ended June 30, 2026 and 2025, respectively.

Liquidity and Capital Resources

Our working capital requirements and capital expenditures have historically been satisfied as part of AnaptysBio's corporate-wide cash management and centralized funding programs. This arrangement is not reflective of the manner in which we would have financed our operations had we been a standalone public company during the periods presented. Following the Spin-Off, we expect to incur significant expenses and operating losses for the foreseeable future as we continue the clinical development of our programs and our research activities. We have not yet commercialized any products and we do not expect to generate revenue from sales of products in the near future, if at all.

Private Placement

On March 26, 2026, First Tracks Biotherapeutics and EcoR1 Capital Fund Qualified, L.P. ("EcoR1") entered into a securities purchase agreement (the "Purchase Agreement") with certain third party investors (collectively, the "Selling Stockholders" and each, a "Selling Stockholder"), pursuant to which, following the closing of the Spin-Off, First Tracks Biotherapeutics issued and sold an aggregate 5,791,479 shares of First Tracks Biotherapeutics common stock (the "Primary Shares"), and EcoR1 sold an aggregate of 4,705,575 shares of First Tracks Biotherapeutics common stock (the "Secondary Shares") that EcoR1 received in the to the Selling Stockholders, at a purchase price of $13.81 per share (the "Private Placement"). The aggregate gross proceeds to First Tracks Biotherapeutics from the sale of the Primary Shares was approximately $80 million, before deducting offering expenses. First Tracks Biotherapeutics did not receive any proceeds from the sale of the Secondary Shares.

Funding Requirements

We may seek to obtain additional financing in the future through equity or debt financings or through collaborations or partnerships with other companies. If we are unable to obtain additional financing on commercially reasonable terms, our business, financial condition and results of operations will be materially adversely affected.

Our primary uses of capital are, and we expect will continue to be, third-party clinical and preclinical research and development services, including manufacturing, laboratory and related supplies, compensation and related expenses, legal, patent and other regulatory expenses, and general overhead costs. We have entered into agreements with certain vendors for the provision of services, including services related to commercial manufacturing, that we are unable to terminate for convenience. Under such agreements, we are contractually obligated to make certain minimum payments to the vendors with the amounts to be based on the timing of the termination and the specific terms of the agreement.

Cash and cash equivalents totaled $168.0 million as of June 30, 2026, compared to $311.6 million as of December 31, 2025.

Based on our current plans, we believe that our existing cash, cash equivalents and investments will fund our current operating plan for at least the next 12 months from the issuance of our financial statements. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we expect and we may fail to complete development of one or more of our products. Additionally, the process of testing product candidates in clinical trials and seeking regulatory approval is costly, and the timing of progress and expenses in these trials is uncertain.

Cash Flows

The following table summarizes our cash flows for the six months ended June 30, 2026 and 2025:

	Six Months Ended June 30,	
(in thousands)	**2026**	**2025**
Net cash provided by (used in):		
Operating activities	$ (64,479)	$ (83,643)
Investing activities	34,958	51,250
Financing activities	(40,657)	(46,389)
Net decrease in cash and cash equivalents	$ (70,178)	$ (78,782)

Operating Activities

Net cash used in operating activities during the six months ended June 30, 2026 of $64.5 million was primarily due to our net loss of $83.9 million, adjusted for addbacks for non-cash expenses of $20.3 million, which includes depreciation, stock-based compensation, amortization of operating right-of-use assets, income from marketable securities and net decreases in working capital of $0.9 million.

Net cash used in operating activities during the six months ended June 30, 2025 of $83.6 million was primarily due to our net loss of $89.6 million, adjusted for addbacks for non-cash expenses of $13.3 million, which includes depreciation, stock-based compensation, amortization of operating ROU assets, and income from marketable securities, and net decreases in working capital of $7.3 million.

Investing Activities

Cash provided by investing activities during the six months ended June 30, 2026 of $35.0 million, primarily relates to the sale and maturities of investments.

Cash provided by investing activities during the six months ended June 30, 2025 was $51.3 million, primarily due to the sale and maturities of investments of $228.1 million, offset by the acquisition of investments of $176.8 million.

Financing Activities

The net cash used in financing activities during the six months ended June 30, 2026 was $40.7 million, primarily due to the proceeds from our public offering and the separation from AnaptysBio offset by the net investment by AnaptysBio.

The net cash used in financing activities during the six months ended June 30, 2025 of $46.4 million was due to the net investment by AnaptysBio.

Contractual Obligations

We have entered into agreements with certain vendors for the provision of goods and services, which includes manufacturing services with contract manufacturing organizations and development services with contract research organizations. These agreements may include certain provisions for purchase obligations and termination obligations that could require payments for the cancellation of committed purchase obligations or for early termination of the agreements. The amount of the cancellation or termination payments vary and are based on the timing of the cancellation or termination and the specific terms of the agreement and therefore are cancellable contracts.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As of June 30, 2026, there have been no material changes surrounding our market risk, including interest rate risk, inflation risk, and foreign currency exchange risk from the discussion provided in our amended Form 10 filed with the SEC on March 27, 2026.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. As of June 30, 2026, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective at a reasonable assurance level.

Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective, and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in legal proceedings arising in the ordinary course of our business. We investigate these claims as they arise and accrue estimates for resolution of legal and other contingencies when losses are probable and estimable. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity and reputational harm, and other factors.

Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this Quarterly Report, including our financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations, and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment.

Summary of Risk Factors

An investment in shares of our common stock involves various risks. Please carefully consider the matters discussed in the section titled "*Risk Factors*" of this Quarterly Report for a description of the principal risks that we face. These risks include, but are not limited to, the following:

- Our product candidates in development may fail or suffer delays that adversely affect their commercial viability. Results from our initial clinical trials may not be representative of the results we will experience in later clinical trials. If we or any future collaborators are unable to complete development of or commercialize our product candidates or experience significant delays in doing so, our business will be materially harmed.
- Our ongoing and planned clinical trials, or those of any future collaborators, may reveal significant adverse events, toxicities or other side effects and may result in a safety profile that could inhibit regulatory approval or market acceptance of any of our product candidates.
- We and any future collaborators may be unable to obtain, or may be delayed in obtaining, required regulatory approvals in the United States or in foreign jurisdictions, which would materially impair our ability to commercialize and generate revenue from our product candidates.
- Even if our product candidates receive regulatory approval, they will be subject to significant post-marketing regulatory requirements.
- We may not be successful in our efforts to expand our pipeline of product candidates and develop marketable products.
- We have no history of commercializing biotechnology products, which may make it difficult to evaluate the prospects for our future viability.
- We face significant competition, and if our competitors develop and market products that are more effective, safer or less expensive than our product candidates, our commercial opportunities will be negatively impacted.
- Our product candidates may not achieve adequate market acceptance among physicians, patients, health care payors and others in the medical community necessary for commercial success.
- We currently have no marketing and sales force. If we are unable to establish effective sales or marketing capabilities or enter into agreements with third parties to sell or market our product candidates, we may not be able to effectively sell or market our product candidates, if approved, or generate product revenue.
- The manufacture of biologics is complex, and our third-party manufacturers may encounter difficulties in production. If any of our third-party manufacturers encounter such difficulties, our ability to provide supply of our product candidates

for clinical trials, our ability to obtain marketing approval, or our ability to provide supply of our products for patients, if approved, could be delayed or stopped.

- Political, economic or public health events may have a material impact on the U.S. and global economies and could have a material adverse impact on our employees, contractors and patients, which could adversely and materially impact our business, financial condition and results of operations.

- We have no operating revenue and a history of operational losses and may not achieve or sustain profitability.

- We have no products approved for commercial sale, and to date we have not generated any revenue or profit from sales of our product candidates.

- We will require additional capital to finance our operations, which may not be available to us on acceptable terms, or at all. As a result, we may not complete the development and commercialization of our product candidates or develop new product candidates.

- We may not succeed in establishing and maintaining additional development and commercialization collaborations, which could adversely affect our ability to develop and commercialize product candidates, including for rosnilimab in RA or other indications.

- If we are unable to obtain or protect intellectual property rights in the U.S. and throughout the world, we may not be able to compete effectively in our market.

- We must attract and retain highly skilled employees in order to succeed.

- We may be unable to achieve some or all of the benefits that we expect to achieve from the Spin-Off.

- Our share price may fluctuate significantly, and you could lose all or part of your investment.

- We have no recent history of operating as a standalone public company, and our historical financial information may not necessarily reflect the results that we would have achieved as a standalone public company or what our results may be in the future.

- We share some of our directors and executive officers with AnaptysBio. This overlap may give rise to certain conflicts of interest.

Risks Related to Discovery and Development of Our Product Candidates

Our product candidates in development may fail or suffer delays that adversely affect their commercial viability. Results from our initial clinical trials may not be representative of the results we will experience in later clinical trials. If we or any future collaborators are unable to complete development of or commercialize our product candidates or experience significant delays in doing so, our business will be materially harmed.

We are developing therapeutic antibodies, including our wholly owned product candidates. However, all of our wholly owned product candidates are in various stages of development, and, for a wide variety of reasons discussed below, may fail in development or suffer delays that adversely affect their commercial viability.

A product candidate can unexpectedly fail at any stage of preclinical and clinical development. The historical failure rate for product candidates is high due to scientific feasibility, safety, efficacy, changing standards of medical care, and other variables. The results from preclinical testing or early clinical trials of a product candidate may not predict the results that will be obtained in later phase clinical trials of the product candidate.

Furthermore, we may conduct clinical trials of a product candidate in multiple indications based on assumptions about the product candidate's mechanism of action. However, it is possible that our assumptions regarding the effectiveness of a product candidate's mechanism of action may be incorrect and that the product candidate may be ineffective in certain diseases or disorders. If this were the case, then the results from any clinical trials of a product candidate that we conduct are less likely to be positive. For example, even though we showed positive data for rosnilimab in our Phase 2b clinical trial in rheumatoid arthritis, data from rosnilimab's Phase 2 clinical trial in ulcerative colitis was not positive.

If our other ongoing or future clinical trials of any of our product candidates, including ANB033, rosnilimab or ANB101, are unsuccessful, whether for one of the reasons mentioned above or otherwise, our product candidates may be delayed in development or fail entirely, which would have a material adverse impact on our business.

The success of our current product candidates, and any other product candidates we may develop in the future, will depend on many factors, including the following:

- obtaining regulatory permission to initiate clinical trials;
- successful enrollment of patients in, and the completion of, our planned clinical trials;
- receiving marketing approvals from applicable regulatory authorities;
- establishing commercial manufacturing capabilities and/or making arrangements with third-party manufacturers;
- obtaining and maintaining patent and trade secret protection and non-patent exclusivity for our product candidates and their components;
- enforcing and defending intellectual property rights and claims;
- achieving desirable therapeutic properties for our product candidates' intended indications;
- launching commercial sales of our product candidates, if and when approved, whether alone or in collaboration with third parties;
- acceptance of our product candidates, if and when approved, by patients, the medical community and third-party payors;
- effectively competing with other therapies; and
- maintaining an acceptable safety profile of our product candidates through clinical trials and following regulatory approval.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our product candidates, which would harm our business.

Furthermore, delays or difficulties in patient enrollment or difficulties in retaining trial participants can result in increased costs, longer development times, or termination of a clinical trial. Clinical trials of a new product candidate require the enrollment of a sufficient number of patients, including patients who are suffering from the disease the product candidate is intended to treat and who meet other eligibility criteria. Rates of patient enrollment are affected by many factors, including the size of the patient population, the eligibility criteria for the clinical trial, the age and condition of the patients, the stage and severity of disease, the nature of the protocol, the proximity of patients to clinical sites, and the availability of effective treatments for the relevant disease. We may not be able to initiate our planned clinical trials if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or foreign regulatory authorities.

Our ongoing and planned clinical trials or those of any future collaborators may reveal significant adverse events, toxicities or other side effects and may result in a safety profile that could inhibit regulatory approval or market acceptance of any of our product candidates.

In order to obtain marketing approval for any of our product candidates, we must demonstrate the safety and efficacy of the product candidate for the relevant clinical indication or indications through preclinical studies and clinical trials as well as additional supporting data. If our product candidates are associated with undesirable side effects in preclinical studies or clinical trials or have characteristics that are unexpected, we may need to interrupt, delay or abandon their development or limit development to more

narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective.

It is not uncommon to observe results in human clinical trials that are unexpected based on preclinical testing, or to observe results in later stage clinical trials that are unexpected based on early clinical trials. Many product candidates fail in clinical trials despite promising preclinical and early clinical results. In addition, top-line results of a clinical trial, which generally reflect preliminary reviews of primary efficacy and/or safety results, do not necessarily predict final results, and any top-line findings or assessments are subject to change pending the completion of final data review procedures. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval for their products.

Some patients in our clinical trials have experienced adverse events, including SAEs. Subjects in our ongoing and planned clinical trials may in the future suffer significant adverse events or other side effects not observed in our preclinical studies or in our Phase 1, Phase 2 or Phase 3 clinical trials. The observed potency and kinetics of our product candidates in preclinical studies may not be observed in human clinical trials. We have tested the dosing frequency and route of administration of our product candidates in preclinical studies, which will inform our dosing strategy for future clinical trials, however such dose and route of administration may not result in sufficient exposure or pharmacological effect in humans and may lead to unforeseen toxicity not previously observed in preclinical testing. If preclinical studies of our product candidates fail to provide preliminary evidence of safety to the satisfaction of regulatory authorities or do not otherwise produce satisfactory results, we may incur additional costs or experience delays in initiating and/or advancing the development and commercialization of our product candidates. Further, if clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we or any future collaborators may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

If further significant adverse events or other side effects are observed in any of our current or future clinical trials, we may have difficulty recruiting patients to the clinical trial, patients may drop out of our trial, or we may be required to abandon the trial or our development efforts of that product candidate altogether. We, the FDA, or other applicable regulatory authorities, or an institutional review board or ethics committee, may suspend clinical trials of a product candidate at any time for various reasons, including a belief that subjects in such clinical trials are being exposed to unacceptable health risks or adverse side effects. Some potential therapeutics developed in the biotechnology industry that initially showed therapeutic promise in early-stage studies have later been found to cause side effects that prevented their further development. Even if the side effects do not preclude a product candidate from obtaining or maintaining marketing approval, undesirable side effects may inhibit market acceptance of the approved product due to its tolerability versus other therapies. Any of these developments could materially harm our business, financial condition and prospects.

Further, if any of our product candidates obtain marketing approval, toxicities associated with our product candidates may also develop after such approval and lead to a requirement to conduct additional clinical safety trials, additional warnings being added to the labeling, significant restrictions on the use of the product or the withdrawal of the product from the market. We cannot predict whether our product candidates will cause toxicities in humans that would preclude or lead to the revocation of regulatory approval based on preclinical studies or early-stage clinical testing.

We and/or any future collaborators may be unable to obtain, or may be delayed in obtaining, required regulatory approvals in the United States or in foreign jurisdictions, which would materially impair our ability to commercialize and generate revenue from our product candidates.

Our ability to continue to develop our product candidates, and to have the potential to achieve and sustain profitability, depends on the FDA and foreign regulatory authorities permitting us to conduct human clinical trials and, if our product candidates are safe and effective, obtaining approval from the FDA and foreign regulatory authorities to market them and subsequently successfully commercializing them, either alone or with any future collaborators. The research, testing, manufacturing, labeling, approval, selling, marketing and distribution of drug and biologic products are subject to extensive regulation by the FDA and foreign regulatory authorities. Before commencing clinical trials in the United States for any product candidate, we must submit an IND to the FDA; foreign regulatory authorities enforce similar requirements for initiation of clinical trials in other countries. An IND or foreign equivalent requires extensive preclinical studies, and there is no guarantee that the FDA or foreign regulatory authorities will allow clinical trials to proceed based on the IND or equivalent submission. For example, although we have initiated toxicology studies for our product candidates, the FDA in the United States, or other foreign regulatory authorities, as applicable, may not allow our clinical trials to proceed in the regulatory authority's jurisdiction if we are unable to show safety margins acceptable to the particular regulatory authority in appropriate animal species in our preclinical toxicology studies.

Even if we or any future collaborators initiate and complete clinical trials for our product candidates, these product candidates will not be permitted to be marketed in the United States until approval of a Biologics License Application ("BLA") from the FDA is

received, and will not be permitted to be marketed in other countries without marketing approval from foreign regulatory authorities. Obtaining approval of a BLA or other marketing approvals is often a lengthy, expensive and uncertain process over which the FDA and foreign regulatory authorities have substantial discretion. Other than submitting and receiving acceptance for initiation of our previous and current clinical trials in the United States and certain foreign jurisdictions, we have had only limited discussions with the FDA and no discussions with foreign regulatory authorities regarding the development plans for any of our product candidates or the designs of any of our later-stage clinical studies. We thus may not have the full benefit of the FDA's or foreign regulatory authorities' current thinking on clinical trial designs or product development for our target indications.

Preclinical studies and clinical trials are expensive, difficult to design and implement, can take many years to complete, and are uncertain as to outcome. Product candidates, on average, take 10 to 15 years to be developed from the time they are discovered to the time they are approved and available for treating patients. The start or end of a clinical trial is often delayed or halted for many reasons, including:

- imposition of a clinical hold for safety reasons or following an inspection of clinical trial operations or site by the FDA or other regulatory authorities;
- manufacturing challenges;
- insufficient supply or quality of product candidates or other materials necessary to conduct clinical trials;
- delays in reaching or failure to reach agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites and CROs or failure by such CROs or trials sites to carry out the clinical trial in accordance with our agreed-upon terms;
- non-clinical or clinical sites becoming unavailable due to political, economic, or public health events;
- clinical sites electing to terminate their participation in one of our clinical trials;
- inability or unwillingness of patients or medical investigators to follow clinical trial protocols;
- required clinical trial administrative actions;
- slower than anticipated patient enrollment;
- changing standards of care;
- safety concerns;
- availability or prevalence of use of a comparative drug or required prior therapy; or
- clinical outcomes or financial constraints.

Our product candidates may not be effective, may be only moderately effective, or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude our obtaining marketing approval or prevent or limit commercial use. Regulatory authorities may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical or other studies or clinical trials. In addition, varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent marketing approval of a product candidate. Moreover, regulatory authorities may determine that the clinical and other benefits of a product candidate do not outweigh the safety or other risks. Changes in marketing approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application may also cause delays in or prevent the approval of an application.

If we or any future collaborators experience any of the issues described above, or other similar or related issues, we or any future collaborators may:

- be delayed in obtaining marketing approval for our product candidates;
- not obtain marketing approval at all;

- obtain marketing approval in some countries and not in others;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings, including boxed warnings;
- be subject to additional post-marketing testing requirements; or
- have the product removed from the market after obtaining marketing approval.

Further, in June 2024, the U.S. Supreme Court reversed its longstanding approach under the Chevron doctrine, which provided for judicial deference to regulatory agencies, including the FDA. As a result of this decision, we cannot be sure whether there will be increased challenges to existing agency regulations or how lower courts will apply the decision in the context of other regulatory schemes without more specific guidance from the U.S. Supreme Court. For example, this decision may result in more companies bringing lawsuits against the FDA to challenge longstanding decisions and policies of the FDA, which could undermine the FDA's authority, lead to uncertainties in the industry, and disrupt the FDA's normal operations, which could impact the timely review of any regulatory filings or applications we submit to the FDA.

Even if our product candidates receive regulatory approval, they will be subject to significant post-marketing regulatory requirements.

Any regulatory approvals that we or any future collaborators may receive for our product candidates will require surveillance to monitor the safety and efficacy of the product candidate, may contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, and may include burdensome post-approval study or risk management requirements. For example, the FDA may require a risk evaluation and mitigation strategy in order to approve our product candidates, which could entail requirements for a medication guide, physician communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. In addition, if the FDA or foreign regulatory authorities approve our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, import, export and recordkeeping for our product candidates will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with Current Good Manufacturing Practices ("cGMP") regulations and good clinical practices for any clinical trials that we conduct post-approval. In addition, manufacturers of drug products and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMP regulations and standards. If we, any future collaborators or a regulatory agency discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facilities where the product is manufactured, a regulatory agency may impose restrictions on that product, the manufacturing facility or us or any future collaborators, including requiring recall or withdrawal of the product from the market or suspension of manufacturing. In addition, failure to comply with FDA and foreign regulatory requirements may, either before or after product approval, if any, subject our company or any future collaborators to administrative or judicially imposed sanctions, including:

- restrictions on our ability to conduct clinical trials, including full or partial clinical holds on ongoing or planned trials;
- restrictions on the products, manufacturers or manufacturing process;
- warning or untitled letters;
- civil and criminal penalties;
- injunctions;
- suspension or withdrawal of regulatory approvals;
- product seizures, detentions or import bans;
- voluntary or mandatory product recalls and publicity requirements;
- total or partial suspension of production;

- imposition of restrictions on operations, including costly new manufacturing requirements; and
- refusal to approve pending BLAs or supplements to approved BLAs.

The occurrence of any event or penalty described above may inhibit our ability, alone or with any future collaborators, to commercialize our product candidates and generate revenue.

Advertising and promotion of any product candidate that obtains approval in the United States will be heavily scrutinized by the FDA, the U.S. Department of Justice ("DOJ"), the U.S. Department of Health and Human Services ("HHS") Office of Inspector General, state attorneys general, members of Congress and the public. Violations, including promotion of our products for unapproved (or off-label) uses, are subject to enforcement letters, inquiries and investigations, and civil and criminal sanctions by the government. Additionally, comparable foreign regulatory authorities will heavily scrutinize advertising and promotion of any product candidate that obtains approval outside of the United States.

In the United States, engaging in the impermissible promotion of our products for off-label uses can also subject us to false claims litigation under federal and state statutes, which can lead to civil and criminal penalties and fines and agreements that materially restrict the manner in which a company promotes or distributes drug products. These false claims statutes include the federal False Claims Act, which allows any individual to bring a lawsuit against a biotechnology company on behalf of the federal government alleging submission of false or fraudulent claims, or causing to present such false or fraudulent claims, for payment by a federal program such as Medicare or Medicaid. If the government prevails in the lawsuit, the individual will share in any fines or settlement funds. Such False Claims Act lawsuits against biotechnology companies have increased significantly in volume and breadth, leading to several substantial civil and criminal settlements regarding certain sales practices promoting off-label drug uses involving fines in excess of $1.0 billion. This growth in litigation has increased the risk that a biotechnology company will have to defend a false claim action, pay settlement fines or restitution, agree to comply with burdensome reporting and compliance obligations, and be excluded from Medicare, Medicaid and other federal and state health care programs. In addition, we may incur liability from claims initiated under the Lanham Act or other federal and state unfair competition laws with respect to how our products are marketed and promoted. Furthermore, the off-label use of our products may increase the risk of product liability claims. If we do not lawfully promote our approved products, we may become subject to such litigation and, if we do not successfully defend against such actions, those actions may have an adverse effect on our business, financial condition and results of operations.

We may not be successful in our efforts to expand our pipeline of product candidates and develop marketable products.

Because we have limited financial and managerial resources, our business depends on our successful development and commercialization of the limited number of internal product candidates we have in preclinical and clinical development. Even if we are successful in continuing to build our pipeline, development of the potential product candidates that we identify will require substantial investment in additional clinical development, management of clinical, preclinical and manufacturing activities, regulatory approval in multiple jurisdictions, building a commercial organization, and significant marketing efforts before we generate any revenue from product sales. Furthermore, such product candidates may not be suitable for clinical development, including as a result of their harmful side effects, limited efficacy or other characteristics that indicate that they are unlikely to be products that will receive marketing approval and achieve market acceptance. If we cannot successfully develop, partner and/or commercialize product candidates, we may not be able to obtain product or partnership revenue in future periods, which would adversely affect our business, prospects, financial condition and results of operations.

As a result of our current focus on our lead product candidates, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products. Our understanding and evaluation of biological targets for the discovery and development of new product candidates may fail to identify challenges encountered in subsequent preclinical and clinical development. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights.

We have no history of commercializing biotechnology products, which may make it difficult to evaluate the prospects for our future viability.

Our operations to date have been largely limited to financing and staffing our company, and developing our wholly owned product candidates. We have only very limited experience conducting pivotal Phase 3 clinical trials and have not had previous experience commercializing product candidates, including submitting a BLA to the FDA. In part because of this lack of experience,

we cannot be certain that planned clinical trials will begin or be completed on time, if at all, that our planned development programs would be acceptable to the FDA or other regulatory authorities, or that, if approval is obtained, such product candidates can be successfully commercialized. Clinical trials and commercializing our wholly owned product candidates will require significant additional financial and management resources, and reliance on third-party clinical investigators, CROs, consultants or collaborators. Relying on third-party clinical investigators, third-party manufacturing, CROs or collaborators may result in delays that are outside of our control.

Furthermore, we may not have the financial resources to continue development of, or to enter into collaborations for, a product candidate if we experience any problems or other unforeseen events that delay or prevent regulatory approval of, or our ability to commercialize, product candidates, including:

- negative or inconclusive results from our clinical trials or the clinical trials of others for product candidates similar to ours, leading to a decision or requirement to conduct additional preclinical testing or clinical trials or abandon a program;
- a suspension or termination of a clinical trial once commenced;
- conditions imposed by the FDA or foreign regulatory authorities regarding the number, scope or design of our clinical trials;
- delays in enrolling research subjects in clinical trials;
- high drop-out rates of research subjects;
- inadequate supply or quality of clinical trial materials or other supplies necessary for the conduct of our clinical trials;
- greater than anticipated clinical trial costs;
- poor effectiveness of our product candidates during clinical trials;
- unfavorable FDA or other regulatory agency inspection and review of a clinical trial site;
- failure of our third-party contractors or investigators to comply with regulatory requirements or otherwise meet their contractual obligations in a timely manner, or at all;
- serious and unexpected, or otherwise unacceptable, drug-related side effects experienced by participants in our planned clinical trials or by individuals using drugs similar to our product candidates;
- delays and changes in regulatory requirements, policy and guidelines, including the imposition of additional regulatory oversight around clinical testing generally or with respect to our technology in particular; or
- varying interpretations of data by the FDA and foreign regulatory authorities.

Consequently, any predictions you make about our future success or viability based on our operating history may not be as accurate as they could be if we had an established track record in conducting clinical trials or commercializing products.

Further, as a clinical-stage business, we may encounter unforeseen expenses, difficulties, complications, delays, and other known and unknown factors. We will need to transition from a company with a research and development focus to a company capable of supporting commercial activities. We may not be successful in such a transition.

We face significant competition, and if our competitors develop and market products that are more effective, safer or less expensive than our product candidates, our commercial opportunities will be negatively impacted.

The biotechnology industry is highly competitive and subject to rapid and significant technological change. Products we may develop in the future are also likely to face competition from other drugs and therapies, some of which we may not currently be aware of. We have competitors both in the United States and internationally, including major multinational pharmaceutical and biotechnology companies, established biotechnology companies, specialty biotechnology companies, emerging and start-up companies, universities and other research institutions. Many of our competitors have significantly greater financial, manufacturing, marketing, drug development, technical and human resources and commercial expertise than we do. Large pharmaceutical and

biotechnology companies, in particular, have extensive experience in clinical testing, obtaining regulatory approvals, recruiting patients and manufacturing biotechnology products. These companies also have significantly greater research and marketing capabilities than we do and may also have products that have been approved or are in late stages of development and collaborative arrangements in our target markets with leading companies and research institutions. Established pharmaceutical and biotechnology companies may also invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make the product candidates that we develop obsolete. As a result of all of these factors, our competitors may succeed in obtaining patent protection and/or approval from the FDA or foreign regulatory authorities or discovering, developing and commercializing products in our field before we do.

For our anti-CD122 antagonist antibody program, our clinical competitors include an anti-CD122 antagonist antibody, FB-102 (Forte Bioscience, acquisition by Argenyx BV expected to close in Q3 2026) in Phase 2a development for the treatment of CeD, Phase 1b development for the treatment of vitiligo, and Phase 1b development for the treatment of alopecia areata, and three anti-IL-15 monoclonal antibodies, GIA632 (Novartis) in Phase 2 development for atopic dermatitis, Phase 2 development for vitiligo, and with proof-of-concept, Phase 1b data for the treatment of CeD and EoE, TEV-53408 (Teva), in Phase 2 development for the treatment of CeD and vitiligo. To date, there are no FDA-approved therapies for the treatment of celiac disease and only one FDA-approved biologic, Dupixent, for the treatment of EoE.

For rosnilimab, our competitors include non-depleting PD-1 agonist antibodies, GS-0151 (Gilead) in Phase 1b development for the treatment of rheumatoid arthritis, and S-4321 (Seismic Therapeutics) in Phase 1 development. Our commercial-stage competitors in moderate-to-severe rheumatoid arthritis include monoclonal antibodies targeting anti-TNF (Humira; AbbVie), IL-6 (Actemra; Roche and Kevzara; Regeneron), CD-80/86 (Orencia; BMS), CD-20 (Rituxan; Roche), and Janus kinase inhibitors (Rinvoq; AbbVie, Olumiant; Eli Lilly, and Xeljanz; Pfizer).

For our anti-BDCA2 program, our competitors include another anti-BDCA2 antibody, litifilimab (Biogen) in Phase 3 development for SLE and cutaneous lupus erythematosus, and a bispecific fusion protein targeting BDCA2 and BAFF/APRIL, DNTH212 (Dianthus Therapeutics) in Phase 1 development, and an anti-ILT7 antibody, daxdilimab (Amgen) in Phase 2 development.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe effects, are more convenient, are less expensive or capture significant market share prior to or during our commercialization. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, our ability to compete may be affected in many cases by insurers or other third-party payors seeking to encourage the use of biosimilar products. Even if our product candidates achieve marketing approval, they may be priced at a significant premium over competitive biosimilar products if any have been approved by then.

Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These companies compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for planned clinical trials and acquiring technologies complementary to, or necessary for, our programs. In addition, the biotechnology industry is characterized by rapid technological change. If we fail to stay at the forefront of technological change, we may be unable to compete effectively. Technological advances or products developed by our competitors may render our technologies or product candidates obsolete, less competitive or not economical.

Our product candidates may not achieve adequate market acceptance among physicians, patients, health care payors and others in the medical community necessary for commercial success.

Even if our product candidates receive regulatory approval, they may not gain adequate market acceptance among physicians, patients, health care payors and others in the medical community. The degree of market acceptance of any of our approved product candidates will depend on a number of factors, including:

- the efficacy and safety profile as demonstrated in planned clinical trials;
- the timing of market introduction of the product candidate as well as competitive products;
- the clinical indications for which the product candidate is approved;
- restrictions on the use of our products, if approved, such as boxed warnings or contraindications in labeling or REMS, if any, which may not be required of alternative treatments and competitor products;

- acceptance of the product candidate as a safe and effective treatment by physicians, clinics and patients; the potential and perceived advantages of product candidates over alternative treatments, including any similar generic treatments;
- the cost of treatment in relation to alternative treatments;
- the availability of coverage and adequate reimbursement and pricing by third parties and government authorities;
- relative convenience and ease of administration;
- the frequency and severity of adverse events;
- the effectiveness of sales and marketing efforts; and
- unfavorable publicity relating to the product candidate.

If any product candidate is approved but does not achieve an adequate level of acceptance by physicians, hospitals, health care payors and patients, we may not generate or derive sufficient revenue from that product candidate and may not become or remain profitable.

We currently have no marketing and sales force. If we are unable to establish effective sales or marketing capabilities or enter into agreements with third parties to sell or market our product candidates, we may not be able to effectively sell or market our product candidates, if approved, or generate product revenue.

We currently do not have a marketing or sales team for the marketing, sales and distribution of any of our product candidates that are able to obtain regulatory approval. In order to commercialize any product candidates, we must build on a territory-by-territory basis marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, and we may not be successful in doing so. If our product candidates receive regulatory approval, we may decide to establish an internal sales or marketing team with technical expertise and supporting distribution capabilities to commercialize our product candidates, which will be expensive and time-consuming and will require significant attention of our management team to manage. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely impact the commercialization of any of our product candidates that we obtain approval to market. With respect to the commercialization of all or certain of our product candidates, we may choose to collaborate, either globally or on a territory-by-territory basis, with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. If we are unable to enter into such arrangements when needed on acceptable terms, or at all, we may not be able to successfully commercialize any of our product candidates that receive regulatory approval, or any such commercialization may experience delays or limitations. If we are not successful in commercializing our product candidates, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses.

The manufacture of biologics is complex, and our third-party manufacturers may encounter difficulties in production. If any of our third-party manufacturers encounter such difficulties, our ability to provide supply of our product candidates for clinical trials, our ability to obtain marketing approval, or our ability to provide supply of our products for patients, if approved, could be delayed or stopped.

The process of manufacturing biologics is complex, highly regulated and subject to multiple risks, and requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. Manufacturing biologics is highly susceptible to product loss due to contamination, equipment failure, improper installation or operation of equipment, vendor or operator error, inconsistency in yields, variability in product characteristics and difficulties in scaling the production process. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply or supply chain disruptions. If microbial, viral or other contaminations are discovered at the facilities of our manufacturer, such facilities may need to be closed for an extended period of time to investigate and remedy the contamination, which could delay clinical trials and adversely harm our business. We rely, and expect to continue to rely, on third parties, including manufacturers based in China, for the manufacture of our product candidates and future product candidates. We and our contract manufacturers must comply with cGMP for the manufacturing of biologics used in clinical trials and, if approved, marketed products. Moreover, if the FDA determines that our manufacturer is not in compliance with FDA laws and regulations, including cGMP, the FDA may deny BLA approval until the deficiencies are corrected or we replace the manufacturer in our BLA with a manufacturer that is in compliance.

Furthermore, all of our therapeutic antibodies are manufactured by starting with cells which are stored in a cell bank. We have one master cell bank for each antibody manufactured in accordance with cGMP and create working cell banks to support cGMP

manufacturing, and believe we would have adequate backup should any cell bank be lost in a catastrophic event. However, it is possible that we could lose multiple cell banks and have our manufacturing severely impacted by the need to replace the cell banks.

Scaling up a biologic manufacturing process is a difficult and uncertain task, and we may not be successful in transferring our production system or the manufacturer may not have the necessary capabilities to complete the implementation and development process. If we are unable to adequately validate or scale-up the manufacturing process with our current manufacturers, we will need to transfer to other manufacturers and complete the manufacturing validation process, which can be lengthy and costly. Even if we are able to adequately validate and scale-up the manufacturing process for our product candidates with contract manufacturers, we will still need to negotiate with such contract manufacturers agreements for commercial supply, and it is not certain we will be able to come to agreement on terms acceptable to us. Accordingly, failures or difficulties faced at any level of our manufacturing process could adversely affect our business and delay or impede the development and commercialization of our product candidates or products and could have an adverse effect on our business, prospects, financial condition and results of operations.

In addition, there are risks associated with large scale manufacturing for clinical trials or commercial scale including, among others, cost overruns, potential problems with process scale-up, process reproducibility, stability issues, compliance with good manufacturing practices, lot consistency and timely availability of raw materials. Even if we or any future collaborators obtain regulatory approval for any of our product candidates, there is no assurance that manufacturers will be able to manufacture the approved product to specifications acceptable to the FDA or other regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product or to meet potential future demand. Moreover, we source certain of the raw materials needed for our product candidates from outside the United States. Although we have not experienced any material supply interruptions to date, it is possible that political, economic or public health events could cause such interruptions in the future. Further, legislation has been introduced in Congress to limit certain U.S. biotechnology companies from using equipment or services produced or provided by select Chinese biotechnology companies, although such legislation has not yet advanced. We cannot predict what actions may ultimately be taken with respect to trade relations between the United States and China or other countries, what products and services may be subject to such actions or what actions may be taken by the other countries in retaliation. Any unfavorable government policies on international trade, such as export controls, capital controls or tariffs, new legislation or regulations, renegotiation of existing trade agreements, or any retaliatory trade actions due to recent or future trade tension, may impede, delay, limit, or increase the cost of manufacturing our product candidates. Such events could result in our clinical or commercial supply of drug, packaging and other services being interrupted or limited, which could harm our business. If our manufacturers are unable to produce sufficient quantities for clinical trials or for commercialization, commercialization efforts would be impaired, which would have an adverse effect on our business, financial condition, results of operations and growth prospects. Any delay or interruption in the supply of clinical trial supplies could delay the completion of planned clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to commence new clinical trials at additional expense or terminate clinical trials completely. Any adverse developments affecting clinical or commercial manufacturing of our product candidates or products may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our product candidates or products.

Some of our suppliers may experience disruption to their respective supply chain due to the effects of macroeconomic conditions, which could delay, prevent or impair our development or commercialization efforts.

We obtain certain drug intermediates of our drug candidate supply from countries affected by macroeconomic events and conditions, including inflation, interest rate fluctuations, uncertainty with respect to the federal budget and debt ceiling and existing or potential government shutdowns related thereto, increasing financial market volatility and uncertainty, the impact of war or military conflict, including regional conflicts around the world, and public health pandemics. Supply chain disruptions and delays as a result of any new tariff policies or trade restrictions could also negatively impact our cost of materials, production processes, and ability to conduct clinical trials. If we are unable to obtain certain drug intermediates of our drug candidate supply in sufficient quantity and in a timely manner due to disruptions in the global supply chain caused by macroeconomic events and conditions, the development, testing and clinical trials of that drug candidate may be delayed or infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained, which could significantly harm our business.

The macroeconomic and geopolitical environment may have a material impact on the U.S. and global economies and could materially impact our business, financial condition and results of operations.

The macroeconomic and geopolitical environment, including inflation, increased volatility in interest rates, tariffs and the debt and equity markets, instability in the global banking system, global health crises and pandemics and geopolitical conflict have had, and may continue to have, an adverse impact on global economic conditions, which could have an adverse effect on our business and financial condition, including impairing our ability to raise capital on favorable terms. The extent to which any such factors impact our business and operations will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the event and the actions to contain its impact.

We are subject to risks associated with foreign trade policy, including recent tariffs imposed or proposed by the United States on its trading partners, as well as retaliatory actions that have or may be imposed by other countries in response. The recent U.S. tariffs and other trade restrictions against trading partners and specific sectors of the global economy may have an adverse effect on our business and financial condition. The United States has imposed many country-specific tariffs at a rate higher than the 10% global baseline on all foreign countries and continues to impose increased tariffs on China in particular. At this time, the impact of the recently imposed and proposed tariff actions with respect to our operations remains uncertain given ongoing bilateral negotiations between the United States and trading partners, changes in U.S. policy, and an ongoing Section 232 investigation by the U.S. Department of Commerce, which may result in the imposition of an additional tariff rate on U.S. imports of pharmaceuticals and pharmaceutical ingredients. Our products involve pharmaceutical ingredients that are partially sourced from outside of the United States, including China, the cost of which may increase due to additional tariff rates. Higher material costs may negatively impact our gross margins and operating results and our ability to be competitive in the global market.

Changes in government trade policies, including changes to tariffs and other non-tariff barriers, may have a material impact on our results of operations.

Risks Related to Our Financial Position and Capital Needs

We have no operating revenue and a history of operational losses and may not achieve or sustain profitability. We have no products approved for commercial sale, and to date we have not generated any revenue or profit from sales of our product candidates.

We are a clinical-stage biotechnology company with a limited operating history. We have no approved products. Our ability to generate revenue and become profitable depends upon our ability, alone or with any future collaborators, to successfully complete the development of our product candidates for our target indications and to obtain necessary regulatory approvals. Further, following the Spin-Off, we no longer generate revenue from the potential royalty revenue streams held by AnaptysBio (i.e., the financial collaboration for *Jemperli* with GSK and for imsidolimab with Vanda).

We have incurred, and expect to continue to incur, operating losses. We had a net loss of $33.4 million and $83.9 million for the three and six months ended June 30, 2026, respectively, and a net loss of $42.4 million and $89.6 million for the three and six months ended June 30, 2025, respectively.

We have devoted substantially all of our efforts to research and development. Across our development portfolio, we expect to continue to incur significant expenses and increasing operating losses for the foreseeable future, and the net losses we incur may fluctuate significantly from quarter to quarter. Our ability to generate future product revenue from our current or future product candidates depends on a number of additional factors, including our ability (or as applicable any future collaborators' ability) to:

- continue research and preclinical development of our product candidates;
- identify additional product candidates;
- enter into new collaboration agreements;
- conduct additional preclinical studies and initiate clinical trials for our product candidates;
- obtain approvals for the product candidates that we develop or are developed under future collaboration arrangements;
- establish a sales, marketing and distribution infrastructure to commercialize any product candidates for which we may obtain marketing approval;
- maintain, expand and protect our intellectual property portfolio;
- hire additional executive, clinical, quality control and scientific personnel;
- add operational, financial and management information systems and personnel, including personnel to support our product development and commercialization efforts;
- establish and maintain supply and manufacturing relationships with third parties and ensure adequate and legally compliant manufacturing of our product candidates;

- obtain coverage and adequate product reimbursement from third-party payors, including government payors;
- acquire or in-license other product candidates and technologies; and
- achieve market acceptance for our or any future collaborators' products, if any.

We are unable to predict the timing or amount of increased expenses, or when, or if, we will be able to achieve or maintain profitability because of the numerous risks and uncertainties associated with product development. In addition, our expenses could increase significantly beyond expectations if we are required by the FDA or other regulatory authorities to perform studies or clinical trials in addition to those that we currently anticipate. Even if any of our product candidates are approved for commercial sale, we anticipate incurring significant costs associated with the commercial launch of any product candidate.

We are currently only in the clinical development stages for our most advanced product candidates. In order to become and remain profitable, we must, alone or with any future collaborators, develop and eventually commercialize a product or products with significant market potential. This may require us to be successful in a range of challenging activities, including completing clinical trials of our product candidates, successfully developing companion diagnostics, obtaining marketing approval for these product candidates and manufacturing, marketing and selling those products for which we may obtain marketing approval. We may never succeed in these activities and, even if we do, may never generate revenues that are significant or large enough to achieve profitability. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, maintain or expand our research and development efforts, expand our business or continue our operations. A decline in the value of our company would also cause you to lose part or even all of the value of your shares of our common stock.

We will require additional capital to finance our operations, which may not be available to us on acceptable terms, or at all. As a result, we may not complete the development and commercialization of our product candidates or develop new product candidates.

As a research and development company, our operations have consumed substantial amounts of cash. We expect our research and development expenses to increase in connection with our ongoing activities, which expenses may substantially increase if we conduct Phase 3 clinical trials or seek marketing approval for our product candidates without any partnerships. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. For more information on these expenses, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Funding Requirements*." Furthermore, we expect to incur additional costs associated with operating as a public company. We believe that our existing cash, cash equivalents and investments will fund our current operating plan for at least the next 12 months. However, circumstances may cause us to consume capital more rapidly than we currently anticipate. For example, as we continue to move our product candidates into and through clinical trials, we may have adverse results requiring us to find new product candidates. Any of these events may increase our development costs more than we expect. We may need to raise additional funds or otherwise obtain funding through future collaboration agreements to continue development of our product candidates.

In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. If we do not raise additional capital when required or on acceptable terms, we may need to:

- significantly delay, scale back or discontinue the development or commercialization of our product candidates or cease operations altogether;
- seek strategic alliances for research and development programs at an earlier stage than we would otherwise desire or on terms less favorable than might otherwise be available;
- relinquish, or license on unfavorable terms, our rights to technologies or future product candidates that we otherwise would seek to develop or commercialize ourselves; or
- eliminate staff to conserve resources.

If we need to conduct fundraising activities and we do not raise additional capital in sufficient amounts or on terms acceptable to us, we may be prevented from pursuing development and commercialization efforts, which will have a material adverse effect on our business, operating results and prospects. Adverse macroeconomic conditions, including volatility in equity capital markets, fluctuating interest rates, tariffs, actual or perceived instability in the U.S. and global banking systems, and fluctuations in

foreign exchange rates, could prevent us from raising capital in sufficient amounts or on terms acceptable to us or at all. Our forecast of the period of time through which our financial resources will adequately support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the factors discussed elsewhere in this "*Risk Factors*" section. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Our future funding requirements, both short and long term, will depend on many factors, including:

- the initiation, progress, timing, costs and results of preclinical studies and clinical trials for our product candidates and future product candidates we may develop;
- the number and size of clinical trials needed to show safety, efficacy and an acceptable risk/benefit profile for any of our product candidates;
- the outcome, timing and cost of seeking and obtaining regulatory approvals from the FDA and foreign regulatory authorities, including the potential for such authorities to require that we perform more studies or trials than those that we currently expect;
- the commercial success or failure of products sold by any future collaborators and the timing thereof;
- our ability to enter into new collaboration agreements;
- the cost to establish, maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, preparing, filing, prosecuting, defending and enforcing of any patents or other intellectual property rights;
- the effect of competing technological and market developments;
- market acceptance of any approved product candidates;
- the costs of acquiring, licensing or investing in additional businesses, products, product candidates and technologies;
- the cost of recruiting and retaining key employees;
- the costs and fees associated with any delays or cancellations of forecasted manufacturing batches;
- the cost and timing of selecting, auditing and potentially validating manufacturing sites for commercial-scale manufacturing; and
- the cost of establishing sales, marketing and distribution capabilities for our product candidates for which we may receive regulatory approval and that we determine to commercialize ourselves or in collaboration with any future collaborators.

If we cannot expand our operations or otherwise capitalize on our business opportunities due to a lack of capital, our business, financial condition and results of operations could be adversely affected.

Raising capital may cause dilution to our stockholders, restrict our operations or require us to relinquish rights to our product candidates on unfavorable terms to us.

We may seek capital through a variety of means, including through public or private equity, debt financings or other sources, including up-front payments and milestone payments from strategic collaborations, license agreements and royalty agreements. To the extent that we raise capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. Such financing may result in dilution to stockholders, imposition of debt covenants, increased fixed payment obligations, or other restrictions that may affect our business. If we raise additional funds through up-front payments or milestone payments pursuant to strategic collaborations with third parties, we may have to relinquish valuable rights to our product candidates or grant licenses on terms that are not favorable to us. In addition, we may seek capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans.

Risks Related to Our Dependence on Third Parties

We may not succeed in establishing and maintaining additional development and commercialization collaborations, which could adversely affect our ability to develop and commercialize product candidates.

A part of our strategy is to enter into strategic product development and commercialization collaborations in the future, including collaborations to broaden and accelerate clinical development and potential commercialization of our product candidates. We may face significant competition in seeking appropriate development partners, and the negotiation process is time-consuming and complex. Moreover, we may not succeed in our efforts to establish collaborations or other alternative arrangements for any of our existing or future product candidates and programs because our research and development pipeline may be insufficient, our product candidates and programs may be deemed to be at too early a stage of development for collaborative effort, and/or third parties may not view our product candidates and programs as having the requisite potential to demonstrate safety and efficacy or to be commercially viable. Even if we are successful in our efforts to establish new collaborations, the terms that we agree upon may not be favorable to us, and we may not be able to maintain such collaborations if, for example, development or approval of a product candidate is delayed or sales of an approved product candidate are disappointing. Any delay in entering into new collaboration agreements related to our product candidates could delay the development and commercialization of our product candidates and reduce their competitiveness if they reach the market.

Moreover, if we fail to establish and maintain collaborations related to our product candidates:

- the development of certain of our current or future product candidates may be terminated or delayed;
- our cash expenditures related to development of certain of our current or future product candidates would increase significantly and we may need to seek additional financing;
- we may be required to hire additional employees or otherwise develop expertise, such as sales and marketing expertise, for which we have not budgeted; and
- we will bear all of the risk related to the development and commercialization of any such product candidates.

If third parties on which we depend to conduct our planned preclinical studies and clinical trials do not perform as contractually required, fail to satisfy regulatory or legal requirements or miss expected deadlines, our development programs could be delayed with adverse effects on our business, financial condition, results of operations and prospects.

We rely on third-party clinical investigators, CROs, CMOs and consultants to design, conduct, supervise and monitor key activities relating to, discovery, manufacturing, non-clinical studies and clinical trials of our product candidates, and we intend to do the same for future activities relating to existing and future programs. Because we rely on third parties and do not have the ability to conduct all required discovery, manufacturing, preclinical studies or clinical trials independently, we have less control over the timing, quality and other aspects of discovery, manufacturing, preclinical studies and clinical trials than we would if we conducted them on our own. These investigators, CROs, CMOs and consultants are not our employees, and we have limited control over the amount of time and resources that they dedicate to our programs. These third parties may have contractual relationships with other entities, some of which may be our competitors, which may draw time and resources from our programs. The third parties we contract with might not be diligent, careful or timely in conducting our discovery, manufacturing, preclinical studies or clinical trials, resulting in discovery, manufacturing, preclinical studies or clinical trials being delayed or unsuccessful, in whole or in part.

If we cannot contract with acceptable third parties on commercially reasonable terms, or at all, or if these third parties do not carry out their contractual duties, satisfy legal and regulatory requirements for the conduct of preclinical studies or clinical trials or meet expected deadlines, our clinical development programs could be delayed and otherwise adversely affected. In all events, we are responsible for ensuring that each of our preclinical studies and clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Our reliance on third parties that we do not control does not relieve us of these responsibilities and requirements. Any such event could have an adverse effect on our business, financial condition, results of operations and prospects.

We rely completely on third parties to manufacture our nonclinical, clinical and future commercial drug supplies of any approved products.

We outsource the manufacture of our product candidates. We do not currently have the infrastructure or internal capability to manufacture supplies of our product candidates for use in development and commercialization. If we were to experience an

unexpected loss of supply of our product candidates for any reason, whether as a result of manufacturing, supply or storage issues or otherwise, our business would be harmed, and we could experience delays, disruptions, suspensions or terminations of, or be required to restart or repeat, any pending or ongoing clinical trials. Although we generally do not begin a clinical trial unless we believe we have a sufficient supply of a product candidate to complete the clinical trial, we may be required to manufacture additional supplies of our product candidates to the extent our estimates of the amounts required prove inaccurate, we suffer unexpected losses of product candidate supplies, or we are required to have fresh product candidate supplies manufactured to satisfy regulatory requirements or specifications. Any significant delay or discontinuation in the supply of a product candidate, or the raw material components thereof, due to the need to replace a contract manufacturer or other third-party manufacturer or otherwise, could considerably harm our business and ability to generate revenue and delay completion of our clinical trials, product testing and potential regulatory approval of our product candidates.

Any delays in our preclinical or clinical development could lead to delays or cancellations of forecasted manufacturing batches, which would typically result in significant fees owed by us to the manufacture and an uncertainty as to when the manufacturer will have the availability for a new time slot to manufacture the batch, which could lead to further delays in the development of the product candidate and have an adverse effect on our business.

Reliance on third-party manufacturers entails additional risks, including the possible breach of the manufacturing agreement by the manufacturer and the possible termination or nonrenewal of the agreement by the manufacturer at a time that is costly or inconvenient for us. If our contract manufacturers were to breach or terminate their manufacturing arrangements with us, the development or commercialization of the affected product candidates could be significantly delayed, which could have an adverse effect on our business. Any change in our manufacturers could be costly because the commercial terms of any new arrangement could be less favorable and because the expenses relating to the transfer of necessary technology and processes could be significant.

We depend on a small number of suppliers for the raw materials necessary to produce our product candidates. The loss of these suppliers, or their failure to supply us with these raw materials, would materially and adversely affect our business.

We depend on the availability of key raw materials for our product candidates from a small number of third-party suppliers. Because there are a limited number of suppliers for the raw materials that we use to manufacture our product candidates, we may need to engage alternate suppliers to prevent a possible disruption of the manufacture of the materials necessary to produce our product candidates for our clinical trials. We do not have any control over the availability of raw materials. If we or our manufacturers are unable to purchase these raw materials on acceptable terms, at sufficient quality levels, or in adequate quantities, if at all, the development of our product candidates would be delayed or there would be a shortage in supply, which would impair our ability to meet our development objectives for our product candidates or generate revenues from the sale of any approved products. If either we or any third parties in the supply chain for materials used in the production of our product candidates are disrupted, including by political, economic or public health events, it could limit our ability to manufacture our product candidates for our preclinical or clinical studies.

Risks Related to Regulatory Approval of Our Product Candidates and Other Legal Compliance Matters

The failure to obtain regulatory approval in international jurisdictions would prevent us or any future collaborators from marketing our product candidates outside the United States.

In order to market and sell our products in other jurisdictions, we or any future collaborators must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The regulatory approval process outside the United States generally includes all of the risks associated with obtaining FDA approval. In addition, in many countries outside the United States, we or any future collaborators must secure product reimbursement approvals before regulatory authorities will approve the product for sale in that country. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries.

If we or any future collaborators fail to comply with the regulatory requirements in international markets and receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed, and our business will be adversely affected. We may not obtain foreign regulatory approvals on a timely basis, if at all. The failure to obtain approval of any of our product candidates by regulatory authorities in another country may significantly diminish the commercial prospects of that product candidate and our business prospects could decline.

Any drugs we develop may become subject to unfavorable third-party reimbursement practices and pricing regulations.

The availability and extent of coverage and adequate reimbursement by governmental and private payors is essential for most patients to be able to afford expensive treatments. Sales of any of our product candidates that receive marketing approval will depend substantially, both in the United States and internationally, on the extent to which the costs of our product candidates will be paid by health maintenance, managed care, pharmacy benefit and similar health care management organizations or reimbursed by government health administration authorities, private health coverage insurers and other third-party payors. If reimbursement is not available, or is available only to limited levels, we or any future collaborators may not be able to successfully commercialize our product candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow us to establish or maintain pricing sufficient to realize a sufficient return on our investment. Coverage and reimbursement may impact the demand for, or the price of, any product candidate for which marketing approval is obtained. If coverage and reimbursement are not available or reimbursement is available only at limited levels, we or any future collaborators may not successfully commercialize any product candidate for which marketing approval is obtained.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, the principal decisions about reimbursement for new products are typically made by the Centers for Medicare & Medicaid Services, an agency within the U.S. Department of Health and Human Services, because CMS decides whether and to what extent a new product will be covered and reimbursed under Medicare. Private payors often follow CMS's decisions regarding coverage and reimbursement to a substantial degree. However, one payor's determination to provide coverage for a drug product does not assure that other payors will also provide coverage for the drug product. As a result, the coverage determination process is often a time-consuming and costly process that will require us or any future collaborators to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Further, such payors are increasingly examining the medical necessity and reviewing the cost effectiveness of medical drug products. There may be especially significant delays in obtaining coverage and reimbursement for newly approved drugs. Third-party payors may limit coverage to specific drug products on an approved list, known as a formulary, which might not include all FDA-approved drugs for a particular indication. We or any future collaborators may need to conduct expensive pharmaco-economic studies to demonstrate the medical necessity and cost effectiveness of our products. Nonetheless, our product candidates may not be considered medically necessary or cost effective. We cannot be sure that coverage and reimbursement will be available for any product that we or any future collaborators commercialize and, if reimbursement is available, what the level of reimbursement and the timing of achieving a reimbursement determination will be.

Outside the United States, international operations are generally subject to extensive governmental price controls and other market regulations, and we believe the increasing emphasis on cost containment initiatives in Europe, Canada and other countries has and will continue to put pressure on the pricing and usage of therapeutics, including our product candidates. In many countries, particularly the countries of the EU, the prices of medical products are subject to varying price control mechanisms as part of national health systems. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we or any future collaborators may be required to conduct a clinical trial that compares the cost effectiveness of our product candidate to other available therapies. In general, the prices of products under such systems are substantially lower than in the United States. Other countries allow companies to fix their own prices for products but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we are able to charge for our product candidates. Accordingly, in markets outside the United States, the reimbursement for our product candidates may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenue and profits.

Moreover, increasing efforts by governmental and third-party payors, in the United States and internationally, to cap or reduce health care costs may cause such organizations to limit both coverage and level of reimbursement for new products approved, and, as a result, they may not cover or provide adequate payment for our product candidates. We expect to experience pricing pressures in connection with the sale of any of our product candidates due to the trend toward managed health care, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on health care costs in general, particularly prescription drugs and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products into the health care market.

In addition to CMS and private payors, professional organizations such as the American Medical Association can influence decisions about reimbursement for new products by determining standards for care. In addition, many private payors contract with commercial vendors who sell software that provide guidelines that attempt to limit utilization of, and therefore reimbursement for, certain products deemed to provide limited benefit to existing alternatives. Such organizations may set guidelines that limit reimbursement or utilization of our product candidates.

If we or any future collaborators are unable to establish or sustain coverage and adequate reimbursement for any future product candidates from third-party payors, the adoption of those product candidates and sales revenue will be adversely affected, which, in turn, could adversely affect the ability to market or sell those product candidates, if approved. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we or any future collaborators receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Healthcare legislative reform measures may increase the difficulty and cost for us or any future collaborators to obtain marketing approval of and commercialize our product candidates and affect the pricing of our product candidates.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could, among other things, prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our or any future collaborators' ability to profitably sell any product candidates for which marketing approval is obtained. The commercial potential for our product candidates, if any, could be affected by changes in healthcare spending and policy in the United States and abroad. New laws, regulations, or judicial decisions or new interpretations of existing laws, regulations, or decisions, related to healthcare availability, the method of delivery, or payment for healthcare products and services, could adversely affect our business, operations, and financial condition, if and when we or any future collaborators are able to obtain marketing approval and commercialize our product candidates.

For example, the Patient Protection and Affordable Care Act (the "ACA") was enacted in 2010, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacts the U.S. pharmaceutical industry. While there have been legislative and judicial efforts to modify, repeal or otherwise invalidate all or certain aspects of the ACA or its implementing regulations, the ACA remains in effect in its current form. It is unclear how any such efforts in the future will impact the ACA or our business.

In addition, other legislative changes have been proposed and adopted at the United States federal and state levels to reduce healthcare expenditures. For example, several healthcare reform initiatives culminated in the enactment of the Inflation Reduction Act ("IRA"), in August 2022, which allows, among other things, HHS to negotiate the selling price of certain drugs and biologics that CMS reimburses under Medicare Part B and Part D, although this only applies to high-expenditure single-source drugs that have been approved for at least seven years (11 years for biologics). The negotiated prices, which will first become effective in 2026, will be capped at a statutory ceiling price. For 2026, the first year in which negotiated prices become effective, CMS selected 10 high-cost Medicare Part D products in 2023, negotiations began in 2024, and the negotiated maximum fair price for each product has been announced. These negotiations resulted in significant price reductions for the products from their 2023 list prices, ranging from 38 to 79 percent, with an average price reduction of 59.4 percent. CMS has selected 15 additional Medicare Part D drugs for negotiated maximum fair pricing in 2027. For 2028, an additional 15 drugs, which may be covered under either Medicare Part B or Part D, will be selected, and for 2029 and subsequent years, 20 Part B or Part D drugs will be selected. The negotiated prices have represented, and will continue to represent, a significant discount from average prices to wholesalers and direct purchasers. The IRA also imposes rebates on Medicare Part B and Part D drugs whose prices have increased at a rate greater than the rate of inflation. In addition, the law eliminated the "donut hole" under Medicare Part D beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost and requiring manufacturers to subsidize, through a newly established manufacturer discount program, 10% of Part D enrollees' prescription costs for brand drugs below the out-of-pocket maximum, and 20% once the out-of-pocket maximum has been reached. The IRA permits the Secretary of HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. Manufacturers that fail to comply with the IRA may be subject to various penalties, including civil monetary penalties. Further, in July 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law, and restored immediate deductibility of domestic research and development expenditures, while foreign expenditures will continue to be capitalized and amortized over fifteen years. Further, the OBBBA is expected to reduce Medicaid spending and enrollment by implementing work requirements for some beneficiaries, capping state-directed payments, reducing federal funding, and limiting provider taxes used to fund the program. The OBBBA also narrows access to ACA marketplace exchange enrollment and declined to extend the enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces which expired in 2025. It is likely these new laws will be challenged in multiple lawsuits. Thus, it is unclear how the IRA will be implemented but it will likely have a significant impact on the pharmaceutical industry and the pricing of our products and product candidates. The adoption of restrictive price controls in new jurisdictions, more restrictive controls in existing jurisdictions or the failure to obtain or maintain timely or adequate pricing could also adversely impact revenue. We expect pricing pressures will continue globally.

It is likely that federal and state legislatures within the United States and foreign governments will continue to consider changes to existing healthcare legislation. These laws may result in additional reductions in Medicare and other healthcare funding. We cannot predict the reform initiatives that may be adopted in the future or whether initiatives that have been adopted will be repealed or modified.

We expect that the ACA, the IRA, the OBBBA and other state or federal healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products.

Our business entails a significant risk of product liability, and our ability to obtain sufficient insurance coverage could have an adverse effect on our business, financial condition, results of operations or prospects.

Our business exposes us to significant product liability risks inherent in the development, testing, manufacturing and marketing of therapeutic treatments. Product liability claims could delay or prevent completion of our development programs. If we or any future collaborators succeed in marketing any of our product candidates, such claims could result in an FDA investigation of the safety and effectiveness of our product candidates, our manufacturing processes and facilities or our marketing programs and potentially a recall of our products or more serious enforcement action, limitations on the approved indications for which they may be used or suspension or withdrawal of approvals. Regardless of the merits or eventual outcome, liability claims may also result in decreased demand for our products, injury to our reputation, costs to defend the related litigation, a diversion of management's time and our resources, substantial monetary awards to trial participants or patients and a decline in our stock price. We currently have product liability insurance that we believe is appropriate for our stage of development and may need to obtain higher levels prior to marketing any of our product candidates. Any insurance we have or may obtain may not provide sufficient coverage against potential liabilities. Furthermore, clinical trial and product liability insurance is becoming increasingly expensive. As a result, we may be unable to obtain sufficient insurance at a reasonable cost to protect us against losses caused by product liability claims that could have an adverse effect on our business.

Our relationships with customers and third-party payors will be subject to applicable anti-kickback, fraud and abuse, transparency and other health care laws and regulations, which could expose us to, among other things, criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens and diminished profits and future earnings.

Health care providers and third-party payors play a primary role in the recommendation and prescription of any product candidates for which we or any future collaborators obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other health care laws and regulations that may constrain the business or financial arrangements and relationships through which we or any future collaborators market, sell and distribute our product candidates for which marketing approval is obtained. Restrictions under applicable federal and state health care laws and regulations include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal health care program such as Medicare and Medicaid;

- the federal false claims and civil monetary penalties laws, including the civil False Claims Act, impose criminal and civil penalties, including civil whistleblower or qui tam actions, against individuals or entities for, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;

- HIPAA imposes criminal and civil liability for, among other things, executing or attempting to execute a scheme to defraud any health care benefit program or making false statements relating to health care matters;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;

- the federal Physician Payments Sunshine Act requires applicable manufacturers of covered drugs, devices, biologics, and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program, with specific exceptions, to report to CMS annually information regarding payments and other transfers of value to physicians and teaching hospitals as well as information regarding ownership and investment interests held by physicians and their immediate family members. The information was initially made publicly available on a searchable website in September 2014 and is disclosed on an annual basis; and

- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving health care items or services reimbursed by non-governmental third-party payors, including private insurers.

The ACA, among other things, amended the intent standard of the federal Anti-Kickback Statute and criminal health care fraud statutes to a stricter standard such that a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the ACA codified case law that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act.

Some state laws require biotechnology companies to comply with the biotechnology industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government and may require drug manufacturers to report information related to payments and other transfers of value to physicians and other health care providers or marketing expenditures. For example, several states now require prescription drug companies to report certain expenses relating to the marketing and promotion of drug products and to report gifts and payments to individual health care practitioners in these states. Other states prohibit various marketing-related activities, such as the provision of certain kinds of gifts or meals. Still other states require the posting of information relating to clinical studies and their outcomes. Some states require the reporting of certain pricing information, including information pertaining to and justifying price increases. Some states further require pharmaceutical companies to implement compliance programs and/or marketing codes. Compliance with these laws is difficult and time consuming, and companies that do not comply with these state laws face civil penalties.

Our failure to comply with privacy and data security laws, regulations and standards may cause our business to be materially adversely affected.

We process a quantity of sensitive, confidential and/or regulated information, including confidential business and patient health information in connection with our clinical trials, and are subject to U.S. and international laws and regulations governing the privacy and security of such information. Each of these laws is subject to varying interpretations and constantly evolving. In the United States, there are numerous federal and state privacy and data security laws and regulations governing the collection, use, disclosure, processing and protection of personal information, including federal and state health information privacy laws, federal and state security breach notification laws, and federal and state consumer protection laws. In the EU and United Kingdom ("UK"), their respective General Data Protection Regulations (collectively, "GDPR"), which apply extraterritorially, impose several strict requirements for controllers and processors of personal information. These include higher standards for obtaining consent from individuals to process their personal information, increased requirements pertaining to the processing of special categories of personal information (such as health information) and pseudonymized (i.e., key-coded) data, and heightened transfer requirements of personal information from the European Economic Area/UK/Switzerland to countries not deemed to have adequate data protections laws (including the United States). Companies that must comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to €20 million (approximately $22.6 million) or four percent of the annual global revenues of the noncompliant company, whichever is greater.

In the United States, in addition to HIPAA, various federal (for example, the Federal Trade Commission) and state regulators have adopted, or are considering adopting, laws and regulations concerning personal information and data security. Certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to personal information than federal, international, or other state laws, and such laws may differ from each other, all of which may impact our compliance efforts. For example, California enacted the California Consumer Privacy Act (as amended, the "CCPA"). Failure to comply with the CCPA may result in significant civil penalties, injunctive relief, or statutory or actual damages as determined by the California Privacy Protection Agency or the California Attorney General. Following California's lead, over a third of U.S. states have adopted comprehensive privacy and security laws and regulations, which govern the privacy, processing and protection of personal information, including certain specific requirements and laws with respect to health-related information. For example, Washington state has passed the My Health My Data Act, which is focused on the collection of consumer health data, has a broader scope than HIPAA and includes a private right of action. In addition, various comprehensive federal privacy bills have been proposed in Congress.

We cannot provide assurance that (i) current or future legislation will not prevent us from generating or maintaining personal information, or (ii) patients will consent to the use of their personal information (as necessary). Either of these circumstances may prevent us from undertaking or continuing essential research and development, manufacturing, and commercialization, which could have a material adverse effect on our business, results of operations, financial condition, and prospects.

Federal, state, and foreign government requirements include obligations to notify regulators and/or individuals of security breaches or other similar reportable incidents experienced by us, or our vendors, contractors, or organizations with whom we had specific contractual obligations to protect our data. Further, the improper access to, use of, or disclosure of our data or a third party's personal information could subject us to individual or consumer class action litigation and governmental investigations and proceedings by federal, state, and local regulatory entities in the U.S. and by international regulatory entities. Compliance with these

and any other applicable privacy and data security laws and regulations is a rigorous and time-intensive process, and we may be required to put in place additional mechanisms ensuring compliance with existing and new data protection rules and possible government oversight.

In addition to government regulation, privacy advocates and industry groups have and may in the future propose self-regulatory standards from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards. It is possible that if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, including changes in laws, regulations and standards or new interpretations or applications of existing laws, regulations and standards, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, loss of export privileges, or severe criminal or civil sanctions, all of which may have a material adverse effect on our business, operating results, reputation, and financial condition. All of these evolving compliance and operational requirements impose significant costs, such as costs related to organizational changes, implementing additional protection technologies, training employees and engaging consultants, which are likely to increase over time. In addition, such requirements may require us to modify our data processing practices and policies, distract management or divert resources from other initiatives and projects, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Any failure or perceived failure by us to comply with any applicable federal, state, or similar foreign laws and regulations relating to data privacy and security could result in damage to our reputation, as well as proceedings or litigation by governmental agencies or other third parties, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, sanctions, awards, injunctions, penalties, or judgments. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition, and prospects.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include failures to comply with FDA regulations, to provide accurate information to the FDA, to comply with federal and state health care fraud and abuse laws and regulations, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the health care industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. We have adopted a code of conduct prior to the closing of the Spin-Off, but it is not always possible to identify and deter employee misconduct. The precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

Risks Related to Intellectual Property

If we are unable to obtain or protect intellectual property rights, we may not be able to compete effectively in our market.

Our success depends in significant part on our and our licensors' or any future collaborators' ability to establish, maintain and protect patents and other intellectual property rights and operate without infringing the intellectual property rights of others. We have filed numerous patent applications both in the United States and in foreign jurisdictions to obtain patent rights to inventions we have discovered. We have also licensed from third parties rights to patent portfolios. Some of these licenses give us the right to prepare, file and prosecute patent applications and maintain and enforce patents we have licensed, and other licenses may not give us such rights. The patent prosecution process is expensive and time-consuming, and we and our current or future licensors or any future collaborators may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we or our licensors or any future collaborators will fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. Moreover, in some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology that we license from third parties and are reliant on our licensors or any future collaborators. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. If our current or future licensors, licensees or any future collaborators fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated. If our licensors or any future collaborators are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised.

The patent position of biotechnology companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our and our current or future licensors', licensees' or any future collaborators' patent rights are highly uncertain. Our and our licensors' or any future collaborators' pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. The patent examination process may require us or our licensors or any future collaborators to narrow the scope of the claims of our or our licensors' or any future collaborators' pending and future patent applications, which may limit the scope of patent protection that may be obtained. In the past, we have not always been able to obtain the full scope of patent protection we have initially sought in our patent applications, and as described above and as is typical for most biotechnology patent prosecution, we have been required to narrow or eliminate patent claims as part of the patent prosecution process. Recent case law has increased uncertainty regarding the validity and enforceability of patents that contain broad antibody claims, including claims drafted in functional or genus form, even where examples are provided. As a result, patent claims that we obtain now or in the future could be narrowed during prosecution, or later held invalid or unenforceable. Our ability to obtain and maintain meaningful patent protection for our antibodies may depend on accurate and complete disclosure of technical characterizations of our antibodies, including biological sequence information. Any errors, omissions, inconsistencies, or later-developed scientific understanding that affects how our antibodies are characterized (including sequence information, epitope mapping, competition data, binding assays, or structure-function relationships) could impair our ability to obtain, maintain, or enforce patents, could provide a basis for third-party challenges, or could necessitate claim narrowing. In addition, some patent applications that we or our licensors have filed or will file in the future might not result in issued patents because we or our licensors have abandoned those patent applications as changes in business and/or legal strategies dictated.

We cannot assure you that all of the potentially relevant prior art relating to our patents and patent applications has been found. If such prior art exists, it can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue and even if such patents cover our product candidates, third parties may initiate opposition, interference, re-examination, post-grant review, inter partes review, nullification or derivation action in court or before patent offices or similar proceedings challenging the validity, enforceability or scope of such patents, which may result in the patent claims being narrowed or invalidated. Our and our licensors' or any future collaborators' patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications, and then only to the extent the issued claims cover the technology.

Because patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we or our licensors or any future collaborators were the first to file any patent application related to a product candidate. Furthermore, if third parties have filed such patent applications on or before March 15, 2013, an interference proceeding in the United States can be initiated by such third parties to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. If third parties have filed such applications after March 15, 2013, a derivation proceeding in the United States can be initiated by such third parties to determine whether our invention was derived from theirs. Even where we have a valid and enforceable patent, we may not be able to exclude others from practicing our invention where the other party can show that they used the invention in commerce before our filing date or the other party benefits

from a compulsory license. In addition, patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired for a product, we may be open to competition from competitive medications, including biosimilar or generic medications.

Furthermore, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. We expect to seek extensions of patent terms where these are available in any countries where we are prosecuting patents. This includes in the United States under the Drug Price Competition and Patent Term Restoration Act of 1984, which permits a patent term extension of up to five years beyond the expiration of the patent. However, the applicable authorities, including the FDA and the U.S. Patent and Trademark Office ("USPTO") in the United States, and any equivalent foreign regulatory authority, may not agree with our assessment of whether such extensions are available and may refuse to grant extensions to our patents or may grant more limited extensions than we request. If this occurs, our competitors may take advantage of our investment in development and clinical trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case.

We may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting, enforcing and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our or our licensors' licensees' or any future collaborators' intellectual property rights may not exist in some countries outside the United States or may be less extensive in some countries than in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Consequently, we and our licensors or any future collaborators may not be able to prevent third parties from practicing our and our licensors' or any future collaborators' inventions in all countries outside the United States or from selling or importing products made using our and our licensors' or any future collaborators' inventions in and into the United States or other jurisdictions. Competitors may use our and our licensors' or any future collaborators' technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we and our licensors or any future collaborators have patent protection but enforcement is not as strong as that in the United States. These products may compete with our product candidates, and our and our licensors' or any future collaborators' patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology, which could make it difficult for us and our licensors or any future collaborators to stop the infringement of our and our licensors' or any future collaborators' patents or marketing of competing products in violation of our and our licensors' or any future collaborators' proprietary rights generally. Proceedings to enforce our and our licensors' or any future collaborators' patent rights in foreign jurisdictions could result in substantial costs and divert our and our licensors' or any future collaborators' efforts and attention from other aspects of our business, could put our and our licensors' or any future collaborators' patents at risk of being invalidated or interpreted narrowly and our and our licensors' or any future collaborators' patent applications at risk of not issuing and could provoke third parties to assert claims against us or our licensors or any future collaborators. We or our licensors or any future collaborators may not prevail in any lawsuits that we or our licensors or any future collaborators initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Furthermore, the European patent litigation landscape has changed with the advent of the Unified Patent Court (UPC), which may allow third parties to seek, or may allow us to obtain, certain forms of relief with pan-European effect. This could increase the risk that a single adverse decision could significantly narrow, invalidate, or render unenforceable one or more of our European patents across multiple jurisdictions, or that we could be subject to injunctive relief affecting multiple markets, if subjected to the jurisdiction of the UPC.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involve technological and legal complexity, and obtaining and enforcing biopharmaceutical patents is costly, time-consuming, and inherently uncertain.

Patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our and our licensors', licensees' or any future collaborators' patent applications and the enforcement or defense of our or our licensors', licensees' or any future collaborators' issued patents. On September 16, 2011, the Leahy-Smith America Invents Act (the "AIA") was signed into law. The AIA includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted and may also affect patent litigation.

An important change introduced by the AIA is that, as of March 16, 2013, the United States transitioned to a "first-to-file" system for deciding which party should be granted a patent when two or more patent applications are filed by different parties claiming the same invention. A third party that files a patent application in the USPTO after that date but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by the third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application, but circumstances could prevent us from promptly filing patent applications on our inventions.

Among some of the other changes introduced by the AIA are changes that limit where a patentee may file a patent infringement suit and providing opportunities for third parties to challenge any issued patent in the USPTO. This applies to all of our U.S. patents, even those issued before March 16, 2013. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. The AIA and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

Moreover, future and recent past changes in the patent laws in the U.S. and abroad could impact or could increase the uncertainties and costs surrounding the prosecution of our and our licensors' or any future collaborators' patent applications and the enforcement or defense of our or our licensors' or any future collaborators' issued patents, which could have an impact on our business and financial conditions. For example, the U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit rendered decisions in several patent cases such as *Association for Molecular Pathology v. Myriad Genetics, Inc., BRCA1- & BRCA2-Based Hereditary Cancer Test Patent Litig.*, *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, *Alice Corporation Pty. Ltd. v. CLS Bank International*, and *Amgen v. Sanofi* either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our and our licensors' or any future collaborators' ability to obtain patents in the future, these types of changes in the patent laws have created uncertainty with respect to the value of patents, once obtained. Depending on decisions by Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our and our licensors' or any future collaborators' ability to obtain new patents or to enforce existing patents and patents that we and our licensors or any future collaborators may obtain in the future.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance and annuity fees on any issued patent are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our licensors or any future collaborators fail to maintain the patents and patent applications covering our product candidates, our competitors might be able to enter the market, which would have an adverse effect on our business.

Our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them or that our trade secrets will be misappropriated or disclosed.

Because we plan to collaborate with various collaborators on the development and commercialization of one or more of our product candidates and because we rely on third parties to manufacture our product candidates, we must, at times, share trade secrets with them. We seek to protect our wholly owned technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, consulting agreements or other similar agreements with our advisors, employees, third-party contractors

and consultants prior to disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose our confidential information, including our trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our know-how and trade secrets, a competitor's discovery of our trade secrets or other unauthorized use or disclosure would impair our competitive position and may have an adverse effect on our business.

In addition, these agreements typically restrict the ability of our advisors, employees, third-party contractors and consultants to publish data potentially relating to our trade secrets, although our agreements may contain certain limited publication rights. For example, any academic institution that we may collaborate with in the future may be granted rights to publish data arising out of such collaboration, *provided* that we are notified in advance and given the opportunity to delay publication for a limited time period in order for us to secure patent protection of intellectual property rights arising from the collaboration, in addition to the opportunity to remove confidential or trade secret information from any such publication. Any future collaborative research and development programs may require us to share trade secrets under the terms of our research and development collaborations or similar agreements. Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets through breach of our agreements with third parties, independent development or publication of information by any of our future third-party collaborators. A competitor's discovery of our trade secrets would impair our competitive position and have an adverse impact on our business.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful and have an adverse effect on the success of our business.

Third parties may infringe our or our licensors' or any future collaborators' patents or misappropriate or otherwise violate our or our licensors' or any future collaborators' intellectual property rights. In the future, we or our licensors or any future collaborators may initiate legal proceedings to enforce or defend our or our licensors' or any future collaborators' intellectual property rights to protect our or our licensors' or any future collaborators' trade secrets or to determine the validity or scope of intellectual property rights we own or control. Also, third parties may initiate legal proceedings against us or our licensors or any future collaborators to challenge the validity or scope of intellectual property rights we own or control. These proceedings can be expensive and time-consuming, and many of our or our licensors' or any future collaborators' adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we or our licensors or any future collaborators. In addition, in an infringement proceeding, a court may decide that a patent owned by or licensed to us is invalid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our or our licensors' or any future collaborators' patents do not cover the technology in question. Furthermore, an adverse result in any litigation or administrative proceeding could put one or more of our or our licensors' or any future collaborators' patents at risk of being invalidated, held unenforceable or interpreted narrowly.

Accordingly, despite our or our licensors' or any future collaborators' efforts, we or our licensors, licensees or any future collaborators may not prevent third parties from infringing upon or misappropriating intellectual property rights we own or control, particularly in countries where the laws may not protect those rights as fully as in the United States. In addition, litigation and administrative proceedings could result in substantial costs and diversion of management resources, which could harm our business and financial results.

Within and outside of the United States, there has been a substantial amount of litigation and administrative proceedings regarding patent and other intellectual property rights in the pharmaceutical industry including opposition, derivation, reexamination, inter partes review or interference proceedings, or other preissuance or post-grant proceedings. Such proceedings may be provoked by third parties or by us or our licensors or any future collaborators to protect or enforce our or our licensors' or any future collaborators' patents or patent applications. Additionally, third-party preissuance submission of prior art to the USPTO or other foreign jurisdictions may jeopardize the issuance or scope of our or our licensors' or any future collaborators' patent applications. An unfavorable outcome in any such proceedings could require us or our licensors or any future collaborators to cease using the related technology, or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us or our licensors or any future collaborators a license on commercially reasonable terms or at all, and we could be forced to stop commercializing our product candidates. Even if we or our licensors or any future collaborators obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us or our licensors or any future collaborators.

In addition, if the breadth or strength of protection provided by our or our licensors' or any future collaborators' patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates. Even if we successfully defend such litigation or proceeding, we may incur substantial costs, and it may distract our management and other employees. We could be found liable for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have an adverse effect on the price of shares of our common stock.

If we breach the license agreements related to our product candidates, we could lose the ability to continue the development and commercialization of our product candidates.

Our commercial success depends upon our ability, and the ability of our licensors and collaborators to develop, manufacture, market and sell our product candidates and use our and our licensors' or any future collaborators' wholly owned technologies without infringing the proprietary rights of third parties. A third party may hold intellectual property, including patent rights that are important or necessary to the development of our products. As a result, we may enter into license agreements in the future with others in order to advance our existing or future research or allow commercialization of our existing or future product candidates. These licenses may not provide exclusive rights to use such intellectual property and technology in all relevant fields of use and in all territories in which we may wish to develop or commercialize our technology and product candidates in the future. In addition, we entered into an exclusive license agreement with Centessa Pharmaceuticals (UK) Limited ("Centessa"), which relates to our product candidate, ANB101, and are subject to certain obligations thereunder. If we fail to comply with the obligations under any such agreement, including payment and diligence terms, our licensors may have the right to terminate these agreements, in which event we may not be able to develop, manufacture, market or sell any product that is covered by these agreements or may face other penalties under the agreements. Such an occurrence could adversely affect the value of the product candidate being developed under any such agreement. Termination of these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements, which may not be available to us on equally favorable terms, or at all, or cause us to lose our rights under these agreements, including our rights to intellectual property or technology important to our development programs.

Disputes may arise regarding intellectual property subject to a licensing agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under any collaboration relationships we might enter into in the future;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by us and our licensors or any future collaborators; and
- the priority of invention of patented technology.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current or any future licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates.

Third parties may initiate legal proceedings against us alleging that we infringe their intellectual property rights, or we may initiate legal proceedings against third parties to challenge the validity or scope of intellectual property rights controlled by third parties, the outcome of which would be uncertain and could have an adverse effect on the success of our business.

Third parties may initiate legal proceedings against us or our licensors or any future collaborators alleging that we or our licensors or any future collaborators infringe their intellectual property rights or we or our licensors or any future collaborators may initiate legal proceedings against third parties to challenge the validity or scope of intellectual property rights controlled by third parties, including in oppositions, interferences, reexaminations, post-grant reviews, inter partes reviews or derivation proceedings in the United States or other jurisdictions. These proceedings can be expensive and time-consuming, and many of our or our licensors' licensees' or any future collaborators' adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we or our licensors or any future collaborators.

Parties making claims against us may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our product candidates. Defense of these claims, regardless of their merit, would

involve substantial litigation expense and would be a substantial diversion of management and employee resources from our business. An unfavorable outcome could require us or our licensors or any future collaborators to cease using the related technology, to cease developing or commercializing our product candidates or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us or our licensors or any future collaborators a license on commercially reasonable terms or at all. Even if we or our licensors or any future collaborators obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us or our licensors or any future collaborators. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could harm our business.

We may be subject to claims by third parties asserting that our employees or we have misappropriated their intellectual property or claiming ownership of what we regard as our own intellectual property.

Many of our employees, including our senior management, were previously employed at universities or at other biopharmaceutical companies, including our competitors or potential competitors. Some of these employees executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed confidential information or intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. Litigation may be necessary to defend against these claims.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel or sustain damages. Such intellectual property rights could be awarded to a third party, and we could be required to obtain a license from such third party to commercialize our technology or products, which license could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. Such a license may not be available on commercially reasonable terms or at all. Even if we successfully prosecute or defend against such claims, litigation could result in substantial costs and distract management.

Our inability to protect our confidential information and trade secrets would harm our business and competitive position.

In addition to seeking patents for some of our technology and products, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts both within and outside the United States may be less willing or unwilling to protect trade secrets. Furthermore, if a competitor lawfully obtained or independently developed any of our trade secrets, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position. Additionally, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret.

If we do not obtain protection under the Hatch-Waxman Amendments and similar foreign legislation for extending the term of patents covering each of our product candidates, our business may be harmed.

Depending upon the timing, duration and conditions of FDA marketing approval of our product candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984 (the "Hatch-Waxman Amendments"). The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for the effective patent term lost during product development and the FDA regulatory review process. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened, and our competitors may obtain approval to market competing products sooner. As a result, our revenue from applicable products could be reduced, possibly materially.

Risks Related to Managing Growth, Operations and Macroeconomic Conditions

We must attract and retain highly skilled employees in order to succeed.

To succeed, we must recruit, retain, manage and motivate qualified clinical, scientific, technical and management personnel, and we face significant competition for experienced personnel. This is especially critical as we ramp up our hiring needs entering into later-stage product development of our product candidates. If we do not succeed in attracting and retaining qualified personnel, particularly at the management level, it could adversely affect our ability to execute our business plan, harm our operating results and adversely affect our ability to successfully commercialize our product candidates. In particular, we believe that our future success is highly dependent upon the contributions of our senior management, as well as our senior scientists. The loss of services of any of these individuals, who all have at-will employment arrangements with us, could delay or prevent the successful development of our product pipeline, completion of our planned clinical trials or the commercialization of our product candidates, if approved. Further, any additional obligations of our senior management team that occur in connection with the separation of our business may result in operational disruptions, and our business may be harmed as a result.

Many of the other biotechnology companies that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than what we have to offer. If we are unable to continue to attract and retain high-quality personnel, the rate and success at which we can discover and develop product candidates and our business will be limited.

We expect to expand our development and regulatory capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.

We expect to experience growth in the number of our employees and the scope of our operations, particularly in the areas of product candidate development and growing our capability to conduct clinical trials. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

Our internal computer systems, or those of our future third-party collaborators or other service providers, may fail or suffer security breaches and cyber-attacks, which could result in a material disruption of our development programs.

We are increasingly dependent on information technology systems, infrastructure and data to operate our business. In the ordinary course of our business, we collect, store, process and transmit large amounts of confidential and sensitive information. It is critical that we do so in a secure manner to maintain the confidentiality, integrity and availability of such information. We have established physical, electronic and organizational measures to safeguard and secure our systems which are designed to prevent data compromise, and rely on commercially available systems, software, tools and monitoring to provide security for our information technology systems and the processing, transmission and storage of our information. We have also outsourced elements of our information technology infrastructure, resulting in a number of third-party vendors that may or could have access to our information. Despite the implementation of security measures, any of the internal technology systems belonging to us, any future collaborators or our third-party service providers are vulnerable to damage from computer viruses, bugs, worms, malware, hacking, supply chain attacks and vulnerabilities, distributed denial-of-service attacks, credential stuffing or harvesting, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failure. Any system failure, accident or security breach that causes interruptions in our own, in any future collaborators' or in third-party service providers' operations could result in a material disruption of our drug discovery and development programs. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our or any future collaborators' regulatory approval efforts and significantly increase our costs in order to recover or reproduce the lost data. To the extent that any disruption or security breach results in a loss or damage to our data or applications, or inappropriate disclosure of confidential, sensitive or proprietary information, we may incur liability as a result, our drug discovery programs and competitive position may be adversely affected, and the further development of our product candidates may be delayed. Furthermore, we may incur additional costs to remedy the damages caused by these disruptions or security breaches.

Our system protections may be ineffective or inadequate, or we could be impacted by software bugs or other technical malfunctions, as well as employee error or malfeasance. Additionally, laws and regulations regarding privacy and data protection are evolving, and it is possible that they may be interpreted and applied in a manner that is inconsistent with our data handling safeguards

and practices that could result in fines, lawsuits, and other penalties, and significant changes to our or any future collaborators or third-party service providers' business practices and products and service offerings. To the extent that the measures we or any future collaborators or third-party service providers have taken prove to be insufficient or inadequate, we may become subject to litigation, breach notification obligations, or regulatory or administrative sanctions, which could result in significant fines, penalties, damages, harm to our reputation, or loss of customers. While we have not experienced any material losses as a result of any system failure, accident or security breach to date, we have been the subject of certain phishing attempts in the past. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations, whether due to a loss of our trade secrets or other proprietary information or other similar disruptions. Additionally, a party who circumvents our security measures could, among other effects, appropriate proprietary data, cause interruptions in our operations, or expose any future collaborators to hacks, viruses, and other disruptions. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. In addition, while we maintain cybersecurity insurance coverage, we cannot be sure that such coverage will be adequate or sufficient to compensate for any losses associated with such events, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims. The development and maintenance of our information technology systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated.

Our operations, or the third parties upon whom we depend, are vulnerable to interruption by fire, earthquake, power loss, telecommunications failure, terrorist activity, health epidemics or pandemics and other events beyond our control, which could harm our business.

Our facilities are located in San Diego, California, which is a seismically active region, and has also historically been subject to wildfires and electrical blackouts as a result of a shortage of available electrical power. We have not undertaken a systematic analysis of the potential consequences to our business and financial results from a major earthquake, fire, power loss, terrorist activity, health epidemics or pandemics or other disasters, including those resulting from or amplified by climate change, and do not have a recovery plan for such disasters. In addition, we do not carry sufficient insurance to compensate us for actual losses from interruption of our business that may occur, and any losses or damages incurred by us could harm our business. We maintain multiple copies of each of our antibody sequences and electronic data records, most of which we maintain at our headquarters. If our facilities were impacted by a seismic or wildfire event, we could lose some, or all, of our antibody sequences, which would have an adverse effect on our ability to perform our obligations under any future collaborations and discover new targets.

Furthermore, integral parties in our supply chain are geographically concentrated and operating from single sites, increasing their vulnerability to natural disasters or other sudden, unforeseen and severe and/or material disruptions. If such an event were to affect the parties integral to our supply chain, it could have a material adverse effect on our business.

Risks Related to the Spin-Off

As an independent, publicly traded company, we may not enjoy the same benefits that we did as part of AnaptysBio.

As an independent, publicly traded company, we may become more susceptible to market fluctuations and other adverse events than we would have been if we were still a part of AnaptysBio. As part of AnaptysBio, we were able to enjoy certain benefits from AnaptysBio's operating diversity, cost of capital and borrowing capacity, and opportunities to pursue integrated strategies with AnaptysBio's other businesses. As an independent, publicly traded company, we may not have the same benefits. As an independent, publicly traded company, we will need to continue to develop new strategies, and it may be more difficult for us to recruit or retain key personnel.

We have very limited history of operating as a standalone public company, and our historical financial information may not necessarily reflect the results that we would have achieved as a standalone public company or what our results may be in the future.

Prior to the Spin-Off, we operated as part of AnaptysBio. The financial information included in this Quarterly Report through the date of the Spin-Off has been prepared from AnaptysBio's historical accounting records and is derived from the consolidated financial statements of AnaptysBio to present First Tracks Biotherapeutics as if it had been operating on a standalone basis. Accordingly, this information may not necessarily reflect what our financial condition, results of operations or cash flows would have

been had we been a standalone company during the periods presented or what our financial condition, results of operations and cash flows may be in the future, primarily because of the following factors:

- We entered into a Transition Services Agreement pursuant to which we provide AnaptysBio with certain specified services for a limited time, to ensure an orderly transition following the Spin-Off. The services we provide consist of digital technology, business development, human resources, supply chain, and finance, among others.

- We entered into agreements and transactions with AnaptysBio that did not exist prior to the Spin-Off, such as our provision of transition and other services to AnaptysBio and have undertaken indemnification obligations, which may cause us to incur new costs.

- Our working capital requirements and capital expenditures were historically satisfied as part of AnaptysBio's corporate-wide cash management and centralized funding programs, and our cost of capital may differ significantly from the historical amounts reflected in our historical financial statements.

- Our business was under common ownership with the other businesses of AnaptysBio, and we benefited from AnaptysBio's existing collaborations and related royalty revenue streams, from which we no longer benefit.

Certain of our directors and employees may have actual or potential conflicts of interest because of their financial interests in, or because of their previous or continuing positions with, AnaptysBio or other entities with which we have commercial arrangements.

Certain of our executive officers and our directors have continued to serve as executive officers and directors of AnaptysBio following completion of the Spin-Off. In light of the substantial operational, scientific and development demands associated with First Tracks Biotherapeutics as a clinical-stage biotechnology business focused on the development and potential commercialization of innovative therapeutics for autoimmune and inflammatory diseases, including ANB033, rosnilimab and ANB101, we expect that our executive officers will devote a majority of their working time to First Tracks Biotherapeutics. Given their ongoing responsibilities to AnaptysBio, certain of our executive officers are not able to devote their full time, effort and attention exclusively to our company's affairs. In addition, because of their current positions with AnaptysBio, certain of our executive officers and directors own equity interests in both us and AnaptysBio. Continuing ownership of AnaptysBio shares and equity awards could create, or appear to create, potential conflicts of interest if we and AnaptysBio face decisions that could have implications for both us and AnaptysBio. Potential conflicts of interest could arise in connection with the resolution of any dispute between us and AnaptysBio regarding the terms of the agreements governing the Spin-Off and our relationship with AnaptysBio following the Spin-Off. Potential conflicts of interest may also arise out of any commercial arrangements that we or AnaptysBio may enter into in the future. A dispute regarding a potential or actual conflict of interest involving us and AnaptysBio or any of such other companies could negatively impact our businesses, results of operations, cash flows, and financial condition. In addition, public perception of such an actual or apparent conflict of interest could pose reputational risks and expose us to increased scrutiny from investors and regulators. Although we have policies governing conflicts of interest, including a written Related Party Transaction Policy applicable to our executive officers, directors and nominees for director, they may not sufficiently protect against these risks.

Risks Related to Ownership of Shares of Our Common Stock

The market price of our stock may be volatile, and you could lose all or part of your investment.

The trading price of shares of our common stock may be highly volatile and subject to wide fluctuations in response to various factors, some of which we cannot control. In addition to the factors discussed in this "*Risk Factors*" section and elsewhere in this Quarterly Report, these factors include:

- the success of competitive products;

- regulatory actions with respect to our products or our competitors' products;

- actual or anticipated changes in our growth rate relative to our competitors;

- announcements by us or our competitors of significant acquisitions, strategic collaborations, joint ventures or capital commitments;

- results of preclinical studies and clinical trials of our product candidates or those of our competitors;

- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our product candidates or clinical development programs;
- announcements of new collaboration agreements;
- disputes, breaches and terminations of our manufacturing agreements, collaborations agreements or other important agreements;
- the results of our efforts to in-license or acquire additional product candidates or products;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- announcement or expectation of additional financing efforts;
- sales of shares of our common stock by us, our insiders or our other stockholders;
- changes in the structure of health care payment systems;
- market conditions in the biotechnology sector; and
- general economic uncertainty and capital markets disruptions, which have been substantially impacted by geopolitical instability, actual or perceived instability in the U.S. and global banking systems, uncertainty with respect to the U.S. federal budget, and fluctuating interest rates, tariffs and inflation.

In addition, the stock market in general, and the Nasdaq Stock Market LLC (the "Exchange") and biotechnology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of shares of our common stock, regardless of our actual operating performance. In the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. AnaptysBio has been subject to securities litigation in the past, and any future securities litigation could result in substantial costs and a diversion of our management's attention and resources. The realization of any of the above risks or any of a broad range of other risks, including those described in this "*Risk Factors*" section, could have a dramatic and adverse impact on the market price of shares of our common stock.

We may be subject to securities litigation, which is expensive and could divert management attention.

The market price of shares of our common stock may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation. Regardless of the outcome, future litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

Substantial sales of shares of our common stock may occur in the future, which could cause our share price to decline or be volatile.

In connection with the Private Placement, we filed a resale registration statement registering the shares we issued in the Private Placement. The sales of significant amounts of shares of our common stock or the perception in the market that such sales might occur may decrease the market price of a share of our common stock.

We are an "emerging growth company" and will be able to take advantage of reduced disclosure requirements applicable to "emerging growth companies," which could make shares of our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and, for as long as we continue to be an "emerging growth company," we intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies." These exemptions include, but are not limited to: not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, not being required to communicate critical audit matters in the auditor's report, permission to present only two years of audited financial statements and only two years of related "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" in our periodic reports and registration statements, including in this Quarterly Report, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding stockholder advisory vote on executive compensation (e.g., "say-on-pay" and "say-on-frequency") and any golden parachute payments not previously approved. In addition, under the JOBS Act, "emerging growth companies" can delay adopting new or revised accounting standards until such time as those standards apply to private companies. While we have elected to avail ourselves of this exemption, we are permitted and may elect to early adopt certain new or revised accounting standards for which the respective standard allows for early adoption. For as long as we take advantage of the reduced reporting obligations, the information that we provide stockholders may be different from information provided by other similarly situated public companies.

We will be an "emerging growth company" until the earliest of (i) the last day of the first fiscal year in which our annual gross revenue equals or exceeds $1.235 billion; (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, with the market value of shares of our common stock held by non-affiliates equal to at least $700 million as of the last business day of our most recently completed second fiscal quarter; (iii) the last day of our fiscal year following the fifth anniversary of the date of the Spin-Off; and (iv) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period. We cannot predict if investors will find shares of our common stock less attractive if we choose to rely on these exemptions. If some investors find shares of our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for shares of our common stock, our stock price may decline or become more volatile and it may be difficult for us to raise capital if and when we need it.

We are a smaller reporting company and intend to elect to comply with reduced public company reporting requirements applicable to smaller reporting companies, which could make shares of our common stock less attractive to investors.

We are a "smaller reporting company," meaning that we are not an investment company, an asset-backed issuer, or a majority-owned subsidiary of a parent company that is not a "smaller reporting company," and have either: (i) a public float of less than $250 million as of our most recently completed second fiscal quarter or (ii) annual revenues of less than $100 million during the most recently completed fiscal year and (A) no public float or (B) a public float of less than $700 million as of our most recently completed second fiscal quarter. As a "smaller reporting company," we will be subject to reduced disclosure obligations in our SEC filings compared to other issuers, including with respect to disclosure obligations regarding executive compensation in our periodic reports and proxy statements. Until such time as we cease to be a "smaller reporting company," such reduced disclosure in our SEC filings may make it harder for investors to analyze our operating results and financial prospects.

If some investors find shares of our common stock less attractive as a result of any choices to reduce future disclosure we may make, there may be a less active trading market for shares of our common stock and our stock price may be more volatile.

The requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain additional executive management and qualified board members.

As a public company, we will continue to incur significant legal, accounting and other expenses, and these expenses may increase even more after we are no longer an "emerging growth company" or a "smaller reporting company." We will continue to be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 as well as rules adopted, and to be adopted, by the SEC and the Exchange. Our management and other personnel devote a substantial amount of time to these compliance initiatives. In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and

financial compliance costs, and making some activities more time consuming. We intend to invest resources to comply with evolving laws, regulations, and standards, and this investment may result in general and administrative expenses and a diversion of management's time and attention. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain sufficient coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these and future requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors ("Board"), our Board committees or as executive officers. After we are no longer an "emerging growth company," and can no longer take advantage of the reporting exemptions available to "emerging growth companies" as discussed above, we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing and materiality of such costs.

In addition, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting, after a transition period, and provide a management report on our internal controls on an annual basis. If we have material weaknesses in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. We may require additional management and staff resources to comply, maintain and enhance the systems, processes and documentation necessary to comply with Section 404 of the Sarbanes-Oxley Act. Additionally, even if we conclude our internal controls are effective for a given period, we may in the future identify one or more material weaknesses in our internal controls, in which case our management will be unable to conclude that our internal control over financial reporting is effective. Regardless of compliance with Section 404 of the Sarbanes-Oxley Act, any failure of our internal control over financial reporting could have a material adverse effect on our reported operating results and harm our reputation. Internal control deficiencies could also result in a restatement of our financial results.

Public company reporting and internal control obligations may strain resources and increase the risk of material weaknesses, restatements, and adverse market impact.

As a public company, we continue to be subject to significant requirements for enhanced financial reporting and internal controls. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, is designed to prevent fraud. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environment, and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our financial statements and harm our results of operations. In addition, we will be required, pursuant to Section 404(a) of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting in the second annual report following the completion of the Spin-Off. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing, and possible remediation. Testing and maintaining internal controls may divert our management's attention from other matters that are important to our business.

Our independent registered public accounting firm is not required to audit the effectiveness of our internal control over financial reporting until after we are no longer an "emerging growth company," as defined in the JOBS Act, which at the latest would be the end of the fiscal year following the fifth anniversary of the Spin-Off. At such time, our internal control over financial reporting may be insufficiently documented, designed or operating, which may cause our independent registered public accounting firm to issue a report that is adverse. Undetected material weaknesses in our internal control over financial reporting could lead to financial statement restatements and require us to incur the expense of remediation, which could have a negative effect on the trading price of our stock.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud.

If we fail to maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of

corporate assets and subject us to potential delisting from the Exchange, regulatory investigations, civil or criminal sanctions and litigation, any of which would have a material adverse effect on our business, results of operations and financial condition.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

We are subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to reasonably assure that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

We do not intend to pay dividends on shares of our common stock, so any returns will be limited to the value of our stock.

We do not anticipate that we will declare or pay any cash dividend on shares of our common stock. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders would therefore be limited to the appreciation of their stock.

Our cash and investments could be adversely affected if the financial institutions in which we hold our cash and investments fail.

We regularly maintain cash balances at third-party financial institutions in excess of the Federal Deposit Insurance Corporation insurance limit. Further, if we enter into a credit, loan or other similar facility with a financial institution, certain covenants included in such facility may require as security that we keep a significant portion of our cash with the institution providing such facility. If a depository institution where we maintain deposits fails or is subject to adverse conditions in the financial or credit markets, we may not be able to recover all, if any, of our deposits, which could adversely impact our operating liquidity and financial performance.

Provisions in our amended and restated certificate of incorporation and bylaws and Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the market price of shares of our common stock.

Our amended and restated certificate of incorporation and bylaws contain provisions that could depress the market price of shares of our common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions, among other things:

- establish a classified Board so that not all members of our Board are elected at one time;
- permit only the Board to establish the number of directors and fill vacancies on the Board;
- provide that directors may only be removed “for cause” and only with the approval of two-thirds of our stockholders;
- require super-majority voting to amend some provisions in our amended and restated certificate of incorporation and bylaws;
- authorize the issuance of “blank check” preferred stock that our Board could use to implement a stockholder rights plan (also known as a “poison pill”);
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;

- prohibit cumulative voting; and

- establish advance notice requirements for nominations for election to our Board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, Section 203 of the DGCL may discourage, delay or prevent a change in control of our company. Section 203 of the DGCL imposes certain restrictions on mergers, business combinations and other transactions between us and holders of 15% or more of shares of our common stock.

The exclusive forum provisions in our organizational documents may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or employees, or the underwriters of any offering giving rise to such claim, which may discourage lawsuits with respect to such claims.

Our bylaws, to the fullest extent permitted by law, provide that the Court of Chancery of the State of Delaware is the exclusive forum for: any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the DGCL, our amended and restated certificate of incorporation, or our bylaws; or any action asserting a claim that is governed by the internal affairs doctrine. This exclusive forum provision does not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, or Exchange Act. It could apply, however, to a suit that falls within one or more of the categories enumerated in the exclusive forum provision.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, or the underwriters of any offering giving rise to such claims, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provisions contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition, results of operations and prospects.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Our bylaws provide that the federal district courts of the United States of America are, to the fullest extent permitted by law, the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or the Federal Forum Provision, including for all causes of action asserted against any defendant named in such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying an offering of our securities. Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While federal or other state courts may not follow the holding of the Delaware Supreme Court or may determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court, and our stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. In addition, neither the exclusive forum provision nor the Federal Forum Provision applies to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court, and our stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. These provisions may limit a stockholder's ability to bring a claim, and may result in increased costs for a stockholder to bring such a claim, in a judicial forum of their choosing for disputes with us or our directors, officers, other employees or agents, which may discourage lawsuits against us and our directors, officers, other employees or agents.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for shares of our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who will cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if our clinical trial results or operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to

publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities.

Use of Proceeds

On April 1, 2026, our registration statement on Form 10 (File No. 001-43177) (the "Form 10") relating to the Spin-Off was declared effective by the SEC.

In connection with the closing of the Spin-Off on April 20, 2026, pursuant to that certain securities purchase agreement with certain third-party investors, we issued 5,791,479 shares of common stock at a public offering price of $13.81 per share (the "Private Placement"), resulting in net proceeds of approximately $80 million before deducting offering expenses payable by us.

There has been no material change in the planned use of proceeds from the Private Placement as described in the Information Statement filed with the Form 10. None of the expenses associated with our Spin-Off or the Private Placement were paid, directly or indirectly, to any of our directors or officers, any persons owning 10% or more of any class of equity securities, or to any of our affiliates.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the quarter ended June 30, 2026, none of our directors or officers adopted or terminated any contracts, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

The exhibits filed or furnished as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index, below.

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1†‡	Separation and Distribution Agreement, dated as of April 20, 2026, by and between AnaptysBio, Inc. and First Tracks Biotherapeutics, Inc.	8-K	001-43177	2.1	April 20, 2026	
10.1†	Transition Services Agreement, dated as of April 20, 2026, by and between AnaptysBio, Inc. and First Tracks Biotherapeutics, Inc.	8-K	001-43177	10.1	April 20, 2026	
10.2†‡	Registration Rights Agreement, dated as of April 20, 2026, by and among the Company and the Investors party thereto.	8-K	001-43177	10.2	April 20, 2026	
10.3*+	Employment Agreement, effective April 20, 2026, by and between the Registrant and Daniel Faga.	10-Q	001-43177	10.3	May 14, 2026	
10.4*+	Employment Agreement, effective April 20, 2026, by and between the Registrant and Paul Lizzul.	10-Q	001-43177	10.4	May 14, 2026	
10.5*+	Employment Agreement, effective April 20, 2026, by and between the Registrant and Ajim Tamboli.	10-Q	001-43177	10.5	May 14, 2026	
10.6*+	Employment Agreement, effective April 20, 2026, by and between the Registrant and Benjamin Stone.	10-Q	001-43177	10.6	May 14, 2026	
10.7†+‡	License Agreement, dated November 24, 2023, by and between the Registrant and Centessa Pharmaceuticals (UK) Limited.	10-Q	001-43177	10.7	May 14, 2026	
10.8†+‡	Amendment No. 1 to License Agreement, dated April 9, 2024, by and between the Registrant and Centessa Pharmaceuticals (UK) Limited.	10-Q	001-43177	10.8	May 14, 2026	
10.9	Wateridge Sublease Agreement					X
10.10	Form of Indemnity Agreement.					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Report Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents					
104	Cover Page Interactive Data File (formatted in Inline XBRL document and contained in Exhibit 101)					

†Certain portions of this exhibit have been redacted pursuant to Item 601(b)(2)(ii) and Item 601(b)(10)(iv) of Regulation S-K, as applicable. The Company agrees to furnish supplementally an unredacted copy of the exhibit to the Securities and Exchange Commission upon its request.

* Executive compensation plan or agreement.

+ Certain portions of this exhibit have been redacted in accordance with Item 601(a)(6) of Regulation S-K.

‡ The schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the Commission upon its request.

** This certification is deemed not filed for purpose of section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

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 thereunto duly authorized.

First Tracks Biotherapeutics, Inc.

Date: August 12, 2026

By: /s/ Daniel Faga
Daniel Faga
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 12, 2026

By: /s/ Ajim Tamboli
Ajim Tamboli
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.9

SUBLEASE AGREEMENT

This Sublease Agreement ("***Sublease***") is dated as of June 15, 2026 (the "***Effective Date***"), by and between ANAPTYSBIO, INC., a Delaware corporation ("***Sublandlord***"), and FIRST TRACKS BIOTHERAPEUTICS, INC., a Delaware corporation, ("***Subtenant***").

RECITALS

A. Sublandlord currently leases certain premises from WATERIDGE PROPERTY OWNER, LP, a Delaware limited partnership (the "***Master Landlord***"), pursuant to the terms and conditions of that certain Lease dated May 4, 2020, as amended by that certain First Amendment to Lease Agreement, dated April 5, 2021 (as so amended, the "***Master Lease***"). Pursuant to the Master Lease, Sublandlord currently leases from Master Landlord approximately 45,057 rentable square feet of space (the "***Premises***") located in that certain building located in 10770 Wateridge Circle, San Diego, CA 92121 (the "***Building***"), as more specifically described in the Lease. Sublandlord represents that a true, correct and complete copy of the Master Lease is attached hereto as Exhibit A. All terms capitalized but undefined herein shall have the meanings ascribed to them in the Master Lease.

B. The Term of the Master Lease is scheduled to expire by its terms on August 31, 2031 ("***Lease Expiration Date***").

CB. Sublandlord desires to sublease the Premises to Subtenant and Subtenant desires to sublease the Premises from Sublandlord pursuant to the terms and conditions of this Sublease.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Sublandlord and Subtenant hereby agree as follows:

1. Sublease Premises. Sublandlord hereby subleases to Subtenant the Premises, and Subtenant hereby subleases the Premises from Sublandlord, pursuant to the terms and conditions of this Sublease. Subtenant shall accept the Premises in the condition and state of repair on the "Sublease Commencement Date" (defined below) it its "AS IS" and "WHERE IS" condition. Except as otherwise provided in this Sublease, Subtenant expressly acknowledges and agrees Sublandlord shall not have any obligation to perform any work to prepare the Premises for Subtenant's use and occupancy. Within ten (10) days after the full execution of this Sublease by Sublandlord and Subtenant and Master Landlord's execution and delivery of the acceptable form of Master Landlord consent to this Sublease, Sublandlord shall deliver possession of the Premises to Subtenant in accordance with this Sublease unless delayed as a result of any cause beyond the reasonable control of Sublandlord.

2. Term. The term of this Sublease (the "***Sublease Term***") shall commence on the date that is the later of: (i) April 21, 2026 or, (ii) the date on which Sublandlord obtains the consent of Master Landlord to this Sublease, in form and substance reasonably satisfactory to Sublandlord and Subtenant (the "***Sublease Commencement Date***") and shall expire on April 4, 2028

("***Sublease Expiration Date***"), unless earlier terminated pursuant to the terms of this Sublease. Notwithstanding anything to the contrary set forth in this Sublease, Subtenant shall have the right to terminate this Sublease as of December 31, 2027 ("***Early Termination Date***") by delivery of written notice to Sublandlord provided at least six (6) months prior to the Early Termination Date.

3. Use. Subtenant shall use the Sublease Premises in compliance with the Master Lease, and solely for conducting Subtenant's business.

4. Rent. Sublandlord shall be responsible for the timely payment of Basic Rent and Additional Rent under the Master Lease and otherwise complying with the obligations of Sublandlord under the Master Lease before and during the Sublease Term. Subtenant shall pay to Sublandlord the following as Sublease rent hereunder:

4.1 Sublease Term Rent; Rent Commencement Date. Beginning on the Sublease Commencement Date, and continuing during the Sublease Term, Subtenant shall pay to Sublandlord, as sublease rent ("***Monthly Rent***") the monthly Basic Rent owed by Sublandlord pursuant to Section 1.12 of the Master Lease plus Additional Rent due under the Master Lease, in lawful money of the United States of America, without any deduction, offset, prior notice or demand, in advance on the first date of each month of the Sublease Term from the Sublease Commencement Date through the Sublease Expiration Date.

4.2 Other Charges. In addition, Subtenant shall pay Sublandlord any charges, actually incurred for services requested by Subtenant that Sublandlord is liable to Master Landlord for which relate to services that Master Landlord is not obligated to provide at no additional cost under the Master Lease, such as freight elevator charges for Subtenant moving in ("***Other Charges***"). Such Other Charges, if not paid directly to the Master Landlord by Subtenant, shall be paid to Sublandlord for remittance to Master Landlord within seven (7) days of being billed to Subtenant by Sublandlord.

4.3 "Sublease Rent" Defined. All monetary obligations of Subtenant to Sublandlord under the terms of this Sublease are deemed to be rent ("***Sublease Rent***"). Sublease Rent shall be payable in lawful money of the United States to Sublandlord by ACH or wire transfer to an account that Sublandlord may designate in writing. Sublease Rent payable for any partial month during the Sublease Term shall be prorated on a daily basis based on the actual number of days in such month.

5. Master Lease.

5.1 Sublease Subordinate to Master Lease; Subtenant's Covenants. This Sublease is in all respects subject and subordinate to all of the terms, provisions, covenants, stipulations, conditions and agreements of the Master Lease. Subtenant agrees as follows: except as otherwise provided in this Sublease, all references in such incorporated provision to the word "Tenant" shall be deemed to refer to Subtenant, all references to the term "Lease" shall be deemed to refer to this Sublease, all references to the word "Term" shall be deemed to refer to the Sublease Term, all references to the term "Landlord" shall be deemed to refer to the Sublandlord, and all references to the term "indemnitees" shall be deemed to include reference to the Sublandlord, each unless expressly stated, or the context would imply, otherwise):

(a) Basic Lease Provisions. The provisions of the Master Lease are hereby incorporated herein by reference, except for Sections 1.1, 1.2, 1.3, 1.4, 1.7, 1.9, 1.10, 1.11, , 1.14, 3.2, Article 4, Article 7, Section 41.3, all provisions relating to rent abatement, Exhibit B and Exhibit D thereof.

(b) Signage/Directory. Subtenant's right to install signage and be listed in the Building directory shall be governed by Article 37 of the Master Lease, respectively.

(c) Utilities and Services. Subtenant's consumption of utilities shall be subject to Article 19 of the Master Lease, which is incorporated herein by this reference appropriately prorated for any electricity charges prior to the Sublease Commencement Date.

(d) Alterations. Subtenant shall not make any alterations, additions or improvements to the Premises without the prior written consent of (i) Master Landlord, which consent may be granted or withheld as set forth in the Master Lease, and (ii) Sublandlord, which consent shall not be unreasonably withheld, conditioned or delayed if the consent of the Master Landlord is obtained. The foregoing notwithstanding, as to any other alterations, additions or improvements desired to be undertaken by Subtenant, Subtenant shall provide all documentation and information required under the Master Lease with respect to such proposed alterations, additions or improvements and Sublandlord shall promptly submit such documentation and information to Master Landlord for its consent to such alterations, additions or improvements.

(e) Insurance. Subtenant shall obtain the insurance coverages required by the Master Lease, which are incorporated herein by this reference, except that Sublandlord shall not be required to obtain the insurance designated for Master Landlord in this Section but it shall continue the coverages required of Tenant. Each policy of liability insurance shall name Sublandlord and Master Landlord as an additional insured and the waiver of subrogation requirements of property policies shall operate between Sublandlord and Subtenant, in the same manner as between Master Landlord and Sublandlord.

(f) Assignment and Subletting. Subtenant shall not assign or sub-sublet the Premises without the prior written consent of (i) Master Landlord, which may be granted or withheld as set forth in Article 27 of the Master Lease, and (ii) Sublandlord, which consent shall not be unreasonably withheld, conditioned, or delayed.

(g) Consents. Any consent or approval by requested from Sublandlord in accordance with this Sublease shall be deemed reasonably withheld if Master Landlord withholds its consent or approval.

5.2 Certain Covenants. Except as set forth above, the provisions of the Master Lease are hereby incorporated into this Sublease except as otherwise provided in this Sublease. Neither party shall take any action or do or permit to be done anything (i) in violation of or default under any of the terms, covenants, conditions or provisions of the Master Lease or any other instrument to which this Sublease is subordinate (and Sublandlord shall comply with all of the terms of the Master Lease to the extent Sublandlord remains obligated thereunder or to the extent that Subtenant cannot directly comply with such obligations); or (ii) which could result in any additional cost or other liability to Sublandlord unless Subtenant assumes and pays such cost or liability.

5.3 Termination of Possession. Subtenant expressly agrees that, if Sublandlord's tenancy, control or right to possession shall terminate by expiration or any other cause including, without limitation, Sublandlord's exercise of its Termination Option under Section 41.4 of the Master Lease, this Sublease shall thereupon immediately cease and terminate and Subtenant shall give immediate possession to Sublandlord; provided however, that the liability of the Subtenant to the Sublandlord or the liability of the Sublandlord to the Subtenant for termination caused by the applicable party's default under this Sublease shall not be discharged by reason of such termination.

5.4 Sublandlord Not Responsible for Representations and Covenants of Master Landlord under Master Lease. Sublandlord shall not be deemed to have made any representation made by Master Landlord in the Master Lease in its capacity as the lessor of the Building. Moreover, during the Sublease Term, Subtenant acknowledges and agrees that Sublandlord shall not be responsible for Master Landlord's breach of its covenants and obligations under the Master Lease. Without limiting the generality of the foregoing, Sublandlord shall not be obligated (i) to provide any of the services or utilities that Master Landlord has agreed in the Master Lease to provide, (ii) to make any of the repairs or restorations that Master Landlord has agreed in the Master Lease to make, (iii) to comply with any laws or requirements of public authorities with which Master Landlord has agreed in the Master Lease to comply, or (iv) to take any action with respect to the operation, administration or control of the Property or any of the Common Areas that the Master Landlord has agreed in the Master Lease to take, and Sublandlord shall have no liability to Subtenant on account of any failure of Master Landlord to do so, or on account of any failure by Master Landlord to observe or perform any of the terms, covenants or conditions of the Master Lease required to be observed or performed by Master Landlord, provided that in the event that Subtenant determines in good faith that Master Landlord has not performed its obligations under the Master Lease, then upon receipt of written notice from Subtenant, Sublandlord shall be obligated to use commercially reasonable efforts to cause such breaches, defaults or failures of Master Landlord under the Master Lease to be resolved or otherwise settled to Subtenant's reasonable satisfaction; provided, further however: Sublandlord shall not have any obligation to commence litigation or other dispute resolution proceedings to cause Master Landlord to comply with the Master Lease unless Subtenant cannot do so in its own name, in which event Sublandlord shall do so at Subtenant's expense. The foregoing notwithstanding, if any breach of the Master Lease shall entitle Sublandlord to assert claims for an abatement of rent for constructive eviction or otherwise, then such abatement shall accrue in favor of Subtenant. If Sublandlord shall be entitled to an abatement rent or other claims arising from fire or other casualty, then Subtenant shall have the same claims.

6. Indemnity by Subtenant. The indemnification provisions of the Lease shall apply to this Sublease as if Sublandlord was the Master Landlord and Subtenant was the Tenant described in the Lease.

7. Sublandlord's Covenants. Sublandlord covenants to do the following:

7.1 Sublandlord shall not (1) surrender or terminate the Master Lease prior to its scheduled expiration date without the consent of Subtenant; provided that no consent of Subtenant shall be required if Sublandlord elects to exercise its Termination Option under Section 41.4 of the

Master Lease, or (2) amend or modify the Master Lease, the result of which would materially and adversely affect Subtenant's rights or obligations under this Sublease or the Premises;

7.2 Sublandlord shall comply with all the terms and provisions of the Master Lease, except to the extent Subtenant has assumed the same, and

7.3 Sublandlord shall, promptly following receipt thereof, deliver to Subtenant a copy of any and all notices received by Sublandlord from Master Landlord which would have any material effect upon the Premises or this Sublease.

8. Sublandlord's Right to Cure Subtenant Default. Upon a default by Subtenant under this Sublease (after lapse of any applicable notice and cure periods), Sublandlord may, without waiving or releasing any obligation of Subtenant hereunder and without waiving any rights or remedies at law or otherwise, make such payment or perform such act. All sums so paid or incurred by Sublandlord, together with interest thereon, from the date such sums were paid or incurred, at the annual rate equal to 12% per annum or the highest rate permitted by law, whichever is less, shall be payable to Sublandlord on demand as additional Sublease Rent.

9. Entire Agreement/Modification. This Sublease, including the Exhibits, contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Sublease, and no prior agreements or understanding or letter or proposal pertaining to any such matters shall be effective for any purpose. This Sublease may only be modified by a writing signed by Sublandlord and Subtenant. No provisions of this Sublease may be amended or added to, whether by conduct, oral or written communication, or otherwise, except by an agreement in writing signed by the parties hereto or their respective successors-in-interest.

10.Interpretation. The title and paragraph headings are not a part of this Sublease and shall have no effect upon the construction or interpretation of any part of this Sublease. Unless stated otherwise, references to paragraphs and subparagraphs are to those in this Sublease. This Sublease shall be strictly construed neither against Sublandlord nor Subtenant.

11.Representations. Sublandlord represents to Subtenant that to Sublandlord's actual knowledge:

(a) the copy of the Master Lease delivered by Sublandlord to Subtenant is a complete and accurate copy of the Master Lease, which is in effect and has not otherwise been amended and there are no other agreements between Master Landlord and Sublandlord relating to the leasing, use, and occupancy of the Premises; and

(b)that the Premises has not been sublet or licensed to any third party, in whole or in part, and the Master Lease has not been assigned; and

(c)that no circumstance exists and no event has occurred which, with the giving of notice, the passage of time, or both, would constitute a breach or default of either party to the Master Lease; and

(d) Sublandlord is not the debtor, defendant or respondent in any pending receivership, insolvency, bankruptcy, foreclosure, lease termination or other creditors' action or proceeding.

FAILURE TO OBTAIN LANDLORD CONSENT. This Sublease shall constitute a valid and binding obligation of the parties on and after the date that it has been signed and delivered by them despite the fact that the Sublease Term and Subtenant's rights to possession will not have commenced. Within five (5) days after Subtenant has signed and delivered this Sublease, Sublandlord shall submit a fully executed original of this Sublease to the Master Landlord for Master Landlord's consent in accordance with the Master Lease and send a duplicate original of this Sublease fully executed to Subtenant with a copy of the notice to Master Landlord requesting consent. The parties shall cooperate reasonably in connection with the application for Master Landlord's consent and furnish such available documents and information as Master Landlord may reasonably require for such purpose. This Sublease is subject to and conditioned upon the consent of the Master Landlord.

[signature page follows]

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this Sublease as of the Effective Date.

SUBLANDLORD:

ANAPTYSBIO, INC.,
a Delaware corporation

By: /s/ Chris Murphy
Name: Chris Murphy
Title: CFO

SUBTENANT:

FIRST TRACKS BIOTHERAPEUTICS, INC., a Delaware corporation

By: /s/ Ajim Tamboli
Name: Ajim Tamboli
Title: CFO

[Signature Page to Sublease]

EXHIBIT A

MASTER LEASE

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made as of May 4, 2020 ("Effective Date"), by and between WATERIDGE PROPERTY OWNER, LP, a Delaware limited partnership ("Landlord"), and ANAPTYSBIO, INC., a Delaware corporation ("Tenant").

1.

TERMS AND DEFINITIONS

For the purposes of this Lease, the following terms shall have the following definitions and meanings:

1.1.Landlord: Wateridge Property Owner, LP, a Delaware limited partnership

1.2.Landlord's Address:

Wateridge Property Owner, LP
c/o Bioscience Properties, Inc.
514 Via De La Valle, Suite 300A
Solana Beach, CA 92075
Attention: Steve Bollert

1.3.Tenant: AnaptysBio, Inc., a Delaware corporation

1.4.Tenant's Address:

Prior to the Commencement Date:

AnaptysBio, Inc.
10421 Pacific Center Court, Suite 200
San Diego, CA 92121
Attn: Eric Loumeau

As of the Commencement Date:

AnaptysBio, Inc.
10770 Wateridge Circle, Suite 210
San Diego, CA 92121
Attn: Eric Loumeau

1.5.Building: That certain two (2)-story building located at 10770 Wateridge Circle, San Diego, California 92121.

1.6.Premises: Approximately 45,057 rentable square feet of area ("Rentable Square Feet"), subject to adjustment in accordance with Section 2.2 below, in Suite number 210 in the Building.

1.7.Initial Term: One hundred twenty-four (124) months.

1.8.Tenant's Vehicle Parking Spaces: One hundred thirty-six (136) parking spaces (consisting of three (3) parking spaces which shall be reserved for Tenant's visitors and one hundred thirty-three (133) unreserved parking spaces) within the Parking Area (defined in Article 33 below) at no additional charge during the Initial Term, subject to the terms and conditions of Article 33 below.

1.9.Tenant Improvement Allowance: (i) Up to One Hundred Ninety Dollars ($190.00) per Rentable Square Foot of the Premises (i.e., up to $8,560,830.00) ("Initial Allowance"), plus (ii) at Tenant's election and

subject to repayment as provided herein, an additional amount of up to a maximum of Fifteen Dollars ($15.00) per Rentable Square Foot of the Premises (i.e., up to $675,855.00) ("Additional Allowance"), plus (iii) all or a portion of the Abated Rent Amount (as defined below) which Tenant timely elects to apply to the Tenant Improvements (in lieu of abated rent) ("Abated Rent Allowance"), to be contributed by Landlord toward the cost of constructing the Tenant Improvements pursuant to the Work Letter Agreement described in Section 2.1 below. The Initial Allowance and, if applicable, the Additional Allowance and the Abated Rent Allowance, shall be collectively referred to herein as the "Tenant Improvement Allowance." If Tenant elects to use the Additional Allowance or a portion thereof, (a) such amount shall be amortized over the Initial Term on a straight line basis at an annual percentage rate of eight percent (8%) and payable by Tenant as a component of Basic Rent, and (b) as a condition to Landlord providing any portion of the Additional Allowance, Tenant shall be obligated to apply and convert an equal amount of the Abated Rent Allowance on a per rentable square foot basis, pari passu (e.g., if Tenant elects to use $5.00 per Rentable Square Foot of the Additional Allowance, Tenant must also elect to apply a portion of the Abated Rent Amount equal to $5.00 per Rentable Square Foot toward the cost of the Tenant Improvements), and the amount of Basic Rent to be abated pursuant to Section 5.1 below shall be reduced accordingly. Tenant shall notify Landlord of its election to use the Additional Allowance and a corresponding portion of the Abated Rent Allowance prior to commencement of construction of the Tenant Improvements.

1.10.Early Occupancy Date: The earlier to occur of (i) the date upon which Tenant first commences the conduct of business in the Premises for the Permitted Use, and (ii) the later to occur of (x) the date on which the Tenant Improvements are Substantially Complete pursuant to the terms and conditions of, and as that term is defined in, the Work Letter Agreement, and (y) March 1, 2021 ("Estimated Completion Date"). Beginning on the Early Occupancy Date, Tenant shall have the right to occupy and use the Premises on all of the same terms and conditions of this Lease except as expressly provided herein. The period between the Early Occupancy Date and the Commencement Date (as defined below) shall be referred to herein as the "Early Occupancy Period". During the Early Occupancy Period, Tenant shall have no obligation to pay Basic Rent. All other terms and provisions of this Lease (including, without limitation, the obligation to pay separately metered utilities and all Additional Rent) shall apply to the Premises both during the Early Occupancy Period and thereafter.

1.11.Commencement Date: The date which is two (2) weeks following the Early Occupancy Date.

1.12.Basic Rent:

Months of Initial Term	Basic Rent per Rentable Square Foot ($/mo)	Monthly Installments of Basic Rent ($/mo)	Annual Basic Rent ($/yr)
1-12*	$4.20	$189,239.40	$2,270,872.80
13-24	$4.33	$194,916.58	$2,338,998.96
25-36	$4.46	$200,764.08	$2,409,168.96
37-48	$4.59	$206,787.00	$2,481,444.00
49-60	$4.73	$212,990.61	$2,555,887.32
61-72	$4.87	$219,380.33	$2,632,563.96
73-84	$5.02	$225,961.74	$2,711,540.88
85-96	$5.17	$232,740.59	$2,792,887.08
97-108	$5.32	$239,722.81	$2,876,673.72
109-120	$5.48	$246,914.49	$2,962,973.88
121-124	$5.64	$254,321.92	$3,051,863.04

*Provided that Tenant is not in default under this Lease beyond any applicable notice and cure period, monthly installments of Basic Rent shall be abated for months two (2) through seven (7) of the Initial Term, for a total "Abated Rent Amount" of $1,135,436.40, pursuant to the terms and conditions of Section 5.1 below.

1.13.Tenant's Percentage: 24.55%.

1.14.Security Deposit: $254,321.92; **Letter of Credit Amount**: $2,000,000.00.

1.15.Broker(s): Avison Young (Brian Cooper), representing Tenant, and Jones Lang LaSalle (Chad Urie, Tim Olson and Grant Schoneman), representing Landlord.

1.16.Permitted Use: Office, laboratory and research and development and all uses ancillary thereto, and no other use, subject to compliance with all applicable Laws (defined below).

1.17.Building Area: 183,565 Rentable Square Feet.

2.

PREMISES AND COMMON AREAS

2.1.Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises outlined on the Floor Plan attached hereto, marked Exhibit "A-I", and incorporated herein by this reference ("Outline of Premises"). The Premises are located in the Building, which, together with the Parking Area, is located on the parcel or parcels of real property ("Project Site") outlined on the Project Site Plan attached hereto, marked as Exhibit "A-II", and incorporated herein by this reference ("Project Site Plan") (all of which, together with the Building Common Areas and the Project Common Areas, as hereinafter defined, are collectively referred to as the "Project"). The Premises are leased in their "AS-IS" condition in accordance with Article 14; provided however, the Premises will be improved by Landlord with the Tenant Improvements described in the Work Letter Agreement, a copy of which is attached hereto, marked as Exhibit "B" and incorporated herein by this reference ("Work Letter Agreement"). The Premises are agreed, for the purposes of this Lease, to have approximately the number of Rentable Square Feet designated in Section 1.6, subject to adjustment as described in Section 2.2 below. The parties hereto agree that this Lease is upon and subject to the terms, covenants and conditions herein set forth. Each of Landlord and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions by it to be kept and performed.

2.2.Rentable Area.

2.2.1.1.Landlord and Tenant stipulate and agree that: (a) subject to Section 2.2.2 below, the Rentable Square Feet contained in the Building is as specified in Section 1.17, and (b) the Rentable Square Feet of the Building shall include all of, and the Rentable Square Feet of the Premises shall include a portion of (such portion to be equitably determined by Landlord) the total square feet contained in any common areas (e.g., lobbies, mail room, fire control room, etc.) of the Building. The initial Monthly Basic Rent and Tenant's Percentage specified in Section 1.13 of this Lease are based upon the approximate Rentable Square Feet of the Premises set forth in Section 1.6and the Rentable Square Feet of the Building set forth in Section 1.17. The Memorandum of Lease Terms (as defined in Section 3) shall indicate, among other things, the actual Rentable Square Feet of the Premises, as set forth in this Section 2.2.1.

2.2.1.2.Landlord reserves the right (a) to modify the standards utilized hereunder for the measurement of Rentable Square Feet (so long as any such modification is reasonably consistent with then prevailing Institutional Owner Practices (defined below)) and (b) consistent with any such modifications of measurement standards, to adjust the Rentable Square Feet of the Premises and the Building and/or portions thereof and any economic terms set forth herein (such as Tenant's Percentage) calculated on the basis thereof; provided that Landlord shall have no right to adjust the Basic Rent then in effect as a result of any such modification.

2.3.Common Areas. Tenant and its employees, invitees and agents shall have the nonexclusive right to use in common with Landlord and other tenants or occupants of the Project and their respective employees, invitees and agents, subject to the Rules and Regulations referred to in Section 36.1 below and all covenants, conditions and restrictions affecting the Project, any of the following areas which may be appurtenant to the Premises (collectively, "Common Areas"):

2.3.1.1.any common entrances, lobbies, shared entry lobbies and corridors, shared restrooms, service areas, elevators, stairways, accessways and/or ramps which may be located in the Building, and any common pipes, wires and appurtenant equipment which may be serving the Premises (collectively, "Building Common Areas"); and

2.3.1.2.the Parking Area and any loading and unloading areas, trash areas, service areas, parking areas, roadways, sidewalks, walkways, plazas, parkways, driveways, landscaped areas and similar areas and facilities from time to time situated within the Project (collectively, "Project Common Areas").

2.4.Landlord's Reservation of Rights. Landlord reserves for itself, and for the owner(s) and operator(s) of the Project or any portion thereof, the right from time to time without material interference with Tenant's Permitted Use or access to the Premises:

2.4.1.1.to install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Building above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas of the Premises, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment which are located in the Premises or elsewhere, and to expand the Building and/or the Parking Area (after which expansion there shall be an appropriate adjustment made to Tenant's Percentage); provided in no event shall such reservation of rights reduce the Rentable Square Feet of the Premises;

2.4.1.2.to make changes in its sole and absolute discretion to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas and walkways;

2.4.1.3.to close temporarily any of the Common Areas for maintenance purposes and to avoid claims of prescriptive rights so long as reasonable access to the Premises remains available;

2.4.1.4.to designate other land outside the boundaries of the Building or the Project to be a part of the Project Common Areas;

2.4.1.5.to add additional buildings and improvements to the Project Common Areas;

2.4.1.6.to use the Common Areas while engaged in making additional improvements, repairs or alterations to the Building, the Parking Area or the Project, or any portion thereof; and

2.4.1.7.to do and perform such other acts and make such other changes in, to or with respect to the Project or any portion thereof as Landlord and/or the owner(s) and/or operator(s) thereof may deem to be appropriate.

3.

TERM

3.1.Initial Term. The "Initial Term" of this Lease shall be for the period designated in Section 1.7, commencing on the Commencement Date and ending on the last day of the month in which the expiration of such period occurs, unless sooner terminated as hereinafter provided; provided that if the Commencement Date occurs on a day other than the first day of any calendar month, for purposes of calculating the date ("Expiration Date") on which the Term is scheduled to expire and the timing of all scheduled increases in Basic Rent during the Term, the Commencement Date shall be deemed to be the first day of the calendar month following the Commencement Date. The Commencement Date, the date upon which the Initial Term of this Lease shall end unless sooner terminated pursuant to the provisions hereof, the Rentable Square Feet in the Premises and Tenant's Percentage as determined pursuant to Section 2.2 above shall be specified in a Memorandum of Lease Terms, which shall be in the form of Exhibit "C", attached hereto and incorporated herein by this reference ("Memorandum of Lease Terms"), and shall be executed by Tenant as soon as practicable after the Commencement Date. As used herein, "Term" shall refer to the Initial Term as it may be extended by written agreement of Landlord and Tenant, including, without limitation, as a result of Tenant's exercise of the Option in accordance with Section 3.2 below.

3.2.Option Term. Tenant shall have the right and option ("Option") to extend the Term of this Lease for one (1) additional period of five (5) years ("Option Term"). The Option Term shall commence on the day immediately succeeding the expiration date of the Initial Term and shall end on the day immediately preceding the fifth (5th) anniversary of the first day of such Option Term. Notwithstanding any provision of this Section 3.2 to the contrary, the Option shall be personal to the original Tenant under this Lease (i.e., AnaptysBio, Inc.) ("Original Tenant") and to any Permitted Transferee.

(1) Tenant shall exercise the Option by giving written notice to Landlord of its election to do so not earlier than fifteen (15) months and not later than twelve (12) months prior to the expiration of the Initial Term. The giving of such notice of extension by Tenant shall automatically extend the Term of this Lease for such Option Term, and no instrument of renewal or extension need be executed. In the event that Tenant fails to give timely notice

to Landlord, this Lease shall automatically terminate at the end of the Initial Term and Tenant shall have no further option to extend the Term of this Lease. The Option shall be exercisable by Tenant only on the express condition that (i) at the time of the exercise, and at all times prior to the commencement of the Option Term, Tenant shall not be in Default under any of the provisions of this Lease, and (ii) Tenant shall not have been ten (10) or more days late in the payment of Monthly Basic Rent more than once during any twelve (12) consecutive month period during the Term.

(2) The Option Term shall be on all the terms and conditions of this Lease, except that: (i) Tenant shall have no further right or option to extend the Term as provided by this Section 3.2 and (ii) the Basic Rent for the Option Term shall be equal to the Fair Market Rental Value of the Premises for such Option Term, determined pursuant to Subsection 3.2.3 below. If Tenant subleases any portion of the Premises or assigns or otherwise transfers any interest under this Lease to anyone other than a Permitted Transferee, the Option shall lapse. If Tenant subleases any portion of the Premises or assigns or otherwise transfers any interest of Tenant under this Lease to any person or entity other than a Permitted Transferee after the exercise of the Option but prior to the commencement of the Option Term (whether with or without Landlord's consent), the Option shall lapse and the Term of this Lease shall expire as if the Option was not exercised.

(3) For the purposes hereof, "Fair Market Rental Value" of the Premises shall mean the prevailing annual market rental value (which rental value determination may include increases in Rent during the Option Term) for Class "A" office and laboratory/research and development space of comparable size, quality and location in comparable first-class office and laboratory/research and development buildings located in the Sorrento Mesa submarket of San Diego, California, as of the date of commencement of the Option Term ("Comparable Transactions"), taking into consideration the amenities offered in or near the Project and the amount, availability and cost of parking; provided, however, that in calculating the Fair Market Rental Value, no consideration shall be given to (1) the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant's exercise of its right to lease the Premises during the Option Term or the fact that landlords are or are not paying real estate brokerage commissions in connection with such comparable space, and (2) any period of rental abatement, if any, granted to tenants in comparable transactions in connection with the design, permitting and construction of tenant improvements in such comparable spaces. The Fair Market Rental Value shall additionally include a determination as to whether, and if so to what extent, Tenant must provide Landlord with financial security, such as a letter of credit or security deposit, for Tenant's Rent obligations in connection with Tenant's lease of the Premises during the Option Term. Such determination shall be made by reviewing the extent of financial security then generally being imposed in Comparable Transactions from tenants of comparable financial condition and credit history to the then existing financial condition and credit history of Tenant (with appropriate adjustments to account for differences in the then-existing financial condition of Tenant and such other tenants).

(4) Promptly after receiving Tenant's notice of its election to exercise the Option to extend the Term of this Lease, Landlord shall provide Tenant with Landlord's good faith estimate of the Fair Market Rental Value of the Premises for the Option Term ("Landlord's Fair Market Rental Value Notice"). In the event that Tenant objects to Landlord's determination of the Fair Market Rental Value within ten (10) business days following Tenant's receipt of Landlord's Fair Market Rental Value Notice, Landlord and Tenant shall attempt to agree upon the Fair Market Rental Value using their best good faith efforts. If Landlord and Tenant fail to reach agreement within ten (10) business days following Tenant's objection to the Fair Market Rental Value ("Outside Agreement Date"), then each party shall make a separate determination of the Fair Market Rental Value within five (5) business days after the Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with Subsection 3.2.4(A)through Subsection 3.2.4(G) below.

(a) Landlord and Tenant shall each appoint one arbitrator who shall be a real estate broker or attorney who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of office and laboratory/research and development properties in the Sorrento Mesa submarket of San Diego, California. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Fair Market Rental Value is the closest to the actual Fair Market Rental Value, as determined by the arbitrators, taking into account the requirements of Subsection 3.2.3. Each such arbitrator shall be appointed within fifteen (15) days after the applicable Outside Agreement Date.

(b) The two (2) arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators.

(c) The three (3) arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Fair Market Rental Value and shall notify Landlord and Tenant thereof.

(d) The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

(e) If either Landlord or Tenant fails to appoint an arbitrator within fifteen (15) days after the applicable Outside Agreement Date, then the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof and such arbitrator's decision shall be binding upon Landlord and Tenant.

(f) If the two (2) arbitrators fail to agree upon and appoint a third arbitrator, or if both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association, but subject to the instruction set forth in this Subsection 3.2.4.

(g) The cost of the arbitration shall be paid by Landlord and Tenant equally.

4.

DELIVERY

Landlord will endeavor to tender possession of the Premises to Tenant with the Tenant Improvements Substantially Complete on or before the Estimated Completion Date; provided, that if the date on which Landlord actually tenders possession of the Premises to Tenant in such condition does not occur on or before the Estimated Completion Date, this Lease shall not be void or voidable, the Term of this Lease shall not be extended, and Landlord shall not be liable to Tenant for any loss or damage resulting therefrom; provided further that Landlord shall use commercially reasonable efforts to tender to Tenant delivery of possession of the Premises in such condition as soon as reasonably possibly after the Estimated Completion Date. Notwithstanding the foregoing, if Landlord is unable to deliver possession of the Premises to Tenant on or before the date which is six (6) months after the Estimated Completion Date ("Outside Delivery Date"), then Tenant shall have the right to terminate this Lease by delivering Notice thereof to Landlord no later than five (5) business days after the Outside Delivery Date, which termination shall be effective thirty (30) days after the date of such Notice, provided that if Landlord delivers possession of the Premises to Tenant within such thirty (30) day period, then Tenant's notice to terminate shall be deemed void and this Lease shall continue in full force and effect. If this Lease is terminated in accordance with the immediately preceding sentence, Landlord shall promptly return to Tenant any unapplied portion of the Security Deposit and any pre-paid Rent. Tenant's failure to deliver a Notice of termination within five (5) business days after the Outside Delivery Date shall be deemed Tenant's waiver of its right to terminate this Lease due to a delay in delivery of the Premises. Notwithstanding anything contained herein to the contrary, the Outside Delivery Date shall be extended on a day-for-day basis for any delay to the extent caused solely by an event of Force Majeure and/or a Tenant Delay; provided that if such event of Force Majeure arises as a result of the Orders (as defined herein), the Outside Delivery Date shall not be extended beyond the date that is four (4) months after the Orders are no longer effective. As used herein, "Orders" means (i) that certain Executive Order N-33-20 issued on March 19, 2020 by Governor Gavin Newsom, as amended from time to time (the "California Order"), (ii) that certain Order, dated March 27, 2020, issued by the County of San Diego Health and Human Services Agency, as amended from time to time (the "County Order"), (iii) that certain City of San Diego Executive Order No. 2020-1, dated March 16, 2020, as amended from time to time (the "City Order"), and (iv) any law, ordinance, or regulation enacted during the Term that has the same effect as the California Order, the County Order and/or the City Order or otherwise prevent in-person workforces in the Premises. If Tenant is entitled to terminate this Lease in accordance with this Article 4 but elects not to so terminate this Lease, and provided that Tenant is not in default under this Lease beyond any applicable notice and cure period, Tenant shall be entitled to receive a credit to be applied to the Basic Rent next due and payable under this Lease in an amount equal to fifty percent (50%) of the Holdover Penalty (as defined below), if any, actually charged to Tenant and paid by Tenant under (a) that certain Sublease, dated May 18, 2018, by and between Tenant and Trex Enterprises Corporation, a California corporation ("Trex"), for certain premises located at 10455 Pacific Center Court, San Diego, California 92121 ("Trex Sublease"), and/or (b) that certain Office Lease, dated April 19, 2011, by and between Tenant and Kilroy Realty, L.P., a Delaware limited liability company ("Kilroy"), for certain premises located at 10421 Pacific Center Court, San Diego, California 92121, as amended by that certain First Amendment to Office Lease, dated September 10, 2015 ("Kilroy Lease") (collectively, the "Prior Leases{xe "Prior Lease"}"), to the extent attributable to the period of time

commencing on the date that any Holdover Penalty is incurred under any Prior Lease and the actual date on which possession of the Premises is delivered to Tenant with the Tenant Improvements Substantially Complete ("Actual Delivery Date{xe "Actual Delivery Date"}"), but excluding the number of days of delay arising from a Tenant Delay. As used in this Article 4, "Holdover Penalty{xe "Holdover Penalty"}" shall mean the additional base rent actually charged by Trex and/or Kilroy, as applicable, as a result of Tenant's holdover beyond the term of any Prior Lease and paid by Tenant, up to the maximum amounts set forth below, as evidenced by an invoice or other formal notice delivered by Trex and/or Kilroy, as applicable, a copy of which shall be delivered to Landlord hereunder.

	Maximum Monthly Holdover Penalty	**Landlord's Share (50%) of Maximum Monthly Holdover Penalty**
Trex Sublease	$16,517.28	$8,258.64
Kilroy Lease	$25,115.84	$12,557.92

In no event shall Landlord be liable for any other amounts charged to Tenant under the Prior Leases (including, without limitation, consequential damages), other than an amount equal to fifty percent (50%) of the Holdover Penalty as expressly set forth herein. For clarification and the avoidance of doubt, if Landlord delivers the Premises to Tenant with the Tenant Improvements Substantially Complete on or before the Outside Delivery Date, as the same may be extended pursuant to this Article 4, or if Tenant terminates this Lease in accordance with this Article 4, then Landlord shall have no obligation to pay for any portion of the Holdover Penalty. The remedies set forth in this Article 4 shall be Tenant's sole and exclusive remedies at law or equity for the matters described herein.

5.

RENT

5.1.Basic Rent. Tenant shall pay Landlord as consideration for the use and enjoyment of the Premises the Basic Rent designated in Section 1.11 (subject to proration as hereinafter provided) in equal monthly installments, each in advance on the first day of each calendar month during the Term commencing on the Commencement Date, except that the first month's Rent shall be paid to Landlord upon delivery to Landlord of a copy of this Lease, executed by Tenant. If the Term of this Lease commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, then the Rent for such period shall be prorated on the basis of a thirty (30) day month. Notwithstanding the foregoing, and provided that Tenant is not in default under this Lease beyond any applicable notice and cure period, the monthly installment of Basic Rent for the Premises shall be abated during months two (2) through seven (7) of the Initial Term ("Abatement Period"), subject to adjustment thereof as provided in Section 1.9 above. All other terms and provisions of this Lease (including, without limitation, the obligation to pay separately metered utilities and all Additional Rent) shall apply to the Premises both during the Abatement Period and thereafter.

5.2.Additional Rent. In addition to the Basic Rent, Tenant agrees to pay as Additional Rent (defined below) the amount of Rent adjustments and other charges required by this Lease. Other charges to be paid by Tenant hereunder, including, without limitation, payments for Operating Expenses, Real Property Taxes, insurance, insurance deductibles and repairs shall be considered "Additional Rent" for purposes of this Lease. The term "Rent" as used in this Lease shall mean Basic Rent and Additional Rent and all other amounts payable by Tenant pursuant to this Lease. When no other time is stated herein for payment, payment of any amount due from Tenant to Landlord hereunder shall be made within ten (10) business days after Tenant's receipt of Landlord's invoice or statement therefor. All Rent shall be paid to Landlord, without prior demand and without any deduction or offset except as specified herein, in lawful money of the United States of America, via Automated Clearing House (ACH) or to such other person or at such other place as Landlord may from time to time designate in writing.

5.3.Late Payment. If Tenant fails to pay any installment of Rent when due or in the event Tenant fails to make any other payment for which Tenant is obligated under this Lease when due, such late amount shall accrue interest and Tenant shall pay Landlord as Additional Rent interest on such amount at an annual rate ("Default Rate") equal to the lesser of: (a) the then prevailing prime rate of Bank of America NT & SA ("Prime Rate") plus six (6) percentage points or (b) the maximum rate permitted by law from the date such amount became due until such amount is paid. If the format or components of the Prime Rate are materially changed, or if the Prime Rate ceases to exist, Landlord shall substitute a prime rate or alternative base rate of interest that is maintained by the

Bank of America NT & SA or similar financial institution which Landlord determines in its reasonable business judgment. In addition to said interest, Tenant shall pay to Landlord concurrently with any installment of Rent, or other payment, not paid within five (5) days of the date upon which it is due, and Landlord may demand same from Tenant, as Additional Rent, a late charge equal to eight percent (8%) of the late amount to compensate Landlord for the extra costs incurred as a result of such late payment; provided that no such late charge shall be due with respect to the first delinquent payment in any twelve (12) month period provided that such payment is made within ten (10) days after delivery of written notice from Landlord that such amount is due. THE PARTIES AGREE THAT ANY SUCH LATE PAYMENT MAY CAUSE LANDLORD TO INCUR ADMINISTRATIVE COSTS AND OTHER DAMAGE, THE EXACT AMOUNT OF WHICH WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO ASCERTAIN, AND THAT SUCH INTEREST AND LATE CHARGE REPRESENT A FAIR AND REASONABLE ESTIMATE OF THE DETRIMENT THAT LANDLORD WILL SUFFER BY REASON OF LATE PAYMENT BY TENANT. Acceptance of any such interest and late charge shall not constitute a waiver of any Tenant Default with respect to the overdue amount, or prevent Landlord from exercising any of the other rights and remedies available to Landlord hereunder or at law.

5.4.Additional Late Payment Remedies. Any payment returned to Landlord shall be subject to a handling charge of $50.00. If Tenant fails to pay an installment of Basic Rent within ten (10) days following the date the same is due on any three (3) or more occasions during any twelve (12) month period, Landlord shall have the right, in addition to any other rights or remedies it may have hereunder or at law, to require Tenant thereafter to pay installments of Basic Rent quarterly in advance.

6.

RENT ADJUSTMENT

6.1.Definitions. For the purposes of this Lease, the following terms shall be defined as follows:

6.1.1.1.Operating Expenses: "Operating Expenses" shall consist of all costs of operation, management, ownership, insurance, maintenance and repair of the Project, including without limitation the Building, the Common Areas and all other portions of the Project, including any expansions thereof by Landlord or by the owner(s) and/or the operator(s) thereof. Operating Expenses shall include, without limitation, the following: (a) any and all non-tax assessments payable by Landlord for, or costs or expenses incurred by Landlord in connection with, the Building or the Project pursuant to any covenants, conditions or restrictions, reciprocal easement agreements, tenancy-in-common agreements or similar restrictions and agreements affecting the Building or the Project; (b) assessments and any taxes or assessments hereafter imposed in lieu thereof; (c) Rent taxes and gross receipts taxes (whether assessed against Landlord or assessed against Tenant and paid by Landlord, or both); (d) water and sewer charges; (e) accounting, legal and other consulting fees incurred by Landlord in connection with the Project or any portion thereof; (f) the net cost and expense of insurance, and any associated insurance deductibles, for which Landlord and/or the owner(s) and/or the operator(s) of the Project is (are) responsible or any first mortgagee with a lien affecting the Premises reasonably deems necessary in connection with the operation of the Building or the Project; (g) utilities, including, but not limited to, any and all costs and fees associated with the installation, maintenance, repair, or replacement of intrabuilding network telephone and data cable; (h) janitorial services, security, labor, utilities surcharges or any other costs levied, assessed or imposed by, or at the direction of, or resulting from statutes, including, but not limited to, the Americans with Disabilities Act (42 U.S.C. Section 12101 et seq.), or regulations or interpretations thereof promulgated by, any federal, state, regional, local or municipal governmental authority, agency or subdivision (each, a "Governmental Authority") in connection with the use or occupancy of the Project or any portion thereof; (i) costs and expenses incurred or suffered by Landlord in connection with transportation or energy management programs; (j) the cost (amortized over such period as is customary under sound institutional real estate property management procedures ("Institutional Owner Practices"), together with interest at a rate ("Interest Rate") equal to the Prime Rate plus two (2) percentage points on the enumerated balance): (i) of any capital improvements or replacements intended as labor-saving devices or to effect other economies in the maintenance or operation of, or stability of services to, the Building (including Building Common Areas) or the Project Common Areas by Landlord or by the owner(s) and/or the operator(s) thereof, or (ii) of replacing any equipment, systems or materials needed to operate the Project or any portion thereof at the same quality levels as prior to the improvement or replacement or as mandated by revisions or governmental interpretations of any applicable Laws (defined below) or (iii) which are designed to reduce Operating Expenses or to comply with Laws; (k) costs incurred in the management of the Project, including supplies, materials, equipment,

on-site management office rent, wages and salaries of employees used in the management, operation and maintenance thereof, payroll taxes and similar governmental charges with respect thereto, and a Building management fee (not to exceed three percent (3%) of gross receipts, grossed up to reflect ninety-five percent (95%) occupancy); (l) all costs and expenses for air-conditioning, waste disposal, heating, ventilating, elevator repair and maintenance, supplies, materials, equipment, and tools incurred in connection with the Project or any portion thereof (except as the same is payable to Landlord by tenants of the Project under their leases for space in the Project); (m) repair and maintenance of the roof and structural portions of the Building and the Common Areas, including the plumbing, heating, ventilating, air conditioning and electrical systems installed or furnished by Landlord; (n) maintenance costs of the Building, the Common Areas and the Project or any portion thereof, including utilities and payroll expenses, rent of personal property used in maintenance and all other upkeep; (o) costs and expenses of gardening and landscaping the Project or any portion thereof; (p) maintenance of signs located in or about the Project (other than Tenant's signs or the signs of other tenants or occupants of the Building who are responsible to maintain their own signs); (q) personal property taxes levied on or attributable to personal property of Landlord or the owner(s) and/or operator(s) of the Project used in connection with the Project; (r) reasonable audit or verification fees incurred in connection with the Project; and (s) the costs and expenses of repairs (including latent defects), resurfacing, maintenance, painting, lighting, cleaning, refuse removal, security and similar items incurred with respect to the Project, including appropriate reserves.

Operating Expenses shall not include: (A) depreciation on the Building or equipment therein; (B) Landlord's executive salaries; (C) real estate broker's commissions and advertising costs in connection with leasing space in the Project; (D) legal fees and disbursements incurred for collection of tenant accounts or negotiation of leases, or relating to disputes between Landlord and other tenants and occupants of the Building or Project; (E) the cost of any capital improvements unless specifically permitted by this Section 6.1.1, parts (a) through (s), inclusive; (F) amounts received by Landlord on account of proceeds of insurance to the extent the proceeds are reimbursement for expenses which were previously included in Operating Expenses; (G) payments of principal and interest on any mortgages upon the Project or Building; (H) payments of ground rent pursuant to any ground lease covering the Project or Building; (I) the costs of gas, steam or other fuel; operation of elevators and security systems; heating, cooling, air conditioning and ventilating; chilled water, hot and cold domestic water, sewer and other utilities or any other service work or facility, or level or amount thereof, provided to any other tenant or occupant in the Project which either (x) is not required to be supplied or furnished by Landlord to Tenant under the provisions of this Lease or (y) is supplied or furnished to Tenant pursuant to the terms of this Lease with separate or additional charge; (J) any cost that is expressly excluded from Operating Expenses in an express provision contained in this Lease; (K) initial improvements or alterations to tenant spaces in the Project; (L) the cost of providing any service directly to and paid directly by a single individual lessee, or costs incurred for the benefit of a single lessee; (M) costs incurred due to Landlord's breach of a law or ordinance; (N) repairs necessitated by the gross negligence or willful misconduct of Landlord or Landlord's employees, agents, or contractors; (O) charitable or political contributions and membership fees or other payments to trade organizations; (P) Landlord's general overhead expenses not related to the Project; (Q) Landlord's costs of any services provided to lessees or other occupants for which Landlord is actually reimbursed by such lessees or other occupants (other than reimbursement through Operating Expenses) as an additional charge or rental over and above the basic rent (and escalations thereof) payable under the lease with such lessee or other occupant; (R) costs (i.e., interest and penalties) incurred due to Landlord's default of this Lease or any other lease, mortgage, or other agreement, in each case affecting the Project; (S) payments to subsidiaries or affiliates of Landlord, or to any other party, in each case as a result of a non-arm's length transaction, for management or other services for the Project, or for supplies or other materials for the Project, to the extent that such payments exceed arm's length competitive prices in the market where the Premises are located for the services, supplies or materials provided; (T) costs or expenses incurred in connection with the financing or sale of the Project or any portion thereof; (U) costs of environmental testing, monitoring, removal or remediation of any Hazardous Materials in the Project that are in existence at the Project prior to the Commencement Date except to the extent caused by Tenant; (V) the costs of acquiring investment-grade art; and (W) any item that, if included in Operating Expense, would involve a double collection for such item by Landlord.

6.1.1.2.Real Property Taxes: "Real Property Taxes" shall mean and include any form of assessment, re-assessment, license fee, license tax, business license fee, commercial rent tax, levy, charge, penalty, tax or similar imposition, imposed by any authority having the direct power to tax, including any Governmental Authority, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof,

as against any legal or equitable interest of Landlord in the Building, the Premises or the Project, including but not limited to the following:

6.1.1.2.1.any tax on Landlord's "right" to other income from the Project or any portion thereof or as against Landlord's business of leasing the Project or any portion thereof;

6.1.1.2.2.any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real estate tax, including but not limited to, any assessments, taxes, fees, levies and charges that may be imposed by any Governmental Authority for such services as fire protection, street, sidewalk or road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, it being the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies and charges be included within the definition of "Real Property Taxes" for the purposes of this Lease;

6.1.1.2.3.any assessment, tax, fee, levy or charge allocable to or measured by the area of any premises in the Project or the Rent payable hereunder and under any other leases for premises in the Building, the Parking Area or the Project, including without limitation any gross income tax or excise tax levied by any Governmental Authority or any political subdivision thereof, with respect to the receipt of such Rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by tenants of their premises in the Project, or any portion thereof; and

6.1.1.2.4.any assessment, tax, fee, levy or charge upon this transaction or any document creating or transferring an interest or an estate in the Project or any portion thereof, or based upon a reassessment of the Project or any portion thereof by virtue of a "change in ownership", and as a result thereof, and to the extent that in connection therewith, the Building is reassessed for real estate tax purposes by the appropriate Governmental Authority pursuant to the terms of Proposition 13 (as adopted by the voters of the State of California in the June, 1978 election, or any successor statute).

Notwithstanding any provision of this Section 6.1.2 expressed or implied to the contrary, "Real Property Taxes" shall not include (a) Landlord's federal or state income, franchise, inheritance or estate taxes, or (b) fines, penalties and/or interest incurred as a result of Landlord's failure to pay any Real Property Tax when due.

6.1.1.3.Tenant's Percentage. "Tenant's Percentage" means the percentage set forth in Section 1.13; provided, however, that Landlord reserves the right from time to time during the Term of this Lease to recalculate Tenant's Percentage, in which case Tenant's Percentage shall mean that numeric figure obtained by dividing the Rentable Square Feet of the Premises, as adjusted pursuant to Section 2.2, by the total Rentable Square Feet of the Building.

6.2.Calculation Methods and Adjustments.

6.2.1.1.Subject to the provisions of this Section 6.2, all calculations, determinations, allocations and decisions to be made hereunder with respect to Operating Expenses and Real Property Taxes shall be made on a triple net basis in accordance with the good faith determination of Landlord applying sound accounting and property management principles consistently applied which are consistent with Institutional Owner Practices. If the Project is not at least one hundred percent (100%) occupied during all or a portion of the any year, Landlord shall make an appropriate adjustment to the components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been ninety-five percent (95%) occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year. Landlord shall have the right to equitably allocate some or all Operating Expenses among particular classes or groups of tenants in the Project or Building (for example, retail tenants) to reflect Landlord's good faith determination that measurably different amounts or types of services, work or benefits associated with Operating Expenses, as applicable, are being provided to or conferred upon such classes or groups. All discounts, reimbursements, rebates, refunds, or credits (collectively, "Reimbursements") attributable to Operating Expenses or Real Property Taxes received by Landlord in a particular year shall be deducted from Operating Expenses or Real Property Taxes, as applicable, in the year the same are received; provided, however, if such practice is consistent with Institutional Owner Practices, Landlord may treat Reimbursements generally (or under particular circumstances) on a different basis.

6.2.1.2.As of the date of this Lease, Tenant shall pay Additional Rent under this Article 6 based on the Operating Expenses and Real Property Taxes for the Project. If the Project at any time contains more than one building, Landlord shall have the right, from time to time, to equitably allocate some or all of the Operating Expenses and/or Real Property Taxes for the buildings comprising the Project among the Building and some or all of the other buildings of the Project. In such event, Landlord shall reasonably determine a method of allocating such Operating Expenses and/or Real Property Taxes attributable to the Building and/or such other building(s) of the Project to the Building and/or such other building(s) and Tenant shall be responsible for paying its proportionate share of such expense(s) which are allocated to the Building. Landlord shall also have the right, from time to time, to require Tenant to pay Tenant's Percentage of Operating Expenses and Real Property Taxes based solely on the Operating Expenses and Real Property Taxes for the Building.

6.3.Payment of Tenant's Percentage of Operating Expenses and Real Property Taxes. This shall be a triple net Lease and Basic Rent shall be paid to Landlord absolutely net of all costs and expenses, except as specifically provided to the contrary in this Lease. The provisions for payment of Tenant's Percentage of Operating Expenses and Tenant's Percentage of Real Property Taxes are intended to pass on to Tenant, and reimburse Landlord for, all costs and expenses of the nature described in Section 6.1 incurred in connection with the ownership, operation, management, insurance, maintenance and repair of the Project. For each calendar year of the Term, Tenant shall pay Tenant's Percentage of the Operating Expenses and Tenant's Percentage of the Real Property Taxes paid or incurred by Landlord for such year as Additional Rent. Tenant shall pay such amounts as follows:

6.3.1.1.Estimate of Annual Operating Expenses and Real Property Taxes. At the beginning of each calendar year, or as soon thereafter as practicable, Landlord shall deliver to Tenant a reasonable estimate ("Estimated Statement") of Tenant's Percentage of Operating Expenses and Tenant's Percentage of Real Property Taxes for the then current calendar year. Landlord may revise its estimates of Tenant's Percentage of Operating Expenses and Tenant's Percentage of Real Property Taxes for any year from time to time in its reasonable discretion, and upon receipt of a revised Estimated Statement, Tenant shall begin making payments under this Section 6.3.1 in accordance with such revised estimates. For each calendar year during the Term of this Lease, or portion thereof, Tenant shall pay to Landlord the estimated Tenant's Percentage of Operating Expenses and the estimated Tenant's Percentage of Real Property Taxes, as specified in the Estimated Statement. These estimated amounts shall be divided into twelve (12) equal monthly installments. Tenant shall pay to Landlord, concurrently with the regular monthly Basic Rent payment next due following the receipt of such an Estimated Statement, an amount equal to one monthly installment multiplied by the number of months from the commencement of the calendar year for which such estimates were prepared to the month of such payment, both months inclusive, less any amounts paid under this Section 6.3.1 after commencement of such calendar year based on the last Estimated Statement delivered by Landlord. Subsequent payments under this Section 6.3.1 shall be payable concurrently with the regular monthly Rent payments for the balance of that calendar year and shall continue until the next Estimated Statement is delivered by Landlord. Failure of Landlord to deliver an Estimated Statement for any calendar year shall not relieve Tenant of its obligation to make estimated payments of Tenant's Percentage of Operating Expenses and Tenant's Percentage of Real Property Taxes under this Section 6.3.1.

6.3.1.2.Annual Reconciliation. At the end of each calendar year or as soon thereafter as practicable Landlord shall deliver to Tenant a statement ("Annual Reconciliation") of (a) the actual annual Operating Expenses and Tenant's Percentage of Operating Expenses for the preceding year, and (b) the actual annual Real Property Taxes and Tenant's Percentage of Real Property Taxes for the preceding year. If for any year, the sum of Tenant's Percentage of Operating Expenses and Tenant's Percentage of Real Property Taxes (as specified in the Annual Reconciliation) is less than the total amount of the estimated payments made by Tenant under Section 6.3.1 above for such year, then any such overpayment, or overpayments, shall be credited toward the monthly Rent next falling due after determination by Landlord of such overpayment or overpayments and shall be paid to Tenant in a lump sum for periods after the expiration of the Term. Similarly, if for any year, the sum of Tenant's Percentage of Operating Expenses and Tenant's Percentage of Real Property Taxes (as specified in the Annual Reconciliation) is more than the total amount of the estimated payments made by Tenant under Section 6.3.1 above for such year, then any such underpayment, or underpayments, shall be paid by Tenant to Landlord concurrently with the next regular monthly Basic Rent payment coming due after Tenant's receipt of the Annual Reconciliation (or if the Term shall have expired or terminated, within thirty (30) days following Tenant's receipt of such Annual Reconciliation).

6.3.1.3.Survival of Reconciliation. Even though the Term shall have expired and Tenant shall have vacated the Premises, when the final determination of Tenant's Percentage of actual annual Operating Expenses, and/or of Tenant's Percentage of actual annual Real Property Taxes, for the year in which this Lease terminates is delivered to Tenant, (a) Tenant shall immediately pay any amounts payable to Landlord under Section 6.3.2 above (as a result of any underpayments by Tenant under Section 6.3.1 above), and/or (b) conversely, Landlord shall promptly rebate any amounts payable to Tenant under Section 6.3.2 (as a result of any overpayments under Section 6.3.1 above) provided that no Tenant Default existed at the expiration or earlier termination of this Lease.

6.4.Review of Annual Reconciliation. Provided that Tenant is not then in default with respect to its obligations under this Lease and provided further that Tenant strictly complies with the provisions of this Section 6.4, Tenant shall have the right, at Tenant's sole cost and expense and upon thirty (30) days prior Notice ("Review Notice") to Landlord delivered no later than sixty (60) days after an Annual Reconciliation is delivered to Tenant, to reasonably review or audit Landlord's supporting books and records (at Landlord's manager's corporate offices) for any portion of the Operating Expenses or Real Property Taxes for the particular year covered by such Annual Reconciliation, in accordance with the procedures set forth in this Section 6.4. To the extent that any amounts specified in such Annual Reconciliation were not previously paid, Tenant shall pay all such amounts to Landlord simultaneously with Tenant's delivery the Review Notice. Any review or audit of records under this Section 6.4 shall be at the sole expense of Tenant, shall be conducted by independent certified public accountants of national standing which are not compensated on a contingency fee or similar basis relating to the results of such review or audit and shall be completed within sixty (60) days after Landlord provides Tenant with access to Landlord's supporting books and records. Tenant shall, within thirty (30) days after completion of any such review or audit, deliver Notice to Landlord specifying the items described in the Annual Reconciliation that are claimed to be incorrect by such review or audit ("Dispute Notice"). The right of Tenant under this Section 6.4 may only be exercised once for each year covered by any Annual Reconciliation, and if Tenant fails to deliver a Review Notice within the sixty (60) day period described above or a Dispute Notice within the thirty (30) day period described above, or if Tenant fails to meet any of the other above conditions of exercise of such right, the right of Tenant to review or audit a particular Annual Reconciliation (and all of Tenant's rights to make any claim relating thereto) under this Section 6.4 shall automatically be deemed waived by Tenant. Tenant acknowledges and agrees that any records of Landlord reviewed or audited under this Section 6.4 (and the information contained therein) constitute confidential information of Landlord, which shall not be disclosed other than to Tenant's accountants performing the review or audit and principals of Tenant who receive the results of the review or audit. If Landlord disagrees with Tenant's contention that an error exists with respect to the Annual Reconciliation in dispute, Landlord shall have the right to cause another review or audit of that portion of the Annual Reconciliation to be made by a firm of independent certified public accountants of national standing selected by Landlord ("Landlord's Accountant"). In the event of a disagreement between the two accounting firms, the review or audit of Landlord's Accountant shall be deemed to be correct and shall be conclusively binding on both Landlord and Tenant. In the event that it is finally determined pursuant to this Section 6.4that a particular Annual Reconciliation overstated amounts payable by Tenant under this Article 6 with respect to the applicable year by more than five percent (5%), Landlord shall reimburse Tenant for the reasonable costs of Tenant's accountant and Landlord shall be liable for the costs of Landlord's Accountant. In all other cases, Tenant shall reimburse Landlord for the reasonable costs of Landlord's Accountant.

7.

SECURITY DEPOSIT

7.1.Security Deposit. Tenant shall deposit with Landlord, upon delivery to Landlord of a copy of this Lease executed by Tenant, the Security Deposit designated in Section 1.14. Said sum shall be held by Landlord as security for the full and faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the Term hereof and any extension hereof. Landlord shall have the right, but not the obligation, to apply all or any portion of the Security Deposit for the payment of Rent or any other sum due hereunder, to cure any default by Tenant of its obligations with respect to the restoration and surrender of the Premises or to cure any Tenant Default at any time, in which event Tenant shall be obligated to restore the Security Deposit to its original amount within ten (10) business days, and Tenant's failure to do so shall be deemed to be a Default under this Lease. Tenant hereby irrevocably waives and relinquishes any and all rights, benefits, or protections, if any, Tenant now has, or in the future may have, under Section 1950.7 of the California Civil Code,

any successor statute, and all other provisions of law, now or hereafter in effect, including, but not limited to, any provision of law which: (a) establishes the time frame by which a landlord must refund a security deposit under a lease, or (b) provides that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of Rent, to repair damage caused by a tenant, or to clean the subject premises. Tenant acknowledges and agrees that: (i) any statutory time frames for the return of a security deposit are superseded by the express period identified in this Section 7.1 and (ii) rather than be so limited, Landlord may claim from the Security Deposit: (A) any and all sums expressly identified in this Section 7.1, and (B) any additional sums reasonably necessary to compensate Landlord for any and all losses or damages caused by Tenant's default of this Lease, including, but not limited to, all damages or Rent due upon termination of this Lease pursuant to Section 1951.2 of the California Civil Code, as amended and recodified from time to time. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such Security Deposit. Within thirty (30) days following the expiration of the Term, Landlord shall (provided that Tenant is not in Default under this Lease) return the Security Deposit to Tenant, less such portion as Landlord shall have applied in accordance with this Section 7.1. Should Landlord sell its interest in the Premises during the Term hereof and if Landlord deposits with (or gives a credit to) the purchaser thereof the then balance of the Security Deposit held by Landlord, Landlord shall be released from any further liability with respect to the Security Deposit.

7.2.Letter of Credit. If at any time during the Term (a) the balance of Tenant's cash, cash equivalents and Eligible Investments (as defined below) is less than One Hundred Million Dollars ($100,000,000.00) or (b) Tenant is unable to continue as a going concern, as each is determined by Tenant's audited financial statements and/or disclosed by any of Tenant's SEC filings (including, without limitation, any 10-Q or 10-K), Tenant shall immediately deliver Notice thereof to Landlord and, within ten (10) business days thereafter, Tenant shall deposit with Landlord the Letter of Credit (as defined in Exhibit "D-2") in the Letter of Credit Amount as set forth in Section 1.14 above. As used herein, "Eligible Investments" mean U.S. government obligations, corporate obligations, bank instruments, FDIC-backed bank debt and U.S. treasury and U.S. government agency institutional money market funds. The Letter of Credit shall comply with the requirements of Exhibit "D-2"attached hereto and incorporated by reference herein. If Tenant fails to provide such Letter of Credit within the ten (10) business day period set forth above, such failure shall be deemed a Tenant Default, without notice or opportunity to cure. If the Letter of Credit is delivered to Landlord as required under this Section 7.2, and subsequent to such delivery, (i) the balance of Tenant's cash, cash equivalents and Eligible Investments exceeds One Hundred Million Dollars ($100,000,000.00) and (ii) Tenant confirms its ability to continue as a going concern, as each is determined by Tenant's audited financial statements and/or Tenant's SEC filings, Landlord shall return the Letter of Credit to Tenant within thirty (30) days after Tenant's written request therefor.

8.

USE

8.1.General. Tenant shall use the Premises for the Permitted Use set forth in Section 1.16 above, and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Landlord. Nothing contained herein shall be deemed to give Tenant any exclusive right to such use in the Project or any portion thereof (excluding only the Premises).

8.2.Laws/CC&R's.

8.2.1.1.Tenant shall not use or occupy the Premises in violation of any applicable laws, regulations, rules, orders, statutes or ordinances of any Governmental Authority, office, board or private entity in effect on or after the Effective Date and applicable to the Project or the use or occupancy of the Project, including, without limitation, the rules, regulations and requirements of the Pacific Fire Rating Bureau, and of any similar body, the Americans with Disabilities Act (42 U.S.C. Section 12101 et seq.) ("ADA") and Hazardous Material Laws (as defined in Section 8.3.7 below) (collectively, "Laws") or in violation of any government-issued permit for the Building or Project or any of the Rules and Regulations (as defined below), and shall, upon Notice from Landlord, discontinue any use of the Premises which is declared by any Governmental Authority having jurisdiction to be a violation of any Laws, or of any government-issued permit for the Building or Project. Tenant shall cause the Premises to comply with all applicable Laws and shall comply with any direction of any Governmental Authority having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any obligation (including, but not limited to, any obligation imposed pursuant to the ADA), upon Tenant or Landlord

with respect to the Premises or with respect to the use or occupancy thereof; provided, however, unless resulting from an Alteration performed by Tenant or by Tenant's specific use of the Premises (as opposed to general office and laboratory/research and development use), Tenant shall not be responsible for any obligation imposed by the ADA after completion of the initial Tenant Improvements with respect to the Common Areas of the Building and the Premises (except its prorata share of compliance costs included in Operating Expenses). Tenant shall comply with all rules, orders, regulations and requirements of the Pacific Fire Rating Bureau or any other organization performing a similar function. Tenant shall not do or permit to be done in or about the Premises anything which causes the insurance on the Premises, the Building or the Project or any portion thereof to be canceled or the cost thereof increased. Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for any insurance policy by reason of Tenant's failure to comply with the provisions of this Section 8.2. In determining whether increased premiums are a result of Tenant's use of the Premises, a schedule issued by the organization computing the insurance rate on the Project or the Tenant Improvements showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate. Tenant shall promptly comply with all reasonable requirements of the insurance authority or any present or future insurer relating to the Premises. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of Landlord or other tenants or occupants of the Building, the Parking Area or the Project, or injure or unreasonably annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in or about the Premises or the Project. Tenant shall comply with all restrictive covenants and obligations created by private contracts that affect the use and operation of the Premises, the Building, the Common Areas or any other portion of the Project. Tenant shall not commit or suffer to be committed any waste in or upon the Premises or the Project and shall keep the Premises in first class repair and appearance. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business in the Premises, Tenant, at its expense, shall procure, maintain and comply with the terms and conditions of each such license or permit.

- Without limiting the generality of the foregoing:

8.2.1.1.1.Landlord and Tenant agree to cooperate, and Tenant shall use its commercially reasonable efforts to participate in governmentally mandated regulations applicable to businesses located in the area or to the Project. Neither this Section 8.2.1(A) nor any other provision of this Lease, however, is intended to or shall create any rights or benefits in any other person, firm, company, Governmental Authority or the public.

8.2.1.1.2.Landlord and Tenant agree to cooperate and comply with any and all guidelines or controls imposed upon either Landlord or Tenant by any Governmental Authority.

8.2.1.1.3.All costs, fees, assessments and other charges paid by Landlord to any Governmental Authority in connection with any program of the types described in Sections 8.2.1(A) and 8.2.1(B) above, and all costs and fees paid by Landlord to any Governmental Authority or third party pursuant to or to effect such program, shall be included in Operating Expenses for the purposes of Article 6, whether or not specifically listed in such Article 6.

8.2.1.1.4.Tenant shall be liable for all penalties, noncompliance costs or other losses, costs or expenses incurred by Landlord primarily as a result of Tenant's failure to comply with any of the provisions of Sections 8.2.1(A)through 8.2.1(C) above. Any such amount shall be payable by Tenant to Landlord within ten (10) business days after Landlord's demand therefor as Additional Rent. Failure of Tenant to pay any amount due pursuant to this Section 8.2.1(D) when due shall be deemed a Tenant Default pursuant to this Lease.

8.2.1.2.Tenant shall be responsible for all structural engineering required to determine structural load for any of Tenant's furniture, fixtures, equipment, other personal property, Alterations and Tenant Improvements; provided that Landlord reserves the right to prescribe the weight and position of all file cabinets, safes and heavy equipment which Tenant desires to place in the Premises so as to properly distribute the weight thereof. Further, Tenant's business machines and mechanical equipment which cause vibration or noise that may be transmitted to the Building structure or to any other space in the Building shall be so installed, maintained and used by Tenant as to eliminate such vibration or noise.

8.3.Hazardous Materials.

8.3.1.1.Tenant shall not cause or permit any Hazardous Materials (as defined in Section 8.3.7 below) to be brought upon, kept or used in or about the Premises, the Building or the Project in violation of applicable Laws by Tenant or any of its employees, agents, representatives, contractors or invitees (collectively with Tenant, each a "Tenant Party"). If (a) Tenant breaches such obligation, (b) the presence of Hazardous Materials as a result of such a breach results in contamination of the Project, any portion thereof, or any adjacent property, (c) contamination of the Premises otherwise occurs during the Term or any extension or renewal hereof or holding over hereunder or (d) contamination of the Project occurs as a result of Hazardous Materials that are placed on or under or are released into the Project by a Tenant Party, then Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnified Parties (as defined in Section 22.1.2 below) harmless from and against any and all Claims (as defined in Article 20 below) of any kind or nature, including (i) diminution in value of the Project or any portion thereof, (ii) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Project, (iii) damages arising from any adverse impact on marketing of space in the Project or any portion thereof and (iv) sums paid in settlement of Claims that arise before, during or after the Term as a result of such breach or contamination. This indemnification by Tenant includes costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any Governmental Authority because of Hazardous Materials present in the air, soil or groundwater above, on, under or about the Project. Without limiting the foregoing, if the presence of any Hazardous Materials in, on, under or about the Project, any portion thereof or any adjacent property caused or permitted by any Tenant Party results in any contamination of the Project, any portion thereof or any adjacent property, then Tenant shall promptly take all actions at its sole cost and expense as are necessary to return the Project, any portion thereof or any adjacent property to its respective condition existing prior to the time of such contamination; provided that Landlord's written approval of such action shall first be obtained, which approval Landlord shall not unreasonably withhold; and provided, further, that it shall be reasonable for Landlord to withhold its consent if such actions could have a material adverse long-term or short-term effect on the Project, any portion thereof or any adjacent property. Tenant's obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation.

8.3.1.2.Landlord acknowledges that it is not the intent of this Article to prohibit Tenant from operating its business for the Permitted Use. Tenant may operate its business according to the custom of Tenant's industry so long as the use or presence of Hazardous Materials is strictly and properly monitored in accordance with applicable Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord (a) a list identifying each type of Hazardous Material to be present at the Premises that is subject to regulation under any environmental applicable Laws (other than customary quantities of typical office and cleaning supplies, provided no permits or approvals from, and no notice or disclosure to, any Governmental Authorities is required in connection with the presence of such supplies at the Premises), (b) a list of any and all approvals or permits from Governmental Authorities required in connection with the presence of such Hazardous Material at the Premises and (c) correct and complete copies of (i) notices of violations of applicable Laws related to Hazardous Materials and (ii) plans relating to the installation of any storage tanks to be installed in, on, under or about the Project (provided that installation of storage tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent Landlord may withhold in its sole and absolute discretion) and closure plans or any other documents required by any and all Governmental Authorities for any storage tanks installed in, on, under or about the Project for the closure of any such storage tanks (collectively, "Hazardous Materials Documents"). Tenant shall deliver to Landlord updated Hazardous Materials Documents, within fourteen (14) days after receipt of a written request therefor from Landlord, not more often than once per year, unless (m) there are any changes to the Hazardous Materials Documents or (n) Tenant initiates any Alterations or changes its business, in either case in a way that involves any material increase in the types or amounts of Hazardous Materials. For each type of Hazardous Material listed, the Hazardous Materials Documents shall include (t) the chemical name, (u) the material state (e.g., solid, liquid, gas or cryogen), (v) the concentration, (w) the storage amount and storage condition (e.g., in cabinets or not in cabinets), (x) the use amount and use condition (e.g., open use or closed use), (y) the location (e.g., room number or other identification) and (z) if known, the chemical abstract service number. Notwithstanding anything in this Section to the contrary, Tenant shall not be required to provide Landlord with any Hazardous Materials Documents containing information of a proprietary nature, which Hazardous Materials Documents, in and of themselves, do not contain a reference to any Hazardous Materials or

activities related to Hazardous Materials. Landlord may, at Landlord's expense, cause the Hazardous Materials Documents to be reviewed by a person or firm qualified to analyze Hazardous Materials to confirm compliance with the provisions of this Lease and with applicable Laws. In the event that a review of the Hazardous Materials Documents indicates non-compliance with this Lease or applicable Laws, Tenant shall, at its expense, diligently take steps to bring its storage and use of Hazardous Materials into compliance. Notwithstanding anything in this Lease to the contrary or Landlord's review into Tenant's Hazardous Materials Documents or use or disposal of hazardous materials, however, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of Hazardous Materials, it being acknowledged by Tenant that Tenant is best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

8.3.1.3.At any time, and from time to time, Landlord shall have the right to conduct appropriate tests of the Project or any portion thereof to demonstrate that Hazardous Materials are present or that contamination has occurred due to the acts or omissions of a Tenant Party. Tenant shall pay all reasonable costs of such tests if such tests reveal that Hazardous Materials exist at the Project in violation of Tenant's obligations under this Lease.

8.3.1.4.Tenant shall not install or utilize any underground or other storage tanks storing Hazardous Materials on the Premises without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. Subject to the foregoing, if underground or other storage tanks storing Hazardous Materials installed or utilized by Tenant are located on the Premises, or are hereafter placed on the Premises by Tenant (or by any other party, if such storage tanks are utilized by Tenant), then Tenant shall monitor the storage tanks, maintain appropriate records, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other steps necessary or required under the applicable Laws.

8.3.1.5.Tenant shall promptly report to Landlord any actual or suspected presence of mold or water intrusion at the Premises.

8.3.1.6.Tenant's obligations under this Section 8.3 shall survive the expiration or earlier termination of the Lease. During any period of time needed by Tenant or Landlord after the termination of this Lease to complete the removal from the Premises of any Hazardous Materials, Tenant shall be deemed a holdover tenant and subject to the provisions of Section 8.3.

8.3.1.7.As used in this Lease, the term "Hazardous Material" means any toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous substance, material or waste that is or becomes regulated by applicable Laws or any Governmental Authority, and the term "Hazardous Material Laws" means and includes all now and hereafter existing statutes, laws, ordinances, codes, regulations, rules, rulings, orders, decrees, directives, policies and requirements by any federal, state or local governmental authority regulating, relating to, or imposing liability or standards of conduct concerning public health and safety, the environment or any Hazardous Material, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.), Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901 et seq.), and California Health and Safety Code (Sections 25100, 25249.5, 25316 and 39000, et seq. in each case).

8.3.1.8.Notwithstanding anything to the contrary in this Lease, Landlord shall have sole control over the equitable allocation of control areas (as defined in the California Building Standards Code) within the Project for the storage of Hazardous Materials. Without limiting the foregoing, if the use of Hazardous Materials by Tenant is such that Tenant utilizes fire control areas in the Project in excess of Tenant's Percentage, then Tenant shall, at its sole cost and expense and upon Landlord's written request, establish and maintain a separate area of the Premises classified by the California Building Standards Code as a "Group H" occupancy area for the use and storage of Hazardous Materials, or take such other action as is necessary to ensure that its share of the fire control areas of the Building and the Project is not greater than Tenant's Percentage. Notwithstanding anything in this Lease to the contrary, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of fire control areas, it being acknowledged by Tenant that Tenant and other tenants are best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

8.4.Odors and Exhaust. Tenant acknowledges that Landlord would not enter into this Lease with Tenant unless Tenant assured Landlord that under no circumstances will any other occupants of the Building or the Project (including persons legally present in any outdoor areas of the Project) be subjected to odors or fumes

(whether or not noxious), and that the Building and the Project will not be damaged by any exhaust, in each case from Tenant's operations. Landlord and Tenant therefore agree as follows:

8.4.1.1.Tenant shall not cause or permit (or conduct any activities that would cause) any release of any odors or fumes of any kind from the Premises.

8.4.1.2.If the Building has a ventilation system that, in Landlord's judgment, is adequate, suitable, and appropriate to vent the Premises in a manner that does not release odors affecting any indoor or outdoor part of the Project, Tenant shall vent the Premises through such system. If Landlord at any time determines that any existing ventilation system is inadequate, or if no ventilation system exists, Tenant shall in compliance with applicable Laws vent all fumes and odors from the Premises (and remove odors from Tenant's exhaust stream) as Landlord requires. The placement and configuration of all ventilation exhaust pipes, louvers and other equipment shall be subject to Landlord's approval. Tenant acknowledges Landlord's legitimate desire to maintain the Project (indoor and outdoor areas) in an odor-free manner, and Landlord may require Tenant to abate and remove all odors in a manner that goes beyond the requirements of applicable Laws.

8.4.1.3.Tenant shall, at Tenant's sole cost and expense, provide odor eliminators and other devices (such as filters, air cleaners, scrubbers and whatever other equipment may in Landlord's judgment be necessary or appropriate from time to time) to completely remove, eliminate and abate any odors, fumes or other substances in Tenant's exhaust stream that, in Landlord's judgment, emanate from Tenant's Premises. Any work Tenant performs under this Section shall constitute Alterations.

8.4.1.4.Tenant's responsibility to remove, eliminate and abate odors, fumes and exhaust shall continue throughout the Term. Landlord's construction of the Tenant Improvements shall not preclude Landlord from requiring additional measures to eliminate odors, fumes and other adverse impacts of Tenant's exhaust stream (as Landlord may designate in Landlord's discretion). Tenant shall install additional equipment as Landlord requires from time to time under the preceding sentence. Such installations shall constitute Alterations.

8.4.1.5.If Tenant fails to install satisfactory odor control equipment within ten (10) business days after Landlord's demand made at any time, then Landlord may, without limiting Landlord's other rights and remedies, require Tenant to cease and suspend any operations in the Premises that, in Landlord's determination, cause odors, fumes or exhaust. For example, if Landlord determines that Tenant's production of a certain type of product causes odors, fumes or exhaust, and Tenant does not install satisfactory odor control equipment within ten (10) business days after Landlord's request, then Landlord may require Tenant to stop producing such type of product in the Premises unless and until Tenant has installed odor control equipment satisfactory to Landlord.

9.

MOLD

Tenant agrees to maintain the Premises in a manner that prevents the occurrence of an infestation of mold, mildew, microbial growths, and any associated mycotoxins in the Premises, and shall comply, at a minimum, with the following: (a) subject to the terms and conditions of Article 20, Article 21 and Section 22.4 below, Tenant agrees to immediately fix/abate any water intrusion in the Premises, except to the extent caused by Landlord, another tenant or any third party not within Tenant's control, or to the extent such water intrusion is caused by an event within Landlord's express maintenance and repair obligations under this Lease; (b) Tenant agrees to use all reasonable care to close all windows and other openings in the Premises to prevent outdoor water from penetrating into the interior unit; (c) Tenant agrees to clean and dry any visible moisture on windows, walls, and other surfaces, including personal property, as soon as reasonably possible; (d) Tenant agrees to keep the Premises free of dirt and debris that could reasonably be expected to harbor mold; (e) Tenant agrees to regularly clean and sanitize kitchens and other surfaces within the Premises where water, moisture condensation, and mold can collect; (f) Tenant agrees not to interfere with regular air flow and circulation throughout the Premises; (g) Tenant agrees to limit the indoor watering of plants; (h) Tenant agrees to prevent the overflow or release of water from bathrooms or kitchens, including but not limited to toilets, sinks, kitchen appliances, and other receptacles of water; (i) Tenant agrees not to obstruct fresh air supply to furnace, air conditioner or heater ducts; (j) Tenant agrees to maintain and not obstruct ventilation at all locations in the Premises; (k) Tenant agrees to use commercially reasonable efforts to prevent the clogging of all plumbing within the Premises; (l) Tenant agrees not to engage in any conduct that could reasonably be expected to promote or create mold growth; (m) Tenant agrees to report within forty-eight (48) hours the following to Landlord to the extent Tenant

has actual knowledge thereof: (i) any non-working fan, heater, air conditioner or ventilation system; (ii) plumbing leaks, drips, sweating pipes, wet spots; (iii) overflows from bathroom, kitchen, or other facilities, including, but not limited to, tubs, showers, shower enclosures, toilets, sinks, kitchen appliances, or other receptacles of water, especially in cases where the overflow may have permeated walls, floors, ceilings or fixtures; (iv) water intrusion of any kind; (v) any mold or black or brown spots or moisture on surfaces inside the Premises; (vi) broken plumbing systems or standing water near structures within the Premises; and (vii) any odors consistent with mold growth within the Premises. Tenant agrees not to commence any mold investigation, testing, remediation or repair without first obtaining the prior written consent of Landlord which shall not be unreasonably withheld, conditioned or delayed. If Landlord consents to any mold investigation, remediation or repair by Tenant, Tenant agrees to not use any methods of mold investigation, testing, remediation and repair that are speculative and not generally accepted within the scientific community, and Landlord reserves the right to approve any and all third parties retained by Tenant to conduct any such mold investigation, testing, remediation and repair. As of the Effective Date such speculative and generally unaccepted methods of investigation, testing, remediation and repair include: (A) any use of settled dust vacuum sampling; (B) any use of interior wall cavity air sampling; (C) Tenant's use of do-it-yourself mold investigation kits; and (D) use of any other methods that have not been peer reviewed and generally accepted within the scientific community.

10.

NOTICES

10.1.Method of Delivery. Any notice, consent, approval or objection required or permitted by this Lease (a "Notice") shall be in writing and may be delivered: (a) in person (by hand or by messenger or courier service) or (b) by certified or registered mail or United States Postal Service Express Mail, with postage prepaid, or (c) by a nationally recognized overnight delivery service that provides delivery verification, or (d) by facsimile transmission, addressed to Tenant at the Premises and to Landlord at each of the addresses designated in Section 1.2, and shall be deemed sufficiently given if served in a manner specified in this Article 10. Either party may specify a different address for Notice purposes by Notice to the other.

10.2.Receipt of Notices. Any Notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. Notices delivered by United States Postal Service Express Mail or overnight delivery service that guarantees next day delivery shall be deemed given on the next business day after delivery of the same to the United States Postal Service or overnight delivery service. If any Notice is transmitted by facsimile transmission or similar means, the same shall be deemed served or delivered upon telephone confirmation of receipt of the transmission thereof, provided a copy is also delivered on or before the next business day via one of the methods in Section 10.1(a)-(c)above. If any Notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

10.3.Statutory Service of Notice. When a statute permits, or requires, service of a notice in a particular manner, service of that notice (or a similar Notice permitted, or required, by this Lease) in the manner permitted, or required, by this Article 10 shall replace and satisfy the statutory service-of-notice procedures, including, but not limited to, those required by California Code of Civil Procedure Section 1162, or any similar or successor statute.

11.

BROKERS

Tenant warrants that it has had no dealings with any real estate broker, finder or agent in connection with the negotiation of this Lease except for the broker(s) whose name(s) is (are) set forth in Section 1.16, whose commission shall be payable by Landlord pursuant to one or more separate agreements, and that it knows of no other real estate broker, finder or agent who is or might be entitled to a commission in connection with this Lease. Tenant shall be solely responsible for the payment of any fee due to any other broker, finder, agent or other party claiming under Tenant, and shall hold Landlord free and harmless against any liability in respect thereto, including attorneys' fees and costs incurred by Landlord in connection therewith.

12.

HOLDING OVER

If Tenant holds over after the expiration or earlier termination of the Term hereof without the express written consent of Landlord, Tenant shall become a Tenant at sufferance, at a Basic Rent equal to one hundred fifty percent (150%) of the Rent payable during the last month of the Term, and otherwise subject to the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of Rent after such expiration or earlier termination without Landlord's prior written consent shall not waive Landlord's right to evict Tenant without thirty (30) days prior written notice. The foregoing provisions of this Article 12are in addition to and do not affect Landlord's right of reentry or any rights of Landlord hereunder or as otherwise provided by law. If Tenant fails to surrender the Premises upon the expiration or earlier termination of this Lease, Tenant shall indemnify, defend and hold Landlord harmless from all Claims, including, without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender, lost profits and other consequential damages, and any and all attorneys' fees and costs incurred by Landlord in connection Tenant's failure to surrender the Premises in accordance with the provisions of this Lease on the expiration or earlier termination of this Lease.

13.

TAXES ON TENANT'S PROPERTY

13.1.Personal Property and Fixtures. Tenant shall be liable for and shall pay before delinquency, all taxes levied against any of Tenant's Personal Property (defined below) placed by Tenant or any Tenant Party in or about the Premises. If any such taxes on Tenant's Personal Property are levied against Landlord or Landlord's property, or if the assessed value of the Premises, Building or Project is increased by the inclusion therein of a value placed upon such Tenant's Personal Property, and if Landlord, after Notice to Tenant, pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof (but only under proper protest if so requested by Tenant), Tenant shall, upon demand, repay to Landlord the taxes so levied against Landlord, or the portion of such taxes resulting from such increase in the assessment.

13.2.Tenant Improvements. If any Alterations installed in the Premises by or on behalf of Tenant are assessed for real property tax purposes at a valuation higher than the valuation at which the initial Tenant Improvements are assessed, then the real property taxes and assessments levied against the Building or Project by reason of such excess assessed valuation shall be deemed to be taxes levied against Tenant's Personal Property and shall be governed by the provisions of Section 13.1 above. If the records of the County Assessor are available and sufficiently detailed to serve as a basis for determining whether the Alterations are assessed at a higher valuation than the Tenant Improvements, such records shall be binding on both Landlord and Tenant. If the records of the County Assessor are not available or sufficiently detailed to serve as a basis for making said determination, the actual cost of construction shall be used.

13.3.Additional Taxes. Tenant shall pay to Landlord, within ten (10) business days of Landlord's demand therefor, and in such manner and at such times as Landlord shall direct from time to time by written notice to Tenant, any excise, sales, privilege or other tax, assessment or other charge (other than income or franchise taxes) imposed, assessed or levied by any Governmental Authority upon Landlord on account of: (a) the Rent payable by Tenant hereunder (or any other benefit received by Landlord hereunder), including, without limitation, any gross receipts tax, license fee or excise tax levied by any Governmental Authority, (b) this Lease, Landlord's business as a lessor hereunder, and the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of any portion of the Premises (including, without limitation, any applicable possessory interest taxes), (c) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises, or (d) otherwise in respect of or as a result of the agreement or relationship of Landlord and Tenant hereunder.

14.

CONDITION OF PREMISES

Tenant acknowledges and agrees that: (a) Tenant has inspected the Project, the Building and the Premises and accepts them in their "AS IS, WHERE IS" condition, (b) neither Landlord nor any agent of Landlord has made

any representation or warranty with respect to the Premises, the Building, the Parking Area or any other portion of the Project or with respect to the condition thereof or the suitability of the same for the conduct of Tenant's business, (c) except as expressly provided in the Work Letter Agreement and Section 16.2 below, Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, or any portion of the Building or Project and (d) except as expressly provided in this Lease, Landlord shall have no obligation to provide Tenant with any allowance, rent credit or abatement in connection with Tenant's entering into this Lease. The taking of possession of the Premises by Tenant shall conclusively establish that the Project, the Building and the Premises were at such time in good order and clean condition and that Landlord shall have discharged all of its obligations under the Work Letter Agreement (other than the obligation to complete punch list items), and the execution of this Lease by Tenant shall conclusively establish that the Premises, the Building, the Project and the Parking Area were in good and sanitary order, condition and repair at such time, except for latent defects, if any. Without limiting the foregoing, Tenant's execution of the Memorandum of Terms shall constitute a specific acknowledgment and acceptance of the various start-up inconveniences that may be associated with the use of the Building, the Parking Area and other portions of the Project, such as certain construction obstacles (e.g., scaffolding), delays in use of freight elevator service, unavailability of certain elevators for Tenant's use, uneven air-conditioning services and other typical conditions incident to recently constructed (or recently modified) office and laboratory/research and development buildings. Tenant (for itself and all other claiming through Tenant) hereby irrevocably waives and releases its right to terminate this Lease under Section 1932(l) of the California Civil Code.

15.

ALTERATIONS

15.1.Alterations and Major Alterations. Except for Permitted Alterations, Tenant shall make no alterations, additions, or improvements in or to the Premises (collectively, the "Alterations") without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed for all Alterations other than Major Alterations (which shall be granted in Landlord's sole discretion), and then only by licensed contractors or mechanics approved by Landlord in writing, which approval shall not be unreasonably withheld, conditioned or delayed (provided that any contractors performing any Major Alterations shall be subject to approval by Landlord in its sole and absolute discretion). Tenant shall submit to Landlord plans and specifications for any proposed Alterations to the Premises, and may not make such Alterations until Landlord has approved such plans and specifications and the contractor performing any Alterations in writing. Tenant shall construct such Alterations in accordance with the plans and specifications approved by Landlord and in compliance with all applicable Laws, and shall not amend or modify such plans and specifications without Landlord's prior written consent. If any proposed Alterations require the consent or approval of any lessor of a superior lease or the holder of a mortgage encumbering the Premises, Tenant acknowledges that such consent or approval must be secured prior to the construction of such Alterations. Tenant agrees not to construct or erect partitions or other obstructions that might interfere with Landlord's free access to mechanical installations or service facilities of the Building or interfere with the moving of Landlord's equipment to or from the enclosures containing said installations or facilities. All Alterations shall be done at such times and in such manner as Landlord may from time to time reasonably designate. Tenant will pay the entire cost and expense of all Alterations, including, without limitation, for any painting, restoring or repairing of the Premises or the Building necessitated by the Alterations, and Landlord's actual out-of-pocket third party review and Landlord's supervision fee in an amount equal to five percent (5%) of the cost of the Alterations in question (except for Permitted Alterations). Tenant will also obtain and/or require: (a) builder's "all-risk" insurance (or the equivalent thereof) in an amount at least equal to the replacement value of the Alterations; (b) liability insurance insuring Tenant and each of Tenant's contractors against construction related risks in at least the form, amounts and coverage required of Tenant under Article 22; and (c) if requested by Landlord, demolition (if applicable) and payment and performance bonds in an amount not less than the full cost of the Alterations. The insurance policies described in clause (b) of this Section 15.1 must name Landlord, Landlord's lender (if any), Bioscience Properties, Inc. ("Property Manager") and other parties reasonably requested by Landlord as additional insureds, specifically including completed operations. Tenant covenants and agrees that all Alterations done by Tenant shall be performed in full compliance with all Laws. If any Governmental Authority requires any alterations or modifications to the Building or the Premises as a result of Tenant's Permitted Use of the Premises or as a result of any Alteration to the Premises made by or on behalf of Tenant, Tenant will pay the cost of all such alterations or modifications. If any such Alterations involve any modifications to (i) the structural portions of the Building, (ii) the mechanical, electrical, plumbing, fire/life safety or heating, ventilating and air conditioning systems of the

Building (collectively, "Building Systems") or (iii) any portion of the Building outside of the interior of the Premises (a "Major Alteration"), it shall be reasonable for Landlord to withhold its consent to any such Major Alterations and it shall be reasonable for Landlord to condition its consent to any Major Alterations on Landlord making the Major Alterations, provided that Landlord may first require Tenant to deposit with Landlord an amount sufficient to pay the cost of the Major Alterations (including, without limitation, reasonable overhead, administrative costs and profit). Before commencing any work, Tenant shall give Landlord at least ten (10) days' Notice of the proposed commencement of such work and shall, if required by Landlord, deliver a copy of the completion and payment bond required by Landlord in form, substance and amount satisfactory to Landlord. "Permitted Alterations" means only usual and customary maintenance and repairs of Leasehold Improvements if and to the extent that such maintenance and repairs: (A) are of a type and extent which are customarily permitted to be made without consent by landlords acting consistently with Institutional Owner Practices leasing similar space for similar uses to similar tenants, (B) are in compliance with the Rules and Regulations and all applicable Laws, (C) are not Major Alterations, and (D) do not cost more than Fifty Thousand and 00/100 Dollars ($50,000.00) in each instance.

15.2.Removal of Alterations and Tenant's Personal Property. The Tenant Improvements together with all Alterations upon the Premises made by Tenant after the Commencement Date, including, without limitation, all wall coverings, built-in cabinet work, paneling and the like (collectively, "Leasehold Improvements"), shall, at Landlord's election, either be removed by Tenant or shall become the property of Landlord and shall remain upon, and be surrendered with, the Premises at the end of the Term hereof; provided, however, that if Landlord, by Notice to Tenant given at the time Landlord approves any Alteration, requires Tenant to remove any such Leasehold Improvements, Tenant shall repair all damage resulting from such removal or, at Landlord's option, shall pay to Landlord the cost of such removal, as reasonably estimated by Landlord, prior to the expiration of the Term of this Lease. All articles of personal property and all business and trade fixtures, cabling, machinery and equipment, furniture and movable partitions owned by Tenant or any other Tenant Party or that are installed by or for Tenant or any other Tenant Party at its expense in the Premises (collectively, "Tenant's Personal Property") shall be and remain the property of Tenant and shall be removed by Tenant prior to the expiration of the Term, and Tenant shall repair all damage to the Premises, if any, resulting from such removal. If Tenant shall fail to remove any of the foregoing from the Premises prior to termination of this Lease for any cause whatsoever, Tenant shall be deemed to be holding over in the Premises without the consent of Landlord and Landlord may, at its option, remove the same in any manner that Landlord shall choose, and store the same without liability to Tenant for loss thereof. In such event, Tenant agrees to pay to Landlord upon demand, any and all expenses incurred in such removal (including court costs and attorneys' fees) and storage charges thereon, for any length of time that the same shall be in Landlord's possession or control. Landlord may, at its option, without Notice, sell such property, or any of the same, at a private sale and without legal process, for such price as Landlord may obtain and apply the proceeds of such sale to any amounts due under this Lease from Tenant to Landlord and/or to all expenses, including attorneys' fees and costs, incident to the removal and/or sale thereof.

16.

REPAIRS

16.1.Tenant Obligations. Tenant shall, when and if needed, at Tenant's sole cost and expense and subject to Article 15above, make all repairs to the Premises and every part thereof to maintain the Premises in the condition and repair that existed as of the Commencement Date, reasonable wear and tear and casualty damage excepted, and free from any Hazardous Materials. Except as expressly set forth in Section 16.2 below, all Supplemental Equipment and all Building Systems located within and exclusively serving the Premises shall be maintained, repaired and replaced as needed by Tenant at Tenant's sole cost and expense and Landlord shall have no liability for the operation, repair, maintenance or replacement of any Supplemental Equipment, nor shall Landlord have any liability for the operation, repair or maintenance of any Building Systems located within and/or exclusively serving the Premises. "Supplemental Equipment" means any items that are installed within the Premises by or at the direction of Tenant or that exclusively serve the Premises (other than standard Building Systems), including, without limitation: (A) any supplemental, specialty or non-Building standard electrical (including lighting), mechanical, plumbing, heating, ventilation and air conditioning systems, fixtures and equipment; (B) any supplemental, specialty or non-Building standard fire, life, safety or security systems, fixtures and equipment; and (C) all video, audio, communications or computer systems, fixtures and equipment (including cabling). Without limiting the foregoing, Tenant shall maintain, at its sole cost and expense, a contract for the regular maintenance and repair of the heating,

ventilation and air conditioning systems, fixtures and equipment located within and/or exclusively serving the Premises.

16.2.Landlord Obligations. Landlord shall maintain, repair and replace the structural portions of the Building (including, without limitation, the roof structure, roof membrane, slab and exterior walls) outside of the Premises, the Parking Area and the Building Systems (other than Building Systems and/or components thereof located within and/or exclusively serving the Premises), and the costs incurred by Landlord in performing such maintenance, repairs and replacements shall be included in Operating Expenses (except to the extent expressly excluded pursuant to Section 6.1 above). For purposes of clarification, Landlord shall have no obligation to repair, maintain or replace any part of the Premises, any Building Systems located within and/or exclusively serving the Premises or any Supplemental Equipment. Landlord shall not be liable for any failure to make any repairs or replacements or to perform any maintenance to the extent that the need for such repairs, replacements or maintenance is caused by the negligence or willful misconduct of any Tenant Party. Except as provided in Articles 23 and 24 hereof, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations, improvements or replacements in or to any portion of the Building or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant waives the right to make repairs and replacements at Landlord's expense under any Law now or hereafter in effect including Section 1941 and 1942 of the California Civil Code (as the same may be amended from time to time) and any successor statute and similar Law now or hereafter in effect.

17.

LIENS

Tenant shall not cause or permit to be filed against the Premises, the Building or the Project or of any portion thereof or against Tenant's leasehold interest in the Premises any mechanics', materialmen's or other liens, including without limitation any state, federal or local "superfund" or Hazardous Materials cleanup lien imposed as a result of the presence of Hazardous Materials in, on or about the Premises, the Building or any other portion of the Project. Landlord shall have the right at all reasonable times to post and keep posted on the Premises any notices that it deems necessary for protection from such liens. Tenant shall discharge any lien filed against the Premises or against the Building for work claimed to have been done for, or materials claimed to have been furnished to, Tenant, by bond or otherwise, within ten (10) business days after the filing thereof, at the cost and expense of Tenant. If any such liens are filed and Tenant fails to discharge them pursuant to the foregoing sentence, Landlord may, without waiving its rights and remedies based on such breach of Tenant and without releasing Tenant from any of its obligations hereunder, cause such lien(s) to be released by any means it shall deem proper, including payments in satisfaction of the claim giving rise to such lien or by obtaining a corporate statutory mechanic's lien release bond in an amount equal to one hundred fifty percent (150%) of such lien claim. Tenant shall: (a) pay to Landlord, immediately upon Notice from Landlord, any cost or expense, including, without limitation, attorneys' fees and costs, incurred by Landlord by reason of Tenant's failure to discharge any such lien, together with interest thereon at the maximum rate per annum permitted by Law from the date of such payment by Landlord and (b) shall indemnify, defend and hold the Landlord Indemnified Parties harmless from and against any liens.

18.

ENTRY BY LANDLORD

Landlord reserves and shall upon at least twenty-four (24) hours prior notice to Tenant (except in the case of an emergency) have the right to enter the Premises during Tenant's normal business hours (except in the case of an emergency, in which case such entry may be at any time) to supply any service to be provided by Landlord to Tenant hereunder, to inspect the same, to show the Premises to prospective purchasers, lenders, or investors and during the last twelve (12) months of the Term or following a default by Tenant to prospective tenants, to post notices of non-responsibility, to alter, improve or repair the Premises or any other portion of the Building and/or the Project, as provided in Section 2.4 above, or for any other reasonable purpose, all without being deemed guilty of any eviction of Tenant and without abatement of Rent. Landlord may, in order to carry out such purposes, erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, provided that the business of Tenant shall be interfered with as little as is reasonably practicable. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, for any loss of occupancy or quiet

enjoyment of the Premises and for any other loss in, upon and about the Premises, the Building or the Project on account of Landlord's entry or work permitted by this Article 18 or by Section 2.4 above. Landlord shall at all times have and retain a key with which to unlock all doors in the Premises, excluding Tenant's vaults and safes. Landlord shall have the right to use any and all means that Landlord may deem proper to open said doors in an emergency in order to obtain entry to the Premises. Any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof, and any damages caused on account thereof shall be paid by Tenant. Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's business in connection with any entry onto the Premises pursuant to this Article 18.

19.

UTILITIES AND SERVICES

19.1.Premises Utilities. Notwithstanding anything to the contrary in this Lease, Tenant shall pay for the cost of all water (including the cost to service, repair and replace reverse osmosis, de-ionized and other treated water), electricity, gas, heating, ventilation and air-conditioning ("HVAC"), light, power, telephone, internet service, cable television, other telecommunications and other utilities supplied to the Premises, together with any fees, surcharges and taxes thereon. All such utilities and services provided to the Premises that are separately metered shall be paid by Tenant directly to the supplier of such utilities or services. If any such utility is not separately metered to Tenant, Tenant shall pay Tenant's Percentage of all charges of such utility jointly metered with other premises as Additional Rent or, in the alternative, Landlord may, at its option, monitor the usage of such utilities by Tenant and charge Tenant with the cost of purchasing, installing and monitoring such metering equipment, which cost shall be paid by Tenant as Additional Rent. Landlord may base its bills for utilities on reasonable estimates; provided that Landlord adjusts such billings promptly thereafter or as part of the next Annual Reconciliation to reflect the actual cost of providing utilities to the Premises. In the event that the Building or Project is less than fully occupied during a calendar year, Tenant acknowledges that Landlord may extrapolate utility usage that varies depending on the occupancy of the Building or Project (as applicable) to equal Landlord's reasonable estimate of what such utility usage would have been had the Building or Project, as applicable, been one hundred percent (100%) occupied during such calendar year; provided, however, that Landlord shall not recover more than one hundred percent (100%) of the cost of such utilities. Landlord may, in Landlord's sole and absolute discretion, at any time and from time to time, contract, or require Tenant to contract, for utility services (including generation, transmission, or delivery of the utility service) with a utility service provider(s) of Landlord's choosing. Tenant shall fully cooperate with Landlord and any utility service provider selected by Landlord. Upon at least twenty four (24) hours' prior Notice and only during Tenant's normal business hours, Tenant shall permit Landlord and the utility service provider to have reasonable access to the Premises and the utility equipment serving the Premises, including lines, feeders, risers, wiring, pipes, and meters.

19.2.Janitorial Service. Tenant, at its sole cost and expense, shall enter into an agreement for regular janitorial services for the Premises with a company which is fully bonded and insured and approved by Landlord in its reasonable discretion. Tenant shall keep the Premises at all times in a clean and orderly condition, at Tenant's expense and to the reasonable satisfaction of Landlord. Unless otherwise agreed to by Landlord, no one other than persons approved by Landlord shall be permitted to enter the Premises for the purpose of providing janitorial or cleaning service.

19.3.Landlord Exculpation. Landlord's failure to furnish or cause to be furnished any service which Landlord is required or elects to provide under this Article 19 shall not result in any liability to Landlord. Landlord shall not be responsible or liable for any loss, damage, or expense that Tenant may incur as a result of any change of utility service, including any change that makes the utility supplied less suitable for Tenant's needs, or for any failure, interruption, stoppage, or defect in any utility service. In addition, except as expressly set forth in Section 19.8 below, Tenant shall not be entitled to any abatement or reduction of Rent, no eviction of Tenant shall result from and Tenant shall not be relieved from the performance of any covenant or agreement in this Lease by reason of any such change, failure, interruption, stoppage or defect. In the event of any such failure, interruption, stoppage or defect of a service which Landlord is required to provide hereunder, Landlord shall diligently attempt to cause service to be resumed promptly.

19.4.Limitations on Tenant's Utilities. Tenant shall not, without Landlord's prior written consent, use any device in the Premises (including data processing machines) that will in any way (a) increase the amount of ventilation, air exchange, gas, steam, electricity or water required or consumed in the Premises based upon Tenant's Percentage of the Building or Project (as applicable) beyond the existing capacity of the Building or the Project usually furnished or supplied for the Permitted Use or (b) exceed Tenant's Percentage of the Building's or Project's (as applicable) capacity to provide such utilities or services. If Tenant shall require utilities or services in excess of those usually furnished or supplied for tenants in similar spaces in the Building or the Project by reason of Tenant's equipment or extended hours of business operations, then Tenant shall first procure Landlord's consent for the use thereof, which consent shall not be unreasonably withheld, conditioned or delayed (except that Landlord may condition such consent upon the availability of such excess utilities or services), and Tenant shall pay as Additional Rent an amount equal to the cost of providing such excess utilities and services.

19.5.Common Area Water. Landlord shall provide water in the Common Area for, to the extent applicable, lavatory and landscaping purposes only, which water shall be from the local municipal or similar source; provided, however, that if Landlord reasonably determines that Tenant requires, uses or consumes water provided to the Common Area for any purpose other than ordinary lavatory purposes, Landlord may install a water meter ("Tenant Water Meter") and thereby measure Tenant's water consumption for all purposes. Upon such determination by Landlord, Tenant shall pay Landlord for the costs of any Tenant Water Meter and the installation and maintenance thereof during the Term. If Landlord installs a Tenant Water Meter, Tenant shall pay for water consumed, as shown on such meter, as and when bills are rendered. If Tenant fails to timely make such payments, Landlord may pay such charges and collect the same from Tenant. Any such costs or expenses incurred or payments made by Landlord for any of the reasons or purposes stated in this Section shall be deemed to be Additional Rent payable by Tenant and collectible by Landlord as such.

19.6.Energy Tracking. Within ten (10) business days following Landlord's written request therefor, Tenant shall deliver to Landlord copies of any invoices for utility services provided to the Premises and related information reasonably requested by Landlord in connection with the requirements of California Public Resources Code Section 25402.10, the corresponding regulations adopted by the California Energy Commission and provided in California Code of Regulations, Title 20, Division 2, Chapter 4, Article 9, Sections 1680-1684, and any supplemental and/or successor statute or regulations concerning the reporting of energy usage and efficiency relative to commercial buildings. Tenant acknowledges that any utility information for the Premises, the Building and the Project may be shared with third parties, including Landlord's consultants and Governmental Authorities. In addition to the foregoing, Tenant shall comply with all applicable Laws related to the disclosure and tracking of energy consumption at the Premises. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

19.7.Reservation of Rights. Landlord reserves the right, upon Notice to Tenant (except in the event of an emergency, in which case no notice shall be required), to temporarily stop service of the plumbing, ventilation, air conditioning and utility systems, when Landlord deems necessary or desirable, due to accident, emergency or the need to make repairs, alterations or improvements, until such repairs, alterations or improvements shall have been completed, and Landlord shall further have no responsibility or liability for failure to supply plumbing, ventilation, air conditioning or utility service when prevented from doing so by Force Majeure (as defined in Section 36.8below). Without limiting the foregoing, it is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of this Lease, or to perform any act or thing for the benefit of Tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of Force Majeure. In the case of all such service interruptions, Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's business.

19.8.Abatement of Rent. In the event that Tenant is prevented from using, and does not use, the Premises or any material portion thereof for more than five (5) consecutive business days as a result of a failure to provide any utilities to the Premises which Landlord is required to provide under this Lease, to the extent within Landlord's sole control (an "Abatement Event"), then Tenant shall give Landlord written Notice of such Abatement Event, and if such Abatement Event continues for an additional five (5) consecutive business days after Landlord's receipt of any such Notice ("Eligibility Period") and Landlord does not diligently commence and pursue to completion the remedy of such Abatement Event, then, except to the extent covered by business interruption or similar insurance carried or required to be carried by Tenant hereunder, Basic Rent shall be abated or reduced, as the case may be, after expiration of the Eligibility Period for such time that Tenant continues to be so prevented from

using, and does not use, the Premises or a portion thereof, in the proportion that the rentable area of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable area of the Premises. If, however, Tenant reoccupies any portion of the Premises during such period, the Basic Rent allocable to such reoccupied portion, based on the proportion that the rentable area of such reoccupied portion of the Premises bears to the total rentable area of the Premises, shall be payable by Tenant from the date Tenant reoccupies such portion of the Premises. Such right to abate Basic Rent shall be Tenant's sole and exclusive remedy at law or in equity for an Abatement Event. Except as expressly provided in this Section 19.8, nothing contained herein shall be interpreted to mean that Tenant is excused from paying Rent due hereunder.

20.

INDEMNIFICATION AND EXCULPATION OF LANDLORD

Tenant shall indemnify, defend and hold harmless the Landlord Indemnified Parties (as defined in Section 22.1.2 below) from and against any and all claims, demands, penalties, fines, liabilities, actions (including, without limitation, informal proceedings), settlements, judgments, damages, losses, costs and expenses (including attorneys' fees and costs) of whatever kind or nature, known or unknown, contingent or otherwise, incurred or suffered by or asserted against such Landlord Indemnified Party (collectively, "Claims") arising from or in connection with, directly or indirectly, (a) any cause whatsoever in the Premises (including, but not limited to, Claims resulting in whole or in part from the ordinary negligence of the Landlord Indemnified Party), except to the extent directly caused by the gross negligence or intentional misconduct of such Landlord Indemnified Party, (b) the presence at or use or occupancy of the Premises or Project by a Tenant Party, (c) any act, neglect, fault or omission on the part of any Tenant Party, or (d) a breach or default by Tenant in the performance of any of its obligations hereunder. Payment shall not be a condition precedent to enforcement of the foregoing indemnity. In case any action or proceeding shall be brought against any Landlord Indemnified Party by reason of any such Claim, Landlord shall provide written notice of such Claim to Tenant and Tenant shall have the right to assume the defense of any Claim with respect to which Landlord is entitled to indemnification hereunder. If Tenant assumes such defense, (i) such defense shall be conducted by counsel selected by Tenant and reasonably approved by Landlord; (ii) Tenant shall have the right to control said defense and shall not be required to pay the fees or disbursements of any counsel engaged by Landlord; and (iii) Tenant shall have the right, without the consent of Landlord, to settle such Claim, but only provided that such settlement involves only the payment of money, does not include an admission of fault or guilt and is subject to a confidential settlement agreement, and Tenant pays all amounts due in connection with or by reason of such settlement. Landlord shall have the right to participate in the defense of such Claim at the expense of Landlord, but Tenant shall have the sole right to control such defense. In no event shall (A) Landlord settle any Claim without the consent of Tenant so long as the Tenant is conducting the defense thereof in accordance with this Lease, or (B) if a Claim is covered by Tenant's insurance, Landlord shall not knowingly take or omit to take any action that would cause the insurer not to defend such Claim or to disclaim liability in respect thereof. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property (including, without limitation, any damage to personal property or scientific research, including loss of records kept by Tenant within the Premises (in each case, regardless of whether such damage is foreseeable)) or injury to Tenant or any other Tenant Parties in, upon or about the Premises, the Building, the Parking Area or the Project from any cause whatsoever and hereby waives all Claims (including consequential damages and claims for injury to Tenant's business or loss of income arising out of any loss of use of the Premises, the Building, the Parking Area or the Project or any equipment or facilities therein, or relating to any such damage or destruction of personal property as described in this Section) in respect thereof against each Landlord Indemnified Party, except that which is solely caused by, or solely the result of: (i) any Landlord Default (defined below), (ii) the grossly negligent acts of such Landlord Indemnified Party, or (iii) the willful misconduct of such Landlord Indemnified Party. Except to the extent arising from the gross negligence or willful misconduct of Landlord, Landlord shall not be liable for any damages arising from any act, omission or neglect of any other tenant in the Building or the Project, or of any other third party. Without limitation on other obligations of Tenant that survive the expiration of the Term, the clauses of this Article 20 shall survive the expiration or earlier termination of this Lease until all Claims against the Landlord Indemnified Parties involving any of the indemnified matters are fully, finally, and absolutely barred by the applicable statutes of limitations.

21.

DAMAGE TO TENANT'S PROPERTY

Notwithstanding the provisions of Article 20 or anything to the contrary in this Lease, no Landlord Indemnified Party shall be liable for loss or damage to any property by theft or any other cause whatsoever, any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, electrical or electronic emanations or disturbance, water, rain or leaks from any part of the Building or from the pipes, or caused by dampness, vandalism, malicious mischief or by any other cause of whatever nature, unless caused by or due to the gross negligence or willful misconduct of such Landlord Indemnified Party. In no event shall any Landlord Indemnified Party be liable for any loss, the risk of which is covered by Tenant's insurance or is required to be so covered by this Lease; nor shall any Landlord Indemnified Party be liable for any such damage caused by other persons in the Building or caused by operations in construction of any private, public, or quasi-public work; nor shall any Landlord Indemnified Party be liable for any latent defect in the Premises or in the Building. Tenant shall immediately give Notice to Landlord in case of the occurrence of any fire or accidents in or about the Premises, the Building or any other portion of the Project of which Tenant has actual knowledge, or the discovery of any defects therein (including, without limitation, any latent defect in the Premises) or in any fixtures or equipment that are the property of Landlord or Tenant.

Without limiting the foregoing, Tenant acknowledges that safety and access control devices, services and programs provided by Landlord, if any, while intended to deter crime and ensure safety, may not in given instances prevent theft or other criminal acts, or ensure safety of persons or property. Landlord shall not be liable for injuries or losses caused by criminal acts of third parties, and the risk that any safety or access control device, service or program may not be effective, or may malfunction, or be circumvented by a criminal, is assumed by Tenant with respect to Tenant's property and interests, and Tenant shall obtain insurance coverage to the extent Tenant desires protection against such criminal acts and other losses, as further described in Article 22. Tenant agrees to cooperate in any reasonable safety or security program developed by Landlord or required by Law.

22.

INSURANCE

22.1.Tenant's Insurance. Tenant shall, during the Term hereof (and during any period that Tenant may enter, occupy and/or use the Premises prior to the Commencement Date and any holdover period), at its sole cost and expense, keep in full force and effect the following insurance:

22.1.1.1.Property insurance insuring against any perils included within the classification "All Risk," including, without limitation, fire, windstorm, cyclone, tornado, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicle, smoke damage, vandalism, malicious mischief and sprinkler leakage, excluding damage from earth movement, nuclear hazards, war, flood and earthquakes. Such insurance shall insure all property owned by Tenant or any other Tenant Party, for which Tenant or any other Tenant Party is legally liable or that was installed at the expense of Tenant or any other Tenant Party, and which is located in the Building, including, without limitation, furniture, furnishings, installations, fixtures and equipment, any other personal property, and in addition, all improvements and betterments to the Premises, including all Leasehold Improvements, in an amount not less than one hundred percent (100%) of the full replacement cost thereof. For the purposes of this Section 22.1.1, the Premises shall consist of the floor area shown in the Outline of Premises, consisting of the cubic space spanning from the floor slab to the bottom surface of the floor slab of the floor immediately above the Premises ("Upper Slab"), without any offsets or deductions that are included for the Permitted Use of Tenant. Such cubic space shall include the plenum space which is bounded by the lower surface of the Upper Slab and the suspended ceiling of the Premises. In the event that there shall be a dispute as to the amount that comprises full replacement cost, the decision of Landlord or any mortgagees of Landlord shall be conclusive. Such policy shall name Landlord, any mortgagees of Landlord and any other additional parties designated by Landlord as loss payees, as their respective interests may appear.

22.1.1.2.Commercial General Liability Insurance insuring Tenant on the current ISO CG 00 01 occurrence form or any equivalent reasonably acceptable to Landlord against any liability arising out of the lease, use, occupancy or maintenance of the Premises, the Building or the Project, or any portion of the foregoing. Such insurance shall be in the following minimum limits: $2,000,000 per occurrence and $2,000,000 in the aggregate and

shall be endorsed to have the aggregate apply on a per location/per project basis and shall cover injury (including mental anguish) to or death of one or more persons and damage to tangible property (including loss of use) including blanket contractual liability, broad form property damage (including coverage for explosion, collapse and underground hazards), $1,000,000 personal & advertising injury, and $2,000,000 Products Completed Operations. The policy shall not include any exclusions or limitations other than those incorporated in the standard form. The policy shall insure the hazards of the Premises and Tenant's operations thereon, Tenant's independent contractors and Tenant's contractual liability (including, without limitation, the indemnity contained in Article 20 hereof) and shall: (i) name Landlord (Wateridge Property Owner, LP); SB LWR Investors, LLC; the Property Manager; any additional entity Landlord may designate from time to time; and their respective partners, parents, affiliates, divisions and subsidiaries, and each of their respective directors, officers, principals, partners, shareholders, members, managing members, agents, employees, successors and assigns (together with Landlord, collectively, "Landlord Indemnified Parties") as additional insureds; and (ii) include coverage for cross liability claims between Named Insureds (i.e., "Named Insured vs. Named Insured" Cross Liability Coverage Endorsement if required for coverage and no exclusion for cross liability claims between Named Insureds). Such insurance shall indicate that defense costs shall be outside of the policy limits, and shall not contain any exclusions or restrictions applicable to operations of the type contemplated by this Lease. In addition to any insurance required of Tenant, Tenant shall secure, pay for and maintain or cause Tenant's contractors and sub-contractors to secure, pay for and maintain insurance during any construction or work to the Premises performed by or on behalf of Tenant at a minimum equal to the limits of liability required by Tenant. Tenant's products and completed operations insurance shall be maintained for a minimum period equal to the greater of (i) the period under which a claim can be asserted under any applicable statutes of limitations and/or repose or (ii) three (3) years after Substantial Completion of the Tenant Improvements. Tenant's contractual liability insurance shall include coverage sufficient to meet the indemnity obligations included herein.

22.1.1.3.Worker's Compensation Insurance in compliance with statutory requirements of the state(s) in which the employee resides, is hired and in which this Lease takes place, which insurance shall apply to all persons employed by Tenant, and Employer's Liability insurance in amounts not less than $1,000,000 per accident, $1,000,000 per disease, and $1,000,000 disease-policy limit.

22.1.1.4.Business interruption insurance and extra expense coverage on ISO coverage form CP 00 30 or equivalent reasonably acceptable to Landlord, which shall cover Tenant's monetary obligations under this Lease and any direct or indirect loss of earnings attributable to perils insured against in Section 22.1.1 above for a period of at least twelve (12) months. If Tenant fails to obtain business interruption insurance, it is understood and agreed upon that Tenant is fully responsible for its own business interruption exposure whether insured or not.

22.1.1.5.Comprehensive Automobile Liability Insurance including coverage for all owned, leased, hired and non-owned vehicles with a minimum combined single limit of $1,000,000 per occurrence for bodily injury and property damage liability.

22.1.1.6.Umbrella/Excess Liability Insurance policy with a per occurrence and annual aggregate limit of $5,000,000 per location/project. The limits of liability required in Section 22.1.2 above for Commercial General Liability can be provided in a combination of a Commercial General Liability policy and an Umbrella Liability policy. Coverage shall be in excess of Commercial General Liability, Auto Liability and Employers' Liability insurance with such coverage being on a follow form basis, concurrent to and not more restrictive than underlying insurance. Tenant shall, by specific endorsement to its Umbrella/Excess Liability policy, cause the coverage afforded to the Landlord Indemnified Parties thereunder to be first tier umbrella/excess coverage above the primary coverage afforded to the Landlord Indemnified Parties as set forth in this Lease and not concurrent with or excess to any other valid and collectible insurance available to the Landlord Indemnified Parties whether provided on a primary or excess basis. It is the specific intent of the parties that Tenant procure the excess carriers' agreement to waive and/or forego any viable "horizontal exhaustion" rights it might have in regard to any insurance any Landlord Indemnified Party might carry for its own benefit or on behalf of any other Landlord Indemnified Party.

22.1.1.7.If Tenant sells or dispenses alcoholic beverages as part of its business, Liquor Liability Insurance with limits of not less than $5,000,000 per occurrence; provided the foregoing shall not be required with respect to consumption of alcoholic beverages in the Premises by Tenant, its employees, or invitees.

22.1.1.8.Medical malpractice insurance at limits of not less than $1,000,000 each claim during such periods, if any, that Tenant engages in the practice of medicine at the Premises.

22.1.1.9.Pollution Legal Liability insurance if Tenant stores, handles, generates or treats Hazardous Materials, as reasonably determined by Landlord, on or about the Premises. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage including physical injury to or destruction of tangible property including the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the Commencement Date (or such earlier date that Tenant has access to the Premises), and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage shall be maintained with limits of not less than $1,000,000 per incident with a $2,000,000 policy aggregate.

22.1.1.10.Any other form or forms of insurance as Tenant or Landlord or any mortgagees of Landlord may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent tenant would protect itself.

22.1.1.11.Tenant may place all or any of the foregoing insurance coverages under blanket insurance policies carried by Tenant provided that no other loss which may also be insured by such blanket insurance shall affect the insurance coverages required hereby and so long as such policy complies with the amount of coverage required hereunder and otherwise provides the same protection as would a separate policy insuring only Tenant's insurance obligations in compliance with the provisions of Section 22.1 hereof. In addition, Tenant shall deliver to Landlord a certificate specifically stating that such coverages apply to Landlord, the Premises, the Building and the Project.

22.1.1.12.If Tenant shall hire or bring a vendor or contractor onto the Premises to perform any alterations, work or improvements, Tenant agrees to have a written agreement with such vendor or contractor whereby such vendor or contractor will be required to carry the same insurance coverages for Commercial General Liability, Auto and Worker's Compensation, Employer's Liability and Pollution Legal Liability insurance as required of Tenant herein. Tenant shall also require that such vendor's or contractor's insurance meet the same additional terms as required of Tenant herein with regards to adding the Landlord Indemnified Parties and all mortgagees as additional insureds, maintaining primary and non-contributory coverage, waiving all rights of recovery and subrogation, and making certificates of insurance available as evidence of all policies during the term of their work and in advance of all applicable renewals. Tenant shall not allow any vendors or contractors to begin work prior to obtaining certificates evidencing all insurance requirements contained herein.

22.2.Standard of Insurance. All policies shall be written in a form satisfactory to Landlord, and the Commercial General Liability, Comprehensive Automobile Liability, Umbrella/Excess Liability, Liquor Liability (if applicable) and Pollution Legal Liability policies required under Section 22.1 shall name all Landlord Indemnified Parties as additional insureds on a primary and non-contributory basis. In addition, if Tenant places any such required coverages under a blanket insurance policy as set forth in Section 22.1.11, the blanket policy shall name all Landlord Indemnified Parties as additional insureds on a primary and non-contributory basis. All insurance policies required under Section 22.1 shall be issued by companies authorized to do business in the State of California with an A.M. Best's Rating of at least A-/VIII. No deductibles or Self-Insured Retention ("SIR") of Tenant shall exceed $25,000 without Landlord's prior written approval. All deductibles and SIR are the responsibility of Tenant and must be shown on the certificate of insurance. On or before the date which is ten (10) days after the execution of this Lease, and prior to or on the renewal of such policies thereafter, Tenant shall deliver to Landlord copies of policies or certificates evidencing the existence of the amounts and forms of coverage satisfactory to Landlord. No such policy shall be cancelable or reducible in coverage except after thirty (30) days prior Notice to Landlord. Any insurance limits required by this Lease are minimum limits only and not intended to restrict the liability imposed on any Tenant for liability under this Lease. Tenant shall, within thirty (30) days prior to the expiration of such policies, furnish Landlord with renewals or "binders" thereof, or Landlord may order such insurance and charge the cost thereof to Tenant as Additional Rent. If Landlord obtains any insurance that is the responsibility of Tenant

under this Article 22, Landlord shall deliver to Tenant a written statement setting forth the cost of any such insurance and showing in reasonable detail the manner in which it has been computed and Tenant shall remit said amount to Landlord within ten (10) business days.

22.3.Landlord Insurance.

22.3.1.1.During the Term of this Lease, Landlord shall insure the Building and the Parking Areas (to the extent Landlord is the owner thereof) (excluding any property which Tenant is obligated to insure under Sections 22.1 and 22.2 hereof) against damage with All-Risk insurance (which may, but shall not be required to, insure against earthquake damage) and public liability insurance, all in such amounts and with such deductibles as Landlord considers appropriate. Landlord may, but shall not be obligated to, obtain and carry any other form or forms of insurance as Landlord or Landlord's mortgagees may determine advisable. Notwithstanding any contribution by Tenant to the cost of insurance premiums, as provided herein, Tenant acknowledges that it has no right to receive any proceeds from any insurance policies carried by Landlord.

22.3.1.2.If any of Landlord's insurance policies shall be canceled or cancellation shall be threatened or the coverage thereunder reduced or threatened to be reduced in any way because of Tenant's specific use of the Premises or any part thereof by Tenant or any assignee or subtenant of Tenant or by anyone Tenant permits on the Premises and, if Tenant fails to remedy the condition giving rise to such cancellation, threatened cancellation, reduction of coverage, threatened reduction of coverage, increase in premiums, or threatened increase in premiums, within forty-eight (48) hours after Notice thereof, Landlord may, at its option, but without any obligation so to do, enter upon the Premises and attempt to remedy such condition, and Tenant shall promptly pay the cost thereof to Landlord as Additional Rent.

22.4.Subrogation Waivers.

22.4.1.1.Subrogation Waiver – Policies Other than Property Insurance. Tenant hereby waives all rights against the Landlord Indemnified Parties, Landlord's contractors (and their subcontractors of every tier), and their respective employees and agents, for any claims that arise from Tenant's work or activities and for recovery of damages under Tenant's insurance policies required under Section 22.1 or any other insurance policy carried by Tenant related to the Premises or this Lease (excluding Tenant's property insurance, which is addressed hereunder in Section 22.4.2). Tenant shall obtain an endorsement effecting the foregoing waiver with respect to its workers compensation and employers liability insurance. If any other policy implicated by the waiver in this Section 22.4.1does not allow Tenant to waive rights of recovery against others prior to a loss, Tenant shall obtain an endorsement effecting the applicable waiver.

22.4.1.2.Subrogation Waiver – Property Insurance. Landlord and Tenant waive all rights against each other for damages caused by fire or other causes of loss occurring on and after the date on which this Lease is executed to the extent such damages are covered (or are required to be covered) by any property insurance required under this Article 22 (including business income and loss of rent insurance) or otherwise carried by such party in relation to the Premises, the Building or the Project, regardless of whether such insurance is specifically required under this Lease. Tenant's waiver in this Section 22.4.2 also extends to the Landlord Indemnified Parties. Each party shall obtain an endorsement pursuant to which its insurers waive their subrogation rights against the parties specified in this Section 22.4.2. If a property insurance policy implicated by the waiver in this Section 22.4.2 does not allow the insured to waive rights of recovery against others prior to a loss, the insured shall cause the policy to be endorsed to provide for such waiver. The waivers in this Section 22.4.2will be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, did not pay the insurance premium directly or indirectly, or did not have an insurable interest in the property damaged. To the extent that either party self-insures for its insurance obligations under this Lease (e.g., maintains a deductible amount), such party shall be treated as an independent insurer with full waiver of subrogation.

23.

DAMAGE OR DESTRUCTION

23.1.Damages. If the Building and/or the Premises are damaged by fire or other perils covered by Landlord's insurance, Landlord shall:

23.1.1.1.In the event of one hundred percent (100%) destruction of the Premises ("Total Destruction"), at Landlord's option, as soon as reasonably possible thereafter, commence repair, reconstruction and restoration of the Building and/or the Premises and prosecute the same diligently to completion, in which event this Lease shall remain in full force and effect; provided, however, that (a) Landlord may elect by Notice to Tenant given within ninety (90) days after such destruction not to repair, reconstruct or restore the Building and/or the Premises, in which case, this Lease shall terminate as of the date of such Total Destruction, and (b) if such repair, reconstruction and restoration cannot reasonably be expected to be completed within two hundred seventy (270) days after such Total Destruction Tenant shall have the right to terminate this Lease upon written notice to Landlord delivered within thirty (30) days after such destruction.

23.1.1.2.In the event of a partial destruction of the Building and/or the Premises and if the damage thereto is such that the Building and/or the Premises is capable of being repaired, reconstructed or restored within a period of ninety (90) days from the date of Landlord's discovery of such damage, and if Landlord will receive insurance proceeds sufficient to cover the total cost of such repairs, reconstruction or restoration, Landlord shall commence and proceed diligently with the work of repairs, reconstruction and restoration of the Building and/or the Premises or both, as the case may be, and this Lease shall continue in full force and effect. If such work of repair, reconstruction and restoration shall require a period longer than ninety (90) days or exceeds twenty-five percent (25%) of the full replacement cost of the Building and/or the Premises, or both, as the case may be, or if insurance proceeds will not be sufficient to cover the cost of such repairs, reconstruction and restoration, then Landlord either may elect to so repair, reconstruct or restore and this Lease shall continue in full force and effect or may elect not to repair, reconstruct or restore and this Lease shall then terminate as of the date of such partial destruction. Under any of the conditions of this Section 23.1.2, Landlord shall give Notice to Tenant of its intention regarding repairs within said ninety (90) day period. If damage is due to any cause other than fire or other peril covered by extended coverage insurance, Landlord may elect to terminate this Lease.

23.1.1.3.In any case where Landlord elects to repair, restore or reconstruct the Premises following the occurrence of any damage to which this Article 23 applies, then Tenant shall assign to Landlord the proceeds of its property insurance attributable to the Leasehold Improvements. If the cost of restoring the Leasehold Improvements exceeds the amount of the proceeds of Tenant's property insurance that are received by Landlord, Tenant shall promptly pay the amount of such deficiency to Landlord upon demand.

23.2.Termination of Lease. Upon any termination of this Lease under any of the provisions of this Article 23, the parties shall be released without further obligation to the other from the date possession of the Premises is surrendered to Landlord except for items which have therefore accrued and/or are then unpaid or items which expressly survive the expiration or sooner termination of this Lease.

23.3.Rent Abatement. In the event of any casualty, the Rent payable under this Lease shall be abated proportionately with the degree to which Tenant's Permitted Use of the Premises is impaired either during the period of such repair, reconstruction or restoration or until termination of the Lease pursuant to this Article 23, but only to the extent that Landlord is compensated for such loss by the insurance carried or required to be carried pursuant to Section 22.1.4 above. Notwithstanding the foregoing, there shall be no abatement of Rent if such damage is caused primarily by the negligence or intentional wrongdoing of Tenant or any Tenant Party. Tenant shall not be entitled to any compensation or damages for loss in the use of the whole or any part of the Premises and/or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration. If Landlord is obligated to or elects to repair or restore as herein provided, Landlord shall be obligated to repair or restore only those portions of the Building and the Premises which were originally provided at Landlord's expense, and the repair and restoration of items not provided at Landlord's expense shall be the obligation of Tenant.

23.4.Damage Near End of Term. Notwithstanding anything to the contrary contained in this Article 23, if material damage to the Premises occurs during the last twelve (12) months of the Term, either party may elect, no earlier than sixty (60) days after the date of the damage and not later than ninety (90) days after the date of such damage, to terminate this Lease by written notice to the other effective as of the date specified in the notice, which date shall not be less than ten (10) business days nor more than sixty (60) days after the date such notice is given.

23.5.Waiver of Statute. In the event of damage to the Premises and/or the Building, Tenant shall not be released from any of its obligations under this Lease except to the extent and upon the conditions expressly stated in this Article 23. Tenant hereby waives the provisions of California Civil Code Section 1932, Subsection 2, and

Section 1933, Subsection 4, and any other statute or court decision relating to the abatement or termination of a lease upon destruction of the Premises and the provisions of this Article 23 shall govern in case of such destruction.

24.

EMINENT DOMAIN

24.1.Permanent Taking. If all of the Premises, or such part thereof as shall substantially interfere with Tenant's Permitted Use and occupancy thereof, shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking (a "Taking"), either party shall have the right to terminate this Lease by Notice to the other effective as of the date possession is required to be surrendered to said authority. Tenant shall not assert any claim against Landlord or the taking authority for any compensation because of such Taking, and Landlord shall be entitled to receive the entire amount of any award without deduction for any estate or interest of Tenant. If the amount of property or the type of estate taken shall not substantially interfere with the conduct of Tenant's business, Landlord shall be entitled to the entire amount of the award without deduction for any estate or interest of Tenant, Landlord shall restore the Premises to substantially their same condition prior to such partial Taking, and Basic Rent shall be reduced, effective as of the date the condemning authority takes possession, in the same proportion which the Rentable Square Feet of the portion of the Premises so taken bears to the Rentable Square Feet of the entire Premises before the Taking. Nothing contained in this Section 24.1shall be deemed to give Landlord any interest in any award made to Tenant for the taking of personal property and fixtures belonging to Tenant or for relocation costs and expenses.

24.2.Temporary Taking. Notwithstanding anything to the contrary in Section 24.1 above, in the event of Taking of the Premises or any part thereof for temporary use, (a) this Lease shall be and remain unaffected thereby and Rent shall not abate, and (b) Tenant shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the Taking which is within the Term, provided that if such Taking shall remain in force at the expiration or earlier termination of this Lease, Tenant shall then pay to Landlord a sum equal to the reasonable cost of performing Tenant's obligations under Section 15.2 above and Article 31 below with respect to surrender of the Premises and, upon such payment, shall be excused from such obligations. For purpose of this Article 24, a "temporary" Taking shall be defined as a Taking for a period of two hundred seventy (270) days or less and a "permanent" Taking shall be defined as a Taking for a period of more than two hundred seventy (270) days.

24.3.Waiver of Statute. Tenant (for itself and all others claiming through Tenant) hereby irrevocably waives and releases its rights under Section 1265.130 of the California Code of Civil Procedure.

25.

DEFAULTS AND REMEDIES

25.1.Tenant Default. The occurrence of any one or more of the following events, upon the expiration of any applicable time period, shall constitute a default hereunder by Tenant ("Tenant Default"):

25.1.1.1.Abandonment of the Premises by Tenant. Notwithstanding the provisions of California Civil Code Section 1951.3, "Abandonment" is defined to include, but not limited to, any absence by Tenant from the Premises for thirty (30) days or longer while in default pursuant to this Section 25.1;

25.1.1.2.The failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of three (3) business days after Landlord's delivery of Notice thereof;

25.1.1.3.The failure by Tenant to obtain and keep in force at all times any insurance Tenant is required to obtain and keep in force under Article 22 where such failure is not cured within three (3) business days after Landlord's delivery of Notice of such failure;

25.1.1.4.Hypothecation, assignment or other transfer of this Lease or subletting of the Premises, or attempts of such actions in violation of Article 27 of this Lease;

25.1.1.5.The failure by Tenant to deliver any certificate, instrument or statement that is required to be delivered by Tenant under Article 28, Article 29 or Section 36.16 within the time frames required in Article 28, Article 29or Section 36.16, as applicable, which Tenant fails to cure within five (5) business days after Landlord's delivery of Notice thereof;

25.1.1.6.The failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in Sections 25.1.1 – 25.1.5 above or Section 25.1.7 below, where such failure shall continue for a period of thirty (30) days after Landlord's delivery of Notice thereof; provided that if the nature of any such failure is such that more than thirty (30) days are reasonably required for its cure, then no Tenant Default shall be deemed to occur if (and for so long as) Tenant commences the cure of such failure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion within ninety (90) days after Landlord's delivery of Notice thereof; or

25.1.1.7.The (a) making by Tenant of any general assignment for the benefit of creditors; (b) filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any Law relating to bankruptcy; (c) appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease; (d) attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease; or (e) Tenant's convening of a meeting of its creditors or any class thereof for the purpose of effecting a moratorium upon or composition of its debts, or any class thereof; provided that no Tenant Default will be deemed to occur under this Section 25.1.7 if (i) any petition described in clause (a) above that filed against (rather than by) Tenant, is dismissed within thirty (30) days) after filing, (ii) in the event any trustee or receiver shall take possession of substantially all of Tenant's assets located at the Premises or Tenant's interest in this Lease, possession of the same is restored to Tenant within thirty (30) days or (iii) any attachment, execution or other judicial seizure described in clause (d) above is discharged within thirty (30) days.

Any Notice from Landlord required hereby shall be in lieu of, and not in addition to, any Notice required under California Code of Civil Procedure Section 1161 regarding unlawful detainer actions or any similar successor statute. Accordingly, Tenant (for itself and all others claiming through Tenant) hereby expressly and irrevocably waives the notice requirements of California Code of Civil Procedure Section 1162 that would otherwise govern notices required under Section 1161, and agrees that any notice provided pursuant to this Section 25.1 shall replace and satisfy any such requirements of Section 1162.

25.2.Landlord Remedies. In the event of any such Tenant Default, in addition to any other remedies available to Landlord at law or in equity, including, without limitation, the remedies available under California Civil Code Section 1951.2 and any successor statute, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord shall elect to so terminate this Lease then Landlord may recover from Tenant:

25.2.1.1.The worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus

25.2.1.2.the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that Tenant proves could have been reasonably avoided; plus

25.2.1.3.the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rent loss that Tenant proves could be reasonably avoided; plus

25.2.1.4.any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary repair, renovation and alteration of the Premises, reasonable attorneys' fees and any other reasonable costs; and

25.2.1.5.at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Law.

As used in Sections 25.2.1 and 25.2.2above, the "worth at the time of award" is computed by allowing interest at the Default Rate. As used in Section 25.2.3 above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco ("Discount Rate") at the time of award plus one percent (1%). If the format or components of the Discount Rate are materially changed, or if the Discount Rate ceases to exist, Landlord shall substitute a discount rate which is maintained by the Federal Reserve Bank of San Francisco or similar financial institution and which is most nearly equivalent to the Discount Rate.

25.3.Additional Remedies. If any such Tenant Default occurs, Landlord may utilize the remedy described in California Civil Code Section 1951.4 (which provides landlord may continue the lease in effect after a tenant's breach and abandonment and recover Rent as it becomes due, if tenant has the right to sublet or assign subject to reasonable limitations). Accordingly, in the event of any Tenant Default and abandonment of the Premises by Tenant, if Landlord does not elect to terminate this Lease on account of such Tenant Default, then Landlord may from time-to-time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all Rent as it becomes due. In the event of the Abandonment of the Premises by Tenant or in the event that Landlord utilizes the remedy described in this Section 25.3 above or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by Law, then if Landlord does not elect to terminate this Lease as provided above, Landlord may from time to time, without terminating this Lease, either recover all Rent as it becomes due or relet the Premises or any part thereof for the Term of this Lease on terms and conditions as Landlord in its sole discretion may deem advisable with the right to make alterations and repairs to the Premises.

If Landlord shall elect to so relet, such reletting shall not relieve Tenant of any obligation hereunder, except that the rents received by Landlord from such reletting shall be applied as follows: (a) first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; (b) second, to the payment of any cost of such reletting; (c) third, to the payment of the cost of any alterations and repairs to the Premises; (d) fourth, to the payment of Rent due and unpaid hereunder and (e) the residue, if any, shall be held by Landlord and applied to payment of future Rent as the same may become due and payable hereunder. Should that portion of such rents received from such reletting during any month, which is applied to the payment of Rent hereunder, be less than the Rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefor by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses, including attorneys' fees, incurred by Landlord in such reletting or in making such alterations and repairs not covered by the rents received from such reletting. During the continuance of a Tenant Default, Landlord shall have the right to market the Premises to potential new tenants and may show the Premises to such potential new tenants during normal business hours.

25.4.Notice of Default. Tenant hereby acknowledges that default by Tenant hereunder, and Landlord's election to prepare and serve a Notice of any such default hereunder (a "Notice of Default"), will cause Landlord to incur costs not contemplated by this Lease, and costs in addition to any costs which may be reimbursed to Landlord by any provision which may be contained herein relative to the payment of interest or late charges on amounts due hereunder. Accordingly, Landlord shall be entitled to reasonable attorneys' fees and all other costs and expenses incurred in the preparation and service of a Notice of Default and consultations in connection therewith, with respect to which Landlord and Tenant agree that Seven Hundred Fifty Dollars ($750.00) is a reasonable minimum sum per such occurrence, whether or not legal action is subsequently commenced in connection with any such default. It is further hereby specifically agreed by and between Landlord and Tenant that any and all such fees and costs shall be deemed Additional Rent hereunder, and may, at the option of Landlord, be included in any Notice of Default hereunder.

25.5.Landlord's Right to Cure. If Tenant should fail to make any payment or perform any of its other obligations hereunder, Landlord, without being under any obligation to do so and without thereby waiving such default, may make such payment and/or remedy such other default for the account of Tenant (and enter the Premises for such purpose): (a) immediately and without notice in the case: (i) of emergency, (ii) of a default by Tenant of its obligations under Section 8.3, Section 15.2and/or Article 31, (iii) where such default unreasonably interferes with any other tenant in the Building or Project, (iv) a failure to satisfy or otherwise discharge any lien, or (v) where such default will result in the violation of Law or the cancellation of any insurance policy maintained by Landlord and (b) in any other case if such default continues beyond the applicable notice and cure period specified in Section 25.1 above, and thereupon Tenant shall be obligated to, and hereby agrees to pay Landlord, upon demand, all costs, expenses, and disbursements incurred by Landlord in taking such remedial action, together with an amount equal to

five percent (5%) thereof for Landlord's overhead and administrative expenses, and the sum of such costs, together with interest thereon at the rate described in Section 5.3 from the date of Landlord's payment thereof, shall be deemed Additional Rent.

25.6.Waiver of Redemption. Tenant (for itself and all others claiming through Tenant) hereby irrevocably waives and releases its rights to redemption and reinstatement under any present or future case law or statutory provision (including, without limitation, Sections 473, 1174 and 1179 of the California Code of Civil Procedure and Section 3275 of the California Civil Code) in the event that Tenant is dispossessed from the Premises for any reason.

25.7.Landlord's Default. Landlord's failure to perform or observe any of its obligations under this Lease shall constitute a default by Landlord under this Lease (a "Landlord Default") only if Landlord, or the Holder (defined below) of any Security Instrument (defined below) covering the Premises, fails to perform obligations required of Landlord within thirty (30) days after Notice by Tenant to Landlord (and to each Holder pursuant to Section 36.5 below), specifying wherein Landlord has failed to perform such obligations in reasonable detail; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then no Landlord Default shall occur if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion (or if any Holder of any Security Instrument commences and prosecutes the cure pursuant to Section 36.5 below). In no event shall Tenant be entitled to terminate this Lease by reason of any Landlord Default, and Tenant's remedies shall be limited to an action for monetary damages at law. Without limiting the foregoing, in recognition that Landlord must receive timely payments of Rent and operate the Building and Project, Tenant shall have no right of self-help to perform repairs or any other obligation of Landlord and, except as expressly provided in Articles 23 and 24, shall have no right to withhold, set-off, or abate Rent.

26.

NO WAIVER

All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and not one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by Law, whether or not stated in this Lease. The waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be deemed a waiver of or in any way affect the right of Landlord to insist upon the performance by Tenant in strict accordance with said terms. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance by Landlord of a lesser sum than the Basic Rent and Additional Rent or other sum then due shall be deemed to be other than on account of the earliest installment of such Rent or other amount due, nor shall any endorsement or statement on any check or any letter accompanying any check be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or other amount or pursue any other remedy provided in this Lease. Without limiting the foregoing, Tenant (for itself and all others claiming through Tenant) acknowledges that this Article 26 imparts actual notice to Tenant, pursuant to California Code of Civil Procedure Section 1161.1(c), that Landlord's acceptance of partial payment of Rent shall not constitute a waiver of any rights available under this Lease or at law or equity, including, without limitation, the right to recover possession of the Premises.

27.

ASSIGNMENT AND SUBLETTING

27.1.Transfer. Tenant shall not voluntarily or by operation of law: (a) sublease all or any part of the Premises ("Sublease"), (b) assign this Lease ("Assignment"), or (c) enter into any other agreement or arrangement: (i) that permits a third party (other than Tenant's employees and occasional guests) to enter, occupy or use any portion of the Premises or remove any of Tenant's Personal Property therefrom or (ii) otherwise assigns, transfers, mortgages, pledges, hypothecates, encumbers or permits a lien to attach to Tenant's interest under this Lease or in

the Premises (each of the foregoing (a), (b) and (c), a "Transfer"), without first obtaining Landlord's prior written consent in accordance with this Article 27. In addition, for purposes of this Lease a "Transfer" (which shall be subject to the provisions of this Article 27) shall also include: (A) a direct or indirect transfer, assignment, pledge, or hypothecation of a Controlling (defined below) interest in Tenant and/or (B) the dissolution of the entity that constitutes Tenant without its immediate reconstitution. "Control" or "Controlling" means possession of the direct or indirect power to direct or cause the direction of the management and policies of a person or entity. No consent to an assignment, encumbrance or sublease shall constitute a waiver of any provision of this Article 27 or consent to any future assignment, encumbrance or transfer. Any Transfer without Landlord's prior written consent shall be voidable at Landlord's election and shall constitute a Tenant Default.

27.2.Transfer Procedure. If Tenant desires to make any Transfer requiring Landlord's consent, then at least thirty (30) days prior to the date when Tenant desires the Transfer to be effective ("Transfer Date") Tenant shall give Landlord a Notice ("Transfer Notice") setting forth: (a) the name, address and business of the person or entity to which the Transfer is proposed ("Proposed Transferee"); (b) information (including references) concerning the character, ownership and financial condition of the Proposed Transferee; (c) the proposed Transfer Date (which shall not be later than 90 days following the Transfer Notice); (d) any ownership or commercial relationship between Tenant and the Proposed Transferee; and (e) the consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord shall reasonably require. If Landlord reasonably requests additional detail (including, without limitation, financial statements of the proposed Transferee or a current estoppel certificate from Tenant), the Transfer Notice shall not be deemed to have been received until Landlord receives such additional detail, and Landlord may withhold consent to any proposed Transfer until such information is provided to it.

27.3.Recapture. In the event Tenant requests to assign this Lease or sublease fifty percent (50%) or more of the Rentable Square Feet of the Premises for all or substantially all of the remainder of the then-existing Term, then, within thirty (30) days of Landlord's receipt of the Transfer Notice and all information specified in Section 27.2 above, Landlord may, at its option, in its sole and absolute discretion, by Notice to Tenant, elect to terminate this Lease (a) in its entirety in the case of an assignment or (b) as to the portion of the Premises to be sublet in the case of a sublease. If Landlord elects to terminate this Lease as aforesaid, Tenant shall have the right to rescind its request for consent to such assignment or sublease by delivering Notice to Landlord within five (5) business days after delivery of Landlord's recapture notice, in which case, the consent request shall be void and this Lease shall remain in full force and effect. If this Lease shall be terminated pursuant to this Section 27.3, the Term shall end on the Transfer Date as if that date had been originally fixed in this Lease for the expiration of the Term.

27.4.Landlord's Consent; Consent Standards; No Release.

27.4.1.1.Unless Landlord elects to exercise any of its rights under Section 27.3 above, Landlord shall, by Notice to Tenant, elect to: (a) consent to such proposed Transfer upon the terms and to the Proposed Transferee; or (b) refuse to give its consent to the proposed Transfer. Landlord shall not unreasonably withhold its consent to any Proposed Transfer; provided that, without limiting other situations in which it may be reasonable for Landlord to withhold its consent to any proposed Transfer, it shall be deemed reasonable for Landlord to withhold its consent to any proposed Transfer if Landlord determines in its sole discretion that: (i) the Proposed Transferee does not have sufficient financial strength or stability to perform all obligations under this Lease, and to perform them without any higher risk of default than Tenant; (ii) the intended use of the Premises (or the applicable portion thereof) by the Proposed Transferee is inconsistent or incompatible with other uses in the Building or in the Project; (iii) the intended use of the Premises (or the applicable portion thereof) by the Proposed Transferee will require alteration of the Premises; (iv) the intended use of the Premises (or the applicable portion thereof) by the Proposed Transferee will violate this Lease or any Laws governing the Premises or the Building or Project; (v) the Proposed Transferee has the power of eminent domain, is a Governmental Authority or an agency or subdivision of a foreign government; (vi) either the Proposed Transferee, or any person which directly or indirectly controls, is controlled by, or is under common control with the Proposed Transferee: (A) occupies space in the Project or has negotiated with Landlord or any of its affiliates within the preceding one hundred eighty (180) days (or is currently negotiating with Landlord or any of its affiliates) to lease space in the Building or Project or (B) does not intend to occupy the Premises or the applicable portion thereof; (vii) at the time Tenant delivers the Transfer Notice, there exists an uncured Tenant Default; (viii) the proposed Transfer would cause Landlord to be in violation of another lease or agreement to which Landlord is a party or would give an occupant of the Building or Project a right to cancel or modify its lease; (ix) any ground lessor or mortgagee whose consent to such Transfer is required fails to consent

thereto; (x) the use of the Premises (or the applicable portion thereof), the Building or the Project by the Proposed Transferee would, in Landlord's reasonable judgment, significantly increase pedestrian traffic in and out of the Building and/or the Project, generate increased loitering in Common Areas, increase security risk, or require any alterations to the Building or the Project to comply with applicable Laws; (xi) the Proposed Transferee would be a competitor to another tenant in the Building; (xii) the Proposed Transferee has been required by any prior landlord, lender or Governmental Authority to take material remedial action in connection with Hazardous Materials contaminating a property, which contamination resulted from Proposed Transferee's action or omission or use of the property in question; or (xiii) the Proposed Transferee is subject to a material enforcement order issued by any Governmental Authority in connection with the use, disposal or storage of Hazardous Materials.

27.4.1.2.Tenant further agrees that Landlord may condition its consent to any proposed Transfer upon satisfaction of any of the following conditions: (a) delivery to Landlord of a true copy of a fully executed sublease, assignment of lease or other instrument pursuant to which the applicable Transfer is made ("Transfer Instrument"); (b) delivery to Landlord of original executed copies (by Tenant and the Transferee (defined below)) of Landlord's form of Consent to Sublease (in the case of a Sublease) or Assignment and Assumption of Lease and Consent (in the case of an Assignment) or other instrument under which Landlord grants consent to the applicable Transfer ("Consent Instrument") and (c) receipt by Landlord of all sums and amounts to which Landlord is entitled under Section 27.5 below. Tenant acknowledges and agrees that any Consent Instrument may, without limitation: (i) in the case of a Sublease or Assignment, require the person or entity to which the Transfer is made ("Transferee") to be bound by all of the terms and provisions of this Lease and to perform all of the obligations of Tenant hereunder applicable to the Premises, or the portion thereof that is the subject of the applicable Transfer; (ii) in the case of an Assignment, include waivers by Tenant of all applicable suretyship defenses, including, but not limited to, those contained in Sections 2787 to 2855, inclusive, of the California Civil Code; and (iii) in the case of a Sublease: (A) provide that such Sublease is subject and subordinate to this Lease to all Security Instruments encumbering the Building or the Project, (B) require the Transferee to, upon demand by Landlord following the occurrence of any Tenant Default, remit directly to Landlord, all monies payable from such Transferee to Tenant in connection with such Sublease and (C) provide that in the event of termination of this Lease for any reason, including without limitation a voluntary surrender by Tenant, or in the event of any reentry or repossession of the Premises by Landlord, Landlord may, at its option, either: (x) terminate the sublease or (y) take over all of the right, title and interest of Tenant, as sublessor, under such sublease, in which case such sublessee shall attorn to Landlord, but that nevertheless Landlord shall not: (1) be liable for any previous act or omission of Tenant under such sublease, (2) be subject to any defense or offset previously accrued in favor of the sublessee against Tenant, or (3) be bound by any previous modification of any sublease made without Landlord's written consent, or by any previous prepayment by sublessee of more than one month's rent.

27.4.1.3.If Landlord grants its consent to any proposed Transfer described in any Transfer Notice, Tenant may during the thirty (30) days thereafter consummate such Transfer with the Proposed Transferee upon the terms and conditions described in the applicable Transfer Notice; provided, however, that any material change in such terms shall be subject to Landlord's consent as provided in this Article 27. No Assignment or Sublease or other Transfer (whether with or without Landlord's consent) shall relieve Tenant or any assignee or sublessee from any obligation under this Lease whether or not accrued as of the date of the Assignment or Sublease (and, to the extent such Tenant is deemed a surety of an assignee, Tenant hereby waives all applicable suretyship defenses, including, but not limited to, those contained in Sections 2787 to 2855, inclusive, of the California Civil Code.

27.5.Landlord's Costs; Transfer Premiums.

27.5.1.1.If Tenant requests Landlord's consent to a proposed Transfer under the provisions of this Article 27, Tenant shall, upon demand, reimburse all of Landlord's reasonable expenses, costs and attorneys' fees incurred in connection with processing such request for consent, whether or not Landlord grants consent to such proposed Transfer; provided that such costs and expenses shall not exceed $3,000 per request.

27.5.1.2.If Landlord consents to a Transfer, Tenant shall pay to Landlord fifty percent (50%) of any rent or other consideration attributable to occupancy realized by Tenant pursuant to such Transfer in excess of (i) the Rent payable by Tenant under this Lease, (ii) any reasonable tenant improvement allowance or other economic concession (e.g., space planning allowance, moving expenses, free or reduced rent periods, etc.) actually incurred by Tenant in connection with such Transfer, (iii) any reasonable advertising costs and brokerage commissions actually incurred by Tenant in connection with such Transfer, and (iv) any reasonable legal fees

actually incurred by Tenant in connection with such Transfer. Landlord shall have the right to audit the books, records and papers of Tenant relating to any Transfer, and if the amount of such Additional Rent shall be found understated, Tenant shall immediately pay such deficiency upon demand and, if understated by more than two percent (2%), Tenant shall also pay Landlord's costs of such audit.

27.6.Rights Not Transferable. All: (a) options to extend or renew the Term and/or to expand the Premises, if any, contained in this Lease or any addendum or amendment hereto or letter of agreement; (b) all rights to any signage at the Project in any location outside of the Premises, if any, contained in this Lease or any addendum or amendment hereto or letter of agreement; (c) all rights to above standard (or discounted) parking at the Project, if any, contained in this Lease or any addendum or amendment hereto or letter of agreement; and (d) all rights to receive any above standard services or utilities, if any, contained in this Lease or any addendum or amendment hereto or letter of agreement, are personal to the Original Tenant or a Permitted Transferee, and may not be transferred in connection with any Transfer or exercised by any Transferee (other than a Permitted Transferee). Consent by Landlord to any Transfer shall not include consent to the assignment or transfer of any such options, rights or privileges (and such options, rights, or privileges shall terminate upon such assignment or subletting), unless Landlord, in its sole and absolute discretion, specifically grants in writing such options, rights, privileges or services to such assignee or subtenant.

27.7.Permitted Transfers. Notwithstanding the foregoing, Tenant may Transfer its interest in this Lease or the Premises to (a) an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with Tenant), (b) an entity which acquires all or substantially all of the assets or interests (partnership, stock or other) of Tenant, or (c) an entity which is the resulting entity of a merger or consolidation of Tenant, provided that (i) the financial condition (including, without limitation, the credit) of such transferee entity is, in Landlord's reasonable judgment, the same or greater than that of the Original Tenant both as of the Effective Date of this Lease and as of the date of the proposed Transfer; (ii) Tenant notifies Landlord of such Transfer at least thirty (30) days prior thereto and promptly thereafter supplies Landlord with any documents or information reasonably requested by Landlord regarding such Transfer or such entity; and (iii) such Transfer is not a subterfuge by Tenant to avoid its obligations under this Lease or otherwise effectuate any "release" by Tenant of such obligations. The condition set forth in clause (i) above shall not be required in the case of a Transfer to an affiliate pursuant to clause (a) above provided that, if a Letter of Credit has not theretofore been delivered to Landlord and such Transfer is reasonably expected to trigger the requirement for a Letter of Credit under Section 7.2 above, then the effectiveness of such Transfer shall be conditioned upon delivery of such Letter of Credit to Landlord; otherwise, Tenant shall deliver reasonable proof to Landlord that such Transfer will not trigger the requirement for a Letter of Credit. A Transfer made in accordance with this Section 27.7 shall be referred to as a "Permitted Transfer" and the transferee shall be referred to as a "Permitted Transferee." "Control," as used in this Section 27.7, shall mean the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of more than fifty percent (50%) of the voting interest in, any person or entity. No Transfer under this Section 27.7 shall relieve Tenant from any of its obligations under this Lease whether or not accrued as of the date of Transfer.

28.

SUBORDINATION

Without the necessity of any additional documents being executed by Tenant for the purpose of effecting a subordination, and at the election of Landlord, or any current or future mortgagee or holder of deed of trust with a lien on the Building or the Project or any ground lessor with respect to the Building or the Project (each, a "Holder"), this Lease shall be subject and subordinate at all times to: (a) all ground leases or underlying leases which may now exist or hereafter be executed affecting the Building, the Project, or the land upon which the Building and the Project are situated, or both; and (b) the lien of any mortgage or deed of trust which may now exist or hereafter be executed in any amount for which the Building, the Project, the land upon which the Building and the Project are situated, ground leases or underlying leases, or Landlord's interest or estate in any of said items is specified as security (collectively, "Security Instruments"). Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated such ground leases or any such liens to this Lease. In the event that any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become the tenant of the successor-in-interest to Landlord, at the option of such successor-in-interest to Landlord. Tenant covenants and agrees to execute

and deliver, within ten (10) business days after demand by Landlord therefor, any customary and reasonable documents necessary to evidence the priority or subordination of this Lease with respect to any such Security Instruments, and Landlord shall have the right, but not the obligation, to cause any such additional documents to be recorded in the official records of the county in which the Project is located.

29.

ESTOPPEL CERTIFICATE

29.1.Tenant Estoppel Certificate. Within ten (10) business days following any written request which Landlord may make from time to time, Tenant shall execute and deliver to Landlord a statement, in a form substantially similar to the form of Exhibit "E" attached hereto, and incorporated herein by this reference (a "Tenant Estoppel Certificate") certifying: (a) the Commencement Date of this Lease; (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications hereto, that this Lease is in full force and effect, and stating the date and nature of such modifications); (c) the date to which the Rent and other sums payable under this Lease have been paid; (d) that to the actual knowledge of Tenant, there are no current defaults under this Lease by Landlord except as specified in Tenant's statement; and (e) such other matters as are reasonably included in such statement by Landlord. Landlord and Tenant intend that any statement delivered pursuant to this Article 29 may be relied upon by any mortgagee, lessor, beneficiary, purchaser or prospective purchaser of the Building or the Project or any interest therein.

29.2.Failure to Deliver. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant: (a) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (b) that there are no uncured defaults in Landlord's performance, (c) that not more than one (1) month's Rent has been paid in advance and (d) that the statements included in the Tenant Estoppel Certificate are true and correct, without exception. Additionally, any such failure to timely deliver a Tenant Estoppel Certificate shall constitute an immediate Tenant Default hereunder.

30.

INTENTIONALLY OMITTED

31.

SURRENDER OF PREMISES

Upon the expiration or earlier termination of the Term hereof, Tenant shall peaceably surrender the Premises and all Leasehold Improvements therein, excepting only any of the same that are required to be removed in accordance with Section 15.2 above, to Landlord broom-clean, in good order, repair and condition (reasonable wear and tear and casualty damage excepted), with all of Tenant's Personal Property removed and free of any Hazardous Materials, and shall otherwise comply with all of the requirements of Section 15.2 above and Section 41.1 below. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies. The delivery of keys to any employee of Landlord or to Landlord's agent or any employee thereof shall not be sufficient to constitute a termination of this Lease or a surrender of the Premises.

32.

PERFORMANCE BY TENANT

All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be timely performed by Tenant at Tenant's sole cost and expense and without any abatement of Rent. If Tenant shall fail to pay any sum of money owed to any party other than Landlord, for which it is liable hereunder, or if Tenant shall fail to timely perform any other act on its part to be performed hereunder Landlord may, without waiving or releasing Tenant from obligations of Tenant, but shall not be obligated to, make any such payment or perform any such other act to be made or performed by Tenant pursuant to Section 25.5 above.

33.

PARKING

Beginning on the Commencement Date, Tenant and Tenant's business visitors ("Tenant's Parking Invitees") shall be entitled to use the number of Tenant's Vehicle Parking Spaces set forth in Section 1.8 during the Initial Term, which Tenant's Vehicle Parking Spaces shall be located in the surface parking area of the Project ("Parking Area"). Subject to availability, as determined by Landlord in its sole discretion, Tenant may elect to use up to an additional fifteen (15) parking spaces in the Parking Area by delivery of written notice to Landlord, provided that Landlord delivers a written response thereto indicating the number of spaces, if any, available for Tenant's use and the dates upon which such spaces are available; provided further that Landlord shall have the right to reduce the number of such additional parking spaces at any time upon thirty (30) days' prior notice to Tenant. There shall be no direct charge attributable to Tenant's use of the Parking Area, other than any taxes imposed by any governmental authority in connection with the renting of parking spaces by Tenant or the use of the Parking Area by Tenant. Tenant's continued right to use the Parking Area is conditioned upon Tenant abiding by the Parking Rules and Regulations set forth on Exhibit "G" as amended from time to time for the orderly operation and use of the Parking Area, including any sticker, parking pass or other identification system established by Landlord, Tenant's cooperation in seeing that Tenant's employees and visitors also comply with the Parking Rules and Regulations and Tenant not being in default under this Lease (beyond any applicable notice and cure periods). Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Parking Area at any time and Tenant acknowledges and agrees that Landlord may, from time to time, close-off or restrict access to the Parking Area for purposes of permitting or facilitating any such construction, alteration or improvements; provided, however, in connection with any such access restrictions, the same shall be without incurring any liability to Tenant and without any abatement of Rent under this Lease to the extent Landlord provides any reasonably required temporary, alternate parking in close proximity to the Project. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to Landlord. Any parking passes issued to Tenant pursuant to this Article 33 shall be provided to Tenant solely for use by Tenant's own personnel and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval. Tenant may validate visitor parking by such method or methods as Landlord may establish, at the validation rate from time to time generally applicable to visitor parking.

34.

LIMITATION ON LIABILITY

34.1.Landlord's Liability. In consideration of the benefits accruing hereunder, Tenant and all of its successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord:

34.1.1.1.The sole and exclusive remedy shall be against Landlord's interest in the Building and Project;

34.1.1.2.Intentionally omitted;

34.1.1.3.No writ of attachment, execution, possession, or sale, will ever be levied against the assets of Landlord, except the Building;

34.1.1.4.The obligations under this Lease do not constitute personal obligations of any Landlord Indemnified Party (other than Landlord), and Tenant shall not seek recourse against any Landlord Indemnified Party (other than Landlord) or any of their personal assets (other than Landlord's interest in the Building and Project) for satisfaction of any liability in respect to this Lease (and, without limiting the foregoing, neither the negative capital account of any Landlord Indemnified Party, nor any obligation of any Landlord Indemnified Party to restore a negative capital account or to contribute capital to Landlord, shall at any time be deemed to be the property or an asset of Landlord, and neither Tenant nor any of its successors or assigns shall have any right to collect, enforce or proceed against or with respect to any such negative capital account of an Landlord Indemnified Party's obligation to restore or contribute); and

34.1.1.5.These covenants and agreements are enforceable by Landlord and the other Landlord Indemnified Parties.

35.

CONFIDENTIALITY

Tenant agrees that the terms and conditions of this Lease and any documents or information delivered hereunder are confidential and constitute proprietary information. Disclosure of the terms and conditions hereof or any documents or information delivered hereunder could adversely affect the ability of Landlord to negotiate with other tenants or potential tenants of the Building. Tenant and its partners, officers, members, managers, directors, employees, agents, advisors, representatives and attorneys, shall not disclose the terms and conditions of this Lease or any documents or information delivered hereunder to any other person without the prior written consent of Landlord except (a) pursuant to an order of a court of competent jurisdiction, (b) to its lenders or prospective lenders, (c) to accountants who audit its financial statements or prepare its tax returns, (d) to its attorneys, insurers, to any Governmental Authority or person to whom disclosure is required by applicable Law and (e) in connection with any action brought to enforce the terms of this Lease on account of the breach or alleged breach hereof. In the event that Tenant concludes that it is obligated by Law to disclose the terms of this Lease (e.g., pursuant to a filing with the Securities and Exchange Commission ("SEC") or the New York Stock Exchange), Tenant shall provide written notice to Landlord before any public disclosure, and the parties shall use their commercially reasonable efforts to cause a mutually agreeable release or announcement to be issued. The foregoing shall not preclude communications or disclosures by Tenant necessary to implement the provisions of this Lease or to comply with the accounting and disclosure obligations of the SEC or the rules of the New York Stock Exchange. If Tenant determines that it is required to file this Lease, a summary thereof, or a notification thereof, and/or descriptions related thereto, to comply with the requirements of an applicable stock exchange, SEC regulation, or any Governmental Authority, including the SEC, Tenant shall use commercially reasonable efforts to provide the maximum amount of advance written notice of any such required disclosure to Landlord with a minimum advance notice period of five (5) business days. Tenant will provide Landlord with a copy of this Lease marked to show provisions for which Tenant intends to seek confidential treatment. Tenant shall reasonably consider and incorporate Landlord's comments thereon to the extent consistent with the legal requirements governing redaction of information from material agreements that must be publicly filed.

36.

MISCELLANEOUS

36.1.Rules and Regulations. Tenant shall faithfully observe and comply with the "Rules and Regulations", a copy of which is attached hereto, marked Exhibit "F", and incorporated herein by this reference ("Rules and Regulations"), and all modifications thereof and additions thereto made from time to time by Landlord. Landlord shall not be responsible to Tenant for the violation or nonperformance by any other tenant or occupant of the Building or the Project of any of said Rules and Regulations.

36.2.Conflict of Laws. This Lease shall be governed by and construed pursuant to the Laws of the State of California (without reference to its conflicts of laws rules or principles).

36.3.Successors and Assigns. Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns (subject to the restrictions on Tenant's right to assign, sublet or transfer contained in Article 27).

36.4.Professional Fees. If Landlord should bring suit for possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provisions of this Lease, or for any other relief against Tenant hereunder, or in the event of any other litigation between the parties with respect to this Lease, then all reasonable costs and reasonable expenses, including, without limitation, actual professional fees such as appraisers', accountants', and attorneys' fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

36.5.Mortgagee Protection. Tenant shall give Notice to any beneficiary of a deed of trust or mortgage covering the Premises whose address shall have been furnished to Tenant of any default on the part of Landlord

under this Lease, and shall offer such beneficiary or mortgagee a reasonable opportunity to cure the default, in no event less than sixty (60) days, including time to obtain possession of the Premises by power of sale or a judicial foreclosure if necessary to effect a cure.

36.6.Definition of Landlord. The term "Landlord", as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title of the Premises or the lessees under any ground lease, if any. In the event of any transfer, assignment or other conveyance or transfers of any such title, the original landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability as respects the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed. Without further agreement, the transferee of such title shall be deemed to have assumed and agreed to observe and perform any and all obligations of Landlord hereunder, during its ownership of the Premises. Landlord may transfer its interest in the Premises without the consent of Tenant and such transfer or any subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms and conditions of this Lease.

36.7.Identification of Tenant. If more than one person or entity executes this Lease as Tenant: (a) each of them shall be jointly and severally liable for observing and performing all of the terms, covenants, conditions, provisions and agreements of this Lease to be observed and performed by Tenant, and (b) the term "Tenant" as used in this Lease shall mean and include each of them jointly and severally. The act of or Notice from, or Notice or refund to, or the signature of any one or more of them, with respect to the tenancy of this Lease, including but not limited to any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted, so given or received such Notice or refund, or so signed.

36.8.Force Majeure. Each party shall have no liability whatsoever to the other party on account of any of the following ("Force Majeure"): (a) the inability of such party to fulfill, or any delay in fulfilling, any of its obligations under this Lease by reason of strike, other labor trouble, governmental preemption or priorities or other controls in connection with a national or other public emergency, or shortages of fuel, supplies or labor resulting therefrom, governmental or permitting delays, inclement weather, casualty, pandemic (including, without limitation, the COVID-19 pandemic), earthquake, war, riot, civil commotion, terrorism or any other cause, whether similar or dissimilar to the above, beyond such party's reasonable control (financial condition excepted); or (b) any failure or defect in the supply, quantity, character, or maintenance of electricity, water, intrabuilding network telephone and data cable service, or other service furnished to the Premises by reason of any requirement, act or omission of the public utility or others furnishing the Building with such service, or for any other reason, whether similar or dissimilar to the above, beyond such party's reasonable control. If this Lease specifies a time period for performance of an obligation of such party, that time period shall be extended by the period of any delay in such party's performance caused by any of the events of Force Majeure described above. Notwithstanding the foregoing, nothing in this Section 36.8 shall relieve Tenant from the obligation to pay any Rent or extend the time for payment of any Rent.

36.9.Terms and Headings. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. Words used in any gender include other genders. The Article and Section headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

36.10.Examination of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

36.11.Time. Time is of the essence with respect to the performance of every provision of this Lease in which time is a factor.

36.12.Prior Agreement; Amendments. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter, written or verbal, shall be effective for any purpose. No provisions of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest.

36.13.Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and such other provisions shall remain in full force and effect.

36.14.Recording. Tenant shall not record this Lease or a short form memorandum hereof without the consent of Landlord (in its sole and absolute discretion), which consent may be conditioned upon Tenant's delivery to Landlord of a fully executed quitclaim releasing Tenant's interest in the Premises, the Project or any portion thereof.

36.15.Modification for Lenders. If, in connection with obtaining construction, interim or permanent financing for the Project the lender shall request reasonable modifications in this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or condition its consent thereto, provided that such modifications do not (a) materially increase the obligations or costs of Tenant hereunder, (b) materially adversely affect the leasehold interest hereby created or Tenant's rights hereunder, or (c) modify the size, location or access to the Premises.

36.16.Financial Statements. At any time during the Term of this Lease that Tenant's financial statements are not publicly available, Tenant shall, upon ten (10) business days' Notice from Landlord, provide Landlord with its current financial statements and financial statements of the two (2) years prior to the year in which Landlord's Notice was given (together with, if Tenant's obligations under this Lease are guaranteed, the guarantor's current financial statements and financial statements of the two (2) years prior to the year in which Landlord's Notice was given); provided Tenant shall not be required to provide such financial statements more than once in each consecutive twelve (12) month period during the Term unless (a) Tenant is in default under this Lease, or (b) requested in connection with a proposed sale, transfer, financing or refinancing of the Project or any portion thereof. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. All financial statements shall be certified as true and correct by Tenant's chief financial officer and Tenant agrees that Landlord may share such financial statements with prospective lenders or purchasers of the Property.

36.17.Quiet Enjoyment. Landlord covenants and agrees with Tenant that, upon Tenant paying the Rent required under this Lease and performing all of the covenants and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall during the Term, peaceably and quietly have, hold and enjoy the Premises in accordance with this Lease without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

36.18.Tenant as Corporation, Partnership or Limited Liability Company. If Tenant is a corporation, partnership or limited liability company, Tenant and the persons executing this Lease on behalf of Tenant represent and warrant that it is an entity duly qualified to do business in California and that the individuals executing this Lease on Tenant's behalf are duly authorized to execute and deliver this Lease on its behalf, in the case of a corporation, in accordance with its by-laws and with a duly adopted resolution of the board of directors of Tenant, a copy of which shall be delivered to Landlord upon execution hereof by Tenant, in the case of a partnership, in accordance with the partnership agreement and the most current amendments thereto, if any, copies of which shall be delivered to Landlord upon execution hereof by Tenant, and, in the case of a limited liability company, in accordance with its governing documents and any documents required thereby, copies of which shall be delivered to Landlord upon execution hereof by Tenant, and that this Lease is binding upon Tenant in accordance with its terms.

36.19.CASp Disclosure. For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant that the Building Common Areas, Project Common Areas and Premises, as of the date of this Lease, have not been inspected by a Certified Access Specialist (CASp), as that term is defined in California Civil Code Section 55.52. In accordance with subsection (e) of Section 1938 of the California Civil Code, Tenant is further notified as follows:

> A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a

CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

37.

SIGNAGE

Landlord retains absolute control over the exterior appearance of the Building and the Project and the exterior appearance of the Premises as viewed from the Building Common Areas and Project Common Areas. Tenant will not install, or permit to be installed, any drapes, furnishings, signs, lettering, designs, advertising or any items that will in any way alter the exterior appearance of the Building, the Project or the exterior appearance of the Premises as viewed from the Building Common Areas and Project Common Areas. Any sign, advertising, design, or lettering installed by Tenant shall be considered an Alteration and shall be subject to the provisions of Article 15; provided that Landlord shall have the right to withhold its consent to the same in its sole and absolute discretion. Subject to the foregoing, Landlord shall, at Tenant's sole cost and expense, (i) place Tenant's name on the Building's monument sign, (ii) install one (1) Building standard tenant suite identification sign adjacent to the door to the Premises, and (iii) place Tenant's name in the Building's main lobby directory, provided that Landlord shall retain absolute control over the appearance and design of such suite identification sign and lobby directory. All signage rights granted to Tenant under this Lease are personal to the original Tenant named herein, and may not be assigned or transferred without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

38.

EXECUTIVE ORDER 13224

Tenant hereby represents and warrants to Landlord that Tenant is not: (a) in violation of any Anti-Terrorism Law (defined below); (b) conducting any business or engaging in any transaction or dealing with any Prohibited Person (defined below), including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person; (c) dealing in, or otherwise engaging in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224; (d) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in any Anti-Terrorism Law; or (e) a Prohibited Person, nor are any of its partners, members, managers, officers or directors a Prohibited Person. As used herein, "Anti-Terrorism Law" is defined as any Law relating to terrorism, anti-terrorism, money laundering or anti-money laundering activities, including, without limitation, Executive Order No. 13224 and Title 3 of the USA Patriot Act. As used herein "Executive Order No. 13224" is defined as Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, or Support Terrorism." "Prohibited Person" is defined as: (i) a person or entity that is listed in the Annex to Executive Order No. 13224; (ii) a person or entity with whom Tenant or Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (iii) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, http://www.treas.gov/ofac/t11sdn.pdf or at any replacement website or other official publication of such list. "USA Patriot Act" is defined as the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56).

39.

WAIVER OF JURY TRIAL

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, LANDLORD AND TENANT WAIVE THE RIGHT TO A TRIAL BY JURY.

40.

TENANT REPRESENTATIONS

Tenant represents and warrants to Landlord as of the date hereof and continuing thereafter as follows:

(a) The execution and delivery of this Lease by Tenant will not result in a breach of the terms or provisions of, or constitute a default (or a condition that, upon notice or lapse of time, or both, would constitute a default) under Tenant's organizational documents, and will not constitute a violation of any Law applicable to Tenant.

(b) The person executing this Lease on Tenant's behalf is duly authorized to so act; that Tenant is duly organized, is qualified to do business in the jurisdiction in which the Building is located, is in good standing under the Laws of the state of its organization and the Laws of the jurisdiction in which the Building is located, and has the power and authority to enter into this Lease; and that all action required to authorize Tenant and such person to enter into this Lease has been duly taken.

(c) Any financial statements provided by Tenant are true, correct and complete in all material respects and do not omit to state a fact that would be material to Tenant's financial condition. There has been no material adverse change in Tenant's financial condition since Tenant provided such financial statements.

(d) Tenant is in compliance with all applicable anti-money laundering Laws, including, without limitation, the USA Patriot Act, and the Laws administered by the United States Treasury Department's Office of Foreign Assets Control, including, without limitation, Executive Order No. 13224. Tenant is not owned or controlled directly or indirectly by any person or entity, on the SDN List published by the United States Treasury Department's Office of Foreign Assets Control and Tenant is not a person otherwise identified by any Governmental Authority as a person with whom a U.S. Person is prohibited from transacting business. As of the date hereof, a list of such designations and the text of Executive Order No. 13224 are published under the internet website address www.ustreas.gov/offices/enforcement/ofac.

41.

ADDITIONAL PROVISIONS

41.1.Environmental Assessments. Upon Substantial Completion of the Tenant Improvements, Landlord, at its sole cost and expense, shall cause a Phase I environmental assessmentregardingthe Project to be prepared ("Phase I Assessment") and shall provide a copy of the same to Tenant. The Phase I Assessment shall serve as the "baseline" for determining the environmental condition of the Project upon Tenant's occupancy thereof unless such Phase I Assessment recommends further testing. In addition to the surrender obligations set forth elsewhere in this Lease (including, without limitation, Section 15.2 and Article 31), upon the expiration or earlier termination of this Lease, Tenant, at its sole cost and expense, shall (a) cause a Phase I environmental assessment (or similar non-invasive assessment) of the Project ("Phase I Surrender Assessment") to be performed and deliver the results thereof to Landlord no later than thirty (30) days following such expiration or earlier termination (but in no event shall the Phase I Surrender Assessment be dated more than ten (10) days prior to such expiration or earlier termination); and (b) if and to the extent recommended by the Phase I Surrender Assessment and consented to by Landlord in writing, cause a Phase II environmental assessment (or similar additional assessment) of the Project ("Phase II Surrender Assessment") to be performed and deliver the results thereof to Landlord no later than thirty (30) days following the date of the Phase I Surrender Assessment. In addition, Landlord shall have the right, in its sole and absolute discretion, to hire, or to cause Tenant to hire, an environmental consultant to conduct a physical inspection of the Project ("Environmental Inspection") upon the expiration or earlier termination of this Lease, which inspection shall be at Tenant's sole cost and expense. The Phase I Surrender Assessment and any Phase II Surrender Assessment and/or Environmental Inspection, as the same compare to the Phase I Assessment, shall be used to, among other things, determine the extent of Tenant's compliance (or noncompliance) with Section 8.3above as of the dates thereof.

41.2.Early Access. Following twenty-four (24) hours' notice to Landlord and upon receipt of written approval by Landlord (which shall not be unreasonably withheld or delayed), Landlord shall permit Tenant and its agents to enter the Premises approximately thirty (30) days prior to the Commencement Date ("Early Access Period") for the sole purpose of installing, at Tenant's sole cost and expense, its furniture, fixtures, equipment and cabling in the Premises; provided, however, that in no event shall such early access, regardless of when provided,

extend or otherwise affect the Commencement Date. Any such entry shall be in a manner and upon terms and conditions and at times satisfactory to Landlord's representative. The foregoing license to enter the Premises prior to the Commencement Date is, however, conditioned upon Tenant's contractors and their subcontractors and employees working in harmony and not interfering with the work being performed by Landlord. If at any time such entry shall cause disharmony or interfere with the work being performed by Landlord, this license may be withdrawn by Landlord upon twenty-four (24) hours written notice to Tenant. Tenant shall be liable for any damages caused by Tenant's activities at the Premises. Such license is further conditioned upon the compliance by Tenant's contractors with all requirements imposed by Landlord on third party contractors, including, without limitation, the maintenance by Tenant and its contractors and subcontractors of workers' compensation and public liability and property damage insurance in amounts and with companies and on forms satisfactory to Landlord, with certificates of such insurance being furnished to Landlord prior to proceeding with any such entry. The entry shall be deemed to be under all of the provisions of this Lease except as expressly set forth in this Section 41.2. During the Early Access Period, Tenant shall have no obligation to pay Basic Rent or electricity costs (provided Tenant's electricity usage during such Early Access Period is not excessive). Landlord shall not be liable in any way for any injury, loss or damage which may occur to any such work being performed by Tenant, the same being solely at Tenant's risk. All costs and expenses in connection with or arising out of the performance of any work by Tenant during such early entry shall be borne by Tenant, and all payments therefor shall be made by Tenant promptly as they become due. Tenant shall, at its sole cost and expense, comply with all applicable laws, ordinances, regulations and policies governing its work. Except to the extent arising from the gross negligence or willful misconduct of Landlord, Tenant shall defend, indemnify and hold Landlord and its members, agents, employees, partners, and their respective employees, partners, officers, directors, agents, representatives, successors and assigns, harmless from and against any and all suits, claims, actions, losses, costs, liabilities or expenses (including reasonable attorneys' fees and claims for workers' compensation) to the extent arising out of or in connection with any and all work during such early entry (including, but not limited to, claims for breach of warranty, personal injury or property damage). Landlord shall have the right, in Landlord's sole and absolute discretion, to settle, compromise, or otherwise dispose of any and all suits, claims, and actions against any of the indemnified parties arising out of or in connection with the work performed by Tenant during any early entry. Tenant shall coordinate such entry with Landlord's building manager and, except as expressly set forth in this Section 41.1, such entry shall be made in compliance with all terms and conditions of this Lease and the Rules and Regulations attached hereto.

41.3.Right of First Refusal. Effective as of the Effective Date, provided that (a) Tenant is not in default under this Lease beyond applicable notice and cure periods and (b) Tenant occupies one hundred percent (100%) of the Premises, then Landlord agrees that prior to leasing Suite 110 in the Building, which consists of approximately 16,585 rentable square feet ("Offer Space"), to a third party for the first time, Landlord shall submit a copy of the first bona fide offer to lease such Offer Space from a third party that Landlord is willing to accept ("Offer") to Tenant. Tenant shall have a one-time right ("ROFR") to elect to lease the entire space identified in the Offer, on terms and conditions identical to those contained in the Offer (except as indicated below), provided that Tenant delivers written notice exercising its ROFR within five (5) business days following delivery of the copy of the Offer from Landlord to Tenant. If Tenant duly and timely exercises the ROFR, Landlord and Tenant shall promptly amend this Lease to include the Offer Space on terms and conditions identical to those contained in the Offer, except that (a) the term of the lease relative to the Offer Space shall be coterminous with the Lease for the Premises, (b) the Tenant's Vehicle Parking Spaces shall be increased on a pro rata basis following delivery of the Offer Space to Tenant, and (c) any concessions in the Offer (e.g., any improvement allowance) shall be equitably reduced to correspond with a reduced amortization period equal to the remaining portion of the existing Term. Once Landlord has delivered an Offer to Tenant pursuant to the above, if for any reason Tenant fails to duly and timely exercise the ROFR, or if Tenant properly exercises such right but thereafter for any reason does not enter into the amendment of the Lease within thirty (30) days after exercise of the ROFR (unless the delay is caused by Landlord), then Landlord shall be free to lease the Offer Space to another tenant (whether pursuant to the Offer described above or upon different terms or at a different time) without any obligation pursuant to this Section 41.3 and the ROFR shall terminate and be of no further force or effect. The ROFR shall be subject to the any superior rights of any existing tenants existing in writing as of the date of this Lease, shall apply during the Initial Term only (and not during any Option Term or other expansion term), shall be personal to the Original Tenant (or any Permitted Transferee) and may not be exercised or assigned, voluntarily or involuntarily, by or to any person or entity other

than such Original Tenant or Permitted Transferee and shall not be assignable separate and apart from this Lease. Time is of the essence with respect to the ROFR.

41.4.Termination Option. Tenant shall have a one (1) time option to terminate this Lease ("Termination Option") effective on the last day of the eighty-fourth (84th) full month of the Initial Term ("Termination Date"), provided that (a) Tenant shall give Landlord written notice ("Termination Notice") of its exercise of the Termination Option, if at all, no less than twelve (12) months prior to the Termination Date, (b) Tenant shall not be in default under the terms of this Lease (after the lapse of any applicable notice and cure periods) at the time Tenant delivers the Termination Notice to Landlord or at any time between delivery of the Termination Notice and the Termination Date, (c) concurrently with Tenant's delivery of the Termination Notice to Landlord, Tenant shall pay to Landlord fifty percent (50%) of the Termination Fee (as hereinafter defined), and (d) on or prior to the Termination Date, Tenant shall pay to Landlord the remaining fifty percent (50%) of the Termination Fee. As used herein, "Termination Fee" shall mean a termination fee in the amount of (i) Three Million Eight Hundred Thirty-Nine Thousand Four Hundred Twenty-Six and 10/100 Dollars ($3,839,426.10) (i.e., fifteen (15) months of the Basic Rent payable hereunder as of the Termination Date) plus (ii) fifteen (15) months of Tenant's Percentage of Operating Expenses and Real Property Taxes payable hereunder as of the Termination Date. The Termination Option is personal to the Original Tenant, may be exercised only by the Original Tenant, and may not be transferred in connection with any Transfer or exercised by any Transferee. Time is of the essence with respect to the Termination Option.

[*signatures on following page*]

IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date.

LANDLORD:

WATERIDGE PROPERTY OWNER, LP,
a Delaware limited partnership

By:HSRE-BPI I GP, LLC
a Delaware limited liability company,
its general partner

By: /s/ Stephen M. Gordon
Name: Stephen M. Gordon
Title: Authorized Signatory

TENANT:

ANAPTYSBIO, INC.,
a Delaware corporation

By: /s/ Eric Loumeau

Name: Eric Loumeau

Its: Interim CFO and General Counsel

Exhibit 10.10

INDEMNITY AGREEMENT

This Indemnity Agreement (the "***Agreement***"), dated as of _____, 2026 is made by and between First Tracks Biotherapeutics, Inc., a Delaware corporation (the "***Company***"), and [Insert Name], a director, officer or key employee of the Company or one of the Company's Subsidiaries or Affiliates (as those terms are defined below) or other service provider who satisfies the definition of Indemnifiable Person set forth below ("***Indemnitee***").

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as representatives of corporations unless they are protected by comprehensive liability insurance and indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no relationship to the compensation of such representatives;

B. The members of the Board of Directors of the Company (the "***Board***") have concluded that to retain and attract talented and experienced individuals to serve as representatives of the Company and its Subsidiaries and Affiliates and to encourage such individuals to take the business risks necessary for the success of the Company and its Subsidiaries and Affiliates, it is necessary for the Company to contractually indemnify certain of its representatives and the representatives of its Subsidiaries and Affiliates, and to assume for itself maximum liability for Expenses and Other Liabilities (as those terms are defined below) in connection with claims against such representatives in connection with their service to the Company and its Subsidiaries and Affiliates;

C. Section 145 of the Delaware General Corporation Law ("***Section 145***") empowers the Company to indemnify by agreement its officers, directors, employees and agents, and persons who serve, at the request of the Company, as directors, officers, employees or agents of other corporations, partnerships, joint ventures, trusts or other enterprises. The Bylaws of the Company (the "***Bylaws***") require indemnification of the directors and officers of the Company subject to specific terms and conditions. Indemnitee may also be entitled to indemnification pursuant to Section 145. The Bylaws and Section 145 expressly provide that the indemnification pursuant thereto is not exclusive and contemplate that contracts may be entered into between the Company and members of the Board, officers, and other persons with respect to indemnification;

D. This Agreement is a supplement to and in furtherance of the Bylaws and any resolutions adopted pursuant thereto, as well as any rights of Indemnitees under the Delaware General Corporation Law (the "***DGCL***") or any directors and officers liability insurance policy or other applicable insurance policies, and this Agreement shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

E. The Company desires and has requested Indemnitee to serve or continue to serve as a representative of the Company and/or the Subsidiaries or Affiliates of the Company free from

undue concern about inappropriate claims for damages arising out of or related to such services to the Company and/or the Subsidiaries or Affiliates of the Company.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Affiliate. For purposes of this Agreement, "***Affiliate***" of the Company means any corporation, partnership, limited liability company, joint venture, trust or other enterprise or non-profit entity in respect of which Indemnitee is or was or will be serving as a director, officer, trustee, manager, member, partner, employee, agent, attorney, consultant, member of the entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise), fiduciary, or in any other similar capacity at the request, election or direction of the Company, and including, but not limited to, any employee benefit plan of the Company or a Subsidiary or Affiliate of the Company.

(b) Change in Control. For purposes of this Agreement, "***Change in Control***" means any event or circumstance where (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")), other than a Subsidiary or a trustee or other fiduciary holding securities under an employee benefit plan of the Company or Subsidiary, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding capital stock, (ii) during any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 1(b)(i), 1(b)(iii) or 1(b)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board, (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the outstanding capital stock of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into capital stock of the surviving entity) at least 80% of the total voting power represented by the capital stock of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(c) Expenses. For purposes of this Agreement, "***Expenses***" means all reasonable and reasonably documented direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements, and other out-of-pocket costs) actually paid or incurred by Indemnitee in connection with the investigation, defense

or appeal of, or being a witness or otherwise involved in (i) a Proceeding (as defined below), or establishing or enforcing a right to indemnification under this Agreement, Section 145 or otherwise; provided, however, that Expenses shall not include any judgments, fines, taxes (including ERISA or other benefit plan-related excise taxes or penalties) or amounts paid in settlement of a Proceeding; (ii) any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent; or (iii) recovery under any directors and officers liability insurance policies or other applicable insurance policies maintained by the Company, regardless of whether Indemnitee is ultimately determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(d) Indemnifiable Event. For purposes of this Agreement, "***Indemnifiable Event***" means any event or occurrence related to Indemnitee's service for the Company or any Subsidiary or Affiliate as an Indemnifiable Person (as defined below), or by reason of anything done or not done, or any act or omission, by Indemnitee in any such capacity.

(e) Indemnifiable Person. For the purposes of this Agreement, "***Indemnifiable Person***" means any person who is or was a director, officer, trustee, manager, member, partner, employee, attorney, consultant, member of an entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise) or other agent or fiduciary of the Company or a Subsidiary or Affiliate of the Company.

(f) Independent Counsel. For purposes of this Agreement, "***Independent Counsel***" means legal counsel (i) who has not performed services for the Company or Indemnitee in the five years preceding the time in question and who would not, under applicable standards of professional conduct, have a conflict of interest in representing either the Company or Indemnitee, and (ii) who is selected by Indemnitee and approved by the Board, which approval may not be unreasonably withheld, delayed or conditioned.

(g) Independent Director. For purposes of this Agreement, "***Independent Director***" means a member of the Board who is not a party to the Proceeding for which a claim for advancement or indemnification is made under this Agreement.

(h) Other Liabilities. For purposes of this Agreement, "***Other Liabilities***" means any and all liabilities of any type whatsoever, including, but not limited to, judgments, fines, penalties, taxes (including excise taxes or penalties related to ERISA or other benefit plans), and amounts paid in settlement, and all interest, taxes, assessments and other charges paid or payable in connection with or in respect of any such judgments, fines, or penalties or amounts paid in settlement.

(i) Proceeding. For the purposes of this Agreement, "***Proceeding***" means any threatened, pending, or completed action, suit, claim or other proceeding, whether civil, criminal, administrative, investigative, legislative or any other type whatsoever, preliminary, informal or formal, including any arbitration or other alternative dispute resolution and including any appeal of any of the foregoing.

(j) Subsidiary. For purposes of this Agreement, "***Subsidiary***" means any entity of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company.

2. Agreement to Serve. The Indemnitee agrees to serve and/or continue to serve as an Indemnifiable Person in the capacity or capacities in which Indemnitee currently serves the Company as an Indemnifiable Person, and any additional capacity or capacities in which Indemnitee may agree to serve, until such time as Indemnitee's service in a particular capacity shall end according to the terms of an agreement, the Company's Amended and Restated Certificate of Incorporation (the "***Certificate of Incorporation***") or Bylaws, governing law, or otherwise. Nothing contained in this Agreement is intended to create any right to continued employment or other form of service for the Company or a Subsidiary or Affiliate of the Company by Indemnitee.

3. Mandatory Indemnification.

(a) Agreement to Indemnify. In the event Indemnitee is a person who was or is a party to or witness in or is threatened to be made a party to or witness in any Proceeding by reason of an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses and Other Liabilities incurred by Indemnitee in connection with (including in preparation for) such Proceeding to the fullest extent permitted by the DGCL, as the same may be amended from time to time (but only to the extent that such amendment permits the Company to provide broader indemnification rights than the DGCL permitted prior to the adoption of such amendment), provided that such indemnification is subject to the exclusions set forth in Section 9 below. The parties hereto intend that this Agreement shall provide to the fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Certificate of Incorporation, the Bylaws, vote of the Company's stockholders or disinterested directors or applicable law.

(b) Company Obligations Primary. The Company hereby acknowledges that Indemnitee may have rights to advancement and/or indemnification for Expenses and Other Liabilities provided by a venture capital firm or other sponsoring organization ("***Other Indemnitor***"). The Company agrees with Indemnitee that the Company is the indemnitor of first resort of Indemnitee with respect to matters for which advancement and/or indemnification is provided under this Agreement and that the Company will be obligated to make all payments due to or for the benefit of Indemnitee under this Agreement without regard to any rights that Indemnitee may have against the Other Indemnitor. To the extent not in contravention of any insurance policy purchased by the Company, Subsidiary or Affiliate, the Company hereby waives any equitable rights to contribution or indemnification from the Other Indemnitor in respect of any amounts paid to Indemnitee hereunder. The Company further agrees that no reimbursement of Other Liabilities or payment of Expenses by the Other Indemnitor to or for the benefit of Indemnitee shall affect the obligations of the Company hereunder, and that the Company shall be obligated to repay the Other Indemnitor for all amounts so paid or reimbursed to the extent that the Company has an obligation to pay Indemnitee for such Expenses or Other Liabilities hereunder.

4. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses or Other

Liabilities but not entitled, however, to indemnification for the total amount of such Expenses or Other Liabilities, the Company shall nevertheless indemnify Indemnitee for such total amount except as to the portion thereof for which indemnification is prohibited by this Agreement or the DGCL. In any review, process and/or Proceeding to determine the extent of indemnification to which Indemnitee is entitled, the Company shall bear the burden to establish, by clear and convincing evidence, the lack of a successful resolution of a particular claim, issue or matter and which amounts sought in indemnity are allocable to claims, issues or matters that were not successfully resolved.

5. Liability Insurance. So long as Indemnitee shall continue to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed Proceeding as a result of an Indemnifiable Event, the Company shall use reasonable efforts to maintain in full force and effect for the benefit of Indemnitee as an insured (i) directors and officers liability insurance issued by one or more reputable insurers and having the policy amount and deductible deemed appropriate by the Board and providing in all respects coverage at least comparable to and in the same amount as that provided to the Chairman of the Board or the Chief Executive Officer of the Company, and (ii) any renewal, replacement or substitute directors and officers liability insurance policies issued by one or more reputable insurers providing in all respects coverage at least comparable to and in the same amount as that being provided to the Chairman of the Board or the Chief Executive Officer of the Company. The purchase, establishment and maintenance of any such insurance or other arrangements shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such insurance or other arrangement. In the event of a Change in Control subsequent to the date of this Agreement, or the Company's becoming insolvent (including but not limited to being placed into receivership, an assignment for the benefit of creditors, or entering the federal bankruptcy process), the Company shall use reasonable efforts to maintain in force any and all insurance policies then maintained by the Company for the purpose of providing coverage to the Company's officers or directors (including but not limited to directors and officers liability, fiduciary and employment practices insurance) for a period of no less than six years thereafter. Such coverage shall be non-cancelable and shall be placed and serviced by the Company's incumbent insurance broker or a broker selected by a majority of the non-management members of the Board.

6. Mandatory Advancement of Expenses. If requested by Indemnitee, the Company shall advance, to the fullest extent permitted by law, prior to the final disposition of the Proceeding all Expenses reasonably incurred by Indemnitee in connection with (including in preparation for) a Proceeding related to an Indemnifiable Event. Indemnitee hereby undertakes to repay such amounts advanced if, and only if and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement, the DGCL, and no additional form of undertaking with respect to such obligation to repay shall be required. The advances to be made hereunder shall be paid by the Company to Indemnitee or directly to a third party designated by Indemnitee within thirty (30) days following delivery of a written request therefor by Indemnitee to the Company. Indemnitee's undertaking to repay any Expenses advanced to Indemnitee hereunder shall be unsecured and shall not be subject

to the accrual or payment of any interest thereon. In the event that Indemnitee's request for the advancement of expenses shall be accompanied by an affidavit of counsel to Indemnitee to the effect that such counsel has reviewed such Expenses and that such Expenses are reasonable in such counsel's view, then such expenses shall be deemed reasonable in the absence of clear and convincing evidence to the contrary. This Section 6 shall not apply to any request for advancement of Expenses made by Indemnitee for which such advancement of Expenses is excluded pursuant to Section 9 of this Agreement.

7. Notice and Other Indemnification Procedures.

(a) Notification. Promptly after receipt by Indemnitee of notice of the commencement of or the threat of commencement of any Proceeding, unless the Company is a named co-defendant with Indemnitee (or the Company is the recipient of such threat), Indemnitee shall, if Indemnitee believes the advancement of Expenses or the indemnification of Other Liabilities with respect thereto may be sought from the Company under this Agreement, notify the Company in writing of the commencement or threat of commencement thereof. The written notification to the Company shall include, in reasonable detail, a description of the nature of and facts related to the Proceeding. However, a failure by Indemnitee to notify the Company promptly following Indemnitee's receipt of such notice shall not relieve the Company from any liability that it may have to Indemnitee except to the extent that the Company is materially prejudiced in its defense of such Proceeding as a result of such failure.

(b) Insurance Notice and Other Matters. If, at the time of the receipt of a notice of the commencement of a Proceeding pursuant to Section 7(a) above, the Company has director and officer liability insurance and/or any other type of insurance that might provide coverage to Indemnitee in effect, the Company shall give prompt notice of the commencement of such Proceeding on behalf of Indemnitee to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all commercially reasonable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such insurance policies. In addition, the Company will instruct the insurers and the Company's insurance broker that they may communicate directly with Indemnitee regarding such Proceeding.

(c) Assumption of Defense. In the event the Company shall be obligated to advance Expenses for any Proceeding against Indemnitee, the Company, if deemed appropriate by the Company, shall be entitled to assume the defense of such Proceeding as provided herein. Such defense by the Company may include the representation of two or more parties by one attorney or law firm as permitted under the ethical rules and legal requirements related to joint representations. Following delivery of written notice to Indemnitee of the Company's election to assume the defense of such Proceeding, the approval by Indemnitee (which approval shall not be unreasonably withheld, delayed or conditioned) of counsel designated by the Company, and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees and expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding. If (i) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (ii) Indemnitee shall have notified the Board in writing that Indemnitee or separate counsel for Indemnitee has reasonably concluded that there is likely to be a conflict of interest between the Company and Indemnitee in the conduct of any such defense,

(iii) the Company fails to employ counsel to assume the defense of such Proceeding, or (iv) after a Change in Control, the employment of counsel by Indemnitee has been approved by Independent Counsel, the Expenses related to work conducted by Indemnitee's counsel shall be subject to indemnification and/or advancement pursuant to the terms of this Agreement. Indemnitee agrees that any such separate counsel retained by Indemnitee will be a member of any approved list of panel counsel under the Company's applicable insurance policies, should the applicable policies provide for a panel of approved counsel. Nothing herein shall prevent Indemnitee from employing counsel for any Proceeding at Indemnitee's own expense.

(d) Settlement. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent; provided, however, that if a Change in Control has occurred subsequent to the date of this Agreement, the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if Independent Counsel has approved the settlement. Neither the Company nor any Subsidiary or Affiliate shall enter into a settlement of any Proceeding that might result in the imposition of any Expense, Other Liability, penalty, limitation or detriment on Indemnitee, whether indemnifiable under this Agreement or otherwise, without Indemnitee's written consent. Neither the Company nor Indemnitee shall unreasonably withhold, delay or condition consent from any settlement of any Proceeding. The Company shall promptly notify Indemnitee upon the Company's receipt of an offer to settle, or if the Company makes an offer to settle, any Proceeding, and provide Indemnitee with a reasonable amount of time to consider such settlement, in the case of any such settlement for which the consent of Indemnitee would be required hereunder. The Company shall not settle any part of any Proceeding to which Indemnitee is a party with respect to other parties (including the Company) without the written consent of Indemnitee if any portion of the settlement is to be funded from insurance proceeds paid from an insurance policy or policies providing coverage to Indemnitee unless approved by a majority of the Independent Directors, provided that this sentence shall cease to be of any force and effect if it has been determined in accordance with this Agreement that Indemnitee is not entitled to indemnification hereunder with respect to such Proceeding or if the Company's obligations hereunder to Indemnitee with respect to such Proceeding have been fully discharged.

8. Determination of Right to Indemnification.

(a) Success on the Merits or Otherwise. To the extent that Indemnitee has been successful on the merits or otherwise in the defense of any Proceeding referred to in Section 3(a) above or in the defense of any claim, issue or matter described therein, the Company shall indemnify Indemnitee against Expenses actually and reasonably incurred in connection therewith.

(b) Indemnification in Other Situations. In the event that Section 8(a) is inapplicable, the Company shall also indemnify Indemnitee if Indemnitee has met the applicable standard of conduct for indemnification to the fullest extent permitted by law.

(c) Determination of Entitlement to Indemnification. Indemnitee shall be entitled to select the manner in which the determination of whether or not Indemnitee has met the applicable standard of conduct shall be decided, and such election will be made from among the following:

i. Those members of the Board who are Independent Directors even though less than a quorum;

ii. A committee of Independent Directors designated by a majority vote of Independent Directors, even though less than a quorum; or

iii. Independent Counsel, who shall make such determination in a written opinion.

If Indemnitee is an officer or a director of the Company at the time that Indemnitee is selecting the manner in which the determination of whether Indemnitee has met the applicable standard of conduct shall be decided, then Indemnitee shall not select Independent Counsel as the manner for the determination to be made unless (i) there are no Independent Directors, or (ii) a majority of the Independent Directors (even though less than a quorum) approve of the selection of Independent Counsel.

The party or parties selected in accordance with this Section 8(c) shall be referred to herein as the "***Reviewing Party***." Notwithstanding the foregoing, following any Change in Control subsequent to the date of this Agreement, the Reviewing Party shall be Independent Counsel.

(d) Decision Timing. As soon as practicable, and in no event later than thirty (30) days after receipt by the Company of written notice of Indemnitee's choice of the Reviewing Party pursuant to Section 8(c) above, the Company and Indemnitee shall each submit to the Reviewing Party such information as they believe is appropriate for the Reviewing Party to consider. The Reviewing Party shall arrive at its decision within a reasonable period of time following the receipt of all such information from the Company and Indemnitee, but in no event later than thirty (30) days following the receipt of all such information, provided that the time by which the Reviewing Party must reach a decision may be extended by mutual agreement of the Company and Indemnitee. All Expenses associated with the process set forth in this Section 8(d), including but not limited to the Expenses of the Reviewing Party, shall be paid by the Company.

(e) Delaware Court of Chancery. Notwithstanding a final determination by any Reviewing Party that Indemnitee is not entitled to indemnification with respect to a specific Proceeding, Indemnitee shall have the right to apply to the Delaware Court of Chancery, for the purpose of enforcing Indemnitee's right to indemnification pursuant to this Agreement.

(f) Expenses. The Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee in connection with any process, hearing or Proceeding under this Section 8 involving Indemnitee and against all Expenses incurred by Indemnitee in connection with any other Proceeding between the Company and Indemnitee involving the interpretation or enforcement of the rights of Indemnitee under this Agreement unless a court of competent jurisdiction finds that each of the material claims of Indemnitee in any such Proceeding was frivolous or made in bad faith.

(g) Determination of "Good Faith". For purposes of any determination of whether Indemnitee acted in "good faith" or acted in "bad faith," Indemnitee shall be deemed to have acted in good faith or not acted in bad faith if, in taking or failing to take the action in question,

Indemnitee relied on the records or books of account of the Company or a Subsidiary or Affiliate, including financial statements, or on information, opinions, reports or statements provided to Indemnitee by the officers or other employees of the Company or a Subsidiary or Affiliate in the course of their duties, or on the advice of legal counsel for the Company or a Subsidiary or Affiliate, or on information or records given or reports made to the Company or a Subsidiary or Affiliate by an independent certified public accountant or by an appraiser or other expert selected by the Company or a Subsidiary or Affiliate, or by any other person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other person's professional or expert competence and who has or have been selected with reasonable care by or on behalf of the Company or a Subsidiary or Affiliate. In connection with any determination as to whether Indemnitee is entitled to be indemnified hereunder, or to advancement of expenses, the Reviewing Party or court shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification or advancement of Expenses, as the case may be, and the burden of proof shall be on the Company to establish, by clear and convincing evidence, that Indemnitee is not so entitled. The provisions of this Section 8(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. In addition, the knowledge and/or actions, or failures to act, of any other person serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person shall not be imputed to Indemnitee for purposes of determining the right to indemnification hereunder.

9. Exceptions. Any other provision herein to the contrary notwithstanding, Indemnitee's rights to indemnification and/or advancement are subject to the following exceptions.

(a) Claims Initiated by Indemnitee. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify or advance Expenses to Indemnitee with respect to Proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except (i) with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement, any other statute or law, as permitted under Section 145, or otherwise, (ii) where the Board has consented to the initiation of such Proceeding, or (iii) with respect to Proceedings brought to discharge Indemnitee's fiduciary responsibilities, whether under ERISA or otherwise, but such indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board finds it to be appropriate.

(b) Actions Based on Federal Statutes Regarding Profit Recovery and Return of Bonus Payments. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of (i) any suit in which judgment is rendered against Indemnitee by a court of competent jurisdiction in a final adjudication not subject to further appeal for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Exchange Act and amendments thereto or similar provisions of any federal, state or local statutory law, (ii) any reimbursement paid to the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act, including but not limited to any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "***Sarbanes-Oxley Act***"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley

Act; or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act.

(c) Unlawful Indemnification. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee for Other Liabilities if such indemnification is prohibited by law as determined by a court of competent jurisdiction in a final adjudication not subject to further appeal.

(d) Exception for Amounts Covered by Insurance and Other Sources. The Company shall not be obligated to advance or indemnify Indemnitee for Expenses or Other Liabilities of any type whatsoever, including, but not limited to judgments, fines, penalties, taxes (including excise taxes or penalties related to ERISA or other benefit plans) and amounts paid in settlement, to the extent such have been paid directly to Indemnitee (or paid directly to a third party on Indemnitee's behalf) by any directors and officers liability insurance or other type of insurance maintained by the Company; provided, however, that payment made to Indemnitee pursuant to an insurance policy purchased and maintained by Indemnitee at his or her own expense of any amounts otherwise indemnifiable or obligated to be made pursuant to this Agreement shall not reduce the Company's obligations to Indemnitee pursuant to this Agreement.

10. Non-exclusivity. The provisions for advancement of Expenses and indemnification of Other Liabilities set forth in this Agreement shall not be deemed exclusive of any other rights that Indemnitee may have under any provision of law, the Certificate of Incorporation or the Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements, or otherwise, both as to acts or omissions in his or her official capacity and to acts or omissions in another capacity while serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person.

11. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of the Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

12. Entire Agreement; Supersession, Modification and Waiver. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior indemnification agreement between the Indemnitee and the Company, its Subsidiaries or its Affiliates, provided, however, that this Agreement is a supplement to and in furtherance of Section 145, the Certificate of Incorporation, the Bylaws, any directors and officers liability insurance or other insurance policy providing coverage to Indemnitee maintained by the Company and applicable law, and shall not be deemed a substitute therefor, nor to diminish or

abrogate any rights of Indemnitee thereunder. If the Company and Indemnitee have previously entered into an indemnification agreement providing for the indemnification of Indemnitee by the Company, the entry into this Agreement by both parties hereto shall be deemed to amend and restate such prior agreement to read in its entirety as, and be superseded by, this Agreement. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) and except as expressly provided herein, no such waiver shall constitute a continuing waiver.

13. Successors and Assigns; Survival of Rights. The terms of this Agreement shall bind, and shall inure to the benefit of, and be enforceable by the parties hereto and, as applicable, their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs, executors, administrators and personal and legal representatives (collectively, "***Successors***"). Indemnitee's rights hereunder shall continue after Indemnitee has ceased serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and shall inure to the benefit of Indemnitee's Successors. In addition, the Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement and indemnify Indemnitee to the fullest extent permitted by law.

14. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and a receipt is provided by the party to whom such communication is delivered, (ii) if mailed by certified or registered mail with postage prepaid, return receipt requested, on the signing by the recipient of an acknowledgement of receipt form accompanying delivery through the U.S. mail, (iii) by personal service by a process server, (iv) by delivery to the recipient's address by overnight delivery (*e.g.*, FedEx, UPS or DHL) or other commercial delivery service, or (v) if via electronic mail, upon confirmation of delivery when directed to the relevant electronic mail address, if sent during normal business hours of the recipient, or if not sent during normal business hours of the recipient, then on the recipient's next business day. The address for notice to the Indemnitee shall be as shown on the signature page of this Agreement, or as subsequently modified by written notice complying with the provisions of this Section 14. Delivery of communications to the Company with respect to this Agreement shall be sent to the attention of the Company's General Counsel.

15. No Presumptions. For purposes of this Agreement, the termination of any Proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law or otherwise. In addition, neither the failure of the Company or a Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Company or a Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of Proceedings by Indemnitee to secure a judicial determination by exercising Indemnitee's rights under Section 8(e) of this Agreement shall be a defense to Indemnitee's claim or create a presumption that

Indemnitee has failed to meet any particular standard of conduct or did not have any particular belief or is not entitled to indemnification under applicable law or otherwise.

16. Survival of Rights. The rights conferred on Indemnitee by this Agreement shall continue after Indemnitee has ceased to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and shall inure to the benefit of Indemnitee's heirs, executors and administrators.

17. Subrogation and Contribution.

(a) Except as otherwise expressly provided in this Agreement, in the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

(b) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by or on behalf of Indemnitee, whether for Expenses or Other Liabilities, in connection with any Proceeding relating to an Indemnifiable Event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

18. Specific Performance, Etc. The parties recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute Proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement. Execution of a PDF copy

shall have the same force and effect as execution of an original, and a copy of a signature will be admissible in any legal proceeding as if an original.

20. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

21. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely with Delaware.

22. Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any Proceeding which arises out of or relates to this Agreement.

[*Signature Page Follows*]

The parties hereto have entered into this Agreement effective as of the date first above written.

FIRST TRACKS BIOTHERAPEUTICS, INC.

By: ____
Name: ____
Its: ____

INDEMNITEE

____
[Insert Name]

Address: ____
____
____

EXHIBIT 31.1

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel Faga, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Tracks Biotherapeutics, 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 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)) 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) 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

   c) 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 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 12, 2026

/s/ Daniel Faga

Daniel Faga

President and Chief Executive Officer

(Principal Executive Officer*)*

Exhibit 31.2

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ajim Tamboli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Tracks Biotherapeutics, 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 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)) 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) 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

   c) 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 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 12, 2026

/s/ Ajim Tamboli

Ajim Tamboli

Chief Financial Officer

(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel Faga, Chief Executive Officer of First Tracks Biotherapeutics, Inc. (Company), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2026 (the "Report"), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 12, 2026

/s/ Daniel Faga
Daniel Faga
President and Chief Executive Officer
(Principal Executive Officer*)*

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Ajim Tamboli, Chief Financial Officer of First Tracks Biotherapeutics, Inc. (Company), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2026 (the "Report"), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 12, 2026

/s/ Ajim Tamboli
Ajim Tamboli
Chief Financial Officer
(Principal Financial Officer)