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As filed with the Securities and Exchange Commission on April 13, 2023.

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

Delaware	2834	85-2406735
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

ACELYRIN, INC.
4149 Liberty Canyon Road
Agoura Hills, California 91301
(805) 730-0360
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Shao-Lee Lin, M.D., Ph.D.
Chief Executive Officer
4149 Liberty Canyon Road
Agoura Hills, California 91301
(805) 730-0360
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Chadwick Mills **Charles S. Kim** **Anitha Anne** **Cooley LLP** **3 Embarcadero Center, 20th Floor** **San Francisco, California 94111** **(415) 693-2000**	**Mardi C. Dier** **Chief Financial Officer and Chief Business Officer** **4149 Liberty Canyon Road** **Agoura Hills, California 91301** **(805) 730-0360**	**Alan F. Denenberg** **Emily Roberts** **Davis Polk & Wardwell LLP** **1600 El Camino Real** **Menlo Park, California 94025** **(650) 752-2000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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 7(a)(2)(B) of the Securities Act. ☐

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS (Subject to Completion)
Issued , 2023

Shares

ACELYRIN

Common Stock

ACELYRIN, INC. is offering shares of its common stock. This is our initial public offering, and no public market exists for our common stock. We anticipate that the initial public offering price will be between $ and $ per share.

We have applied to list our common stock on the Nasdaq Global Market (Nasdaq) under the symbol "SLRN." We believe that upon the completion of this offering, we will meet the standards for listing on Nasdaq, and the closing of this offering is contingent upon such listing.

We are an "emerging growth company" as defined under the federal securities laws and, as such, have elected to comply with certain reduced reporting requirements in this prospectus and may elect to do so in future filings.

PRICE $ A SHARE

	Price to Public	*Underwriting Discounts and Commissions(1)*	*Proceeds to ACELYRIN*
Per Share	*$*	*$*	*$*
Total	*$*	*$*	*$*

(1) See the section titled "Underwriters" for a description of the compensation payable to the underwriters.

We have granted the underwriters an option for a period of 30 days to purchase up to an additional shares of our common stock solely to cover over-allotments, if any.

Investing in our common stock involves a high degree of risk. See the section titled "Risk Factors" beginning on page 21 to read about factors you should consider before deciding to invest in shares of our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to purchasers on , 2023.

Morgan Stanley *Jefferies* *TD Cowen* *Piper Sandler*

, 2023

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PROSPECTUS

Neither we nor the underwriters have authorized anyone to provide you any information or make any representations other than those contained in this prospectus or in any free writing prospectuses prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside of the United States: we have not, and the underwriters have not, done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus, and is qualified in its entirety by the more detailed information included elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should carefully read this entire prospectus, including the information in the sections titled "Risk Factors," "Special Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless the context requires otherwise, references in this prospectus to "ACELYRIN," the "Company," "we," "us" and "our" refer to ACELYRIN, INC.

ACELYRIN, INC.

Overview

ACELYRIN is a late-stage clinical biopharma company focused on identifying, acquiring, and accelerating the development and commercialization of transformative medicines. We are driven by our sense of urgency to bring life-changing therapies to patients globally, a core value that we refer to as "courageous caring."

Our initial focus is on the treatment of diseases with pathology related to excess activation of the immune system, an area where our management and team bring industry-leading expertise. We acquired our portfolio of product candidates with the intent to develop and commercialize novel therapies that we believe may provide the opportunity to offer clinically meaningful, differentiated benefits for patients by improving upon the efficacy and/or safety of existing therapeutics directed against established targets, such as currently marketed anti-interleukin (IL)-17A agents, or by targeting new modalities. In each case, our strategy is to identify candidates we believe are "diamonds in the rough," where, based on molecule characteristics, our collective experience and expertise, and the evolving scientific and medical understanding, we can establish a clinical development plan that tests our hypotheses as to what those benefits could mean for patients. Subsequently, we plan to utilize the results from initial clinical trials and the learnings we obtain from emerging biology to potentially expand the application of our candidates to other indications in which there are significant unmet needs.

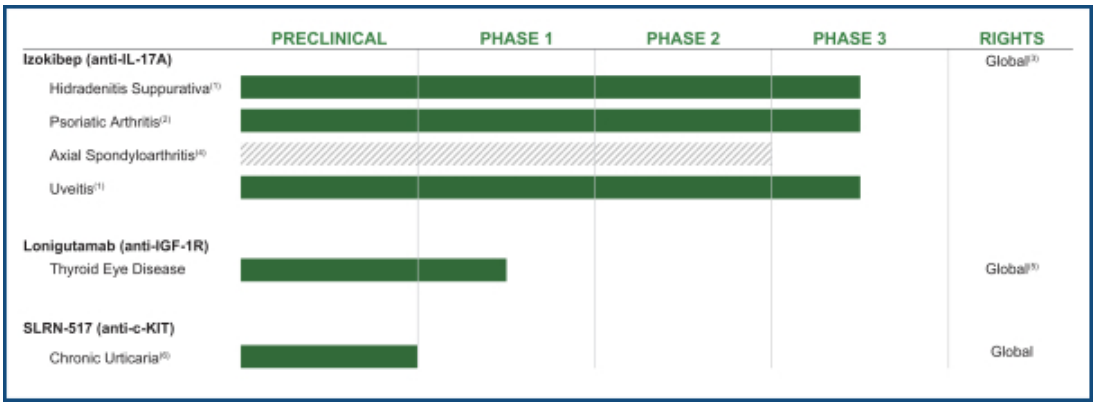
Our current portfolio consists of multiple clinical and preclinical stage product candidates being investigated across several indications representing multi-billion-dollar opportunities in the aggregate.

Our Pipeline

Our lead product candidate is izokibep, a small protein therapeutic designed to inhibit IL-17A with high potency through tight binding affinity and the potential for robust tissue penetration due to its small molecular size, about one-tenth the size of a monoclonal antibody.

We are also advancing lonigutamab, a humanized immunoglobulin G1 (IgG1) monoclonal antibody against insulin-like growth factor 1 receptor (IGF-1R). Lonigutamab has shown high potency against IGF-1R in both binding and functional laboratory assays. We are evaluating lonigutamab in thyroid eye disease with the intent to increase depth and durability of clinical response, maximize tolerability, and deliver as a convenient subcutaneous injection.

In addition, we are developing SLRN-517, which is a fully human IgG1 monoclonal antibody targeting c-KIT. SLRN-517 is designed as a highly potent inhibitor (antagonist) of the c-KIT pathway, targeting mast cell proliferation and degranulation, without stimulating (agonist) mast cell degranulation. Due to its fully human design, we believe SLRN-517 may limit immunogenicity relative to monoclonal antibodies that are not fully human.



(1) Phase 2b/3 trial in moderate-to-severe hidradenitis suppurativa (HS) and uveitis. Planned inclusion into registrational package for HS and non-infectious uveitis (as applicable) if granted orphan drug designation and following consultation with relevant heath authorities. We have initiated our first Phase 2b/3 trial in uveitis, but have not previously completed any clinical trials for uveitis.
(2) Phase 2b/3 trial in psoriatic arthritis (PsA).
(3) Excludes development, commercialization and manufacturing rights in mainland China, Hong Kong, Macau, South Korea and Taiwan, and development rights in certain other Asia Pacific countries. We retain decision making authority for izokibep global development. See the section titled "Business—License and Collaboration Agreements" for further information.
(4) Based on data from our Phase 2 and ongoing Phase 2b/3 trials in PsA, we intend to discuss with the FDA initiation of the Phase 3 program in AxSpA without completing earlier clinical trials in AxSpA. The FDA may require us to complete a Phase 2 trial in AxSpA prior to initiating our planned Phase 3 program.
(5) Worldwide rights to non-oncology indications. See the section titled "Business—License and Collaboration Agreements" for further information.
(6) Based on preclinical studies demonstrating highly potent inhibition of the c-KIT pathway targeting mast cell proliferation and degranulation, our first indication of interest for SLRN-517 is chronic urticaria, an inflammatory disease that is driven by the release of histamine and other vasoactive molecules produced by mast cells.

Our Team and Investors

Our company is led by Shao-Lee Lin, M.D., Ph.D., our Founder and Chief Executive Officer. Prior to founding our company, Dr. Lin was the first Chief Scientific Officer at Horizon Therapeutics plc, where she led research and development, including the development and approval of teprotumumab for the treatment of TED. Prior to Horizon, she held multiple positions at AbbVie Inc., most recently leading Therapeutic Areas, Development Excellence and International Development and initially as Vice President, Global Immunology and Renal Development. Prior to AbbVie, Dr. Lin served as Vice President, Inflammation and Respiratory Development at Gilead Sciences Inc. and served in various roles of increasing responsibility at Amgen Inc. Dr. Lin has been faculty as a Clinical Scholar at The Rockefeller University and adjunct faculty at the medical schools of Cornell University, The University of California, Los Angeles (UCLA), Stanford University and Northwestern University. Dr. Lin is joined by a team of veteran biopharma executives who together bring exceptional track records of identifying, acquiring, and then rapidly and robustly developing and commercializing medicines. These leaders were instrumental in achieving the first approvals, or expanded indications, for transformative therapies including Humira, Tepezza, Rinvoq, Skyrizi, Mavyret and Enbrel, that have provided clinically meaningful and differentiated benefit for patients. These therapies have subsequently become some of the most successful medicines within the biopharmaceutical industry.

Since our inception we have secured more than $550 million in committed capital, of which over $400 million has already been funded. An additional $150 million is available from our Series C preferred stock investors as committed capital and will be funded, subject to certain conditions, on June 30, 2023 in the event this offering is not completed before that date.

Our Izokibep (Small Protein IL-17A Inhibitor) Program

Summary Overview of Izokibep

Izokibep is currently in development for multiple immunological indications including hidradenitis suppurativa (HS), psoriatic arthritis (PsA), axial spondyloarthritis (AxSpA) and uveitis. Izokibep has been administered to more than 400 participants and in some for up to three years. More than 150 participants received doses up to 160 mg and more than 80 participants received up to 160 mg weekly, some out to six months. Izokibep has generally been well-tolerated with localized mild-to-moderate injection site reactions being the most common adverse event.

Our active ongoing trials with izokibep are a:

- Phase 2b/3 trial of izokibep in HS;
- Phase 2b/3 trial of izokibep in PsA; and
- Phase 2b/3 trial of izokibep in uveitis.

We intend to include these trials as part of the registrational program for each indication. Additionally, we are planning to initiate the Phase 3 program in AxSpA based on dosing data from the ongoing PsA Phase 2b/3 trial. Enthesitis is a key feature of AxSpA, and central to the progression of the disease. As such, we intend to rely on data related to our Phase 2 and ongoing Phase 2b/3 trials in PsA to discuss with the FDA initiation of the Phase 3 program in AxSpA without completing earlier clinical trials in AxSpA. Although there is precedent for this approach, the FDA may require us to complete a Phase 2 trial in AxSpA prior to initiating our planned Phase 3 program.

Topline data in the Phase 2b/3 trial of izokibep in HS is expected in the second half of 2023. Longer term results in the Phase 2b/3 trial of izokibep in HS, topline data in the Phase 2b/3 trial of izokibep in PsA, and topline data in the Phase 2b/3 trial of izokibep in uveitis are each anticipated in mid-2024.

We plan to seek orphan drug designation from the relevant regulatory authorities for both moderate-to-severe HS, as well as non-infectious uveitis. Orphan drug designation does not convey any advantage in or shorten the duration of the regulatory review and approval process. We intend to continue our clinical development in moderate-to-severe HS or non-infectious uveitis whether or not we receive orphan drug designation.

Interleukin-17A, a Clinically Validated Target

Due to the central role of IL-17 in driving the expression of other proinflammatory cytokines and the recruitment of immune cells, down-regulating it with a biologic can lead to broad anti-inflammatory activity. The IL-17 family consists of at least six structurally similar cytokines, named IL-17A through IL-17F. Amongst them, IL-17A and IL-17F are known to drive inflammation and host defense by inducing secretion of proinflammatory cytokines, chemokines and antimicrobial peptides via IL-17 receptor A and receptor C.

While IL-17A inhibition alone has been clinically validated to reduce inflammation, with the approval of secukinumab and ixekizumab, IL-17F inhibition alone has been shown to have minimal effect. Additionally, IL-17A and IL-17F are both involved in mucosal immunity. Simultaneous blockade of IL-17A and IL-17F has been shown to be associated with dose-dependent increased risk of infection, especially fungal infections.

Immune dysregulation driven by IL-17A has been identified as a driver of inflammation in many autoimmune and inflammatory diseases. These include PsA, HS, AxSpA, uveitis, and psoriasis (PsO). In each of

these diseases, elevated levels of IL-17A are found in patient's sera, and in skin diseases, such as PsO, at lesion sites.

The Design of Izokibep is Highly Differentiated from Monoclonal Antibodies

Izokibep is a small protein therapeutic designed to bind the homodimeric IL-17A molecule with high potency. In contrast to conventional monoclonal antibodies, izokibep is much smaller – approximately one-tenth the size of a traditional monoclonal antibody – containing two IL-17A binding domains and an albumin binding domain that results in improved pharmacokinetic (PK) properties.

By virtue of its structure and size, we believe izokibep has several key features different from traditional monoclonal antibodies:

- **High potency**. Izokibep binds both subunits of the IL-17A dimer simultaneously, resulting in complete blockade of IL-17 signaling in preclinical studies. Izokibep is highly potent with a dissociation constant (K_D) of 0.3 pM to human IL-17A. Currently, FDA-approved anti-IL-17A agents secukinumab (marketed by Novartis AG) and ixekizumab (marketed by Eli Lilly and Company) have a K_D of 200pM and 1.8 pM, respectively.
- **Albumin-binding domain provides half-life extension and broad tissue exposure**. The albumin-binding domain increases the plasma half-life of izokibep and enhances its ability to target sites of inflammation.
- **Small size drives robust tissue penetration**. Izokibep has a molecular weight of 18.6 kDa, approximately one-tenth the size of a monoclonal antibody, enabling the potential to reach difficult to penetrate tissues such as dense and poorly vascular enthesites in PsA and abscesses and inflammatory nodules in HS. In murine skin, izokibep demonstrated robust exposure, increasing over time, compared to secukinumab.
- **Potential to conveniently deliver high exposures**. The lower molecular weight of izokibep (18.6 kDa) compared to traditional monoclonal antibodies (~150 kDa) means that there are more izokibep drug molecules in a given volume. Additionally, as demonstrated in comparative analyses assessing binding affinity, izokibep molecules are also more potent than the currently marketed monoclonal antibodies targeting IL-17A, secukinumab and ixekizumab. We believe izokibep can deliver in a single subcutaneous injection exposure levels that the marketed anti-IL-17A monoclonal antibodies require IV infusion to deliver.

Izokibep for the Treatment of Moderate-to-Severe HS

HS is a chronic, inflammatory skin disease characterized by skin abscesses, inflammatory nodules, fistulae and scar tissue. These inflamed areas are often colonized by bacteria leading to further inflammation and initiating a chronic cycle of inflammation, healing, and scarring. Inflammation can lead to inflamed nodules and abscesses due to draining skin tunnels and bands of severe scarring. HS typically occurs in areas with high concentrations of sweat glands and where skin folds touch or rub together such as the arm pit, groin, perianal region and under the breast. Based on market research conducted for us by Skysis, a member of Fishawack Health (Skysis), the total market globally for the treatment of HS in 2022 was approximately $1.2 billion and is expected to grow to approximately $2.9 billion by 2030.

High serum levels of IL-17A have been found in HS patients and these levels are correlated with the severity of inflammation. The fundamental role of high levels of IL-17A in bridging the innate and adaptive immune system, and in stimulating the expression of inflammatory cytokines, is well recognized and has driven clinical trials with anti-IL-17 biologics in HS.

Efficacy of treatments in HS is typically measured by improvements in Hidradenitis Suppurativa Clinical Response (HiSCR). HiSCR is a clinically validated scoring system that is used to assess disease activity and which was accepted as a valid clinical endpoint in the regulatory approval process for the only therapy for HS approved by the U.S. Food and Drug Administration (FDA), adalimumab. HiSCR50 represents a 50% improvement in abscesses and inflammatory nodules without worsening in either of these individually or worsening in tunnelling; high order responses, such as 75% improvement (HiSCR75), 90% improvement (HiSCR90) and 100% improvement (HiSCR100, which means there are no abscesses or inflammatory nodules and no new fistulae/tunnels), represent even greater clinical responses on the reduction of inflammatory nodules and abscesses as well as fistulae/tunnels.

As presented at the 2023 American Academy of Dermatology (AAD) annual meeting, izokibep demonstrated high orders of HiSCR in Part A of our Phase 2b/3 trial in HS. Part A of this trial was designed to inform our own internal decision-making about the future of the izokibep development program in HS and consisted of open label treatment with izokibep 160 mg administered subcutaneously (SC) weekly (QW). Thirty participants were enrolled in the trial and nine discontinued for various reasons including physical relocation and lost to follow up (four), injection site reactions (three; two mild, one moderate), and serious adverse events (SAEs) relating to gastrointestinal symptoms (two). Of the two SAEs, one was Crohn's disease (potentially related) and the second was pre-existing diverticulitis with diverticular abscess and sepsis (not related). Our internal hurdle for continuing to advance development in HS was to see high orders of HiSCR responses. We have reported data as observed at 12 weeks with 71% of participants achieving HiSCR50, 57% achieving HiSCR75, 38% achieving HiSCR90 and 33% achieving HiSCR100. Both Hurley Stage II and III participants were present in the populations achieving the highest orders of response (HiSCR90 and HiSCR100).

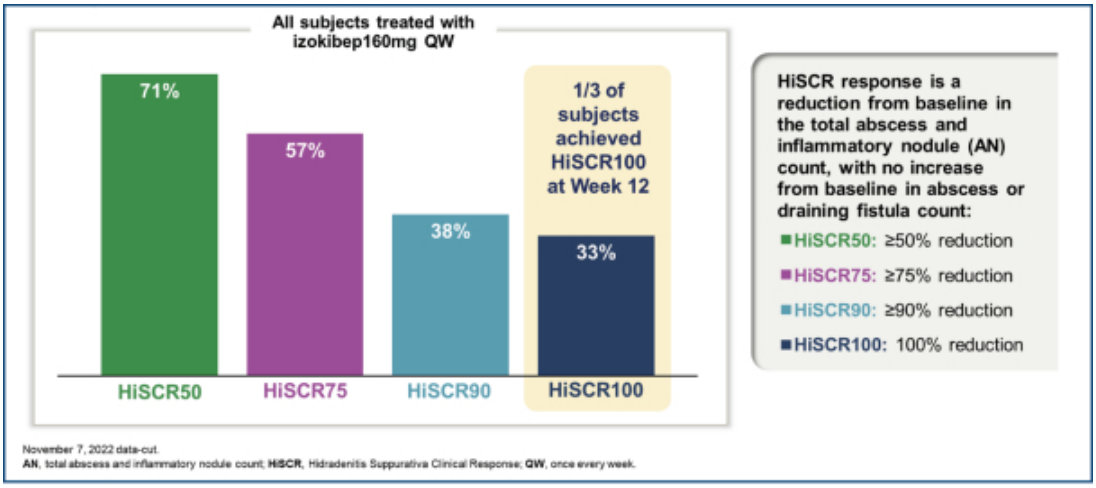


Figure A. 12-week results for observable participants in Part A of our Phase 2b/3 trial of izokibep in HS.

The double-blind, placebo-controlled Part B of this Phase 2b/3 trial is still actively ongoing and based on the Part A results, we also plan to begin a second Phase 3 trial in HS.

Izokibep for the Treatment of PsA

PsA is a chronic immune-mediated inflammatory disease characterized by both joint inflammation and skin lesions consistent with PsO. It is estimated that approximately 30% of the 125 million people living with PsO

worldwide will also develop PsA over time. Based on market research conducted for us by Skysis, the total market globally for the treatment of PsA in 2022 was approximately $8.8 billion and is expected to grow to approximately $17.8 billion by 2030.

We presented results of our placebo-controlled double-blind Phase 2 trial of izokibep in PsA at the 2022 European Alliance of Associations for Rheumatology (EULAR) Congress and the 2022 American College of Rheumatology (ACR) conference.

In the trial, both the 40 mg and 80 mg doses of izokibep were evaluated compared to placebo. At 16 weeks, of the participants receiving izokibep 80 mg administered SC every two weeks (Q2W), 52% achieved ACR50 response (placebo response rate at 13%, p-value 0.0006), 85% achieved PASI75 response (placebo response at 14%, p-value less than 0.0001), and 88% achieved enthesitis resolution (placebo response at 10%, p-value 0.0001). Of the participants receiving 40 mg administered SC Q2W, 48% achieved ACR50 response (placebo response at 13%, p-value 0.0014), 83% achieved PASI75 response (placebo response at 14%, p-value less than 0.0001), and 63% achieved enthesitis resolution (placebo response at 10%, p-value 0.0143). ACR50 response is defined as a 50% improvement in tender and swollen joints, along with improvement in three of these five parameters: (a) patient global assessment of disease activity; (b) physician global assessment of disease activity; (c) patient pain scale; (d) disability/functional questionnaire and (e) decreased concentration of C-reactive protein correlated to inflammation. PASI75 response is defined as a 75% improvement in skin activity and severity response of psoriasis skin lesions, and enthesitis resolution is defined as no active entheseal sites on the Leeds Enthesitis Index (LEI). Enthesitis is unchecked inflammation of the difficult to treat entheseal tissues and is a marker of disease severity often associated with residual pain and physical dysfunction, negatively impacting quality of life. Beyond the placebo-controlled period of 16 weeks and out to 46 weeks, after the placebo group had switched to 80 mg Q2W, no p-values were planned nor have been calculated.

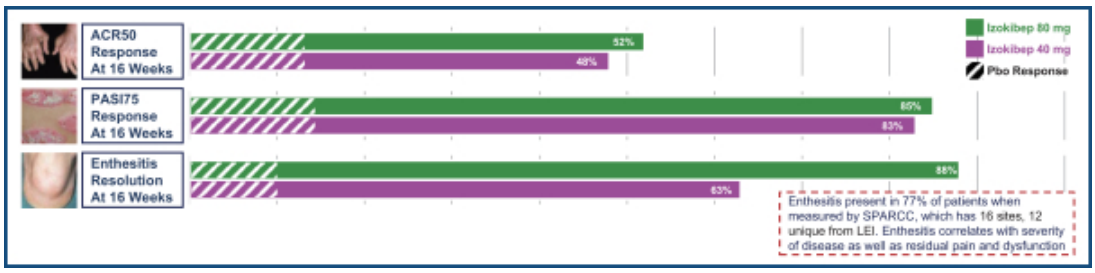


Figure B. Key results of the Phase 2 trial of izokibep in PsA at Week 16.

In the same trial, at 46 weeks, of the participants receiving izokibep 80 mg administered SC Q2W, 79% achieved ACR50 response, 50% achieved ACR70 response, 71% achieved PASI100 response and 89% achieved enthesitis resolution. Of the participants receiving izokibep 40 mg administered SC Q2W, 50% achieved ACR50 response, 33% achieved ACR70 response, 50% achieved PASI100 response and 83% achieved enthesitis resolution. ACR70 response is defined as a 70% improvement in features noted above for ACR50 response and is considered by some clinicians to be an indicator of significant control of disease activity. PASI100 response is defined as 100% improvement in skin response, or complete resolution of psoriasis skin lesions.

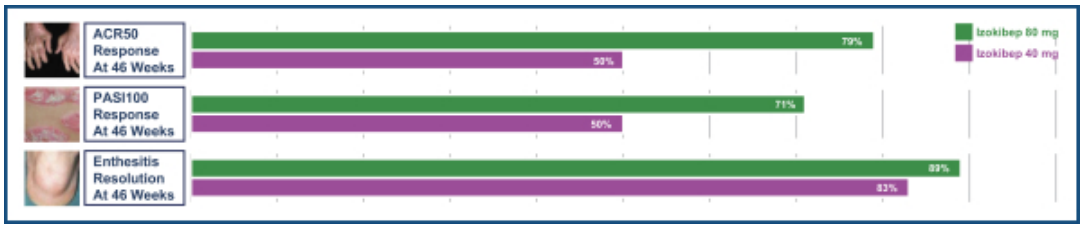


Figure C. Key results of the Phase 2 trial of izokibep in PsA at Week 46.

Of the participants who switched at 16 weeks from receiving placebo to receiving izokibep 80 mg administered SC Q2W, 73% achieved ACR50 response, 64% achieved ACR70 response, 67% achieved PASI100 response and 80% achieved enthesitis resolution.

Our ultimate goal is to improve quality of life for patients. To that end, we assessed multiple measures of participant-reported outcomes as part of the trial, including the Psoriatic Arthritis Impact of Disease (PsAID) questionnaire, developed and validated by GRAPPA (the Group for Research and Assessment of Psoriatic Arthritis), a preeminent group of rheumatology thought-leaders.

Using the PsAID questionnaire, participants in the Phase 2 trial reported improvements in all quality-of-life sub-domains of the PsAID instrument including pain, sleep disturbance and functional capacity. In the radar plot in Figure D below, lower scores closer to the center of the figure represent better outcomes. Each spoke represents a participant-reported outcome from the PsAID. Changes in the magnitude of the scores of individual outcomes are represented by the distance from the center point. As reflected, scores moved inward on all participant-reported measures at Week 16 compared to the dotted line representing the baseline. Comparison of izokibep 80 mg versus placebo is shown at statistically significant levels between $p<0.01$ to $p<0.001$ and comparison of izokibep 40 mg versus placebo is shown at statistically significant levels between $p<0.05$ and $p<0.01$. Furthermore, we observed that participants with enthesitis at baseline reported even greater improvement in the measured outcomes than the total trial population that included participants without baseline enthesitis. The proportion of participants receiving 80 mg weekly with patient-reported clinically important difference from baseline in those with enthesitis was numerically higher at 53% as compared to the total population where 41% reached this threshold.

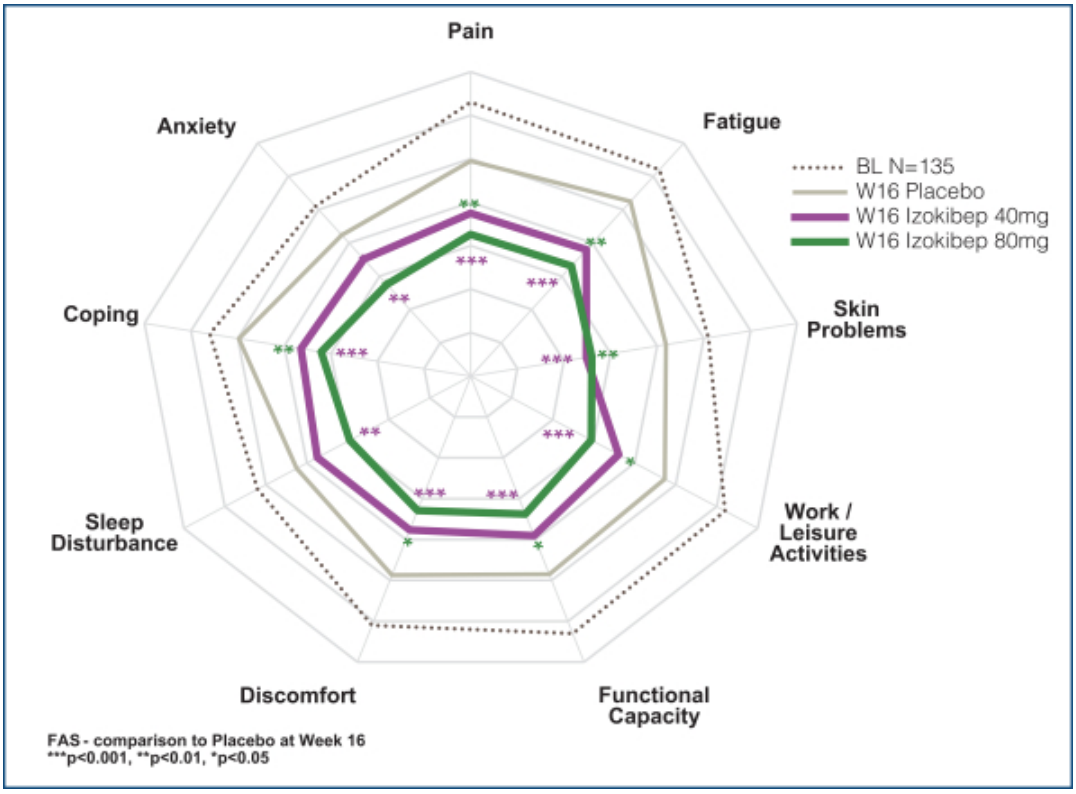


Figure D. Izokibep led to a dose-dependent response across the spectrum of participant-reported outcomes as measured by PsAID.

We are now conducting a placebo-controlled Phase 2b/3 trial of izokibep in PsA with 160 mg delivered SC QW or Q2W, or 80 mg every four weeks (Q4W). We expect to enroll 325 participants with PsA in this trial. An independent interim analysis from this Phase 2b/3 trial will inform the final dose selection for the planned second Phase 3 trial. The primary endpoint of this Phase 2b/3 trial is the ACR50 response on active therapy versus placebo at 16 weeks. PASI75 response and enthesitis resolution at 16 weeks will also be evaluated compared to

placebo. Following the 16-week placebo-controlled portion, those participants on placebo will switch to active therapy and the trial is expected to continue to 52 weeks.

Izokibep for the Treatment of AxSpA

AxSpA is a chronic inflammatory disease predominantly affecting the axial skeleton, primarily the spine from the pelvis to the neck, although it often affects peripheral joints including knees, hips, and shoulders. There are an estimated 2.5 million patients with AxSpA in the United States and Europe, with more than 150,000 of such patients currently treated with biologics. Based on market research conducted for us by Skysis, the total market globally for the treatment of AxSpA in 2022 was approximately $5.1 billion and is expected to grow to greater than $6.8 billion by 2030.

We are planning to initiate the Phase 3 program in AxSpA based on dosing data from the ongoing PsA Phase 2b/3 trial. We expect this program will include participants with radiographic and non-radiographic AxSpA and will have ASAS40 as the primary endpoint determined at Week 16. ASAS40 is defined as a greater than 40% improvement and an absolute improvement from baseline of more than or equal to two units in a range of 0 to 10 in at least three of the four following domains: patient global assessment of disease, spinal pain, function (on a predefined index), and inflammation, without any worsening in the remaining domain. Radiographic AxSpA is defined by abnormalities present on x-rays of the pelvis. Non-radiographic AxSpA is defined as the absence of radiographic abnormalities on the pelvis, but with abnormal MRI imaging. Enthesitis is a key feature of AxSpA, and central to the progression of the disease. Our anticipated strategy is to use data from our Phase 2b/3 trial in PsA in enthesitis resolution to inform dosing for our planned Phase 3 program in AxSpA. There is precedent for our plan to proceed with a Phase 3 program in AxSpA without completing earlier stage trials. However, this remains subject to further discussions with regulators, including the FDA and EMA. Such regulators may require us to complete a Phase 2 trial in AxSpA prior to initiating our planned Phase 3 program.

Izokibep for the Treatment of Uveitis

Uveitis is an inflammatory disease of the eye that sometimes arises in association with other immune-related diseases. More than 90% of uveitis cases have been reported to be non-infectious, chronic and recurrent in nature with a prevalence in the United States of 121 cases per 100,000. Based on market research conducted for us by Skysis, the total market globally for the treatment of non-infectious uveitis in 2022 was approximately $390 million and is expected to grow to greater than $790 million by 2030.

We are currently conducting a Phase 2b/3 trial of izokibep in non-infectious uveitis utilizing a composite primary endpoint, that includes response rates for visual acuity, retinal thickness, retinal vascularity and cellular accumulation in the front of the eye, at Week 24. This Phase 2b/3 trial is expected to be conducted in more than 100 participants and is expected to continue out to 48 weeks. We have not previously completed any clinical trials for uveitis. Since the Phase 2b/3 trial is ongoing, no results are currently available.

Safety Profile of Izokibep

Izokibep has been administered to more than 400 participants and in some for up to three years. More than 150 participants received doses up to 160 mg and more than 80 participants received up to 160 mg weekly, some out to six months. Izokibep has been generally well-tolerated with localized mild-to-moderate injection site reactions being the most common adverse event. The injection site reactions were generally the size of a quarter to half dollar, and typically presented within the first few injections, after which they generally declined in incidence.

In Part A of the Phase 2b/3 trial in HS, two participants experienced three serious adverse events, with one reported as potentially related to treatment. This participant was reported as having new onset Crohn's disease, determined by the principal investigator as possibly treatment related. Upon case review following discontinuation from the trial, we noted this participant had pre-existing gastrointestinal symptoms and should have been excluded from enrollment. There were no candida events reported through Week 12.

In the Phase 2 trial in PSA, izokibep was generally well-tolerated with injection site reactions being the most commonly reported adverse event at Week 16 and Week 46. No serious adverse events were reported at Week 16. In the Week 46 data, eight serious adverse events were reported, with one (vulvar cancer) reported as potentially related to treatment.

Our Lonigutamab (IGF-1R Monoclonal Antibody) Program

Lonigutamab, our second development program, is a subcutaneously delivered humanized IgG1 monoclonal antibody against IGF-1R being investigated for the treatment of TED. Lonigutamab has *in vitro* potency up to 75-fold higher than that of teprotumumab and targets a distinct epitope of IGF-1R. Our preclinical studies demonstrated that, when biopsy samples from TED participants were treated with equimolar amounts of teprotumumab and lonigutamab, lonigutamab had greater inhibition of IGF-1R signaling as measured by IGF-1 stimulated hyaluronan production. Furthermore, we believe that the characteristics of lonigutamab that enable subcutaneous delivery also allows for reduction of maximum serum concentration (C_{max}) incurred with current intravenous (IV) therapies. Decreasing C_{max} may lessen the potential for breach of the blood labyrinth barrier and limit IGF-1R inhibition in the neural tissues of the inner ear. IGF-1 is neuroprotective to cochlear cells of the inner ear and serves to repair the cellular damage that occurs by various processes including age-associated degeneration. In addition to potentially decreasing the side effect of hearing impairment, these characteristics of lonigutamab may also enable evaluation for improved depth and durability of clinical response. We believe based on published exposure response modeling of teprotumumab and the relative potency to lonigutamab, as well as our completed single ascending dose Phase 1/2 pharmacodynamic data, that lonigutamab can be delivered as a single SC injection delivered as infrequently as once a month. Lonigutamab is administered subcutaneously in the MAD portion of the actively ongoing Phase 1/2 trial in TED. Topline data in the MAD portion of the Phase 1/2 trial is expected late 2023 or early 2024.

Our SLRN-517 (c-KIT Monoclonal Antibody) Program

SLRN-517 aims to address the root cause of mast cell driven diseases by blocking mast cell proliferation and degranulation. SLRN-517 is designed as a highly potent inhibitor (antagonist) of the c-KIT pathway, targeting mast cell proliferation and degranulation, without stimulating (agonist) mast cell degranulation. Due to its fully human design, we believe SLRN-517 may limit immunogenicity relative to monoclonal antibodies that are not fully human. The picomolar (pM) binding affinity and cell based functional potency of SLRN-517 offer the potential for low volume subcutaneous dosing. We believe these distinct characteristics may enable us to better determine the full extent of involvement of mast cell biology in chronic urticaria as well as other diseases where mast cells may play a central role. In March 2023, we submitted an Investigational New Drug (IND) application for SLRN-517. Proof-of-concept data in the MAD portion of a Phase 1 trial of SLRN-517 in chronic urticaria is expected second half of 2024.

Our Strategy

Our vision is to build a leading integrated biopharma company focused on delivering transformative medicines to patients. Immunology is an area of deep core expertise throughout the organization, and therefore is our area of initial focus. Our mission is to identify, acquire, and accelerate the development and commercialization of medicines that we believe have the potential to offer clinically meaningful, differentiated benefits to patients. We intend to achieve that goal by implementing the following strategies:

- Maximize the "pipeline-in-a-program" potential of izokibep.
- Advance lonigutamab for the treatment of TED.
- Advance earlier stage product candidates into clinical development.
- Diversify our portfolio with new product candidates.
- Evaluate strategic collaborations.
- Build our operational and commercial capabilities for supplying and marketing our products, if approved, in key markets.

We believe each of the programs in our portfolio represents a "pipeline in a program" opportunity, with data already in two indications supporting that hypothesis for izokibep. A "pipeline-in-a-program" refers to our strategy to develop a single asset in multiple indications.

ValenzaBio Acquisition

We acquired ValenzaBio, Inc. (ValenzaBio) in an all stock transaction on January 4, 2023 (the Acquisition). In connection with the Acquisition, we issued an aggregate of 37,242,709 shares of our common stock to ValenzaBio stockholders and assumed options of certain ValenzaBio optionholders which became options for the purchase of an aggregate of 2,464,653 shares of our common stock upon the closing of the Acquisition on January 4, 2023. The Acquisition added clinical and preclinical development programs to our pipeline, including lonigutamab and SLRN-517 with mechanisms and targeted disease states for which our team has significant relevant experience. We determined that the Acquisition should be accounted for as an asset acquisition after considering whether substantially all of the fair value of the gross assets acquired was concentrated in a single asset or group of assets and whether we acquired a substantive process capable of significantly contributing to our ability to create outputs.

Financial Update

While we have not finalized our financial closing procedures as of and for the three months ended March 31, 2023, we expect to report that we had approximately $289.2 million of cash and cash equivalents as of March 31, 2023. This amount is unaudited and preliminary and is subject to completion of financial closing procedures. As a result, this amount may differ from the amount that will be reflected in our interim condensed consolidated financial statements as of and for the three months ended March 31, 2023. Our interim condensed consolidated financial statements as of and for the three months ended March 31, 2023 will not be available until after this offering is completed, and consequently will not be available to you prior to investing in this offering.

The preliminary financial data included in this registration statement has been prepared by, and is the responsibility of, our management. PricewaterhouseCoopers LLP has not audited, reviewed, examined, compiled, nor applied agreed-upon procedures with respect to the preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

Risks Related to Our Business

Investing in our common stock involves substantial risk. The risks are discussed more fully in the section titled "Risk Factors" immediately following this Prospectus Summary. These risks include, but are not limited to the following:

- We are a clinical stage biopharma company with a limited operating history, no products approved for commercial sale, have incurred substantial losses since our inception and anticipate incurring substantial and increasing losses for the foreseeable future.
- Preclinical and clinical development involves a lengthy and expensive process, with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our current product candidates or any future product candidates.
- We will require substantial additional financing to achieve our goals and failure to obtain additional capital when needed, or on acceptable terms to us, could cause us to delay, limit, reduce, or terminate our product development or future commercialization efforts.
- Our clinical trials may reveal significant adverse events not seen in our preclinical studies or prior clinical trials and may result in a safety or tolerability profile that could delay or prevent regulatory approval or market acceptance of izokibep, lonigutamab, any of our other product candidates or any future product candidates.
- We face competition from entities that have made substantial investments into the rapid development of novel treatments for immunological indications, including large and specialty pharmaceutical and biotechnology companies, many of which already have approved therapies in our current indications.
- Our business depends entirely on the success of our product candidates and we cannot guarantee that these product candidates will successfully complete development, receive regulatory approval, or be successfully commercialized. If we are unable to develop, receive regulatory approval for, and ultimately successfully commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.
- Our planned Phase 3 clinical trials of izokibep, even if successfully completed, may not be sufficient for approval of izokibep for the applicable indication.
- Even if we receive regulatory approval for any of our product candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense. Additionally, our product candidates, if approved, could be subject to labeling and other restrictions and market withdrawal. We may also be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our product candidates.
- We may have conflicts with our current or future licensors or collaborators that could delay or prevent the development or commercialization of our product candidates.
- We recently acquired ValenzaBio, and we expect to engage in strategic transactions in the future, which could impact our liquidity, increase our expenses and present significant distractions to our management.
- If we are unable to obtain and maintain sufficient intellectual property protection for our product candidates and any future product candidates we may develop, or if the scope of the intellectual property protection obtained is not sufficiently broad, our competitors or other third parties could develop and commercialize products similar or identical to ours, and our ability to successfully develop and commercialize our product candidates may be adversely affected.

- We have identified material weaknesses in our internal control over financial reporting. If we fail to remediate these material weaknesses, or if we experience additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock.

Corporate Information

We were founded in July 2020 as a Delaware corporation. Our principal executive offices are located at 4149 Liberty Canyon Road, Agoura Hills, California, 91301 and our telephone number is (805) 730-0360. Following the Acquisition, WH2, LLC is our sole wholly owned subsidiary. Our website address is www.acelyrin.com. Information contained in, or accessible through, our website is not a part of this prospectus and the inclusion of our website address in this prospectus is only an inactive textual reference.

Trademarks and Service Marks

This prospectus contains references to our trademarks and service marks and to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this prospectus, including logos, artwork and other visual displays, may appear without the ® or TM symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other entities' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other entity.

Implications of Being an Emerging Growth Company

We qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended (JOBS Act). As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- being permitted to present only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure in this prospectus;
- reduced disclosure about our executive compensation arrangements;
- not being required to hold advisory votes on executive compensation or to obtain stockholder approval of any golden parachute arrangements not previously approved;
- an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002; and
- an exemption from compliance with the requirements of the Public Company Accounting Oversight Board regarding the communication of critical audit matters in the auditor's report on the financial statements.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an "emerging growth company." We would cease to be an emerging growth company on the date that is the earliest of (i) the last day of the fiscal year in which we have total annual gross revenue of $1.24 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the completion of this offering; (iii) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and

Exchange Commission (SEC). We may choose to take advantage of some but not all of these exemptions. We have taken advantage of reduced reporting requirements in this prospectus. Accordingly, the information contained herein may be different from the information you receive from other public companies in which you hold stock. Additionally, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption and, therefore, while we are an emerging growth company we will not be subject to new or revised accounting standards at the same time that they become applicable to other public companies that are not emerging growth companies. As a result of this election, our financial statements may not be comparable to those of other public companies that comply with new or revised accounting pronouncements as of public company effective dates. We may choose to early adopt any new or revised accounting standards whenever such early adoption is permitted for private companies.

The Offering

Common stock offered by us	shares.
Option to purchase additional shares of common stock	We have granted the underwriters an option for a period of 30 days to purchase up to an additional shares of our common stock at the initial public offering price, less underwriting discounts and commissions.
Common stock to be outstanding immediately after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares of our common stock in full).
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares of our common stock in full), based on the assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering, together with our existing cash and cash equivalents as follows: (i) to advance the clinical development of izokibep through topline data in Phase 2b/3 trials of izokibep in each of HS, PsA, and uveitis; (ii) to advance the clinical development of lonigutamab through topline data in the MAD portion of the Phase 1/2 trial in TED; (iii) to advance the clinical development of SLRN-517 through proof-of-concept data in the MAD portion of a Phase 1 trial in chronic urticaria; and (iv) for general corporate purposes, including additional clinical development, working capital, operating expenses and other capital expenditures. Additionally, we may use a portion of the net proceeds and our existing cash and cash equivalents to in license, acquire, or invest in complementary businesses, technology platforms, products or assets, although we have no current agreements, commitments or understandings to do so. We intend to use a portion of the net proceeds from this offering to satisfy the anticipated tax withholding and remittance obligations related to the RSU Net Settlement (as defined below). See the section titled “Use of Proceeds” for additional information.

Risk factors	See the section titled "Risk Factors" and other information included in this prospectus for a discussion of factors you should consider carefully before deciding to invest in our common stock.
Directed share program	At our request, the underwriters have reserved up to 5% of the shares offered by this prospectus for sale at the initial public offering price to certain individuals through a directed share program, including our directors, officers, employees and certain other individuals identified by management. The sales will be made at our direction by Morgan Stanley & Co. LLC, one of the underwriters, and its affiliates through a directed share program. The number of shares of our common stock available for sale to the general public in this offering will be reduced to the extent that such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of our common stock offered by this prospectus. See the section titled "Underwriters" for additional information.
Proposed Nasdaq Global Market trading symbol	"SLRN"

The number of shares of our common stock to be outstanding after this offering is based on shares of our common stock outstanding as of December 31, 2022 (which includes 1,108,333 shares of unvested restricted stock awards subject to a repurchase option by us), and gives effect to (i) the automatic conversion of 80,346,268 shares of our redeemable convertible preferred stock into an equivalent number of shares of our common stock, which will occur immediately prior to the closing of this offering, (ii) 37,242,709 shares of our common stock issued in connection with the Acquisition in January 2023 and (iii) the issuance of shares of common stock subject to RSUs, for which the applicable time-based vesting conditions and performance-based vesting conditions will be satisfied upon the completion of this offering (assuming the closing occurs on May , 2023 and after withholding an estimated shares to satisfy associated estimated income tax withholding obligations at an assumed tax withholding rate applicable to the RSU holder) (RSU Net Settlement).

The number of shares of common stock to be outstanding after this offering excludes:

- 9,932,988 shares of our common stock issuable upon the exercise of outstanding stock options as of December 31, 2022 under our 2020 Stock Option and Grant Plan (2020 Plan), with a weighted-average exercise price of $2.43 per share;
- 1,531,649 shares of our common stock issuable upon the exercise of outstanding stock options granted subsequent to December 31, 2022 under our 2020 Plan, with a weighted-average exercise price of $3.79 per share;
- 2,464,653 shares of our common stock issuable upon the exercise of outstanding stock options issued under the ValenzaBio, Inc. Stock Plan assumed subsequent to December 31, 2022 in connection with the Acquisition, with a weighted-average exercise price of $1.86 per share;
- shares of our common stock issuable upon vesting and settlement of RSUs outstanding as of December 31, 2022, other than the RSU Net Settlement;
- shares of our common stock reserved for future issuance under our 2023 Equity Incentive Plan (2023 Plan), which will become effective once the registration statement of which this prospectus

forms a part is declared effective, including new shares plus the number of shares (not to exceed shares) that (i) remain available for grant of future awards under the 2020 Plan and will cease to be available for issuance under the 2020 Plan at the time our 2023 Plan becomes effective in connection with this offering and (ii) are underlying outstanding stock awards granted under our 2020 Plan, that expire or are repurchased, forfeited, cancelled or withheld, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under our 2023 Plan and, as more fully described in the section titled "Executive Compensation—Equity Benefit Plans;" and

- shares of our common stock reserved for issuance under our 2023 Employee Stock Purchase Plan (ESPP), which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of common stock reserved for future issuance under our ESPP, as more fully described in the section titled "Executive Compensation—Equity Benefit Plans."

Unless otherwise indicated, this prospectus assumes or gives effect to:

- the re-designation of all Class A common stock into shares of common stock immediately prior to the completion of this offering (all shares of our Class A common stock are hereinafter referred to as common stock in this prospectus, except as specified);
- a 1-for- reverse stock split of our common stock effected on , 2023;
- the automatic conversion of 80,346,268 outstanding shares of our redeemable convertible preferred stock outstanding as of December 31, 2022 into an equivalent number of shares of our common stock, which will occur immediately prior to the closing of this offering;
- the issuance of shares of common stock in connection with the RSU Net Settlement;
- no exercise of outstanding options or settlement of RSUs (other than the RSU Net Settlement) subsequent to December 31, 2022;
- no repurchases by us of unvested restricted stock subsequent to December 31, 2022;
- no exercise by the underwriters of their option to purchase up to additional shares of our common stock in this offering;
- an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus; and
- the filing and effectiveness of our amended and restated certificate of incorporation to be in effect immediately prior to the closing of this offering and the adoption of our amended and restated bylaws upon the closing of this offering.

Summary Consolidated Financial Data

The following tables set forth our summary consolidated financial data for the periods and as of the dates indicated. The following summary consolidated statements of operations data for the years ended December 31, 2021 and 2022 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our audited consolidated financial statements included elsewhere in this prospectus have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Our historical results are not necessarily indicative of the results that may be expected for any period in the future. You should read the following summary consolidated financial data together with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and the related notes included elsewhere in this prospectus. The summary consolidated financial data included in this section are not intended to replace the consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year Ended December 31,	
	2021	2022
	(in thousands, except share and per share data)	
Consolidated Statements of Operations Data:		
Operating expenses:		
Research and development	$ 38,230	$ 55,632
General and administrative	3,564	13,547
Total operating expenses	41,794	69,179
Loss from operations	(41,794)	(69,179)
Interest income	—	4,052
Change in fair value of derivative tranche liability	—	487
Other expense, net	(45)	(132)
Net loss	(41,839)	(64,772)
Net loss per share attributable to common stockholders, basic and diluted[1]	$ (30.86)	$ (21.09)
Weighted-average common shares outstanding, basic and diluted[1]	1,355,553	3,071,461
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)[2]		$
Pro forma weighted-average common shares outstanding, basic and diluted (unaudited)[2]		

(1) See Note 13 to our audited consolidated financial statements included elsewhere in this prospectus for details on the calculation of basic and diluted net loss per share attributable to common stockholders.
(2) See "Unaudited Pro Forma Net Loss Per Share Attributable to Common Stockholders" subsection below for details on our unaudited pro forma calculations.

Unaudited Pro Forma Net Loss Per Share Attributable to Common Stockholders

The unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended December 31, 2022 has been computed to give effect to (i) the automatic conversion of 80,346,268 shares of our redeemable convertible preferred stock outstanding as of December 31, 2022 into an equivalent number of shares of our common stock as if such conversion occurred on January 1, 2022, (ii) the issuance of 37,242,709 shares of our common stock upon the closing of the Acquisition as if it occurred on January 1, 2022, (iii) RSU Net Settlement, the related stock-based compensation expense $ million and the estimated tax

liability of $ million (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover of this prospectus and an assumed tax withholding rate applicable to the RSU holder), as if it occurred on January 1, 2022, (iv) the reversal of the change in fair value of the derivative tranche liability related to the closing of our second tranche of our Series C financing (the "Series C Second Tranche Closing") as if the offering occurred on January 1, 2022, and (v) the filing and effectiveness of our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering. The unaudited pro forma net loss attributable to common stockholders gives effect to the adjustments described below. The unaudited pro forma net loss per share attributable to common stockholders, basic and diluted, does not include the effect of the shares of our common stock expected to be sold in this offering.

The following table sets forth the computation of the unaudited pro forma basic and diluted net loss per share assuming the offering is completed as of the beginning of the period presented (in thousands, except share and per share data):

	Year Ended December 31, 2022 (unaudited)
Numerator:	
Net loss attributable to common stockholders	$ (64,772)
Pro forma stock-based compensation expense attributable to vested RSUs(3)	
Pro forma other income adjustments related to the reversal of the change in fair value of the derivative tranche liability(4)	487
Pro forma net loss attributable to common stockholders, basic and diluted	$
Denominator:	
Weighted-average common shares outstanding used in computing net loss per share attributable to common stockholders, basic and diluted	3,071,461
Pro forma adjustment to reflect the automatic conversion of redeemable convertible preferred stock(1)	80,346,268
Pro forma adjustment to reflect issuance of common stock upon the closing of the Acquisition(2)	37,242,709
Pro forma adjustment to reflect vested RSUs(3)	
Pro forma weighted-average common shares outstanding, basic and diluted (unaudited)	
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)	$

(1) Reflects the automatic conversion of 80,346,268 shares of redeemable convertible preferred stock outstanding as of December 31, 2022 into an equivalent number of shares of our common stock, as if such conversion had occurred on January 1, 2022;
(2) Reflects the issuance of 37,242,709 shares of our common stock upon the closing of the Acquisition, as if it occurred on January 1, 2022;
(3) Reflects the RSU Net Settlement, the related stock-based compensation expense $ million and the estimated tax liability of $ million (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover of this prospectus and an assumed tax withholding rate applicable to the RSU holder); and
(4) Reflects the reversal of the change in fair value of the derivative tranche liability related to the Series C Second Tranche Closing recorded in our statement of operations and comprehensive loss for the year ended December 31, 2022.

	As of December 31, 2022		
	Actual	Pro Forma(1)(5)	Pro Forma As Adjusted(2)(3)
		(in thousands)	
Consolidated			
Balance Sheet Data:			
Cash and cash equivalents	$ 267,110	$	$
Short-term marketable securities	47,510		
Working capital(4)	300,163		
Total assets	319,923		
Derivative tranche liability	10,291		
Other non-current liabilities	—		
Redeemable convertible preferred stock	396,593		
Accumulated deficit	(107,078)		
Total stockholders' equity (deficit)	(102,862)		

(1) The pro forma balance sheet data gives effect to (i) the automatic conversion of 80,346,268 shares of our redeemable convertible preferred stock outstanding as of December 31, 2022 into an equivalent number of shares of our common stock, which will occur immediately prior to the closing of this offering, (ii) the Acquisition (see section titled "Unaudited Pro Forma Condensed Combined Financial Information" for related adjustments), (iii) the RSU Net Settlement, the related stock-based compensation expense of $ million and the estimated tax liability of $ million (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover of this prospectus and an assumed tax withholding rate applicable to the RSU holder), (iv) the reversal of the change in fair value of the derivative tranche liability related to the Series C Second Tranche Closing, and (v) the filing and effectiveness of our amended and restated certificate of incorporation to be in effect immediately prior to the closing of this offering.

(2) The pro forma as adjusted balance sheet data gives effect to (i) the pro forma adjustments described in footnote (1) above and (ii) the issuance and sale of shares of our common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(3) The pro forma as adjusted information is illustrative only and will depend on the actual initial public offering price and other terms of this offering determined at pricing. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease), each of our cash and cash equivalents, working capital, total assets and total stockholders' equity (deficit) by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of common stock offered by us would increase (decrease) each of our cash and cash equivalents, working capital, total assets, and total stockholders' equity (deficit) by $ million, assuming the assumed initial offering price per share remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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

(5) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the amount we would be required to pay to satisfy our tax withholding and remittance obligations related to the RSU Net Settlement by $ million (assuming the tax withholding rate remains consistent).

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before deciding to invest in shares of our common stock, you should carefully consider the risks described below, together with the other information contained in this prospectus, including in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our audited financial statements and the related notes included elsewhere in this prospectus. We cannot assure you that any of the events discussed below will not occur. These events could adversely impact our business, financial condition, results of operations and prospects. If that were to happen, the trading price of our common stock could decline, and you could lose all or part of your investment.

Risks Related to Our Financial Position and Need for Capital

We are a clinical stage biopharma company with a limited operating history, no products approved for commercial sale, have incurred substantial losses since our inception and anticipate incurring substantial and increasing losses for the foreseeable future.

We are a clinical stage biopharma company with a limited operating history on which to base your investment decision. We have no product candidates approved for commercial sale and have not generated any revenue. Biopharmaceutical product development is a highly speculative undertaking. It entails substantial upfront capital expenditures and significant risk that any product candidate will fail to demonstrate adequate efficacy or an acceptable safety profile, gain regulatory approval or become commercially viable.

Our lead product candidate is izokibep, an IL-17A inhibitor. We are currently conducting Phase 2b/3 trials of izokibep in each of HS, PsA and uveitis. For HS, in addition to the ongoing Phase 2b/3 trial, we plan to initiate a second Phase 3 trial. We are also planning to initiate a Phase 3 program in AxSpA based on dosing data from the ongoing PsA Phase 2b/3 trial. In addition, we are advancing lonigutamab, an IGF-1R inhibitor, currently in the MAD portion of a Phase 1/2 trial in TED. We are also developing SLRN-517, a monoclonal antibody targeting c-KIT, for the treatment of chronic urticaria. We have and will continue to incur significant development and other expenses related to our clinical development and ongoing operations. For the years ended December 31, 2021 and December 31, 2022, our net losses were approximately $41.8 million and $64.8 million, respectively. As of December 31, 2022, we had an accumulated deficit of approximately $107.1 million. Substantially all of our losses have resulted from expenses incurred in connection with the acquisition and development of our pipeline and from general and administrative costs associated with our operations. We expect to incur significant losses for the foreseeable future, and we expect these losses to increase as we continue our development of our product candidates.

We anticipate that our expenses will increase substantially if, and as, we:

- conduct further clinical trials for izokibep, lonigutamab, SLRN-517 and other programs;
- identify additional product candidates and acquire rights from third parties to those product candidates through licenses or other acquisitions, and conduct development activities, including preclinical studies and clinical trials;
- procure the manufacturing of preclinical, clinical and commercial supply of our current and future product candidates;
- seek regulatory approvals for our product candidates or any future product candidates;
- commercialize our current product candidates or any future product candidates, if approved;
- take steps toward our goal of being an integrated biopharma company capable of supporting commercial activities, including establishing sales, marketing and distribution infrastructure;
- attract, hire and retain qualified clinical, scientific, operations and management personnel;

- add and maintain operational, financial and information management systems;
- protect, maintain, enforce and defend our rights in our intellectual property portfolio;
- defend against third-party interference, infringement and other intellectual property claims, if any;
- address any competing therapies and market developments;
- experience any delays in our preclinical studies or clinical trials and regulatory approval for our product candidates due to the impacts of the COVID-19 pandemic, macroeconomic conditions or geopolitical conflicts; and
- incur additional costs associated with operating as a public company following the completion of this offering.

Even if we succeed in commercializing one or more product candidates, we expect to incur substantial development costs and other expenditures to develop and market additional product candidates. We may also encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue or raise additional capital. Our prior losses and expected future losses have had and will continue to have an adverse effect on our stockholders' equity and our working capital.

Preclinical and clinical development involves a lengthy and expensive process, with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our current product candidates or any future product candidates.

All of our product candidates are either in preclinical or clinical development and their risk of failure is high. It is impossible to predict when or if any of our product candidates will receive regulatory approval. To obtain the requisite regulatory approvals to commercialize any product candidates, we must demonstrate through extensive preclinical studies and lengthy, complex and expensive clinical trials that our product candidates are safe and effective in humans. Clinical testing can take many years to complete, and its outcome is inherently uncertain. The results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials and results in one indication may not be predictive of results to be expected for the same product candidate in another indication. Differences in trial design between early-stage clinical trials and later-stage clinical trials make it difficult to extrapolate the results of earlier clinical trials to later clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unfavorable safety profiles, notwithstanding promising results in earlier trials. Moreover, clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in clinical trials have nonetheless failed to obtain marketing approval of such product candidates. We may be unable to establish clinical endpoints that applicable regulatory authorities would consider clinically meaningful. Commencing any future clinical trials is subject to finalizing the trial design and submitting an application to the FDA or a similar foreign regulatory authority. Even after we make our submission, the FDA or other regulatory authorities could disagree that we have satisfied their requirements to commence our clinical trials or disagree with our study design, which may require us to complete additional trials or amend our protocols or impose stricter conditions on the commencement of clinical trials. There is typically a high rate of failure of product candidates proceeding through clinical trials, and failure can occur at any time during the clinical trial process. Most product candidates that commence clinical trials are never approved as products and there can be no assurance that any of our current or future clinical trials will ultimately be successful or support the approval of our current or any future product candidates.

We expect to continue to rely in part on our collaborators, contract research organizations (CROs) and clinical trial sites to ensure the proper and timely conduct of our clinical trials, including the participant

enrollment process, and we have limited influence over their performance. We or our collaborators may experience delays in initiating or completing clinical trials due to unforeseen events or otherwise, that could delay or prevent our ability to receive marketing approval or commercialize our current and any future product candidates, including:

- regulators, such as the FDA or comparable foreign regulatory agencies, Institutional Review Boards (IRBs), or ethics committees may impose additional requirements before permitting us to initiate a clinical trial, may not authorize us or our investigators to commence or conduct a clinical trial at a prospective trial site, may not allow us to amend trial protocols, or regulators may require that we modify or amend our clinical trial protocols;
- we may experience delays in reaching, or fail to reach, agreement on acceptable terms with trial sites and CROs, the terms of which can be subject to extensive negotiation and may vary significantly;
- clinical trial sites deviating from trial protocol or dropping out of a trial;
- the number of participants required for clinical trials may be larger than we anticipate, enrollment in clinical trials may be slower than we anticipate or participants may drop out or fail to return for post-treatment follow-up at a higher rate than we anticipate;
- the cost of clinical trials may be greater than we anticipate, or we may have insufficient funds for a clinical trial or to pay the substantial user fees required by the FDA upon the submission of a Biologic License Application (BLA);
- the quality or quantity of data relating to our product candidates or other materials necessary to conduct our clinical trials may be inadequate to initiate or complete a given clinical trial;
- reports from clinical testing of other therapies may raise safety, tolerability or efficacy concerns about our product candidates; and
- clinical trials of our product candidates may fail to show appropriate safety, tolerability or efficacy, may produce negative or inconclusive results, or may otherwise fail to improve on the existing standard of care, and we may decide, or regulators may require us, to conduct additional clinical trials or we may decide to abandon product development programs.

Participant enrollment, a significant factor in the timing of clinical trials, is affected by many conditions including the size and nature of the patient population, the number and location of clinical sites we enroll, the proximity of participants to clinical sites, the eligibility and exclusion criteria for the trial, the design of the clinical trial, the inability to obtain and maintain participant consents, the risk that enrolled participants will drop out before completion, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any new drugs or biologics that may be approved for the indications being investigated by us. Risks related to patient enrollment are heightened in longer clinical trials, including the 52-week trial period contemplated by our ongoing Phase 2b/3 clinical trial of izokibep in PsA. In addition, our clinical trials will compete with other clinical trials for product candidates that are in the same areas as our product candidates, and this competition will reduce the number and types of participants available to us, because some participants who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors, or to use currently marketed therapies. Additionally, participants, including participants in any control groups, may withdraw from the clinical trial if they are not experiencing improvement in their underlying disease or condition or if they experience other difficulties or issues. Additionally, we could encounter delays if treating clinicians encounter unresolved ethical issues associated with enrolling participants in clinical trials of our product candidates in lieu of prescribing existing treatments that have established safety and efficacy profiles.

We have in the past and may in the future experience participant withdrawals or discontinuations from our trials. Withdrawal of participants from our clinical trials may compromise the quality of our data. Even if we are able to enroll a sufficient number of participants in our clinical trials, delays in enrollment or small population

size may result in increased costs or may affect the timing or outcome of our clinical trials. Any of these conditions may negatively impact our ability to complete such trials or include results from such trials in regulatory submissions, which could adversely affect our ability to advance the development of our product candidates.

We could also encounter delays if a clinical trial is suspended, put on clinical hold or terminated by us, the IRBs of the institutions in which such trials are being conducted, the FDA, EMA or other regulatory authorities, or if a clinical trial is recommended for suspension or termination by the Data Safety Monitoring Board (DSMB) for such trial. A suspension or termination may be imposed due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, failure by our CROs to perform in accordance with the Good Clinical Practice (GCP) requirements, or applicable regulatory guidelines in other countries, inspection of the clinical trial operations or trial site by the FDA, EMA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to establish or achieve clinically meaningful trial endpoints, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. Clinical trials may also be delayed or terminated as a result of ambiguous or negative interim results. Many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates. Further, the FDA, EMA or other regulatory authorities may disagree with our clinical trial design and our interpretation of data from clinical trials, or may change the requirements for approval even after they have reviewed and commented on the design for our clinical trials.

We may also, in the future, conduct preclinical and clinical research in collaboration with other academic, pharmaceutical and biotechnology entities in which we combine our development efforts with those of our collaborators. Such collaborations may be subject to additional delays because of the management of the trials, contract negotiations, the need to obtain agreement from multiple parties and may increase our future costs and expenses.

Our product development costs will increase if we experience delays in clinical testing or marketing approvals. We do not know whether any of our clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize our product candidates and may allow our competitors to bring products to market before we do, potentially impairing our ability to successfully commercialize our product candidates. Any delays or increase in costs in our clinical development programs may harm our business, financial condition, results of operations and prospects.

We will require substantial additional financing to achieve our goals and failure to obtain additional capital when needed, or on acceptable terms to us, could cause us to delay, limit, reduce, or terminate our product development or future commercialization efforts.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through equity offerings, debt financings, or other capital sources, including potential collaborations, licenses and other similar arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a holder of our common stock. Any future debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, selling or licensing our assets, making capital expenditures, declaring dividends or encumbering our assets to secure future indebtedness. Such restrictions could adversely impact our ability to conduct our operations and execute our business plan.

If we raise additional funds through future collaborations, licenses and other similar arrangements, we may have to relinquish valuable rights to our future revenue streams or product candidates, or grant licenses on terms that may not be favorable to us and/or that may reduce the value of our common stock. If we are unable to raise

additional funds through equity or debt financings or other arrangements when needed or on terms acceptable to us, we would be required to delay, limit, reduce, or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Risks Related to Product Candidate Development and Commercialization

Our clinical trials may reveal significant adverse events not seen in our preclinical studies or prior clinical trials and may result in a safety or tolerability profile that could delay or prevent regulatory approval or market acceptance of izokibep, lonigutamab, any of our other product candidates or any future product candidates.

Undesirable or clinically unmanageable side effects observed in our clinical trials for our product candidates could occur and cause us or regulatory authorities to interrupt, delay or halt our clinical trials and could result in a more restrictive label or the delay or denial of marketing approval by the FDA or comparable foreign regulatory authorities. We have observed certain adverse events and serious adverse events (SAEs) in our clinical trials of izokibep. Based on the safety profile of the two currently approved anti-IL-17A agents, ixekizumab and secukinumab, certain side effects are expected as part of inhibiting the IL-17A pathway. We have seen, and expect to see, similar results with izokibep, including adverse events and SAEs. These include injection site reactions, infections such as nasopharyngitis, and inflammatory bowel disease. In particular, the potential for new onset or exacerbation of inflammatory bowel disease is a known complication of IL-17 inhibition, is class labelling for all IL-17 inhibitors and therefore an exclusion criteria for our clinical trials of izokibep. In Part A of our ongoing Phase 2b/3 trial in HS, one participant had new onset Crohn's disease that was determined by the principal investigator to be possibly drug related. Upon review and following discontinuation of the participant from the trial, we noted such participant had pre-existing gastrointestinal symptoms and should have been excluded from the trial. A second participant with pre-existing diverticulitis had diverticular abscess and sepsis, both determined by the principal investigator to be unrelated to treatment. In the Week 46 data from our Phase 2 trial in PsA, eight SAEs were reported, one of which (vulvar cancer) was identified by the principal investigator to be potentially drug-related, and seven of which were deemed not to be drug-related. In addition, candida rates are expected to be observed in 1-3% of trial participants. We expect that additional adverse events and SAEs consistent with known side effects of IL-17A inhibitors may emerge in our ongoing and future clinical trials of izokibep.

If additional adverse events, SAEs or other side effects are observed in any of our clinical trials that are atypical of, or more severe than, the known side effects of the respective class of agents that each of our product candidates are a part of, we may have difficulty recruiting participants to our clinical trials, participants may drop out of our trials, or we may be required to abandon those trials or our development efforts of one or more product candidates altogether. For example, two participants withdrew from our Phase 2 trial in PsA due to injection site reactions and erythema and nine participants withdrew from Part A of our ongoing Phase 2b/3 trial in HS for various reasons including injection site reactions, physical relocation and lost to follow up, and SAEs relating to gastrointestinal symptoms. While we believe that certain side effects could be reversible following discontinuation of izokibep or lonigutamab with sufficient recovery periods, we will need to monitor the severity and duration of side effects in our clinical trials. If such effects are more severe, less reversible than we expect or not reversible at all, we may decide or be required to perform additional studies or to halt or delay further clinical development of izokibep, lonigutamab which could result in the delay or denial of regulatory approval by the FDA or other regulatory authorities.

In addition, we believe that one of the benefits of lonigutamab is its potential to improve on the safety and side-effect profile of the sole currently approved therapy in the U.S. for the treatment of TED. If lonigutamab is shown to have similar adverse events, side effects, or other safety or tolerability concerns, such as hearing impairment, then our opportunity to disrupt the current standard of care will be limited. Adverse events and SAEs that emerge during clinical investigation of or treatment with izokibep, lonigutamab, any of our other

product candidates or any future product candidates may be deemed to be related to our product candidates. This may require longer and more extensive clinical development, or regulatory authorities may increase the amount of data and information required to approve, market, or maintain izokibep, lonigutamab or any other current or future product candidates and could result in warnings and precautions in our product labeling or a restrictive risk evaluation and mitigation strategy (REMS). This may also result in an inability to obtain approval of izokibep, lonigutamab or any other current or future product candidates. We, the FDA, EMA or other applicable regulatory authorities, or an IRB, may suspend clinical trials of a product candidate at any time for various reasons, including a belief that participants in such trials are being exposed to unacceptable health risks or adverse side effects. Some potential product candidates developed in the biotechnology industry that initially showed promise in early-stage trials have later been found to cause side effects that prevented their further development. Even if the side effects do not preclude the product candidate from obtaining or maintaining marketing approval, undesirable side effects, like those mentioned above, 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, results of operations and prospects.

Interim, initial, "top-line" and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we publicly disclose preliminary or top-line data from our preclinical studies and clinical trials, which are based on preliminary analyses of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular preclinical study or clinical trial. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the top-line or preliminary results that we report may differ from future results of the same studies or trials, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Top-line data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, top-line data should be viewed with caution until the final data are available.

From time to time, we may also disclose interim data from our preclinical studies and clinical trials. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as participants enrollment continues and more participants data become available or as participants from our clinical trials continue other treatments for their disease. Adverse differences between interim data and final data could significantly harm our business prospects.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular product candidate and could adversely affect the success of our business. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically extensive information, and you or others may not agree with what we determine is material or otherwise appropriate information to include in our disclosure.

If the interim, top-line or preliminary data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize, our product candidates may be harmed, which could harm our business, financial condition, results of operations and prospects. Further, disclosure of interim, top-line or preliminary data by us or by our competitors could result in volatility in the price of our common stock after this offering.

Furthermore, if we fail to replicate the positive results from our preclinical studies or clinical trials in our future clinical trials, we may be unable to successfully develop, obtain regulatory approval for and commercialize our current or future product candidates.

We may expend our limited resources to pursue a particular product candidate in specific indications and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we focus our development efforts on certain selected product candidates in certain selected indications. For example, we are initially focused on our lead product candidates, izokibep for the treatment of HS, PsA, AxSpA and uveitis, and lonigutamab for the treatment of TED. As a result, we may forgo or delay pursuit of opportunities with other product candidates, or other indications for our existing product candidates 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 development programs and product candidates for specific indications may not yield any commercially viable product candidates. 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 to such product candidate.

We face competition from entities that have made substantial investments into the rapid development of novel treatments for immunological indications, including large and specialty pharmaceutical and biotechnology companies, many of which already have approved therapies in our current indications.

The development and commercialization of therapies is highly competitive. Our product candidates, if approved, will face significant competition, including from well-established, currently marketed therapies and our failure to demonstrate a meaningful improvement to the existing standard of care may prevent us from achieving significant market penetration. Many of our competitors have significantly greater resources and experience than we do and we may not be able to successfully compete. We face substantial competition from multiple sources, including large and specialty pharmaceutical and biotechnology companies, academic research institutions and governmental agencies and public and private research institutions. Our competitors compete with us on the level of the technologies employed, or on the level of development of their products as compared to our product candidates. In addition, many small biotechnology companies have formed collaborations with large, established companies to (i) obtain support for their research, development and commercialization of products or (ii) combine several treatment approaches to develop longer lasting or more efficacious treatments that may potentially directly compete with our current or any future product candidates. We anticipate that we will continue to face increasing competition as new therapies and combinations thereof, and related data emerge.

Our current product candidates, initially under development for treatment of various immunological indications, if approved, would face competition from existing approved immunological treatments, many of which have achieved commercial success. For example, we are currently developing izokibep for the treatment of HS, PsA, AxSpA and uveitis. Many emerging and established life sciences companies have been focused on similar therapeutics. If approved, izokibep would compete with currently approved therapeutics, including Cosentyx, Taltz, Humira, Remicade, Enbrel, Cimzia, Simponi, Stelara, Tremfya, Xeljanz, Otezla and Orencia for PsA; Humira for HS and uveitis; and Enbrel, Remicade, Humira, Cimzia, and Simponie for AxSpA. Izokibep would also compete with other drugs used to treat such patients, including generic drugs, such as biosimilar versions of Humira and Cosentyx, including Amjevita (marketed by Amgen Inc.), Abrilada (marketed by Pfizer Inc.), Avsola (marketed by Amgen Inc.), Cyltezo (marketed by Boehringer Ingelheim), Hadlima (marketed by Samsung Bioepis), Hulio (marketed by Boehringer Ingelheim), Hyrimoz (marketed by Sandoz), Ixifi (marketed by Pfizer Inc.), and Renflexis (marketed by Samsung Bioepis), among others we anticipate will receive approvals in the near term. There are also a number of product candidates in clinical development by third parties that are intended to treat HS, PsA, AxSpA and uveitis, including bimekizumab and sonelokimab.

We are also developing lonigutamab for the treatment of TED. The only approved product, Tepezza, has achieved wide-spread use in the treatment of TED. In addition to Tepezza, other therapies, such as

corticosteroids, have been used on an off-label basis to alleviate some of the symptoms of TED. Immunovant Inc., Viridian Therapeutics, Inc. and Sling Therapeutics, Inc. are also conducting clinical trials of product candidates for the treatment of TED.

To compete successfully, we need to disrupt these currently marketed drugs, meaning that we will have to demonstrate that the relative cost, method of administration, safety, tolerability and efficacy of our product candidates provides a better alternative to existing and new therapies. Our commercial opportunity and likelihood of success will be reduced or eliminated if our product candidates are not ultimately demonstrated to be safer, more effective, more conveniently administered, or less expensive than the current standard of care. Furthermore, even if our product candidates are able to achieve these attributes, acceptance of our products may be inhibited by the reluctance of physicians to switch from existing therapies to our products, or if physicians choose to reserve our products for use in limited circumstances.

Many of our competitors have significantly greater financial, technical, manufacturing, marketing, sales and supply resources or experience than we have. If we obtain regulatory approval for any product candidate, we will face competition based on many different factors, including the safety and effectiveness of our current or any future product candidates, the ease with which our current or any future product candidates can be administered and the extent to which participants accept relatively new routes of administration, the timing and scope of regulatory approvals for these product candidates, the availability and cost of manufacturing, marketing and sales capabilities, price, reimbursement coverage and patent position. Competing products could present superior treatment alternatives, including by being more effective, safer, less expensive or marketed and sold more effectively than any products we may develop. Competitive products may make any products we develop obsolete or noncompetitive before we recover the expense of developing and commercializing our current or any future product candidates. Such competitors could also recruit our employees, which could negatively impact our level of expertise and our ability to execute our business plan.

Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified management and other personnel and establishing clinical trial sites and participants registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

We are currently conducting, and may in the future conduct, clinical trials for current or future product candidates outside the U.S., and the FDA and comparable foreign regulatory authorities may not accept data from such trials.

We are currently conducting clinical trials outside the U.S., including in Europe and Australia, and we expect to continue to conduct trials internationally in the future. The acceptance of data from clinical trials conducted outside the U.S. or another jurisdiction by the FDA or comparable foreign regulatory authority may be subject to certain conditions or may not be accepted at all. In cases where data from foreign clinical trials are intended to serve as the basis for marketing approval in the U.S., the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the U.S. population and U.S. medical practice and (ii) the trials were performed by clinical investigators of recognized competence and pursuant to GCP regulations. Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical powering, must be met. Many foreign regulatory authorities have similar approval requirements. In addition, such foreign trials are subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA or any comparable foreign regulatory authority will accept data from trials conducted outside of the U.S. or the applicable jurisdiction. If the FDA or any comparable foreign regulatory authority does not accept such data, it would result in the need for additional trials, which could be costly and time-consuming, and which may result in current or future product candidates that we may develop being delayed or not receiving approval for commercialization in the applicable jurisdiction.

Even if we receive marketing approval for our current or future product candidates in the U.S., we may never receive regulatory approval to market outside of the U.S.

We plan to seek regulatory approval of our current or future product candidates outside of the U.S. and are currently conducting certain clinical trials internationally, including in Europe, the United Kingdom and Australia. In order to market any product outside of the U.S., however, we must establish and comply with the numerous and varying safety, efficacy and other regulatory requirements of other applicable countries. Approval procedures vary among countries and can involve additional product candidate testing and additional administrative review periods. The time required to obtain approvals in other countries might differ substantially from that required to obtain FDA approval. The marketing approval processes in other countries generally implicate all of the risks detailed above regarding FDA approval in the U.S. as well as other risks. In particular, in many countries outside of the U.S., products must receive pricing and reimbursement approval before the product can be commercialized. Obtaining this approval can result in substantial delays in bringing products to market in such countries. Marketing approval in one country does not ensure marketing approval in another, but a failure or delay in obtaining marketing approval in one country may have a negative effect on the regulatory process in others and would impair our ability to market our current or future product candidates in such foreign markets. Any such impairment would reduce the size of our potential market, which could adversely affect our business, financial condition, results of operations and prospects.

The successful commercialization of our product candidates, if approved, will depend in part on the extent to which governmental authorities and health insurers establish coverage, adequate reimbursement levels and favorable pricing policies. Failure to obtain or maintain coverage and adequate reimbursement for our product candidates could limit our ability to market those products and decrease our ability to generate revenue.

The availability of coverage and the adequacy of reimbursement by governmental healthcare programs such as Medicare and Medicaid, private health insurers and other third-party payors are essential for most patients to be able to afford prescription medications such as our product candidates, if approved. Our ability to achieve coverage and acceptable levels of reimbursement for our products by third-party payors will have an effect on our ability to successfully commercialize those products. Even if we obtain coverage for a given product by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. We cannot be sure that coverage and reimbursement in the United States, the European Union, Japan or elsewhere will be available for any product that we may develop, and any reimbursement that may become available may be decreased or eliminated in the future.

Third-party payors increasingly are challenging prices charged for biopharmaceutical products and services, and many third-party payors may refuse to provide coverage and reimbursement for particular drugs when equivalent generic drugs, biosimilars or less expensive therapies are available. It is possible that a third-party payor may consider our product candidates, if approved, as substitutable and only be willing to cover the cost of the alternative product. Even if we show improved efficacy, safety or improved convenience of administration with izokibep, lonigutamab or any of our product candidates, if approved, pricing of competitive products may limit the amount we will be able to charge for any of our product candidates, if approved. Third-party payors may deny or revoke the reimbursement status of a given product or establish prices for new or existing marketed products at levels that are too low to enable us to realize an appropriate return on our investment in our product candidates. In some cases, when new competitor generic and biosimilar products enter the market, there are mandatory price reductions for the innovator compound. In other cases, payors employ “therapeutic category” price referencing and seek to lower the reimbursement levels for all treatments in the respective therapeutic category. Additionally, new competitor brand drugs can trigger therapeutic category reviews in the interest of modifying coverage and/or reimbursement levels. The potential of third-party payors to introduce more challenging price negotiation methodologies could have a negative impact on our ability to successfully commercialize any of our product candidates, if approved.

There is significant uncertainty related to third-party payor coverage and reimbursement of newly approved products. In the United States, third-party payors, including private and governmental payors, such as the Medicare and Medicaid programs, play an important role in determining the extent to which new drugs will be covered. Some third-party payors may require pre-approval of coverage for new or innovative devices or therapies before they will reimburse healthcare providers who use such therapies. It is difficult to predict at this time what third-party payors will decide with respect to the coverage and reimbursement for our products, if approved.

Obtaining and maintaining reimbursement status is time consuming, costly and uncertain. The Medicare and Medicaid programs increasingly are used as models for how private payors and other governmental payors develop their coverage and reimbursement policies for drugs. However, no uniform policy for coverage and reimbursement for products exists among third-party payors in the United States. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. As a result, the coverage determination process is often a time consuming and costly process that will require us 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. Furthermore, rules and regulations regarding reimbursement change frequently, in some cases at short notice, and we believe that changes in these rules and regulations are likely.

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 and other countries has and will continue to put pressure on the pricing and usage of our products. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. Other countries allow companies to fix their own prices for medical 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, if approved. 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 abroad to cap or reduce healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for newly approved products and, as a result, they may not cover or provide adequate payment for our products. We expect to experience pricing pressures in connection with the sale of any of our product candidates due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare 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.

We may not be able to obtain or maintain orphan drug designations for certain of our product candidates, and we may be unable to maintain the benefits associated with orphan drug designation, including the potential for market exclusivity.

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

designation for the indications we are evaluating, including moderate-to-severe HS, non-infectious uveitis and TED, or that we will be able to maintain such designation if granted.

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

Even if we obtain orphan drug exclusivity for izokibep in moderate-to-severe HS or non-infectious uveitis or lonigutamab in TED, that exclusivity may not effectively protect the product from competition because different drugs can be approved for the same condition. Even after an orphan drug is approved, the FDA or comparable foreign regulatory authority can subsequently approve the same drug for the same condition if such regulatory authority concludes that the later drug is clinically superior, if it is shown to be safer, more effective or makes a major contribution to patient care. Orphan drug designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

Risks Related to Our Business and Operations

Our business depends entirely on the success of our product candidates and we cannot guarantee that any or all of our product candidates will successfully complete development, receive regulatory approval, or be successfully commercialized. If we are unable to develop, receive regulatory approval for, and ultimately successfully commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.

We currently have no products approved for commercial sale or for which regulatory approval to market has been sought. We have invested a significant portion of our efforts and financial resources in the development of our product candidates, each of which is still in clinical development, and expect that we will continue to invest heavily in these product candidates, as well as in any future product candidates we may develop. Our business and our ability to generate revenue, which we do not expect will occur for many years, if ever, are substantially dependent on our ability to develop, obtain regulatory approval for, and then successfully commercialize our product candidates, which may never occur.

Our product candidates will require substantial additional preclinical and clinical development time, regulatory approval, commercial manufacturing arrangements, establishment of a commercial organization, significant marketing efforts, and further investment before we can generate any revenue from product sales. We currently generate no revenue and we may never be able to develop or commercialize any products. We cannot assure you that we will meet our timelines for our current or future clinical trials, which may be delayed or not completed for a number of reasons, including the negative impact of COVID-19 or other pandemics. Our product candidates are susceptible to the risks of failure inherent at any stage of product development, including the appearance of unexpected adverse events or failure to achieve primary endpoints in clinical trials.

Even if our product candidates are successful in clinical trials, we are not permitted to market or promote any of our product candidates before we receive regulatory approval from the FDA or comparable foreign regulatory authorities, and we may never receive sufficient regulatory approval that will allow us to successfully commercialize any product candidates. If we do not receive FDA or comparable foreign regulatory approval with the necessary conditions to allow commercialization, we will not be able to generate revenue from those product candidates in the United States or elsewhere in the foreseeable future, or at all. Any significant delays in obtaining approval for and commercializing our product candidates could adversely affect our business, financial condition, results of operations and prospects.

We have not previously submitted a BLA for our product candidates or similar marketing application to the FDA or comparable foreign regulatory authorities, for any product candidate, and we cannot be certain that our current or any future product candidates will be successful in clinical trials or receive regulatory approval. The FDA may also consider its approvals of competing products, which may alter the treatment landscape concurrently with their review of our BLA submissions, and which may lead to changes in the FDA's review requirements that have been previously communicated to us and our interpretation thereof, including changes to requirements for clinical data or clinical trial design. Such changes could delay approval or necessitate withdrawal of our BLA submissions.

If approved for marketing by applicable regulatory authorities, our ability to generate revenue from our product candidates will depend on our ability to:

- price our products competitively such that third-party and government reimbursement permits broad product adoption;
- demonstrate the superiority of our products compared to the standard of care, as well as other therapies in development;
- create market demand for our product candidates through our own marketing and sales activities, and any other arrangements to promote these product candidates that we may otherwise establish;
- receive regulatory approval for the targeted patient populations and claims that are necessary or desirable for successful marketing;
- effectively commercialize any of our products that receive regulatory approval;
- manufacture product candidates through contract manufacturing organizations (CMOs) in sufficient quantities and at acceptable quality and manufacturing cost to meet commercial demand at launch and thereafter;
- establish and maintain agreements with wholesalers, distributors, pharmacies, and group purchasing organizations on commercially reasonable terms;
- obtain, maintain, protect and enforce patent and other intellectual property protection and regulatory exclusivity for our products;
- maintain compliance with applicable laws, regulations, and guidance specific to commercialization including interactions with health care professionals, patient advocacy groups, and communication of health care economic information to payors and formularies;
- achieve market acceptance of our products by patients, the medical community, and third-party payors;
- maintain a distribution and logistics network capable of product storage within our specifications and regulatory guidelines, and further capable of timely product delivery to commercial clinical sites; and
- assure that our product will be used as directed and that additional unexpected safety risks will not arise.

Our planned Phase 3 clinical trials of izokibep for moderate-to-severe HS as well as non-infectious uveitis, even if successfully completed, may not be sufficient for approval of izokibep for the applicable indication.

We are evaluating izokibep in both moderate-to-severe HS as well as non-infectious uveitis as orphan indications, potentially eligible for orphan drug designation by regulatory authorities. The designation of izokibep as an orphan drug does not guarantee that any regulatory authority will accept fewer trials, accelerate regulatory review of, or ultimately approve izokibep for moderate-to-severe HS or non-infectious uveitis. We intend to continue our clinical development in moderate-to-severe HS and non-infectious uveitis whether or not we receive orphan drug designation. FDA approval of a new biologic or drug generally requires dispositive data

from two well-controlled, Phase 3 clinical trials of the relevant biologic or drug in the relevant patient population. Although we have discussed our plans with the FDA, we do not have any formal agreement or guidance from the FDA that our regulatory development plans will be sufficient for submission of a BLA. The FDA may require that we conduct an additional comparative trial against an approved therapy, which would significantly delay our development timelines and require substantially more resources. In addition, the FDA may only allow us to evaluate a subset of participants that have failed or who are ineligible for approved therapies, which are extremely difficult participants to treat and participants with advanced and aggressive disease, and our product candidates may fail to improve outcomes for such participants. Generally speaking, Phase 3 clinical trials typically involve hundreds of patients, have significant costs and take years to complete. If we are required to conduct two Phase 3 clinical trials for each of moderate-to-severe HS as well as non-infectious uveitis, then our development timeline would be extended, and the related expenses would be significantly increased.

In addition, if the FDA grants approval for our product candidates then, as a condition for approval, the FDA may require us to perform post-marketing studies to verify and describe the predicted effect on irreversible morbidity or mortality or other clinical endpoint, and izokibep may be subject to withdrawal procedures by the FDA. If the FDA does not agree with our planned strategy, the FDA may ultimately require more Phase 3 clinical trials prior to approval in either indication. In addition, the standard of care may change with the approval of new products in the same indications that we are studying. This may result in the FDA or other regulatory agencies requesting additional studies to show that our product candidate is superior to the new products.

Our clinical trial results may also not support approval. In addition, our product candidates could fail to receive regulatory approval for many reasons, including the following:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials;
- we may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that our product candidates are safe and effective for any of their proposed indications;
- the results of clinical trials may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities for approval, including due to the heterogeneity of patient populations, or apparent improvement in trial participants receiving placebo;
- we may be unable to demonstrate that our product candidates' clinical and other benefits outweigh their safety risks;
- the FDA or comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our product candidates may not be sufficient to the satisfaction of the FDA or comparable foreign regulatory authorities to support the submission of a BLA or other comparable submission in foreign jurisdictions or to obtain regulatory approval in the U.S. or elsewhere;
- the FDA or comparable foreign regulatory authorities will review CMOs' manufacturing process and inspect our CMOs' commercial manufacturing facilities and may not approve our CMOs' manufacturing process or facilities; and
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

If our product candidates, if approved, do not achieve broad market acceptance, the revenue that we generate from their sales will be limited.

We have never commercialized a product candidate for any indication. Even if our product candidates are approved by the appropriate regulatory authorities for marketing and sale, they may not gain acceptance among

physicians, patients, third-party payors and others in the medical community. If any product candidate for which we obtain regulatory approval does not gain an adequate level of market acceptance, we may not generate sufficient product revenue or become profitable.

The degree of market acceptance of any of our product candidates will depend on a number of factors, some of which are beyond our control, including:

- the safety, efficacy, tolerability and ease of administration of our product candidates;
- the prevalence and severity of side effects and adverse events associated with our product candidates, and how the safety and tolerability profile of our product candidates compares to those of existing therapies, or those under development;
- the clinical indications for which the products are approved and the approved claims that we may make for the products;
- limitations or warnings contained in the product's FDA-approved labeling, including potential limitations or warnings for such products that may be more restrictive than other competitive products;
- distribution and use restrictions imposed by the FDA with respect to such product candidates or to which we agree as part of a mandatory REMS or voluntary risk management plan;
- changes in the standard of care for the targeted indications for such product candidates;
- the relative difficulty of administration of such product candidates;
- cost of treatment as compared to the clinical benefit in relation to alternative treatments or therapies;
- the availability of adequate coverage and reimbursement by third parties, such as insurance companies and other healthcare payors, and by government healthcare programs, including Medicare and Medicaid;
- the extent and strength of our marketing and distribution of such product candidates;
- the safety, efficacy and other potential advantages of, and availability of, alternative treatments already used or that may later be approved for any of our intended indications;
- the timing of market introduction of such product candidates, as well as competitive products;
- the reluctance of physicians to switch their patients' current standard of care;
- the reluctance of patients to switch from their existing therapy regardless of the safety and efficacy of newer products;
- our ability to offer such product candidates for sale at competitive prices;
- the extent and strength of our third-party manufacturer and supplier support;
- adverse publicity about our product or favorable publicity about competitive products; and
- potential product liability claims.

Our efforts to educate the medical community and third-party payors as to the benefits of our product candidates may require significant resources and may never be successful. Even if the medical community accepts that our product candidates are safe and effective for their approved indications, physicians and patients may not immediately be receptive to such product candidates and may be slow to adopt them as an accepted treatment of the approved indications. If our current or future product candidates are approved, but do not achieve an adequate level of acceptance among physicians, patients, and third-party payors, we may not generate meaningful revenue from our product candidates and may never become profitable.

We will need to grow our organization, and we may experience difficulties in managing our growth and expanding our operations, which could adversely affect our business.

As of March 15, 2023, we had 51 full-time employees. As our development and commercialization plans and strategies develop, and as we transition into operating as a public company, we expect to expand our employee base for managerial, operational, financial and other resources. In addition, we have limited experience in manufacturing and commercialization. As our product candidates enter and advance through preclinical studies and clinical trials, we will need to expand our development and regulatory capabilities and contract with other organizations to provide manufacturing and other capabilities for us. In the future, we expect to have to manage additional relationships with collaborators or partners, suppliers and other organizations. Our ability to manage our operations and future growth will require us to continue to improve our operational, financial and management controls, reporting systems and procedures. We may not be able to implement improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls. Our inability to successfully manage our growth and expand our operations could adversely affect our business, financial condition, results of operations and prospects.

We are dependent on the services of our management and other clinical and scientific personnel, and if we are not able to retain these individuals or recruit additional management or clinical and scientific personnel, our business will suffer.

Our success depends in part on our continued ability to attract, retain and motivate highly qualified management, clinical and scientific personnel. We are highly dependent upon our Founder and Chief Executive Officer, Shao-Lee Lin, M.D., Ph.D., and other members of our management team. The loss of services of any of these individuals could delay or prevent the successful development of our product pipeline, initiation or completion of our preclinical studies and clinical trials or the commercialization of our product candidates. Although we have executed employment agreements or offer letters with each member of our senior management team, these agreements are terminable at will with or without notice and, therefore, we may not be able to retain their services as expected. We do not currently maintain “key person” life insurance on the lives of our executives or any of our employees. This lack of insurance means that we may not have adequate compensation for the loss of the services of these individuals.

We will need to expand and effectively manage our managerial, operational, financial and other resources in order to successfully pursue our clinical development and commercialization efforts. We may not be successful in maintaining our unique company culture and continuing to attract or retain qualified management and scientific and clinical personnel in the future due to the intense competition for qualified personnel among biopharmaceutical, biotechnology and other businesses, particularly in the Los Angeles area and the greater San Francisco Bay Area. If we are not able to attract, integrate, retain and motivate necessary personnel to accomplish our business objectives, we may experience constraints that will significantly impede the achievement of our development objectives, our ability to raise additional capital and our ability to implement our business strategy.

Our employees, independent contractors, consultants, commercial partners and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk of employee fraud or other illegal activity by our employees, independent contractors, consultants, commercial partners, CROs, CMOs and vendors. Misconduct by these parties could include intentional, reckless and/or negligent conduct that fails to comply with FDA or other regulations, provide true, complete and accurate information to the FDA, EMA and other similar foreign regulatory bodies, comply with manufacturing standards we may establish, comply with healthcare fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorized activities to us. If we obtain FDA approval of any of our product candidates and begin commercializing those products in the United States, our

potential exposure under these laws will increase significantly, and our costs associated with compliance with these laws are likely to increase. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, 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. Additionally, we are subject to the risk that a person could allege such fraud or other misconduct, even if none occurred. It is not always possible to identify and deter employee misconduct, and 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 such 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 material and adverse effect on our business, financial condition, results of operations and prospects, including the imposition of significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, the curtailment or restructuring of our operations, loss of eligibility to obtain approvals from the FDA, exclusion from participation in government contracting, healthcare reimbursement or other government programs, including Medicare and Medicaid, integrity oversight and reporting obligations, or reputational harm.

Our future growth may depend, in part, on our ability to operate in foreign markets, where we would be subject to additional regulatory burdens and other risks and uncertainties.

Our future growth may depend, in part, on our ability to develop and commercialize our product candidates in foreign markets, including in the European Union (EU), United Kingdom (UK) and Japan, for which we may rely on collaboration with third parties. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the applicable regulatory authority in that foreign market and may never receive such regulatory approval for any of our product candidates. To obtain separate regulatory approval in many other countries, we must comply with numerous and varying regulatory requirements of such countries regarding safety and efficacy and governing, among other things, clinical trials and commercial sales, pricing and distribution of our product candidates, and we cannot predict success in these jurisdictions. If we 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. Our 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, financial condition, results of operations and prospects could be adversely affected. Moreover, even if we obtain approval of our product candidates and ultimately commercialize our product candidates in foreign markets, we would be subject to the risks and uncertainties, including the burden of complying with complex and changing foreign regulatory, tax, accounting and legal requirements and reduced protection of intellectual property rights in some foreign countries.

Our business entails a significant risk of product liability and our ability to obtain sufficient insurance coverage could adversely affect our business, financial condition, results of operations and prospects.

As we conduct clinical trials of our current or future product candidates, we are exposed to significant product liability risks inherent in the development, testing, manufacturing and marketing of new treatments. Product liability claims could delay or prevent completion of our development programs. If we succeed in marketing products, such claims could result in FDA, EMA or other investigation of the safety and effectiveness of our future 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 product candidates, termination of clinical

trial sites or entire trial programs, withdrawal of clinical trial participants, injury to our reputation and significant negative media attention, significant costs to defend the related litigation, a diversion of management's time and our resources from our business operations, substantial monetary awards to trial participants or patients, loss of revenue, the inability to commercialize and products that we may develop, and a decline in our stock price. We may need to obtain higher levels of product liability insurance for later stages of clinical development or marketing any of our product candidates. Any insurance we 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 adversely affect our business, financial condition, results of operations and prospects.

Our insurance policies are expensive and only protect us from some business risks, which will leave us exposed to significant uninsured liabilities.

We do not carry insurance for all categories of risk that our business may encounter. Some of the policies we currently maintain include workers' compensation, clinical trials, and directors' and officers' liability insurance. We do not know, however, if we will be able to maintain insurance with adequate levels of coverage. Any significant uninsured liability may require us to pay substantial amounts, which would adversely affect our business, financial condition, results of operations and prospects.

We recently acquired ValenzaBio, and we expect to engage in strategic transactions in the future, which could impact our liquidity, increase our expenses and present significant distractions to our management.

As a core part of our strategy, we intend to enter into strategic transactions, including acquisitions of companies, asset purchases and in-licensing of intellectual property with the potential to acquire and advance new assets or product candidates where we believe we are well qualified to optimize the development of promising therapies. For example, we recently completed the acquisition of ValenzaBio, Inc. through which we have acquired certain development and marketing rights, including to lonigutamab and SLRN-517. We determined that the Acquisition should be accounted for as an asset acquisition after considering whether substantially all of the fair value of the gross assets acquired was concentrated in a single asset or group of assets and whether we acquired a substantive process capable of significantly contributing to our ability to create outputs. Our ability to realize the anticipated benefits of the acquisition of ValenzaBio depends, to a large extent, on our ability to continue the development of lonigutamab and SLRN-517, in which we have limited experience. The expected synergies in development programs, pipelines and other areas of focus between our company and ValenzaBio may not be realized on a timely basis or at all, and there may be risks associated with the acquisition that we did not previously anticipate. For example, we may learn of unanticipated liabilities that we have now assumed.

Additional potential transactions that we may consider in the future include a variety of business arrangements, including strategic partnerships, in-licensing of product candidates, strategic collaborations, joint ventures, restructurings, divestitures, business combinations and investments. Any future transactions could increase our near and long-term expenditures, result in potentially dilutive issuances of our equity securities, including our common stock, or the incurrence of debt, contingent liabilities, amortization expenses or acquired in-process research and development expenses, any of which could affect our financial condition, liquidity and results of operations.

Future acquisitions may also require us to obtain additional financing, which may not be available on favorable terms or at all. These transactions may never be successful and may require significant time and attention of our management. In addition, the integration of any business that we may acquire in the future may disrupt our existing business and may be a complex, risky and costly endeavor for which we may never realize the full benefits of the acquisition. Accordingly, although there can be no assurance that we will undertake or successfully complete any additional transactions of the nature described above, any additional transactions that we do complete could adversely affect our business, financial condition, results of operations and prospects.

Our ability to use our net operating loss (NOL) carryforwards and certain other tax attributes to offset taxable income or taxes may be limited.

We have incurred substantial losses during our history and do not expect to become profitable in the near future, and we may never achieve profitability. As of December 31, 2022, we had federal NOL carryforwards of $29.0 million and state NOL carryforwards of $2.9 million. Under the Internal Revenue Code of 1986, as amended (the Code), our U.S. federal net operating losses will not expire and may be carried forward indefinitely but the deductibility of federal net operating losses is limited to no more than 80% of current year taxable income (with certain adjustments). In addition, under Sections 382 and 383 of the Code, if a corporation undergoes an "ownership change," generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain stockholders over a three-year period, the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be limited. We have not completed a Section 382 study to assess whether an ownership change has occurred or whether there have been multiple ownership changes since our formation due to the complexity and cost associated with such a study and the fact that there may be additional ownership changes in the future including in connection with this offering or as a result of subsequent changes in our stock ownership, some of which may be outside of our control. As a result, if we undergo an ownership change, and our ability to use our pre-change NOL carryforwards and other pre-change tax attributes (such as research tax credits) to offset our post-change income or taxes is limited, it would harm our future results of operations by effectively increasing our future tax obligations. Similar provisions of state tax law may also apply to limit our use of accumulated state tax attributes. In addition, at the state level, there may be periods during which the use of net operating losses is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. As a result, even if we attain profitability, we may be unable to use all or a material portion of our net operating losses and other tax attributes, which could adversely affect our future cash flows.

Recent and future changes to tax laws could materially adversely affect our company.

The tax regimes we are subject to or operate under, including with respect to income and non-income taxes, are unsettled and may be subject to significant change. Changes in tax laws, regulations, or rulings, or changes in interpretations of existing laws and regulations, could materially adversely affect our company. For example, the Tax Cuts and Jobs Act, the Coronavirus Aid, Relief, and Economic Security Act, and the Inflation Reduction Act (the IRA) enacted many significant changes to the U.S. tax laws. Future guidance from the Internal Revenue Service and other tax authorities with respect to such legislation may affect us, and certain aspects thereof could be repealed or modified in future legislation. For example, the IRA includes provisions that will impact the U.S. federal income taxation of certain corporations, including imposing a 15% minimum tax on the book income of certain large corporations and a 1% excise tax on certain corporate stock repurchases that would be imposed on the corporation repurchasing such stock. In addition, many countries in Europe, as well as a number of other countries and organizations (including the Organization for Economic Cooperation and Development and the European Commission), have proposed, recommended, or (in the case of countries) enacted or otherwise become subject to changes to existing tax laws or new tax laws that could significantly increase our tax obligations in the countries where we do business or require us to change the manner in which we operate our business.

If our internal information technology systems, or those used by our CROs, CMOs, clinical sites or other contractors or consultants upon which we rely, are or were compromised, become unavailable or suffer security breaches, loss or leakage of data or other disruptions, we could suffer material adverse consequences resulting from such compromise, including but not limited to, operational or service interruption, harm to our reputation, litigation, fines, penalties and liability, compromise of sensitive information related our business, and other adverse consequences.

In the ordinary course of our business, we, and the third parties upon which we rely, process sensitive data and as a result, we and the third parties upon which we rely face a variety of evolving threats which could cause security incidents.

Our internal information technology systems and those of our CROs, CMOs, clinical sites and other contractors and consultants upon which we rely are vulnerable to cyberattacks, computer viruses, bugs, worms, or other malicious codes, malware (including as a result of advanced persistent threat intrusions), and other attacks by computer hackers, cracking, application security attacks, social engineering (including through phishing attacks), supply chain attacks and vulnerabilities through our third-party service providers, denial-of-service attacks (such as credential stuffing), credential harvesting, personnel misconduct or error, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, floods, and other similar threats.

Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer "hackers," threat actors, "hacktivists," organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors. In particular, ransomware attacks, including those from organized criminal threat actors, nation-states and nation-state supported actors, are becoming increasingly prevalent and severe and can lead to significant interruptions, delays, or outages in our operations, loss of data (including sensitive customer information), loss of income, significant extra expenses to restore data or systems, reputational loss and the diversion of funds. To alleviate the negative impact of a ransomware attack, it may be preferable to make extortion payments, but we may be unwilling or unable to do so (including, for example, if applicable laws or regulations prohibit such payments).

Some actors also now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors, for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we, the third parties upon which we rely, and our customers may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services. In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position.

Additionally, remote work has become more common and has increased risks to our information technology systems and data, as more of our employees utilize network connections, computers and devices outside our premises or network, including working at home, while in transit and in public locations.

Furthermore, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Additionally, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program.

While we take steps to detect and remediate vulnerabilities, we may not be able to detect and remediate all vulnerabilities because the threats and techniques used to exploit such vulnerabilities change frequently and are often sophisticated in nature. Therefore, such vulnerabilities could be exploited but may not be detected until after a security incident has occurred. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities.

We rely on third-party service providers and technologies to operate critical business systems to process sensitive information in a variety of contexts, including, without limitation, cloud-based infrastructure, encryption and authentication technology, employee email, and other functions. We also rely on third-party service providers to assist with our clinical trials, provide other products or services, or otherwise to operate our business. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may

be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties and infrastructure in our supply chain or our third-party partners' supply chains have not been compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our information technology systems (including our services) or the third-party information technology systems that support us and our services.

Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive data or our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our services including clinical trials.

The costs related to significant security breaches or disruptions could be material and cause us to incur significant expenses. If the information technology systems of our CROs, CMOs, clinical sites and other contractors and consultants become subject to disruptions or security incidents, we may have insufficient recourse against such third parties and we may have to expend significant resources to mitigate the impact of such an event, and to develop and implement protections to prevent future events of this nature from occurring.

If any such incidents were to occur and cause interruptions in our operations, it could result in a disruption of our business and development programs. For example, the loss of clinical trial data from completed or ongoing clinical trials for a product candidate could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data, or may limit our ability to effectively execute a product recall, if required in the future. To the extent that any disruption or security incident were to result in the loss of or damage to our data or applications, or inappropriate disclosure of personal, confidential or proprietary information, we could incur liability and the further development of any product candidates could be delayed. Applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences. Any such event could also result in legal claims or proceedings, liability under laws that protect the privacy of personal information and significant regulatory penalties, and damage to our reputation and a loss of confidence in us and our ability to conduct clinical trials, which could delay the clinical development of our product candidates.

Our operations are concentrated in one location, and we or the third parties upon whom we depend may be adversely affected by a wildfire and earthquake or other natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Our current operations are predominantly located in California. Any unplanned event, such as flood, wildfire, explosion, earthquake, extreme weather condition, medical epidemic including the COVID-19 pandemic, power shortage, telecommunication failure or other natural or manmade accidents or incidents that result in us being unable to fully utilize our facilities may have a material and adverse effect on our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Any similar impacts of natural or manmade disasters on our third-party CMOs and CROs located globally, could cause delays in our clinical trials and may have a material and adverse effect on our ability to operate our business and have significant negative consequences on our financial and operating conditions. If a natural disaster, power outage or other event occurred that prevented us from using our clinical sites, impacted clinical supply or the conduct of our clinical trials, that damaged critical infrastructure, such as the manufacturing facilities of our third-party CMOs, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we and our CMOs and CROs have in place may prove inadequate in the event of a serious disaster or similar event. As part of our risk management policy, we maintain insurance

coverage at levels that we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, we cannot assure you that the amounts of insurance will be sufficient to satisfy any damages and losses. If our facilities, or the manufacturing facilities of our CMOs, are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our development programs may be harmed. Any business interruption could adversely affect our business, financial condition, results of operations and prospects.

Our projections regarding the market opportunities for our product candidates may not be accurate, and the actual market for our products may be smaller than we estimate.

The precise incidence and prevalence for all the conditions we aim to address with our product candidates are unknown. Our projections of both the number of people who have these diseases, as well as the subset of people with these diseases who have the potential to benefit from treatment with our product candidates, are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including sales of our competitors, scientific literature, surveys of clinics, patient foundations or market research, and may prove to be incorrect in general, or as to their applicability to our company. Further, new trials may change the estimated incidence or prevalence of these diseases. The total addressable market across all of our product candidates will ultimately depend upon, among other things, the diagnosis criteria included in the final label for each of our product candidates approved for sale for these indications, the ability of our product candidates to improve on the safety, convenience, cost and efficacy of competing therapies or therapies in development, acceptance by the medical community and patients, drug pricing and reimbursement. The number of patients in the United States and other major markets and elsewhere may turn out to be lower than expected, patients may not be otherwise amenable to treatment with our product candidates or new patients may become increasingly difficult to identify or gain access to, all of which would adversely affect our business, financial condition, results of operations and prospects. Further, even if we obtain significant market share for our product candidates, because some of our potential target populations are very small, we may never achieve profitability despite obtaining such significant market share.

Our business could be adversely affected by the effects of health pandemics or epidemics, including the ongoing COVID-19 pandemic, which could cause significant disruptions in our operations and those of our CMOs, CROs and other third parties upon whom we rely.

Health pandemics or epidemics, including the ongoing COVID-19 pandemic, have in the past and could again in the future result in quarantines, stay-at-home orders, remote work policies or other similar events that may disrupt businesses, delay our research and development programs and timelines, negatively impact productivity and increase risks associated with cybersecurity, the future magnitude of which will depend, in part, on the length and severity of the restrictions and other limitations. More specifically, these types of events may negatively impact personnel at third-party manufacturing facilities or the availability or cost of materials, which could disrupt our supply chain. Moreover, our trials may be negatively affected. Clinical site initiation and patient enrollment may be delayed due to prioritization of hospital resources. Some patients may not be able or willing to comply with trial protocols if quarantines impede patient movement or interrupt healthcare services. Our ability to recruit and retain patients, principal investigators and site staff (who as healthcare providers may have heightened exposure) may be hindered, which would adversely affect our trial operations. Disruptions or restrictions on our ability to travel to monitor data from our trials, or to conduct trials, or the ability of patients enrolled in our trials or staff at trial sites to travel, as well as temporary closures of our trial partners and CMOs' facilities, would negatively impact our trial activities. In addition, we rely on independent clinical investigators, CROs and other third-party service providers to assist us in managing, monitoring and otherwise carrying out our preclinical studies and clinical trials, including the collection of data from our trials, and the effects of health pandemics or epidemics, including the ongoing COVID-19 pandemic, may affect their ability to devote sufficient time and resources to our programs or to travel to sites to perform work for us. Similarly, our trials could be delayed and/or disrupted. As a result, the expected timeline for data readouts, including incompleteness in data collection and analysis and other related activities, and certain regulatory filings may be negatively impacted, which would adversely affect our ability to obtain regulatory

approval for and to commercialize our product candidates, increase our operating expenses and adversely affect our business, financial condition, results of operations and prospects. In addition, impact on the operations of the FDA or other regulatory authorities could negatively affect our planned trials and approval processes. Finally, economic conditions and business activity may be negatively impacted and may not recover as quickly as anticipated. To date, the COVID-19 pandemic has had a limited impact on our research and development activities related to izokibep, lonigutamab and our other product candidates, other than, in certain cases, prices and access to raw materials; however, the effects of the COVID-19 pandemic continue to evolve and as a result, the ultimate impact of the COVID-19 pandemic (or a similar health pandemic or epidemic) is highly uncertain and subject to change.

Our cash and cash equivalents may be exposed to failure of our banking institutions.

While we seek to minimize our exposure to third-party losses of our cash and cash equivalents, we hold our balances in a number of large financial institutions. Notwithstanding, those institutions are subject to risk of failure. For example, on March 10, 2023, Silicon Valley Bank (SVB) was unable to continue their operations and the Federal Deposit Insurance Corporation was appointed as receiver for SVB and created the National Bank of Santa Clara to hold the deposits of SVB after SVB was unable to continue their operations. As of March 24, 2023, none of our cash and cash equivalents are held with SVB. All of our cash and cash equivalents are held with other large financial institutions, and we do not expect further developments with SVB to have a material impact on our cash and cash equivalents balance, expected results of operations, or financial performance for the foreseeable future. However, if further failures in financial institutions occur where we hold deposits, we could experience additional risk. Any such loss or limitation on our cash and cash equivalents would adversely affect our business.

Public opinion and scrutiny of immunology treatments may impact public perception of our company and product candidates, or may adversely affect our ability to conduct our business and our business plans.

Public perception may be influenced by claims, such as claims that our product candidates are unsafe, unethical or immoral and, consequently, our approach may not gain the acceptance of the public or the medical community. Negative public reaction to immunology treatments in general could result in greater government regulation and stricter labeling requirements of products to treat immunological diseases, including any of our product candidates, if approved, and could cause a decrease in the demand for any product candidates we may develop. For example, approximately 10% of participants in Phase 2 and Phase 3 trials for teprotumumab reported developing hearing impairment symptoms and a further study conducted by Stanford University in 28 participants receiving teprotumumab suggested that the rate could be over 45%. If the public or medical professionals associate these side effects with all IGF-1R therapies, market acceptance of our product candidates, if approved, may be negatively impacted. Similarly, side effects generally associated with IL-17A inhibitors may negatively impact public perception of us or izokibep. Adverse public attitudes may also adversely impact our ability to enroll clinical trials. Moreover, our success will depend upon physicians specializing in the treatment of those diseases that our product candidates target prescribing, and their patients being willing to receive, treatments that involve the use of our product candidates in lieu of, or in addition to, existing treatments they are already familiar with and for which greater clinical data may be available. Adverse events in our clinical trials, even if not ultimately attributable to our product candidates, and the resulting publicity could result in withdrawal of clinical trial participants, increased governmental regulation, unfavorable public perception, potential regulatory delays in the testing or approval of our product candidates, stricter labeling requirements for those product candidates that are approved and a decrease in demand for any such product candidates. More restrictive government regulations or negative public opinion could have an adverse effect on our business, financial condition, results of operations and prospects, and may delay or impair the development and, if approved, commercialization of our product candidates or demand for any products we may develop.

We have identified material weaknesses in our internal control over financial reporting. If we fail to remediate these material weaknesses, or if we experience additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock.

As of December 31, 2021 and 2022, we had limited accounting personnel and other resources to address our internal control over financial reporting. In connection with the preparation of our financial statements for the years ended December 31, 2021 and 2022, material weaknesses were identified in the design and operating effectiveness of our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

These material weaknesses are related to the fact that we lacked a sufficient number of professionals to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives. The lack of sufficient number of finance and accounting professionals further contributed to the following additional material weaknesses. We did not design and maintain an effective risk assessment process at a precise enough level to identify new and evolving risks of material misstatement in the financial statements. Additionally, we did not design and maintain effective controls over the segregation of duties related to journal entries and account reconciliations. Specifically, certain personnel had the ability to both (i) create and post journal entries within the company's general ledger system and (ii) prepare and review account reconciliations without a review performed by someone without conflicting duties.

There were no adjustments that resulted from the above material weaknesses. However, these material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that would result in a material misstatement of our annual or interim financial statements that would not be prevented or detected.

To remediate the material weaknesses, we have begun to hire additional accounting personnel, as well as have engaged a third-party firm to assist in the design and implementation of controls. We are in the process of implementing formal risk assessment processes and procedures and designing sufficient controls to remediate these weaknesses. We intend to continue to take steps to remediate these material weaknesses through the hiring of additional experienced accounting and financial reporting personnel, formalizing documentation of policies and procedures and further evolving the accounting processes, including implementing appropriate segregation of duties. The material weaknesses will not be considered remediated until management completes the design and implementation of the measures described above and the controls operate for a sufficient period of time and management has concluded, through testing, that these controls are effective.

The measures we have taken to date, and are continuing to design and implement, may not be sufficient to remediate the material weaknesses we have identified or avoid potential future material weaknesses. If the steps we take do not correct these material weaknesses in a timely manner, we will be unable to conclude that we maintain effective internal control over financial reporting. Accordingly, there could continue to be a reasonable possibility that a material misstatement of our financial statements would not be prevented or detected on a timely basis.

We acquired ValenzaBio on January 4, 2023. As of December 31, 2022, the management of ValenzaBio identified similar material weaknesses in its internal control over financial reporting as our material weaknesses discussed above. Our remediation efforts include steps to address ValenzaBio's material weaknesses.

If we fail to remediate our existing material weaknesses or identify new material weaknesses in our internal control over financial reporting, if we are unable to comply with the disclosure and attestation requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, if we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to conclude

that our internal control over financial reporting is effective when we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected. As a result, we could also become subject to investigations by the Nasdaq Global Market, the SEC or other regulatory authorities, and become subject to litigation from investors and stockholders, which could harm our reputation and financial condition or divert financial and management resources from our regular business activities.

Risks Related to Intellectual Property

If we are unable to obtain and maintain sufficient intellectual property protection for our product candidates and any future product candidates we may develop, or if the scope of the intellectual property protection obtained is not sufficiently broad, our competitors or other third parties could develop and commercialize products similar or identical to ours, and our ability to successfully develop and commercialize our product candidates may be adversely affected.

We rely upon a combination of patents, know-how and confidentiality agreements to protect the intellectual property related to our product candidates and technologies and to prevent third parties from copying and surpassing our achievements, thus eroding our competitive position in our market.

Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries for our product candidates and their uses, as well as our ability to operate without infringing, misappropriating or otherwise violating the proprietary rights of others. We seek to protect our proprietary position by filing patent applications in the United States and abroad related to our novel discoveries and technologies that are important to our business. Although we in-license issued patents, we do not own any issued patents and our pending and future patent applications may not result in patents being issued. We cannot assure you that issued patents will afford sufficient protection of our product candidates or their intended uses against competitors, nor can there be any assurance that the patents issued will not be infringed, designed around, invalidated by third parties, or effectively prevent others from commercializing competitive technologies, products or product candidates.

Obtaining and enforcing patents is expensive and time-consuming, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patent applications or maintain and/or enforce patents that may issue based on our patent applications, at a reasonable cost or in a timely manner, including delays as a result of the COVID-19 pandemic impacting our or our licensors' operations. We may not be able to obtain or maintain patent applications and patents due to the subject matter claimed in such patent applications and patents being in disclosures in the public domain. It is also possible that we will fail to identify patentable aspects of our research and development results before it is too late to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, CROs, CMOs, consultants, advisors and other third parties, any of these parties may breach these agreements and disclose such results before a patent application is filed, thereby jeopardizing our ability to seek patent protection. Consequently, we may not be able to prevent any third parties from using any of our technology that is in the public domain to compete with our technologies or product candidates.

Composition of matter patents for biological and pharmaceutical product candidates often provide a strong form of intellectual property protection for those types of products, as such patents provide protection without regard to any method of use. However, we cannot be certain that the claims in our or our collaborators' or licensors' pending patent applications directed to composition of matter of our product candidates will be considered patentable by the United States Patent and Trademark Office (USPTO) or by patent offices in foreign countries, or that the claims in any of our or our licensors' issued patents will be considered valid and enforceable by courts in the United States or foreign countries. Method of use patents protect the use of a product for the specified method. This type of patent does not prevent a competitor from making and marketing a product that is identical to our product candidates for an indication that is outside the scope of the patented method. Moreover, even if competitors

do not actively promote their product for our targeted indications, clinicians may prescribe these products "off-label." Although off-label prescriptions may infringe or contribute to the infringement of method of use patents, the practice is common and such infringement is difficult to prevent or prosecute.

The patent position of biopharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation, resulting in court decisions, including Supreme Court decisions, which have increased uncertainties as to the ability to enforce patent rights in the future. As a result, the issuance, scope, validity, enforceability and commercial value of any patent rights are highly uncertain. Our pending and future owned and in-licensed patent applications may not result in patents being issued which protect our technologies or product candidates, effectively prevent others from commercializing our technologies or product candidates or otherwise provide any competitive advantage. In fact, patent applications may not issue as patents at all. The coverage claimed in a patent application can also be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. In addition, the laws of foreign countries may not protect our rights to the same extent as the laws of the United States, or vice versa.

The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that we will be successful in protecting our product candidates by obtaining and defending patents. For example, we may not be aware of all third-party intellectual property rights potentially relating to our product candidates or their intended uses, and as a result the impact of such third-party intellectual property rights upon the patentability of our own or our licensors' patents and patent applications, as well as the impact of such third-party intellectual property upon our freedom to operate, is highly uncertain. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing or, in some cases, not at all. Therefore, we cannot know with certainty whether we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions. If a third party can establish that we or our licensors were not the first to make or the first to file for patent protection of such inventions, our owned or licensed patent applications may not issue as patents and even if issued, may be challenged and invalidated or rendered unenforceable. As a result, the issuance, inventorship, scope, validity, enforceability and commercial value of our or our licensors' patent rights are highly uncertain.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability and our or our licensors' pending patent applications may be challenged in patent offices in the United States and abroad. Even issued patents may later be found invalid or unenforceable or may be modified or revoked in proceedings instituted by third parties before various patent offices or in courts. For example, our or our licensors' pending patent applications may be subject to third-party pre-issuance submissions of prior art to the USPTO or our issued patents may be subject to post-grant review (PGR) proceedings, oppositions, derivations, reexaminations, interferences, inter partes review (IPR) proceedings or other similar proceedings, in the United States or elsewhere, challenging our or our licensors' patent rights or the patent rights of others. Such submissions may also be made prior to a patent's issuance, precluding the granting of a patent based on one or more of our owned or licensed pending patent applications. An adverse determination in any such challenges may result in loss of exclusivity or in patent claims being narrowed, invalidated, or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and product candidates, or limit the duration of the patent protection of our technology and product candidates. Such challenges also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us. Any of the foregoing could adversely affect our business, financial condition, results of operations and prospects.

A third party may also claim that our owned or licensed patent rights are invalid or unenforceable in a litigation. The outcome following legal assertions of invalidity and unenforceability is unpredictable. An adverse result in any legal proceeding could put one or more of our owned or in-licensed patents at risk of being invalidated or interpreted narrowly and could allow third parties to commercialize our products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize our technology, products or product candidates without infringing third-party patent rights.

In addition, 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. The degree of future protection for our proprietary rights is uncertain. Only limited protection may be available and may not adequately protect our rights or permit us to gain or keep any competitive advantage. Any failure to obtain or maintain patent protection with respect to our product candidates or their uses could adversely affect our business, financial condition, results of operations and prospects.

We have in-licensed issued patents, but we do not currently own any issued patents relating to our technology, products and product candidates.

Although we exclusively in-license issued patents from Affibody AB (Affibody) and Pierre Fabre Medicament SAS (Pierre Fabre) related to izokibep and lonigutamab, respectively, we do not own or license any other issued patents. Additionally, we exclusively in-license one pending non-provisional patent application and two pending Patent Cooperation Treaty (PCT) applications for SLRN-517, but do not own or exclusively in-license any issued patents relating to such product candidate and there can be no assurance that we will obtain any issued patents directed to SLRN-517. We cannot be certain that the claims in our U.S. pending patent applications, corresponding international patent applications and patent applications in certain foreign jurisdictions, or those of our licensors, will be considered patentable by the USPTO, courts in the United States or by the patent offices and courts in foreign countries, nor can we be certain that any issued claims will not be found invalid or unenforceable if challenged. Additionally, our provisional applications may never result in issued patents. Accordingly, there can be no assurance that we or our licensors will obtain any additional issued patents or that any issued patents we or our licensors obtain will provide us with any competitive advantage. Any failure to obtain adequate patent protection for our product candidates and technology could adversely affect our business, financial condition, results of operations and prospects.

Our rights to develop and commercialize our product candidates are subject, in large part, to the terms and conditions of licenses granted to us by others, such as Affibody and Pierre Fabre. If we fail to comply with our obligations in the agreements under which we in-license or acquire development or commercialization rights to product candidates, or data from third parties, we could lose such rights that are important to our business.

We are heavily reliant upon licenses to certain patent rights and other intellectual property that are important or necessary to the development of izokibep and lonigutamab or our other current or future product candidates. For example, we depend on licenses from Affibody and Pierre Fabre for certain intellectual property relating to the development and commercialization of izokibep and lonigutamab, respectively. However, we have no development, commercialization, and manufacturing rights for izokibep in Mainland China, Hong Kong, Macau, South Korea and Taiwan as well as development rights in certain other Asia-Pacific countries, all of which rights have been granted by Affibody to Inmagene Biopharmaceuticals (Inmagene), under a pre-existing license agreement (the Inmagene Agreement).

Affibody and Pierre Fabre may have relied upon, and any future licensors may rely upon, third-party companies, consultants or collaborators, or on funds from third parties such that our licensors are not the sole and exclusive owners of the patents we in-licensed. If our licensors, including Affibody and Pierre Fabre, fail to prosecute, maintain, enforce, and defend such patents, or lose rights to those patents, the rights we have licensed may be reduced or eliminated, and our right to develop and commercialize izokibep, lonigutamab or our other current or future product candidates that are or may be the subject of such licensed rights could be adversely affected. Further development and commercialization of izokibep, lonigutamab, and development of any future product candidates may, require us to enter into additional license or collaboration agreements. For example, our licensors or other third parties may develop intellectual property covering izokibep and lonigutamab which we have not licensed. Our future licenses may not provide us with exclusive rights to use the licensed patent rights and other intellectual property licensed thereunder, or may not provide us with exclusive rights to use such patent rights and intellectual property in all relevant fields of use and in all territories in which we wish to develop or commercialize izokibep, lonigutamab or our other product candidates in the future.

In spite of our efforts, Affibody, Pierre Fabre or any future licensors might conclude that we are in material breach of obligations under our license agreements and may therefore have the right to terminate the license agreements, thereby removing our ability to develop and commercialize product candidates and technology covered by such license agreements. If such in-licenses are terminated, or if the underlying patents fail to provide the intended exclusivity, our competitors would have the freedom to seek regulatory approval of, and to market, products identical to our product candidates and the licensors to such in-licenses could prevent us from developing or commercializing product candidates that rely upon the patents or other intellectual property rights which were the subject matter of such terminated agreements. In addition, we may seek to obtain additional licenses from our licensors and, in connection with obtaining such licenses, we may agree to amend our existing licenses in a manner that may be more favorable to the licensors, including by agreeing to terms that could enable third parties (potentially including our competitors) to receive licenses to a portion of the intellectual property that is subject to our existing licenses and compete with our existing product candidates. Any of these events could adversely affect our business, financial condition, results of operations, and prospects.

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;
- our financial or other obligations under the license agreement;
- the extent to which our processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the license agreement and what activities satisfy those obligations;
- the inventorship or ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and
- the priority of invention of patented technology.

In addition, our license agreements are, and future license agreements are likely to be, complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could adversely affect our business, financial condition, results of operations, and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates, which could adversely affect our business, financial condition, results of operations, and prospects.

We may not be successful in obtaining or maintaining necessary rights to our product candidates through acquisitions and in-licenses.

Because our development programs may in the future require the use of proprietary rights held by third parties, the growth of our business may depend in part on our ability to acquire, in-license, or use these third-party proprietary rights. We may be unable to acquire or in-license any compositions, methods of use, processes or other third-party intellectual property rights from third parties that we identify as necessary for our product candidates on commercially reasonable terms or at all. Even if we are able to in-license any such necessary intellectual property, it could be on nonexclusive terms, thereby giving our competitors and other third parties access to the same intellectual property licensed to us, and it could require us to make substantial licensing and royalty payments. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a

competitive advantage over us due to their size, capital resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have obtained, we may have to abandon development of the relevant program or product candidate, which could adversely affect our business, financial condition, results of operations, and prospects.

While we normally seek to obtain the right to control prosecution, maintenance and enforcement of the patents relating to our product candidates, there may be times when the filing and prosecution activities for patents and patent applications relating to our product candidates are controlled by our future licensors or collaboration partners. If any of our future licensors or collaboration partners fail to prosecute, maintain and enforce such patents and patent applications in a manner consistent with the best interests of our business, including by payment of all applicable fees for patents covering our product candidates, we could lose our rights to the intellectual property or our exclusivity with respect to those rights, our ability to develop and commercialize those product candidates may be adversely affected and we may not be able to prevent competitors from making, using and selling competing products. In addition, even where we have the right to control patent prosecution of patents and patent applications we have licensed to and from third parties, we may still be adversely affected or prejudiced by actions or inactions of our licensees, our future licensors and their counsel that took place prior to the date upon which we assumed control over patent prosecution.

We may enter into license agreements in the future with others 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 that event, we may be required to expend significant time and resources to redesign our product candidates, or the methods for manufacturing them, all of which may not be feasible on a technical or commercial basis. If we are unable to do so, we may be unable to develop or commercialize the affected product candidates, which could harm our business, financial condition, results of operations, and prospects significantly. We cannot provide any assurances that third-party patents do not exist which might be enforced against our current manufacturing methods, product candidates, or future methods or product candidates resulting in either an injunction prohibiting our manufacture or future sales, or, with respect to our future sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties, which could be significant.

We may form or seek collaborations or strategic alliances or enter into additional licensing arrangements in the future, and we may not realize the benefits of such alliances or licensing arrangements.

Any future collaborations that we enter into may not be successful. The success of our collaboration arrangements will depend heavily on the efforts and activities of our collaborators. Collaborations are subject to numerous risks, which may include that:

- collaborators have significant discretion in determining the efforts and resources that they will apply to collaborations;
- collaborators may not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on trial or test results, changes in their strategic focus due to the acquisition of competitive products, availability of funding or other external factors, such as a business combination that diverts resources or creates competing priorities, or the ongoing COVID-19 pandemic;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our product candidates;
- a collaborator with marketing, manufacturing and distribution rights to one or more products may not commit sufficient resources to or otherwise not perform satisfactorily in carrying out these activities;

- we could grant exclusive rights to our collaborators that would prevent us from collaborating with others;
- collaborators may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;
- disputes may arise between us and a collaborator that causes the delay or termination of the research, development or commercialization of our future product candidates or that results in costly litigation or arbitration that diverts management attention and resources;
- collaborations may be terminated, and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable future product candidates;
- collaborators may own or co-own intellectual property covering our product candidates that results from our collaborating with them, and in such cases, we would not have the exclusive right to develop or commercialize such intellectual property; and
- a collaborator's sales and marketing activities or other operations may not be in compliance with applicable laws resulting in civil or criminal proceedings.

We cannot ensure that patent rights relating to inventions described and claimed in our or our licensors' pending patent applications will issue or that patents based on our or our licensors' patent applications will not be challenged and rendered invalid and/or unenforceable.

The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that we, our licensors, or any of our potential future collaborators will be successful in protecting our product candidates by obtaining and defending patents. We have several pending U.S. and foreign patent applications in our portfolio. We cannot predict:

- if and when patents may issue based on our patent applications;
- the scope of protection of any patent issuing based on our patent applications;
- whether the claims of any patent issuing based on our patent applications will provide protection against competitors;
- whether or not third parties will find ways to invalidate or circumvent our patent rights;
- whether or not others will obtain patents claiming aspects similar to those covered by our patents and patent applications;
- whether we will need to initiate litigation or administrative proceedings to enforce and/or defend our patent rights which will be costly whether we win or lose;
- whether the patent applications that we own will result in issued patents with claims that cover our product candidates or uses thereof in the United States or in other foreign countries; and
- whether, if the COVID-19 pandemic continues to spread around the globe, we may experience patent office interruption or delays to our ability to timely secure patent coverage to our product candidates.

We cannot be certain that the claims in our or our licensors' pending patent applications directed to our product candidates and/or technologies will be considered patentable by the USPTO or by patent offices in foreign countries. There can be no assurance that any such patent applications will issue as granted patents. One aspect of the determination of patentability of our and our licensors' inventions depends on the scope and content of the "prior art," information that was or is deemed available to a person of skill in the relevant art prior to the priority date of the claimed invention. There may be prior art of which we are not aware that may affect the

patentability of our or our licensors' patent claims or, if issued, affect the validity or enforceability of a patent claim. Even if the patents do issue based on our or our licensors' patent applications, third parties may challenge the validity, enforceability or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable. Furthermore, even if they are unchallenged, patents in our and our licensors' portfolio may not adequately exclude third parties from practicing relevant technology or prevent others from designing around our claims. If the breadth or strength of our intellectual property position with respect to our product candidates is threatened, it could dissuade companies from collaborating with us to develop and threaten our ability to commercialize our product candidates. In the event of litigation or administrative proceedings, we cannot be certain that the claims in any of our issued patents will be considered valid by courts in the United States or foreign countries.

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

Patents are of national or regional effect. Filing, prosecuting and defending patents on all of our research programs and product candidates in all countries throughout the world would be prohibitively expensive, and our and our licensors' intellectual property rights in some countries outside the United States can be less extensive than those 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, even in jurisdictions where we do pursue patent protection. Consequently, we may not be able to prevent third parties from practicing our or our licensors' inventions in all countries outside the United States, even in jurisdictions where we or our licensors do pursue patent protection, or from selling or importing products made using our or our licensors' inventions in and into the United States or other jurisdictions. Competitors may use our or our licensors' 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 have patent protection, but enforcement is not as strong as that in the United States. These competitor products may compete with our product candidates, and our and our licensors' patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Various companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of many countries do not favor the enforcement of patents and other intellectual property protection, particularly those relating to pharmaceuticals, which could make it difficult for us to stop the infringement of our and our licensors' patents or marketing of competing products in violation of our proprietary rights.

Various countries outside the United States have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. As a result, a patent owner may have limited remedies in certain circumstances, which could materially diminish the value of such patent. If we or our licensors are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations and prospects may be adversely affected. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Further, the standards applied by the USPTO and foreign patent offices in granting patents are not always applied uniformly or predictably. As such, we do not know the degree of future protection that we will have on our technologies and product candidates. While we will endeavor to try to protect our technologies and product candidates with intellectual property rights such as patents, as appropriate, the process of obtaining patents is time consuming, expensive and unpredictable.

Intellectual property rights do not necessarily address all potential threats to our competitive advantage.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make product candidates that are similar to ours but that are not covered by the pending patent applications that we own or the patents or patent applications that we license;
- we or our licensors or future collaborators might not have been the first to make the inventions covered by the pending patent application that we own or have exclusively licensed;
- we or our licensors or future collaborators might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing or otherwise violating our owned or licensed intellectual property rights;
- it is possible that noncompliance with the USPTO and foreign governmental patent agencies requirement for a number of procedural, documentary, fee payment and other provisions during the patent process can result in abandonment or lapse of a patent or patent application, and partial or complete loss of patent rights in the relevant jurisdiction;
- it is possible that our pending owned or licensed patent applications or those that we may own or license in the future will not lead to issued patents;
- issued patents, if any arise in the future, that we either own or have exclusively licensed may be revoked, modified, or held invalid or unenforceable, as a result of legal challenges by our competitors;
- others may have access to the same intellectual property rights licensed to us in the future on a non-exclusive basis;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable;
- we cannot predict the scope of protection of any patent issuing based on our and our licensors' patent applications, including whether the patent applications that we own, presently in-license, or, in the future, in-license will result in issued patents with claims that directed to our product candidates or uses thereof in the United States or in other foreign countries;
- there may be significant pressure on the U.S. government and international governmental bodies to limit the scope of patent protection both inside and outside the United States for disease treatments that prove successful, as a matter of public policy regarding worldwide health concerns;
- countries other than the United States may have patent laws less favorable to patentees than those upheld by U.S. courts, allowing foreign competitors a better opportunity to create, develop and market competing product candidates;
- the claims of any patent issuing based on our patent applications may not provide protection against competitors or any competitive advantages, or may be challenged by third parties;
- if enforced, a court may not hold that our patents, if they issue in the future, are valid, enforceable and infringed;
- we may need to initiate litigation or administrative proceedings to enforce and/or defend our patent rights which will be costly whether we win or lose;

- we may choose not to file a patent application in order to maintain certain trade secrets or know-how, and a third party may subsequently file a patent application covering such intellectual property;
- we may fail to adequately protect and police our trademarks and trade secrets; and
- the patents of others may have an adverse effect on our business, including if others obtain patents claiming subject matter similar to or improving that covered by our patent applications.

Should any of these or similar events occur, they could significantly harm our business, financial condition, results of operations and prospects.

We may not identify relevant third-party patents or may incorrectly interpret the relevance, scope or expiration of a third-party patent, which might adversely affect our ability to develop and market our product candidates.

As the biopharmaceutical industry expands and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of the patent rights of third parties. There can be no assurance that our operations do not, or will not in the future, infringe, misappropriate or otherwise violate existing or future third-party patents or other intellectual property rights. Identification of third-party patent rights that may be relevant to our operations is difficult because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. We cannot guarantee that any of our patent searches or analyses, including the identification of relevant patents, the scope of patent claims or the expiration of relevant patents, are complete or thorough, nor can we be certain that we have identified each and every third-party patent and pending application in the United States and abroad that is relevant to or necessary for the commercialization of our product candidates in any jurisdiction.

Numerous U.S. and foreign patents and pending patent applications exist in our market that are owned by third parties. Our competitors in both the United States and abroad, many of which have substantially greater resources and have made substantial investments in patent portfolios and competing technologies, may have applied for or obtained or may in the future apply for and obtain, patents that will prevent, limit or otherwise interfere with our ability to make, use and sell our product candidates. We do not always conduct independent reviews of pending patent applications of and patents issued to third parties. Patent applications in the United States and elsewhere are typically published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Certain U.S. applications that will not be filed outside the U.S. can remain confidential until patents issue. In addition, patent applications in the United States and elsewhere can be pending for many years before issuance, or unintentionally abandoned patents or applications can be revived. Furthermore, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our technologies, product candidates or the use of our product candidates. As such, there may be applications of others now pending or recently revived patents of which we are unaware. These patent applications may later result in issued patents, or the revival of previously abandoned patents, that may be infringed by the manufacture, use or sale of our technologies or product candidates or will prevent, limit or otherwise interfere with our ability to make, use or sell our technologies and product candidates.

The scope of a patent claim is determined by an interpretation of the law, the written disclosure in a patent and the patent's prosecution history. Our interpretation of the relevance or the scope of a patent or a pending application may be incorrect. For example, we may incorrectly determine that our product candidates are not covered by a third-party patent or may incorrectly predict whether a third-party's pending application will issue with claims of relevant scope. Our determination of the expiration date of any patent in the United States or abroad that we consider relevant may be incorrect. Our failure to identify and correctly interpret relevant patents may negatively impact our ability to develop and market our product candidates.

We cannot provide any assurances that third-party patents and other intellectual property rights do not exist which might be enforced against our current technology, including our research programs, product candidates,

their respective methods of use, manufacture and formulations thereof, and could result in either an injunction prohibiting our manufacture or future sales, or, with respect to our future sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties, which could be significant.

We may be involved in lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time-consuming and unsuccessful.

Competitors or other third parties may infringe our patents, trademarks or other intellectual property. To counter infringement or unauthorized use, we or one of our licensing partners may be required to file infringement claims, which can be expensive and time consuming and divert the time and attention of our management and scientific personnel. Our or our licensors' pending patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents, in addition to counterclaims asserting that our patents or our licensors' patents are invalid or unenforceable, or both. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, non-enablement, insufficient written description or failure to claim patent-eligible subject matter. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO or made a misleading statement during prosecution. The outcome following legal assertions of invalidity and unenforceability is unpredictable. In any patent infringement proceeding, there is a risk that a court will decide that a patent of ours or our licensors is invalid or unenforceable, in whole or in part, and that we do not have the right to stop the other party from using the invention at issue. There is also a risk that, even if the validity of such patents is upheld, the court will construe the patent's claims narrowly or decide that we do not have the right to stop the other party from using the invention at issue on the grounds that our or our licensors' patent claims do not cover the invention, or decide that the other party's use of our or our licensors' patented technology falls under the safe harbor to patent infringement under 35 U.S.C. §271(e)(1). An adverse outcome in a litigation or proceeding involving our or our licensors' patents could limit our ability to assert our or our licensors' patents against those parties or other competitors and may curtail or preclude our ability to exclude third parties from making and selling similar or competitive products. Any of these occurrences could adversely affect our competitive position, and our business, financial condition, results of operations and prospects. Similarly, if we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable, or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In this case, we could ultimately be forced to cease use of such trademarks.

Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may or may not be an adequate remedy. 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 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 adversely affect the price of shares of our common stock. Moreover, we cannot assure you that we will have sufficient financial or other resources to file and pursue such infringement claims, which typically last for years before they are concluded. Even if we ultimately prevail in such claims, the monetary cost of such litigation and the diversion of the attention of our management and scientific personnel could outweigh any benefit we receive as a result of the proceedings.

Intellectual property rights of third parties could adversely affect our ability to commercialize izokibep, lonigutamab, any of our other product candidates or any future product candidates, and we, our licensors or collaborators, or any future strategic partners may become subject to third party claims or litigation alleging infringement of patents or other proprietary rights or seeking to invalidate patents or other proprietary rights. We might be required to litigate or obtain licenses from third parties in order to develop or market izokibep, lonigutamab, any of our other product candidates or any future product candidates. Such litigation or licenses could be costly or not available on commercially reasonable terms.

Our commercial success depends, in part, on our ability to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing, misappropriating or otherwise violating the intellectual property and other proprietary rights of third parties. Third parties may allege that we have infringed, misappropriated or otherwise violated their intellectual property. Litigation or other legal proceedings relating to intellectual property claims, with or without merit, is unpredictable and generally expensive and time consuming and, even if resolved in our favor, is likely to divert significant resources from our core business, including distracting our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could adversely affect our ability to compete in the marketplace.

There is a substantial amount of intellectual property litigation in the biotechnology and pharmaceutical industries, and we may become party to, or threatened with, litigation or other adversarial proceedings regarding intellectual property rights with respect to our product candidates. We cannot be certain that our product candidates will not infringe existing or future patents owned by third parties. Third parties may assert infringement claims against us based on existing or future intellectual property rights, regardless of their merit. We may decide in the future to seek a license to such third-party patents or other intellectual property rights, but we might not be able to do so on reasonable terms. Proving patent invalidity may be difficult. For example, in the United States, proving invalidity in court requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents. As this burden is a high one, there is no assurance that a court of competent jurisdiction would invalidate the claims of any such United States patent or find that our technologies or product candidates do not infringe any such claims. If we are found to infringe, misappropriate or otherwise violate a third party's intellectual property rights, we could be forced, including by court order, to cease developing, manufacturing or commercializing the infringing technology or product candidate. Further, we may be required to redesign the technology or product candidate in a non-infringing manner, which may not be commercially feasible. Alternatively, we may be required to obtain a license from such third party in order to use the infringing technology and continue developing, manufacturing or marketing the infringing product candidate. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. 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 technologies or product candidates or force us to cease some of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business.

We may not be aware of patents that have already been issued and that a third party, for example, a competitor in the fields in which we are developing our product candidates, might assert are infringed by our

current or future product candidates, including claims to compositions, formulations, methods of manufacture or methods of use or treatment that cover our product candidates. It is also possible that patents owned by third parties of which we are aware, but which we do not believe are relevant to our product candidates, could be found to be infringed by our product candidates. In addition, because patent applications can take many years to issue, there may be currently pending patent applications that may later result in issued patents that our product candidates may infringe. Our competitors in both the United States and abroad, many of which have substantially greater resources and have made substantial investments in patent portfolios and competing technologies, may have applied for or obtained or may in the future apply for and obtain, patents that will prevent, limit or otherwise interfere with our ability to make, use and sell our product candidates. The pharmaceutical and biotechnology industries have produced a considerable number of patents, and it may not always be clear to industry participants, including us, which patents cover various types of products or methods of use. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If we were sued for patent infringement, we would need to demonstrate that our product candidates or methods of use either do not infringe the patent claims of the relevant patent or that the patent claims are invalid or unenforceable, and we may not be able to do this. Proving invalidity may be difficult. For example, in the United States, proving invalidity in court requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents, and there is no assurance that a court of competent jurisdiction would invalidate the claims of any such U.S. patent. Even if we are successful in these proceedings, we may incur substantial costs and the time and attention of our management and scientific personnel could be diverted in pursuing these proceedings, which could adversely affect our business and operations. 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 litigation. In addition, we may not have sufficient resources to bring these actions to a successful conclusion.

We may choose to challenge the enforceability or validity of claims in a third party's U.S. patent by requesting that the USPTO review the patent claims in an *ex-parte* re-exam, *inter partes* review or post-grant review proceedings. These proceedings are expensive and may consume our time or other resources. We may choose to challenge a third party's patent in patent opposition proceedings in the European Patent Office (EPO), or other foreign patent office. The costs of these opposition proceedings could be substantial and may consume our time or other resources. If we fail to obtain a favorable result at the USPTO, EPO or other patent office then we may be exposed to litigation by a third party alleging that the patent may be infringed by our product candidates.

Our product candidates licensed from various third parties may be subject to retained rights.

Our licensors may retain certain rights under the relevant agreements with us, including the right to use the underlying product candidates for academic and research use, to publish general scientific findings from research related to the product candidates, to make customary scientific and scholarly disclosures of information relating to the product candidates, or to develop or commercialize the licensed product candidates in certain regions. For example, we depend on our license and collaboration agreement with Affibody for the development of izokibep, which grants us an exclusive license to develop izokibep worldwide, subject to certain rights granted by Affibody to Inmagene under the Inmagene Agreement with respect to the development, commercialization and manufacturing of izokibep in certain Asian countries. Affibody has retained rights under the license and collaboration agreement to the extent necessary to carry out its obligations for manufacturing under the Inmagene Agreement. It is difficult to monitor whether Affibody or Inmagene, or any of our other licensors limit their use of the product candidates to these permitted uses, and we could incur substantial expenses to enforce our rights to our licensed product candidates in the event of misuse.

In addition, the United States federal government retains certain rights in inventions produced with its financial assistance under the Patent and Trademark Law Amendments Act (Bayh-Dole Act). The federal government retains a "nonexclusive, nontransferable, irrevocable, paid-up license" for its own benefit. The Bayh-Dole Act also provides federal agencies with "march-in rights." March-in rights allow the government, in

specified circumstances, to require the contractor or successors in title to the patent to grant a "nonexclusive, partially exclusive, or exclusive license" to a "responsible applicant or applicants." If the patent owner refuses to do so, the government may grant the license itself. We may at times choose to collaborate with academic institutions to accelerate our preclinical research or development. While we do not currently engage, and it is our policy to avoid engaging, university partners in projects in which there is a risk that federal funds may be commingled, we cannot be sure that any co-developed intellectual property will be free from government rights pursuant to the Bayh-Dole Act. Although none of our licenses to date are subject to march-in rights, if, in the future, we co-own or license in technology which is critical to our business that is developed in whole or in part with federal funds subject to the Bayh-Dole Act, our ability to enforce or otherwise exploit patents covering such technology may be adversely affected.

Changes in patent law in the United States and other jurisdictions 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, defending, maintaining and enforcing patents in the biopharmaceutical industry involves both technological and legal complexity and is therefore costly, time consuming and inherently uncertain. Changes in either the patent laws or interpretation of the patent laws in the United States could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents, and may diminish our ability to protect our inventions, obtain, maintain, enforce and protect our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our future owned and licensed patents. Patent reform legislation in the United States and other countries, including the Leahy-Smith America Invents Act (Leahy-Smith Act), signed into law on September 16, 2011, could increase those uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our future issued patents. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted, redefine prior art and provide more efficient and cost-effective avenues for competitors to challenge the validity of patents. These include allowing third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including post-grant review, inter partes review, and derivation proceedings.

Further, because of a lower evidentiary standard in these USPTO post-grant 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 or our licensors' patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. Thus, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our or our licensors' patent applications and the enforcement or defense of our or our licensors' future issued patents, all of which could adversely affect our business, financial condition, results of operations and prospects.

After March 2013, under the Leahy-Smith Act, the United States transitioned to a first inventor to file system in which, assuming that the other statutory requirements are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third-party was the first to invent the claimed invention. A third party that files a patent application in the USPTO after March 2013, but before we file an application covering the same invention, could therefore be awarded a patent covering an invention of ours or our licensors even if we had made the invention before it was made by such third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application. Since patent applications in the United States and most other countries are confidential for a period of time after filing or until issuance, we cannot be certain that we or our licensors were the first to either (i) file any patent application related to our product candidates and other proprietary technologies we may develop or (ii) invent any of the

inventions claimed in our or our licensors' patents or patent applications. Even where we have a valid and enforceable patent, we may not be able to exclude others from practicing the claimed 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. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our future issued patents, all of which could adversely affect our business, financial condition, results of operations and prospects.

In addition, the patent positions of companies in the development and commercialization of pharmaceuticals are particularly uncertain. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. Depending on future actions by the U.S. Congress, the U.S. courts, the USPTO and the relevant law-making bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that would weaken our or our licensors' ability to obtain new patents and patents that we or our licensors might obtain in the future. We cannot predict how future decisions by the courts, the U.S. Congress or the USPTO may impact the value of our patents. Any similar adverse change in the patent laws of other jurisdictions could also adversely affect our business, financial condition, results of operations and prospects.

We may become subject to claims challenging the inventorship or ownership of our or our licensors' patents and other intellectual property.

We may be subject to claims that former employees, collaborators or other third parties have an interest in our or our licensors' patents or other intellectual property as an inventor or co-inventor. The failure to name the proper inventors on a patent application can result in the patents issuing thereon being unenforceable. Inventorship disputes may arise from conflicting views regarding the contributions of different individuals named as inventors, the effects of foreign laws where foreign nationals are involved in the development of the subject matter of the patent, conflicting obligations of third parties involved in developing our product candidates or as a result of questions regarding co-ownership of potential joint inventions. Litigation may be necessary to resolve these and other claims challenging inventorship or ownership. Alternatively, or additionally, we may enter into agreements to clarify the scope of our rights in such intellectual property. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could adversely affect our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Our current or future licensors may have relied on third-party consultants or collaborators or on funds from third parties, such as the U.S. government, such that our licensors are not the sole and exclusive owners of the patents we in-licensed. If other third parties have ownership rights or other rights to our in-licensed patents, they may be able to license such patents to our competitors, and our competitors could market competing products and technology. This could adversely affect our competitive position, business, financial condition, results of operations, and prospects.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Such claims could adversely affect our business, financial condition, results of operations, and prospects.

Patent terms may be inadequate to protect our competitive position on products or product candidates for an adequate amount of time.

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. non-provisional or international patent application 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 products or product candidates are obtained, once the patent life has expired, we may be open to competition from competitive products, including generics or biosimilars. Given the amount of time required for the development, testing and regulatory review of products or new product candidates, patents protecting such products or candidates might expire before or shortly after such products or candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient and continuing rights to exclude others from commercializing products similar or identical to ours.

Obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated as a result of noncompliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents and/or applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our owned or licensed patents and patent applications. We rely on our outside counsel or our licensing partners to pay these fees due to U.S. and non-U.S. patent agencies. The USPTO and various non-U.S. government patent agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. We are also dependent on our licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, 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. In such an event, potential competitors might be able to enter the market and this circumstance could adversely affect our business, financial condition, results of operations and prospects.

If we do not obtain patent term extension for our product candidate, our business may be materially harmed.

Depending upon the timing, duration and specifics of any FDA marketing approval of any of our product candidates, one or more of our or our licensors' issued U.S. patents or issued U.S. patents that we may own in the future may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Action of 1984 (Hatch-Waxman Amendments). The Hatch-Waxman Amendments permit a patent extension term (PTE) of up to five years as compensation for patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended and only those claims covering the approved drug, a method for using it or a method for manufacturing it may be extended. Similar patent term restoration provisions to compensate for commercialization delay caused by regulatory review are also available in certain foreign jurisdictions, such as in Europe under Supplemental Protection Certificate (SPC). However, we may not be granted any extensions for which we apply because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. In addition, to the extent we wish to pursue patent term extension based on a patent that we in-license from a third party, we would need the cooperation of that third party. Moreover, the applicable time period or the scope of patent protection afforded 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, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations and prospects could be materially harmed.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes for which patents are difficult to enforce and any other elements of our discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. We may also rely on trade secret protection as temporary protection for concepts that may be included in a future patent filing. However, trade secret protection will not protect us from innovations that a competitor develops independently of our proprietary know how. If a competitor independently develops a technology that we protect as a trade secret and files a patent application on that technology, then we may not be able to patent that technology in the future, may require a license from the competitor to use our own know-how, and if the license is not available on commercially-viable terms, then we may not be able to launch our product candidate. Additionally, trade secrets can be difficult to protect and some courts inside and outside the United States are less willing or unwilling to protect trade secrets. Although we require all of our employees to assign their inventions to us, and require all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology to enter into confidentiality agreements, we cannot be certain that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets. If our trade secrets are not adequately protected, our business, financial condition, results of operations and prospects could be adversely affected.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. During trademark registration proceedings, we may receive rejections of our applications by the USPTO or in other foreign jurisdictions. Although we are given an opportunity to respond to such rejections, we may be unable to overcome them. In addition, in the USPTO and in comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks, which may not survive such proceedings. Moreover, any name we have proposed to use with our product candidate in the United States must be approved by the FDA, regardless of whether we have registered it, or applied to register it, as a trademark. Similar requirements exist in Europe. The FDA typically conducts a review of proposed product names, including an evaluation of potential for confusion with other product names. If the FDA or an equivalent administrative body in a foreign jurisdiction objects to any of our proposed proprietary product names, we may be required to expend significant additional resources in an effort to identify a suitable substitute name that would qualify under applicable trademark laws, not infringe the existing rights of third parties and be acceptable to the FDA. Furthermore, in many countries, owning and maintaining a trademark registration may not provide an adequate defense against a subsequent infringement claim asserted by the owner of a senior trademark.

We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade names, domain name or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations and prospects.

We may be subject to claims asserting that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Certain of our employees, consultants or advisors have in the past and may in the future be employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that these individuals or we have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. An inability to incorporate such technologies or features would harm our business and may prevent us from successfully commercializing our technologies or product candidates. In addition, we may lose personnel as a result of such claims and any such litigation or the threat thereof may adversely affect our ability to hire employees or contract with independent contractors. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our technologies, or product candidates, which could adversely affect our business, financial condition, results of operations and prospects. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, we or our licensors may in the future be subject to claims by former employees, consultants or other third parties asserting an ownership right in our owned or licensed patents or patent applications. An adverse determination in any such submission or proceeding may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar technology and therapeutics, without payment to us, or could limit the duration of the patent protection covering our technologies and product candidates. Such challenges may also result in our inability to develop, manufacture or commercialize our technologies and product candidates without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our owned or licensed patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future technologies and product candidates. Any of the foregoing could adversely affect our business, financial condition, results of operations and prospects.

Risks Related to Government Regulation

The regulatory approval process is highly uncertain, and we may be unable to obtain, or may be delayed in obtaining, U.S. or foreign regulatory approval and, as a result, unable to commercialize izokibep, lonigutamab, any of our other product candidates or any future product candidates. Even if we believe our current, or planned clinical trials are successful, regulatory authorities may not agree that they provide adequate data on safety or efficacy.

Izokibep, lonigutamab, any of our other product candidates and any future product candidates are subject to extensive governmental regulations relating to, among other things, research, testing, development, manufacturing, approval, recordkeeping, reporting, labeling, storage, packaging, advertising and promotion, pricing, post-approval monitoring, marketing and distribution of products. Rigorous preclinical studies and clinical trials and an extensive regulatory approval process are required to be completed successfully in the United States and in many foreign jurisdictions before a new product can be marketed. Satisfaction of these and other regulatory requirements is costly, time consuming, uncertain and subject to unanticipated delays. It is possible that none of our product candidates will obtain the regulatory approvals necessary for us to begin selling them.

Our company has no prior experience in conducting and managing the clinical trials necessary to obtain regulatory approvals, including approval by the FDA. The time required to obtain FDA and other approvals is unpredictable but typically takes many years following the commencement of clinical trials, depending upon the

type, complexity and novelty of the product candidate. The standards that the FDA and its foreign counterparts use when regulating us require judgment and can change, which makes it difficult to predict with certainty their application. Any analysis we perform of data from preclinical studies and clinical trials is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. We may also encounter unexpected delays or increased costs due to new government regulations, for example, from future legislation or administrative action, or from changes in FDA policy during the period of product development, clinical trials and FDA regulatory review. It is impossible to predict whether additional legislative changes will be enacted, or whether FDA or foreign regulations, guidance or interpretations will be changed, or the impact of such changes, if any. Any elongation or de-prioritization of preclinical studies or clinical trials or delay in regulatory review resulting from such disruptions could materially affect the development and study of izokibep, lonigutamab, any of our other product candidates or any future product candidates.

Further, the FDA and its foreign counterparts may respond to any BLA that we may submit by defining requirements that we do not anticipate. Such responses could delay clinical development of izokibep, lonigutamab, any of our other product candidates or any future product candidates.

Any delay or failure in obtaining required approvals could adversely affect our ability to generate revenue from the particular product candidate for which we are seeking approval. Furthermore, any regulatory approval to market a product may be subject to limitations on the approved uses for which we may market the product or on the labeling or other restrictions.

We are also subject to or may in the future become subject to numerous foreign regulatory requirements governing, among other things, the conduct of clinical trials, manufacturing and marketing authorization, pricing and third-party reimbursement. The foreign regulatory approval process varies among countries and may include all of the risks associated with the FDA approval process described above, as well as risks attributable to the satisfaction of local regulations in foreign jurisdictions. Moreover, the time required to obtain approval may differ from that required to obtain FDA approval. FDA approval does not ensure approval by regulatory authorities outside the United States and vice versa. Any delay or failure to obtain U.S. or foreign regulatory approval for a product candidate could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Even if we receive regulatory approval for any of our product candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense. Additionally, our product candidates, if approved, could be subject to labeling and other restrictions and market withdrawal. We may also be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our product candidates.

Any regulatory approvals that we or our existing or future collaborators obtain for our product candidates may also be subject to limitations on the approved indicated uses for which a product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing and surveillance to monitor the safety and efficacy of the product candidate.

In addition, if the FDA, EMA or a comparable foreign regulatory authority approves any of our product candidates, the manufacturing processes, labeling, packaging, distribution, post-approval monitoring and adverse event reporting, storage, import, export, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. The FDA has significant post-market authority, including the authority to require labeling changes based on new safety information and to require post-market studies or clinical trials to evaluate safety risks related to the use of a product or to require withdrawal of the product from the market. The FDA also has the authority to require a REMS plan after approval, which may impose further requirements or restrictions on the distribution or use of an approved drug. The manufacturing facilities we use to make a future product, if any, will also be subject to periodic review and inspection by the FDA and other regulatory agencies, including for continued compliance with current Good Manufacturing Practices (cGMPs) requirements. The discovery of any new or previously unknown problems with our third-party manufacturers,

manufacturing processes or facilities may result in restrictions on the product, manufacturer or facility, including withdrawal of the product from the market. As we expect to rely on third-party manufacturers, we will not have control over compliance with applicable rules and regulations by such manufacturers. Any product promotion and advertising will also be subject to regulatory requirements and continuing regulatory review. The FDA imposes stringent restrictions on manufacturers' communications regarding use of their products. Although clinicians may prescribe products for off-label uses as the FDA and other regulatory agencies do not regulate a physician's choice of drug treatment made in the physician's independent medical judgment, they do restrict promotional communications from companies or their sales force with respect to off-label uses of products. In addition, as we do not intend to conduct head-to-head comparative clinical trials for our product candidates, we will be unable to make comparative claims regarding any other products in the promotional materials for our product candidates. If we promote our products, if approved, in a manner inconsistent with FDA-approved labeling or otherwise not in compliance with FDA regulations, we may be subject to enforcement action. If we or our existing or future collaborators, manufacturers or service providers fail to comply with applicable continuing regulatory requirements in the United States or foreign jurisdictions in which we seek to market our product candidates, we or they may be subject to, among other things, fines, warning or untitled letters, holds on clinical trials, delay of approval or refusal by the FDA or similar foreign regulatory bodies to approve pending applications or supplements to approved applications, suspension or withdrawal of regulatory approval, product recalls and seizures, administrative detention of products, refusal to permit the import or export of products, operating restrictions, injunction, civil penalties and criminal prosecution.

Subsequent discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market or voluntary or mandatory product recalls;
- fines, warning or untitled letters or holds on clinical trials;
- refusal by the Medicines and Healthcare Products Regulatory Agency or the FDA to approve pending applications or supplements to approved applications filed by us or our strategic partners;
- suspension or revocation of product license approvals;
- product seizure or detention or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad. Changes in FDA staffing could result in delays in the FDA's responsiveness or in its ability to review submissions or applications, issue regulations or guidance, or implement or enforce regulatory requirements in a timely fashion or at all.

Recently enacted legislation, future legislation and other healthcare reform measures may increase the difficulty and cost for us to obtain marketing approval for and commercialize our product candidates and may affect the prices we may set.

In the United States and some foreign jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system, including cost-containment measures that may reduce or limit coverage and reimbursement for newly approved drugs and affect our ability to profitably sell any product candidates for which we obtain marketing approval. In particular, there have been and continue to be a number of initiatives at the U.S. federal and state levels that seek to reduce healthcare costs and improve the quality of healthcare.

For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively, the ACA) was enacted in the United States, which

substantially changed the way healthcare is financed by both governmental and private insurers in the United States and significantly affected the pharmaceutical industry. The ACA, among other things, subjected biologic products to potential competition by lower-cost biosimilars, addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program (MDRP) are calculated for drugs and biologics that are inhaled, infused, instilled, implanted or injected, increased the minimum Medicaid rebates owed by manufacturers under the MDRP, extended manufacturer Medicaid rebate obligations to utilization by individuals enrolled in Medicaid managed care organizations, established annual fees and taxes on manufacturers of certain branded prescription drugs and biologics, and established a new Medicare Part D coverage gap discount program. Since its enactment, there have been judicial, congressional, and executive branch challenges to the ACA, which have resulted in delays in the implementation of, and action taken to repeal or replace, certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed a challenge on procedural grounds that argued the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress. In addition, there have been a number of health reform initiatives by the Biden administration that have impacted the ACA. For example, on August 16, 2022, President Biden signed the IRA, into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost and through a newly established manufacturer discount program. It is possible that the ACA will be subject to judicial or congressional challenges in the future. It is unclear how other such challenges, and the healthcare reform measures of the Biden administration will impact the ACA and our business.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. For example, on August 2, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, resulted in reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2031, with the exception of a temporary suspension from May 1, 2020 through March 31, 2021, unless additional Congressional action is taken. Under current legislation, the actual reduction in Medicare payments will vary from 1% in 2022 to up to 4% in the final fiscal year of this sequester.

Further, there has been heightened governmental scrutiny in the United States of pharmaceutical pricing practices in light of the rising cost of prescription drugs. Such scrutiny has resulted in several recent congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. For example, in July 2021, the Biden administration released an executive order, "Promoting Competition in the American Economy," with multiple provisions aimed at prescription drugs. In response to Biden's executive order, on September 9, 2021, the U.S. Department of Health and Human Services (HHS) released a Comprehensive Plan for Addressing High Drug Prices that outlines principles for drug pricing reform and sets out a variety of potential legislative policies that Congress could pursue as well as potential administrative actions HHS can take to advance these principles. In addition, the IRA, among other things, (1) directs HHS to negotiate the price of certain single-source drugs and biologics covered under Medicare and (2) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. These provisions will take effect progressively starting in fiscal year 2023, although they may be subject to legal challenges. Further, the Biden administration released an additional executive order on October 14, 2022, directing HHS to submit a report within 90 days on how the Center for Medicare and Medicaid Innovation can be further leveraged to test new models for lowering drug costs for Medicare and Medicaid beneficiaries. Moreover, the American Taxpayer Relief Act of 2021, effective January 1, 2024, would eliminate the statutory cap on rebate amounts owed by drug manufacturers under the MDRP, which is currently capped at 100% of the Average Manufacturer Price (AMP) for a covered outpatient drug.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints,

discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Legally mandated price controls on payment amounts by third-party payors or other restrictions could harm our business, financial condition, results of operations and prospects. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce the ultimate demand for our product candidates, if approved, or put pressure on our product pricing, which could negatively affect our business, financial condition, results of operations and prospects.

We expect that the ACA, the IRA, and any other healthcare reform measures that may be adopted in the future may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize our product candidates, if approved.

Our current product candidates and any of our future product candidates regulated as biologics in the United States may face competition sooner than anticipated from biosimilars approved through an abbreviated regulatory pathway.

The enactment of the Biologics Price Competition and Innovation Act of 2009 (BPCIA) as part of the Patient ACA created an abbreviated pathway for the approval of biosimilar and interchangeable biological products. The abbreviated regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biological products, including the possible designation of a biosimilar as "interchangeable" based on its similarity to an existing brand product. Under the BPCIA, an application for a biosimilar product cannot be approved by the FDA until 12 years after the original branded product was approved under a BLA. Certain changes, however, and supplements to an approved BLA, and subsequent applications filed by the same sponsor, manufacturer, licensor, predecessor in interest, or other related entity do not qualify for the 12-year exclusivity period.

Our product candidates are all biological product candidates. We anticipate being awarded market exclusivity for each of our biological product candidates that is subject to its own BLA for 12 years in the United States. However, the term of the patents that cover such product candidates may not extend beyond the applicable market exclusivity awarded by a particular country. For example, in the United States, if all of the patents that cover our particular biological product expire before the 12-year market exclusivity expires, a third party could submit a marketing application for a biosimilar product four years after approval of our biological product, the FDA could immediately review the application and approve the biosimilar product for marketing 12 years after approval of our biological product, and the biosimilar sponsor could then immediately begin marketing. Alternatively, a third party could submit a full BLA for a similar or identical product any time after approval of our biological product, and the FDA could immediately review and approve the similar or identical product for marketing and the third party could begin marketing the similar or identical product upon expiry of all of the patents that cover our particular biological product.

There is also a risk that this exclusivity could be changed in the future. For example, this exclusivity could be shortened due to congressional action or through other actions, including future proposed budgets, international trade agreements and other arrangements or proposals. Additionally, there is a risk that the FDA will not consider our product candidates to be reference products for competing products, potentially creating the opportunity for biosimilar competition sooner than anticipated. The extent to which a biosimilar, once approved, will be substituted for any one of our reference products in a way that is similar to traditional generic substitution for non-biological products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing. It is also possible that payors will give reimbursement preference to biosimilars over reference biological products, even absent a determination of interchangeability.

Laws and regulations outside the United States differ, including the length and extent of patent and exclusivity protection and pathways for competition to enter the market. For example, in the EU exclusivity is generally 10 years and can be extended to 11 years under certain circumstances. Other countries may have significantly shorter or longer periods of exclusivity. In addition, other countries may have different standards in determining similarity to a reference product. Any market entry of competing products to our product candidates in these other regions could adversely affect our business in those regions.

To the extent that we do not receive any anticipated periods of regulatory exclusivity for our product candidates it could adversely affect our business, financial condition, results of operations and prospects.

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

Our future arrangements with healthcare providers, healthcare organizations, third-party payors and customers will expose us to broadly applicable anti-bribery, fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we research, market, sell and distribute our products, if approved. In addition, we may be subject to data privacy and security regulation by the U.S. federal government and the states and the foreign governments in which we conduct our business. Restrictions under applicable federal and state anti-bribery and healthcare laws and regulations, include the following:

- the federal Anti-Kickback Statute, which prohibits, among other things, individuals 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, in whole or in part, under a federal and state healthcare program such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- the federal criminal and civil false claims laws, including the federal False Claims Act, which can be enforced through civil whistleblower or qui tam actions against individuals or entities, and the Federal Civil Monetary Penalties Laws, which prohibit, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent, knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim, or from knowingly making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. In addition, certain marketing practices, including off-label promotion, may also violate false claims laws. Moreover, the government may assert that a claim including items and 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;
- Health Insurance Portability and Accountability Act (HIPAA), which imposes criminal and civil liability, prohibits, among other things, knowingly and willfully executing, or attempting to execute a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services; similar to the federal Anti- Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH) and their respective implementing regulations, which impose obligations on certain healthcare providers, health plans, and healthcare clearinghouses, known as covered entities, as well as their business associates that perform certain services involving the storage, use or disclosure of

individually identifiable health information for or on behalf of a covered entity and their covered subcontractors, including mandatory contractual terms, with respect to safeguarding the privacy, security, and transmission of individually identifiable health information, and require notification to affected individuals and regulatory authorities of certain breaches of security of individually identifiable health information;

- the federal legislation commonly referred to as the Physician Payments Sunshine Act, enacted as part of the ACA, and its implementing regulations, which requires certain manufacturers of covered drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children's Health Insurance Program, with certain exceptions, to report annually to the Centers for Medicare & Medicaid Services (CMS) information on certain payments and other transfers of value to clinicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), teaching hospitals, and certain other health care providers (such as physician assistants and nurse practitioners), as well as ownership and investment interests held by the clinicians described above and their immediate family members;
- state privacy laws and regulations that impose restrictive requirements regulating the use and disclosure of personal information, including health information;
- foreign privacy, data protection, and data security laws and regulations, such as the European Union's General Data Protection Regulation (EU GDPR), which imposes comprehensive obligations on covered businesses to, among other things, make contractual privacy, data protection and data security commitments, cooperate with European data protection authorities, implement security measures, give data breach notifications, and keep records of personal information processing activities;
- the U.S. Foreign Corrupt Practices Act of 1977, as amended, which prohibits, among other things, U.S. companies and their employees and agents from authorizing, promising, offering, or providing, directly or indirectly, corrupt or improper payments or anything else of value to foreign government officials, employees of public international organizations and foreign government owned or affiliated entities, candidates for foreign political office, and foreign political parties or officials thereof;
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, that may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; and
- certain state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to clinicians and other healthcare providers or marketing expenditures and drug pricing information, and state and local laws that require the registration of pharmaceutical sales representatives.

If we or our current or future collaborators, manufacturers or service providers fail to comply with applicable federal, state or foreign laws or regulations, we could be subject to enforcement actions, which could affect our ability to develop, market and sell our product candidates successfully and could harm our reputation and lead to reduced acceptance of our products, if approved by the market.

Efforts to ensure that our current and future business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any such requirements, we may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, the curtailment or restructuring of our operations, loss of eligibility to obtain approvals from the FDA, exclusion from participation in government contracting, healthcare reimbursement or other government programs, including Medicare and Medicaid, integrity oversight and reporting obligations, or reputational harm, any of which could adversely affect

our financial results. These risks cannot be entirely eliminated. Any action against us for an alleged or suspected violation could cause us to incur significant legal expenses and could divert our management's attention from the operation of our business, even if our defense is successful. In addition, achieving and sustaining compliance with applicable laws and regulations may be costly to us in terms of money, time and resources.

Governments outside the United States tend to impose strict price controls, which may adversely affect our revenue, if any.

In some countries, particularly in the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a drug. To obtain coverage and reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. In addition, many countries outside the U.S. have limited government support programs that provide for reimbursement of drugs such as our product candidates, with an emphasis on private payors for access to commercial products. If reimbursement of our products, if approved is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be materially harmed.

We are subject to stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, and policies related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse business consequences.

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, process or processing) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, employee data, intellectual property, data we collect about trial participants in connection with clinical trials, and other sensitive third-party data (collectively, sensitive data). Our data processing activities may subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security.

Various federal, state, local and foreign legislative and regulatory bodies, or self-regulatory organizations, may expand current laws, rules or regulations, enact new laws, rules or regulations or issue revised rules or guidance regarding data privacy and security. In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). For example, HIPAA, as amended by HITECH, imposes specific requirements relating to the privacy, security, and transmission of individually identifiable health information. Additionally, the California Consumer Privacy Act (CCPA) applies to personal information of consumers, business representatives, and employees, and among other things requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights, including the right to opt out of certain disclosures of their information. The CCPA provides for civil penalties of up to $7,500 per violation as well as a private right of action with statutory damages for certain data breaches, thereby potentially increasing risks associated with a data breach. Although the law includes limited exceptions, including for certain information collected as part of clinical trials, the CCPA may impact our processing of personal information and increases our compliance costs. Additionally, the California Privacy Rights Act of 2020 (CPRA) significantly expands the CCPA, such as granting additional rights to California residents, including the right to correct personal information and additional opt-out rights. The CPRA also establishes a regulatory agency dedicated to enforcing the CCPA and the CPRA. Other states, such as Virginia, Connecticut, Utah and Colorado, have also passed comprehensive privacy laws, and similar laws are being considered in several other states, as well as at

the federal and local levels. While these state privacy laws, like the CCPA, also exempt some data processed in the context of clinical trials, these developments further complicate compliance efforts, and increase legal risk and compliance costs for us and the third parties upon whom we rely. In addition to government activity, privacy advocacy groups and technology and other industries are considering various new, additional or different self-regulatory standards that may place additional burdens on us.

There are also various laws and regulations in other jurisdictions outside the United States relating to data privacy and security, with which we may need to comply. For example, the EU GDPR and the United Kingdom's equivalent (UK GDPR), collectively, GDPR, impose strict requirements for processing personal data. We also have operations in Asia, and may be subject to new and emerging data privacy regimes such as Japan's Act on the Protection of Personal Information. Notably, the EU GDPR and UK GDPR impose large penalties for noncompliance, including the potential for fines of up to €20 million under the EU GDPR / £17.5 million under the UK GDPR, or 4% of the annual global revenue of the noncompliant entity, whichever is greater. The EU GDPR and UK GDPR also provide for private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. Additionally, EU member states may introduce further conditions, including limitations, and make their own laws and regulations further limiting the processing of 'special categories of personal data, including personal data related to health, biometric data used for unique identification purposes and genetic information, which could limit our ability to collect, use and share EU data, and could cause our compliance costs to increase, ultimately adversely affecting our business, financial condition, results of operations and prospects.

In addition, we may be unable to transfer personal data from Europe and other jurisdictions to the United States or other countries due to data localization requirements or limitations on cross-border data flows. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area (EEA) and the UK have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it believes are inadequate.

Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EEA and UK's standard contractual clauses, these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. If there is no lawful manner for us to transfer personal data from the EEA, the UK or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the EEA and UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers out of Europe for allegedly violating the EU GDPR's cross-border data transfer limitations.

In addition to data privacy and security laws, we are also bound by other contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful.

Each of these laws, rules, regulations and contractual obligations relating to data privacy and security, and any other such changes or new laws, rules, regulations or contractual obligations could impose significant limitations, require changes to our business, or restrict our collection, use, storage or processing of personal information, which may increase our compliance expenses and make our business more costly or less efficient to conduct. In addition, any such changes could compromise our ability to develop an adequate marketing strategy and pursue our growth strategy effectively or even prevent us from providing certain products in jurisdictions in which we currently operate and in which we may operate in the future or incur potential liability in an effort to

comply with such legislation, which, in turn, could adversely affect our business, financial condition, results of operations and prospects. Complying with these numerous, complex and often changing regulations is expensive and difficult, and failure to comply with any data privacy or security laws, whether by us, one of our CROs, CMOs or business associates or another third party, could adversely affect our business, financial condition, results of operations and prospects, including but not limited to: investigation costs; material fines and penalties; compensatory, special, punitive and statutory damages; litigation; consent orders regarding our privacy and security practices; requirements that we provide notices, credit monitoring services and/or credit restoration services or other relevant services to impacted individuals; adverse actions against our licenses to do business; reputational damage; and injunctive relief. The recent implementation of the CCPA, EU GDPR and UK GDPR have increased our responsibility and liability in relation to personal data that we process, including in clinical trials, and we may in the future be required to put in place additional mechanisms to ensure compliance with the CCPA, EU GDPR and UK GDPR and other applicable laws and regulations, which could divert management's attention and increase our cost of doing business. In addition, new regulation or legislative actions regarding data privacy and security (together with applicable industry standards) may increase our costs of doing business. In this regard, we expect that there will continue to be new proposed laws, regulations and industry standards relating to privacy and data protection in the United States, the EEA and other jurisdictions, and we cannot determine the impact such future laws, regulations and standards may have on our business.

Any actual or perceived failure by us or our third-party service providers to comply with any federal, state or foreign laws, rules, regulations, industry self-regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to which we may be subject or other legal obligations relating to privacy, data protection, data security or consumer protection could adversely affect our reputation, brand and business. We may also be contractually required to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any laws, rules and regulations or other legal obligations relating to privacy or any inadvertent or unauthorized use or disclosure of data that we store or handle as part of operating our business. Any of these events could adversely affect our reputation, business, or financial condition, including but not limited to: loss of customers; interruptions or stoppages in our business operations (including clinical trials); inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

We cannot assure you that our CROs, CMOs or other third-party service providers with access to our or our suppliers', manufacturers', trial participants' and employees' sensitive information in relation to which we are responsible will not breach contractual obligations imposed by us, or that they will not experience data security incidents, which could have a corresponding effect on our business, including putting us in breach of our obligations under privacy laws and regulations and/or which could in turn adversely affect our business, financial condition, results of operations and prospects. We cannot assure you that our contractual measures and our own privacy and security-related safeguards will protect us from the risks associated with the third-party processing of such information. Any of the foregoing could adversely affect our business, financial condition, results of operations and prospects.

We also publicly post our privacy policies and practices concerning our collection, use, disclosure and other processing of the personal information provided to us by our website visitors and by our customers. Although we endeavor to comply with our public statements and documentation, we may at times fail to do so or be perceived to have failed to do so. Our publication of our privacy policies and other statements we publish that provide promises and assurances about privacy and security can subject us to potential state and federal action if they are found to be deceptive, unfair or misrepresentative of our actual practices. Any actual or perceived failure by us to comply with federal, state or foreign laws, rules or regulations, industry standards, contractual or other legal obligations, or any actual, perceived or suspected cybersecurity incident, whether or not resulting in unauthorized access to, or acquisition, release or transfer of personal information or other data, may result in enforcement actions and prosecutions, private litigation, significant fines, penalties and censure, claims for damages by customers and other affected individuals, regulatory inquiries and investigations or adverse publicity and could

cause our customers to lose trust in us, any of which could adversely affect our business, financial condition, results of operations and prospects.

The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business. In addition, we cannot be sure that our existing insurance coverage will continue to be available on acceptable terms or that our insurers will not deny coverage as to any future claim.

Risks Related to Our Reliance on Third Parties

We may have conflicts with our current or future licensors or collaborators that could delay or prevent the development or commercialization of our product candidates.

We are currently party to license and collaboration agreements with Affibody and Pierre Fabre, and we expect to enter into similar strategic transactions in the future. We may have conflicts with our current or future collaborators, such as conflicts concerning the interpretation of preclinical or clinical data, the achievement of milestones, the interpretation of contractual obligations, payments for services, development obligations or the ownership of intellectual property developed during our collaboration. If any conflicts arise with any of our collaborators, such collaborator may act in a manner that is adverse to our best interests. Any such disagreement could result in one or more of the following, each of which could delay or prevent the development or commercialization of our product candidates, and in turn prevent us from generating revenue: disputes regarding milestone payments or royalties; uncertainty regarding ownership of intellectual property rights arising from our collaborative activities, which could prevent us from entering into additional collaborations; unwillingness by the collaborator to cooperate in the development or manufacture of a product candidate, including providing us with data or materials; unwillingness on the part of a collaborator to keep us informed regarding the progress of its development and commercialization activities or to permit public disclosure of the results of those activities; initiating of litigation or alternative dispute resolution options by either party to resolve the dispute; or attempts by either party to terminate the agreement.

We have relied and expect to continue to rely on third parties to conduct our preclinical studies and clinical trials. If those third parties do not perform as contractually required, fail to satisfy legal or regulatory requirements, miss expected deadlines or terminate the relationship, our development programs could be delayed, more costly or unsuccessful, and we may never be able to seek or obtain regulatory approval for or commercialize our product candidates.

We rely and intend to rely in the future on third-party clinical investigators, CROs, clinical data management organizations to conduct, supervise and monitor preclinical studies and clinical trials of our current or future product candidates. Because we currently rely and intend to continue to rely on these third parties, we will have less control over the timing, quality and other aspects of preclinical studies and clinical trials than we would have had we conducted them independently. These parties are not, and will not be, our employees and we will have limited control over the amount of time and resources that they dedicate to our programs. Additionally, such parties may have contractual relationships with other entities, some of which may be our competitors, which may draw time and resources from our programs.

We have no experience as a company in filing and supporting the applications necessary to gain marketing approvals. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information to regulatory authorities for each indication to establish the product candidate's safety or efficacy for that indication. Securing marketing approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities and clinical trial sites by, applicable regulatory authorities.

Large-scale clinical trials require significant financial and management resources, and reliance on third-party clinical investigators, CROs, partners or consultants. Relying on third-party clinical investigators or CROs

may force us to encounter delays and challenges that are outside of our control. We may not be able to demonstrate sufficient comparability between products manufactured at different facilities to allow for inclusion of the clinical results from participants treated with products from these different facilities, in our product registrations. Further, our third party clinical manufacturers may not be able to manufacture our product candidates or otherwise fulfill their obligations to us because of interruptions to their business, including the loss of their key staff or interruptions to their raw material supply.

Our reliance on these third parties for development activities will reduce our control over these activities. Nevertheless, we are responsible for ensuring that each of our clinical trials is conducted in accordance with the applicable trial protocol and legal, regulatory and scientific standards, and our reliance on the CROs, clinical trial sites, and other third parties does not relieve us of these responsibilities. For example, we will remain responsible for ensuring that each of our preclinical studies are conducted in accordance with good laboratory practices (GLPs) and clinical trials are conducted in accordance with GCPs. Moreover, the FDA and comparable foreign regulatory authorities require us to comply with GCP for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Regulatory authorities enforce these requirements through periodic inspections (including pre-approval inspections once a BLA is submitted to the FDA) of trial sponsors, clinical investigators, trial sites and certain third parties including CROs. If we, our CROs, clinical trial sites, or other third parties fail to comply with applicable GCP or other regulatory requirements, we or they may be subject to enforcement or other legal actions, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP regulations. Moreover, our business may be significantly impacted if our CROs, clinical investigators or other third parties violate federal or state healthcare fraud and abuse or false claims laws and regulations or healthcare privacy and security laws.

In the event we need to repeat, extend, delay or terminate our clinical trials because these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, our clinical trials may need to be repeated, extended, delayed or terminated and we may not be able to obtain, or may be delayed in obtaining, marketing approvals for our product candidates, and we will not be able to, or may be delayed in our efforts to, successfully commercialize our product candidates or we or they may be subject to regulatory enforcement actions. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenue could be delayed. To the extent we are unable to successfully identify and manage the performance of third-party service providers in the future, our business may be materially and adversely affected.

If any of our relationships with these third parties terminate, we may not be able to enter into alternative arrangements or do so on commercially reasonable terms. Switching or adding additional contractors involves additional cost and time and requires management time and focus. In addition, there is a natural transition period when a new third party commences work. As a result, delays could occur, which could compromise our ability to meet our desired development timelines. In addition, if an agreement with any of our collaborators terminates, our access to technology and intellectual property licensed to us by that collaborator may be restricted or terminate entirely, which may delay our continued development of our product candidates utilizing the collaborator's technology or intellectual property or require us to stop development of those product candidates completely.

In addition, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive compensation in connection with such services. Under certain circumstances, we may be required to report some of these relationships to the FDA. The FDA may conclude that a financial relationship between us and/or a principal investigator has created a conflict of interest or otherwise affected interpretation of the study. The FDA may therefore question the integrity of the data generated at the applicable

clinical trial site and the utility of the clinical trial itself may be jeopardized. This could result in a delay in approval, or rejection, of our marketing applications by the FDA and may ultimately lead to the denial of regulatory approval of one or more of our product candidates.

We rely on third-party manufacturers and suppliers to supply our product candidates. The loss of our third-party manufacturers or suppliers, or their failure to comply with applicable regulatory requirements or to supply sufficient quantities at acceptable quality levels or prices, within acceptable timeframes, or at all, would materially and adversely affect our business.

We do not own or operate facilities for drug manufacturing, storage, distribution or quality testing. We currently rely, and expect to continue to rely, on third-party contract developers and manufacturers, including in Europe and, for lonigutamab, in China, to manufacture bulk drug substances, drug products, raw materials, samples, components, and other materials for our product candidates. Reliance on third-party manufacturers may expose us to different risks than if we were to manufacture product candidates ourselves. There can be no assurance that our preclinical and clinical development product supplies will not be limited, interrupted, terminated or will be of satisfactory quality or be available at acceptable prices. In addition, any replacement of our manufacturer could require significant effort and time because there may be a limited number of qualified replacements.

The manufacturing process for our product candidates is subject to the FDA, EMA and foreign regulatory authority review. We, and our suppliers and manufacturers, some of which are currently our sole source of supply, must meet applicable manufacturing requirements and undergo rigorous facility and process validation tests required by regulatory authorities in order to comply with regulatory standards, such as cGMPs. Securing marketing approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the FDA, EMA and foreign regulatory authorities. If our CMOs cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA, EMA or comparable foreign regulatory authorities, we may not be able to rely on their facilities for the manufacture of elements of our product candidates. Moreover, we do not conduct the manufacturing process ourselves and are dependent on our CMOs for manufacturing in compliance with current regulatory requirements. In the event that any of our manufacturers fails to comply with such requirements or to perform its obligations in relation to quality, timing or otherwise, or if our projected manufacturing capacity or supply of materials becomes limited, interrupted, or more costly than anticipated, we may be forced to enter into an agreement with another third party, which we may not be able to do timely or on reasonable terms, if at all. In some cases, the technical skills or technology required to manufacture our product candidates may be unique or proprietary to the original manufacturer and we may have difficulty transferring such to another third party.

These factors would increase our reliance on such manufacturer or require us to obtain a license from such manufacturer in order to enable us, or to have another third party, manufacture our product candidates. If we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with applicable quality standards and regulations and guidelines; and we may be required to repeat some of the development program. The delays and costs associated with the verification of a new manufacturer could negatively affect our ability to develop product candidates in a timely manner or within budget.

We expect to continue to rely on third-party manufacturers if we receive regulatory approval for any product candidate. To the extent that we have existing, or enter into future, manufacturing arrangements with third parties, we will depend on these third parties to perform their obligations in a timely manner consistent with contractual and regulatory requirements, including those related to quality control and assurance. Any manufacturing facilities used to produce our product candidates will be subject to periodic review and inspection by the FDA and foreign regulatory authorities, including for continued compliance with cGMP requirements, quality control, quality assurance and corresponding maintenance of records and documents. If we are unable to obtain or maintain third-party manufacturing for product candidates, or to do so on commercially reasonable

terms, we may not be able to develop and commercialize our product candidates successfully. Our or a third party's failure to execute on our manufacturing requirements, comply with cGMPs or maintain a compliance status acceptable to the FDA, EMA or foreign regulatory authorities could adversely affect our business in a number of ways, including:

- an inability to initiate or continue preclinical studies or clinical trials of product candidates;
- delay in submitting regulatory applications, or receiving regulatory approvals, for product candidates;
- loss of the cooperation of existing or future collaborators;
- requirements to cease distribution or to recall batches of our product candidates; and
- in the event of approval to market and commercialize a product candidate, an inability to meet commercial demands for our products.

Additionally, our CMOs may experience difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our CMOs were to encounter any of these difficulties, our ability to provide our product candidates to participants in preclinical and clinical trials, or to provide product for treatment of participants once approved, would be jeopardized.

We depend on sole source and limited source suppliers for certain drug substances, drug products, raw materials, samples, components, and other materials used in our product candidates. If we are unable to source these supplies on a timely basis, or establish longer-term contracts with our CMOs, we will not be able to complete our clinical trials on time and the development of our product candidates may be delayed.

We depend on sole source and limited source suppliers for certain drug substances, drug products, raw materials, samples, components, and other materials used in our product candidates. We do not currently have long-term supply contracts with all of our CMOs and they are not obligated to supply drug products to us for any period, in any specified quantity or at any certain price beyond the delivery contemplated by the relevant purchase orders. As a result, our suppliers could stop selling to us at commercially reasonable prices, or at all. While we intend to enter into long-term master supply agreements with certain of our CMOs in the future as we advance our clinical trials or commercialization plans, we may not be successful in negotiating such agreements on favorable terms or at all. If we do enter into such long-term master supply agreements, or enter into such agreements on less favorable terms than we currently have with such manufacturers, we could be subject to binding long-term purchase obligations that may be harmful to our business, including in the event that we do not conduct our trials on planned timelines or utilize the drug products that we are required to purchase. Any change in our relationships with our CMOs or changes to contractual terms of our agreements with them could adversely affect our business, financial condition, results of operations and prospects.

Furthermore, any of the sole source and limited source suppliers upon whom we rely could stop producing our supplies, cease operations or be acquired by, or enter into exclusive arrangements with, our competitors. Additionally, our manufacturing process for izokibep requires special equipment, and identifying additional suppliers able to fabricate such equipment at their facility at acceptable costs may be difficult. Establishing additional or replacement suppliers for these supplies, and obtaining regulatory clearance or approvals that may result from adding or replacing suppliers, could take a substantial amount of time, result in increased costs and impair our ability to produce our products, which would adversely impact our business, financial condition, results of operations and prospects. Any such interruption or delay may force us to seek similar supplies from alternative sources, which may not be available at reasonable prices, or at all. Any interruption in the supply of sole source or limited source components for our product candidates would adversely affect our ability to meet scheduled timelines and budget for the development and commercialization of our product candidates, could result in higher expenses and would harm our business. Although we have not experienced any significant disruption as a result of our reliance on limited or sole source suppliers, we have a limited operating history and cannot assure you that we will not experience disruptions in our supply chain in the future as a result of such reliance or otherwise.

The operations of our suppliers, most of which are located outside of the United States, are subject to additional risks that are beyond our control and that could harm our business, financial condition, results of operations and prospects.

Currently, most of our suppliers are located outside of the United States. As a result of our global suppliers, we are subject to risks associated with doing business abroad, including:

- political unrest, terrorism, labor disputes, and economic instability resulting in the disruption of trade from foreign countries in which our products are manufactured;
- the imposition of new laws and regulations, including those relating to labor conditions, quality, and safety standards, imports, duties, taxes, and other charges on imports, as well as trade restrictions and restrictions on currency exchange or the transfer of funds, particularly new or increased tariffs imposed on imports from countries where our suppliers operate;
- greater challenges and increased costs with enforcing and periodically auditing or reviewing our suppliers' and manufacturers' compliance with cGMPs or status acceptable to the FDA, EMA or foreign regulatory authorities;
- reduced protection for intellectual property rights, including trademark protection, in some countries, particularly China;
- disruptions in operations due to global, regional, or local public health crises or other emergencies or natural disasters, including, for example, disruptions due to the ongoing COVID-19 pandemic given the emergence of new variants and disparities in availability of vaccines in different parts of the world;
- disruptions or delays in shipments; and
- changes in local economic conditions in countries where our manufacturers or suppliers are located.

These and other factors beyond our control, particularly in light of the COVID-19 pandemic or any comparable pandemic, could interrupt our suppliers' production, influence the ability of our suppliers to export our clinical supplies cost-effectively or at all, and inhibit our suppliers' ability to procure certain materials, any of which could harm our business, financial condition, results of operations and prospects.

The manufacturing of our product candidates is complex, and our third-party manufacturers may encounter difficulties in production. If 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 provide supply of our products for participants, if approved, could be delayed or halted.

Our product candidates are biopharmaceuticals and the process of manufacturing biopharmaceuticals is complex, time-consuming, highly regulated and subject to multiple risks. Our CMOs must comply with legal requirements, cGMPs and guidelines for the manufacturing of biopharmaceuticals used in clinical trials and, if approved, marketed products. Our CMOs may have limited experience in the manufacturing of cGMP batches of our products.

Manufacturing biopharmaceuticals is highly susceptible to drug 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. If any such drug product loss occurs, the impact to our business could be compounded by the long lead times needed to procure additional drug product due to plant capacity limitations, or other restrictions, at our CMOs. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered at our third-party manufacturers' facilities, 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 affect our business. Moreover, if the FDA, EMA or any other regulatory authority determines that our third-party manufacturers' facilities are not in

compliance with applicable laws and regulations, including those governing cGMPs, they may deny BLA establishment licensure until the deficiencies are corrected or we replace the manufacturer in our BLA with a manufacturer that is able to ensure safety, purity and potency of the product being manufactured.

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 cGMPs, lot consistency and timely availability of raw materials. Even if we 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, EMA 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. 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 prospects.

Scaling up a biopharmaceutical manufacturing process is a difficult and uncertain task. If our third-party manufacturers are unable, or decide not, to adequately validate or scale-up the manufacturing process at our current manufacturers' facilities, we will need to transfer to another manufacturer and complete the manufacturing validation process, which can be lengthy. If we are able to adequately validate and scale-up the manufacturing process for our product candidates with a CMOs, we will in most cases still need to negotiate with such CMOs an agreement for commercial supply and it is not certain we will be able to come to agreement on terms acceptable to us.

We cannot assure you that any stability or other issues relating to the manufacture of any of our current or future product candidates or products will not occur in the future. If our third-party manufacturers were to encounter any of these difficulties, our ability to provide any product candidates to participants in clinical trials and products to participants, once approved, would be jeopardized. Any delay or interruption in 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. We may also have to take inventory write-offs and incur other charges and expenses for product candidates or products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives. Accordingly, failures or difficulties faced at any level of our supply chain could adversely affect our business and delay or impede the development and commercialization of any of our product candidates or products, if approved, and could have an adverse effect on our business, financial condition, results of operations and prospects.

As part of our process development efforts, we also may make changes to the manufacturing processes at various points during development, for various reasons, such as controlling costs, achieving scale, decreasing processing time, increasing manufacturing success rate or other reasons. Such changes carry the risk that they will not achieve their intended objectives, and any of these changes could cause our current or future product candidates to perform differently and affect the results of our future clinical trials. In some circumstances, changes in the manufacturing process may require us to perform *ex vivo* comparability studies and to collect additional data from participants prior to undertaking more advanced clinical trials. For instance, changes in our process during the course of clinical development may require us to show the comparability of the product used in earlier clinical phases or at earlier portions of a trial to the product used in later clinical phases or later portions of the trial.

Risks Related to this Offering and Ownership of Our Common Stock

An active and liquid trading market for our common stock may not develop and you may not be able to resell your shares of common stock at or above the public offering price, if at all.

Prior to this offering, no market for shares of our common stock existed. We have applied to list our common stock on Nasdaq under the symbol "SLRN." Assuming that our common stock is listed and after the consummation of this offering, an active or liquid trading market for our common stock may never develop or be sustained following this offering. To the extent certain of our existing stockholders and their affiliated entities participate in this offering, such purchases would reduce the non-affiliated public float of our shares, meaning the number of shares of our common stock that are not held by officers, directors and affiliated stockholders. A reduction in the public float could reduce the number of shares that are available to be traded at any given time, thereby adversely impacting the liquidity of our common stock and depressing the price at which you may be able to sell your shares. Moreover, the initial public offering price for our common stock will be determined through negotiations with the underwriters, and may vary from the market price of our common stock following this offering. As a result of these and other factors, you may be unable to resell your shares of our common stock at or above the initial public offering price, at the time you wish to sell them, or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. Furthermore, an inactive market may also impair our ability to raise capital by selling shares of our common stock in the future, and may impair our ability to enter into strategic collaborations or acquire companies or products by using our shares of common stock as consideration.

Our quarterly and annual operating results may fluctuate significantly or may fall below the expectations of investors or securities analysts or any guidance we may publicly provide, each of which may cause our stock price to fluctuate or decline.

We expect our operating results to be subject to quarterly and annual fluctuations which may, in turn, cause the price of our common stock to fluctuate substantially. Our net loss and other operating results will be affected by numerous factors, including:

- variations in the level of expense related to the ongoing development of izokibep, lonigutamab, and our other product candidates or future development programs;
- results and timing of preclinical studies and ongoing and future clinical trials, or the addition or termination of any such clinical trials;
- the timing of payments we may make or receive under existing license and collaboration arrangements or the termination or modification thereof;
- our execution of any strategic transactions, including acquisitions, collaborations, licenses or similar arrangements, and the timing and amount of payments we may make or receive in connection with such transactions;
- any intellectual property infringement lawsuit or opposition, interference or cancellation proceeding in which we may become involved;
- recruitment and departures of key personnel;
- if any of our product candidates receives regulatory approval, the terms of such approval and market acceptance and demand for such products;
- regulatory developments affecting our product candidates or those of our competitors;
- fluctuations in stock-based compensation expense, including the stock-based compensation expense that we expect to incur in connection with the RSU Net Settlement and subsequent RSU vesting events;
- the continuing effect of the COVID-19 pandemic and the impacts of inflation and rising interest rates on our business and operations; and

- changes in general market and economic conditions.

If our quarterly or annual operating results fall below the expectations of investors or securities analysts or any forecasts or guidance we may provide to the market, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated guidance we may provide. We believe that quarterly or annual comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

Our stock price may be volatile, which could result in substantial losses for investors purchasing shares in this offering.

The market price of our common stock is likely to be volatile and could fluctuate widely in response to many factors, including but not limited to:

- volatility and instability in the financial and capital markets;
- announcements relating to our product candidates, including the results of clinical trials by us or our collaborators;
- announcements by competitors that impact our competitive outlook;
- negative developments with respect to our product candidates, or similar products or product candidates with which we compete;
- developments with respect to patents or intellectual property rights;
- announcements of technological innovations, new product candidates, new products or new contracts by us or our competitors;
- announcements relating to strategic transactions, including acquisitions, collaborations, licenses or similar arrangements;
- actual or anticipated variations in our operating results due to the level of development expenses and other factors;
- changes in financial estimates by equities research analysts and whether our earnings (or losses) meet or exceed such estimates;
- announcement or expectation of additional financing efforts and receipt, or lack of receipt, of funding in support of conducting our business;
- sales of our common stock by us, our insiders, or other stockholders, or issuances by us of shares of our common stock in connection with strategic transactions;
- expiration of market standoff or lock-up agreements described in the section titled “Underwriters” section;
- conditions and trends in the pharmaceutical, biotechnology and other industries;
- regulatory developments within, and outside of, the United States, including changes in the structure of health care payment systems;
- litigation or arbitration;
- COVID-19 or other pandemics, natural disasters, or major catastrophic events;
- general economic, political and market conditions and other factors; and
- the occurrence of any of the risks described in this section titled “Risk Factors”.

In recent years, the stock market in general, and the market for pharmaceutical and biotechnology companies in particular, has experienced significant price and volume fluctuations that have often been unrelated

or disproportionate to changes in the operating performance of the companies whose stock is experiencing those price and volume fluctuations. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. These fluctuations may be even more pronounced in the trading market for our stock shortly following this offering.

You will experience immediate and substantial dilution as a result of this offering and may experience additional dilution in the future.

You will suffer immediate and substantial dilution with respect to the common stock you purchase in this offering. Specifically, assuming an initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, and assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and that the underwriters do not exercise their over-allotment option to purchase additional shares of common stock in this offering, you will incur immediate dilution of $ per share. That number represents the difference between the assumed initial public offering price of $ per share and our pro forma net tangible book value per share as of December 31, 2022, after giving effect to (i) the automatic conversion of 80,346,268 shares of redeemable convertible preferred stock as outstanding of December 31, 2022 into an equivalent number of shares of our common stock, (ii) the Acquisition (see section titled "Unaudited Pro Forma Condensed Combined Financial Information" for related adjustments), (iii) the RSU Net Settlement and the estimated tax liability of $ million (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover of this prospectus and an assumed tax withholding rate applicable to the RSU holder), (iv) the derivative tranche liability related to the Series C Second Tranche Closing, and (v) the filing and effectiveness of our amended and restated certificate of incorporation to be in effect immediately prior to the closing of this offering.

For a further description of the dilution you will experience immediately after this offering, see the section titled "Dilution."

Sales of a substantial number of shares of our common stock by our existing stockholders in the public market could cause our stock price to fall.

Sales of a substantial number of shares of our common stock in the public market or the perception that these sales might occur could significantly reduce the market price of our common stock and impair our ability to raise adequate capital through the sale of additional equity securities.

Based on shares of common stock outstanding as of December 31, 2022 (after giving effect to the (i) the automatic conversion of 80,346,268 shares of redeemable convertible preferred stock outstanding as of December 31, 2022 into an equivalent number of shares of our common stock, (ii) the Acquisition, including the issuance of 37,242,709 shares of our common stock and (iii) the RSU Net Settlement), upon the closing of this offering, we will have outstanding a total of shares of common stock, assuming no exercise of the underwriters' option to purchase additional shares and no exercise of outstanding options or additional restricted stock units subsequent to such date. Of these shares, only the shares of common stock sold in this offering by us, plus any shares sold upon exercise of the underwriters' option to purchase additional shares, will (unless they are purchased by one of our affiliates) be freely tradable, without restriction, in the public market immediately following this offering.

Our directors and executive officers and holders of substantially all of our outstanding securities have entered into lock-up agreements with the underwriters pursuant to which they may not, with certain exceptions, for a period of 180 days from the date of this prospectus, offer, sell or otherwise transfer or dispose of any of our securities, without the prior written consent of the representatives of the underwriters. However, the representatives may permit our officers, directors and other security holders who are subject to the lock-up agreements to sell shares prior to the expiration of the lock-up agreements at any time in their sole discretion. See the section titled "Underwriters." Sales of these shares, or perceptions that they will be sold, could cause the trading price of our common stock to decline. After the lock-up agreements expire, an additional shares

of common stock will be eligible for sale in the public market, of which shares are held by directors, executive officers and other affiliates and will be subject to volume limitations under Rule 144 under the Securities Act.

In addition, as of December 31, 2022, shares of common stock that are subject to outstanding options and RSUs under our employee benefit plans will become eligible for sale in the public market after this offering, to the extent permitted by the provisions of various vesting schedules, the lock-up agreements (and the exceptions thereto) and Rule 144 and Rule 701 under the Securities Act. If these additional shares of common stock are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

After this offering, the holders of shares of our outstanding common stock, or approximately % of our total outstanding common stock based on shares outstanding as of December 31, 2022, will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to the lock-up agreements described above. See "Description of Capital Stock—Registration Rights." Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares held by affiliates, as defined in Rule 144 under the Securities Act. Any sales of securities by these stockholders could adversely affect the trading price of our common stock.

We have broad discretion in how we use the net proceeds of this offering and may not use these proceeds effectively, which could affect our results of operations and cause our stock price to decline.

We will have considerable discretion in the application of the net proceeds of this offering, including for any of the purposes described in the section of this prospectus titled "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. As a result, investors will be relying upon management's judgment with only limited information about our specific intentions for the use of the balance of the net proceeds of this offering. We may use the net proceeds for purposes that do not yield a significant return or any return at all for our stockholders. In addition, pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

Our principal stockholders and management own a significant percentage of our common stock and will be able to control matters subject to stockholder approval.

Based on shares of our common stock outstanding as of , 2023, prior to this offering, our executive officers, directors, holders of 5% or more of our capital stock and their respective affiliates beneficially owned approximately % of our voting stock and, upon the completion of this offering, that same group will hold approximately % of our outstanding voting stock (after giving effect to the RSU Net Settlement and assuming no exercise of the underwriters' over-allotment option, no exercise of outstanding options or further settlement of outstanding RSUs and no purchases of shares of common stock in this offering or our directed share program by anyone of this group). The interests of these stockholders may not be the same as or may even conflict with your interests. For example, these stockholders could delay or prevent a change of control of our company, even if such a change of control would benefit our other stockholders, which could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company or our assets and might affect the prevailing market price of our common stock. The significant concentration of stock ownership may adversely affect the trading price of our common stock due to investors' perception that conflicts of interest may exist or arise.

We are an "emerging growth company" and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company" as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are

applicable to other public companies that are not emerging growth companies, including (i) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, (ii) reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements and (iii) exemptions from the requirements of holding nonbinding advisory stockholder votes on executive compensation and stockholder approval of any golden parachute payments not approved previously. In addition, as an emerging growth company, we are only required to provide two years of audited financial statements and two years of selected financial data in this prospectus.

We could be an emerging growth company for up to five years following the completion of this offering, although circumstances could cause us to lose that status earlier, including if we are deemed to be a "large accelerated filer," which occurs when the market value of our shares that is held by non-affiliates equals or exceeds $700.0 million as of the prior June 30, or if we have total annual gross revenue of $1.24 billion or more during any fiscal year before that time, in which cases we would no longer be an emerging growth company as of the December 31 of such year, or if we issue more than $1.0 billion in non-convertible debt during any three-year period before that time, in which case we would no longer be an emerging growth company immediately.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards. Until the date that we are no longer an "emerging growth company" or affirmatively and irrevocably opt out of the exemption provided by Section 7(a)(2)(B) of the Securities Act, upon issuance of a new or revised accounting standard that applies to our financial statements and that has a different effective date for public and private companies, we will disclose the date on which adoption is required for non-emerging growth companies and the date on which we will adopt the recently issued accounting standard.

Anti-takeover provisions in our charter documents and under Delaware law could prevent or delay an acquisition of us that may be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management.

Our restated certificate of incorporation and our restated bylaws that will be in effect upon completion of this offering contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors who are not nominated by current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions:

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit only the board of directors 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 restated certificate of incorporation and restated bylaws;
- authorize the issuance of "blank check" preferred stock that our board could use to implement a stockholder rights plan;
- 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 Delaware General Corporation Law (DGCL) may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations and other transactions between us and holders of 15% or more 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 restated certificate of incorporation that will be in effect upon completion of this offering, to the fullest extent permitted by law, will 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 restated certificate of incorporation, or our restated 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 Exchange Act.

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 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 restated bylaws will provide that the federal district courts of the United States of America will, to the fullest extent permitted by law, be 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 the offering. 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 in our restated bylaws, including

the Federal Forum Provision. These provisions may limit a stockholders' 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.

Our board of directors will be authorized to issue and designate shares of our preferred stock without stockholder approval.

Our amended and restated certificate of incorporation will authorize our board of directors, without the approval of our stockholders, to issue shares of preferred stock, subject to limitations prescribed by applicable law, rules and regulations and the provisions of our amended and restated certificate of incorporation, and to establish from time to time the number of shares of preferred stock to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The powers, preferences and rights of these additional series of convertible preferred stock may be senior to or on parity with our common stock, which may reduce our common stock's value.

Because we do not anticipate paying any dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared nor paid dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development, operation and expansion of our business and we do not anticipate declaring or paying any dividends in the foreseeable future. As a result, capital appreciation of our common stock, which may never occur, will be your sole source of gain on your investment for the foreseeable future.

General Risk Factors

Unstable economic and market conditions may have serious adverse consequences on our business, financial condition and stock price.

Global economic and business activities continue to face widespread uncertainties, and global credit and financial markets have experienced extreme volatility and disruptions in the past several years, including severely diminished liquidity and credit availability, rising inflation and monetary supply shifts, rising interest rates, labor shortages, declines in consumer confidence, declines in economic growth, increases in unemployment rates, recession risks, and uncertainty about economic and geopolitical stability (for example, related to the ongoing Russia-Ukraine conflict). The extent of the impact of these conditions on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected timeframe, as well as that of third parties upon whom we rely, will depend on future developments which are uncertain and cannot be predicted. There can be no assurance that further deterioration in economic or market conditions will not occur, or how long these challenges will persist. If the current equity and credit markets further deteriorate, or do not improve, it may make any necessary debt or equity financing more difficult, more costly, and more dilutive. Furthermore, our stock price may decline due in part to the volatility of the stock market and the general economic downturn.

If securities or industry analysts do not publish research or reports about our business, or if they publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will be influenced in part by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over the industry or securities analysts, or the content and opinions included in their reports and may never obtain research coverage by securities and industry analysts. If no or few securities or industry analysts commence coverage of us, or if

analysts cease coverage of us, we could lost visibility in the financial markets, and the trading price for our common stock could be impacted negatively. If any of the analysts who cover us publish inaccurate or unfavorable research or opinions regarding us, our business model, our intellectual property or our stock performance, or if our preclinical studies and clinical trials and operating results fail to meet the expectations of analysts, our stock price would likely decline.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.

After the completion of this offering, as a public company, and particularly after we are no longer an emerging growth company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Securities Act, the Exchange Act, Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the Nasdaq Global Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, we expect these rules and regulations to substantially increase our legal and financial compliance costs and to make some activities more time consuming and costly. For example, we expect that these rules and regulations may 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 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, our board committees or as executive officers. The increased costs may require us to reduce costs in other areas of our business. Moreover, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Failure to establish and maintain effective internal control over financial reporting could adversely affect our business and if investors lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be negatively affected.

We are not currently required to comply with the rules of the SEC implementing Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of internal control over financial reporting. Although we will be required to disclose changes made in our internal control over financial reporting on a quarterly basis, we will not be required to make our first annual assessment of our internal control over financial reporting until our second annual report on Form 10-K. However, as an emerging growth company, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting until the later of the year following our first annual report required to be filed with the SEC or the date we are no longer an emerging growth company. At such time, our independent registered public accounting firm would need to issue a report that is adverse in the event that there are material weaknesses in our internal control over financial reporting.

As a private company, we do not currently have any internal audit function. To comply with the requirements of being a public company, we have undertaken various actions, and will need to take additional actions, such as implementing numerous internal controls and procedures and hiring additional accounting or internal audit staff or consultants. Testing and maintaining internal controls can divert our management's attention from other matters that are important to the operation of our business. Additionally, in connection with

the preparation of our financial statements for the year ended December 31, 2021 and 2022, material weaknesses were identified in the design and operating effectiveness of our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. If we are unable to remediate these material weaknesses, or we identify more material weaknesses that we are not able to remediate in time to meet the applicable deadline imposed upon us for compliance with the disclosure and attestation requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner or assert that our internal control over financial reporting is effective, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources. In addition, if we fail to remedy any material weakness, our financial statements could be inaccurate, and we could face restricted access to capital markets.

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

Upon the completion of this offering, we will become subject to the periodic reporting requirements of the Exchange Act. We must design 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. Any disclosure 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. For example, our directors or executive officers could inadvertently fail to disclose a new relationship or arrangement causing us to fail to make any related party transaction disclosures. 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. In addition, we do not have a formal risk management program for identifying and addressing risks to our business in other areas.

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

The market price of our common stock is likely to be volatile. The stock market in general, and Nasdaq and biopharmaceutical companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies. 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 in the future. Securities litigation (including the cost to defend against, and any potential adverse outcome resulting from any such proceeding) can be expensive, time-consuming, damage our reputation and divert our management's attention from other business concerns, which could seriously harm our business.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. The forward-looking statements are contained principally in the sections titled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this prospectus. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy, product candidates, planned preclinical studies and clinical trials, results of preclinical studies and clinical trials, research and development costs, regulatory approvals, timing and likelihood of success, as well as plans and objectives of management for future operations, are forward-looking statements. These statements speak only as of the date of this prospectus and involve known and unknown risks, uncertainties and other important factors that are in some cases beyond our control and may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "anticipate," "may," "will," "should," "would," "expect," "plan," "anticipate," "could," "intend," "target," "project," "believe," "estimate," "predict," "potential," or "continue" or the negative of these terms or other similar expressions. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our plans relating to the development of izokibep, lonigutamab, SLRN-517 or any other product candidates we may develop, including additional indications that we may pursue;
- the characteristics, safety, tolerability and efficacy of izokibep, lonigutamab, SLRN-517 or any other product candidates we may develop;
- the timing, progress and results of our preclinical studies and clinical trials, including statements regarding the timing of initiation and completion of studies or trials and related preparatory work, the period during which the results of the trials will become available and our development plans;
- the timing and costs involved in obtaining and maintaining regulatory approval of izokibep, lonigutamab, SLRN-517 or any other product candidates we may develop, and the timing or likelihood of regulatory filings and approvals, including our expectation to seek special designations for certain of our product candidates for various diseases;
- our plans relating to commercializing izokibep, lonigutamab, SLRN-517 or any other product candidates we may develop, if approved, including the geographic areas of focus and our ability to grow a sales force;
- our estimates of the number of patients who suffer from the diseases we target, and the corresponding size of the market opportunities for izokibep, lonigutamab, SLRN-517 or any other product candidates we may develop in each of the diseases we target;
- our ability to successfully procure the manufacture and supply of izokibep, lonigutamab, SLRN-517 or any other product candidates we may develop for clinical trials and for commercial use, if approved;
- the rate and degree of market acceptance of izokibep, lonigutamab, SLRN-517 or any other product candidates we may develop, as well as the pricing and reimbursement of izokibep, lonigutamab, SLRN-517 or any other product candidates we may develop, if approved;
- our continued reliance on third parties to conduct clinical trials of izokibep, lonigutamab, SLRN-517 or any other product candidates we may develop, and for the manufacture and supply of our product candidates;
- the scope of protection we are able to establish and maintain for intellectual property rights, including izokibep, lonigutamab, SLRN-517 or any other product candidates we may develop;
- the success of competing therapies that are, or may become, available and other developments relating to our competitors and our industry;

- existing regulations and regulatory developments in the United States and other jurisdictions;
- the implementation of our business model and strategic plans for our business and operations;
- our ability to retain the continued service of our key professionals and to identify, hire, and retain additional qualified professionals;
- our ability to acquire additional product candidates and advance them into clinical development;
- our expectations regarding our financial performance, expenses, revenue opportunities, capital requirements and needs for additional financing;
- our anticipated tax withholding and remittance obligations in connection with the RSU Net Settlement and other RSU settlements following this offering;
- our ability to remediate the existing material weaknesses in our internal control over financial reporting;
- our expectations regarding the impact of the COVID-19 pandemic, geopolitical conflicts and economic uncertainty, including rising interest rates and inflation on our business and operations, including clinical trials, CMOs, collaborators, CROs and employees;
- our expectations regarding the period during which we will qualify as an emerging growth company under the JOBS Act; and
- our use of the net proceeds from this offering and the sufficiency of our existing cash to fund our future operating expenses and capital expenditure requirements.

We have based these forward-looking statements largely on our current expectations and projections about our business, the industry in which we operate and financial trends that we believe may affect our business, financial condition, results of operations and prospects and these forward-looking statements are not guarantees of future performance or development. These forward-looking statements speak only as of the date of this prospectus and are subject to a number of risks, uncertainties and assumptions described in the section titled “Risk Factors” and elsewhere in this prospectus. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein after we distribute this prospectus, whether as a result of any new information, future events or otherwise.

In addition, “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and you are cautioned not to unduly rely upon them.

MARKET, INDUSTRY AND OTHER DATA

We obtained the industry, market and competitive position data used throughout this prospectus from our own internal estimates and research, as well as from market research, industry and general publications and surveys, governmental agencies, research, surveys and studies conducted by third parties and publicly available information. These sources include:

1. GlobalData (2019) Axial Spondyloarthritis: Global Drug Forecast and Market Analysis to 2028, October 2019, GDHC179PIDR; and
2. Skysis, a member of Fishawack Health. References in this prospectus to market research by Skysis were commissioned by us.

In presenting this information, we have made certain assumptions that we believe to be reasonable based on such data and other similar sources and on our knowledge of, and our experience to date in, the markets in which we operate. Internal estimates are derived from publicly available information released by industry analysts and third-party sources, our internal research and our industry experience, and are based on assumptions made by us based on such data and our knowledge of our industry and market, which we believe to be reasonable. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires. In addition, while we believe the industry, market and competitive position data included in this prospectus is reliable and based on reasonable assumptions, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed in the sections titled “Risk Factors” and “Special Note Regarding Forward-Looking Statements.” These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties or by us.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $ million (or approximately $ million if the underwriters' option to purchase additional shares of our common stock is exercised in full) based on the assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of common stock offered by us would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the assumed initial public offering price of $ per share remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to obtain additional capital to support our operations, establish a public market for our common stock and facilitate our future access to the public capital markets.

We currently intend to use the net proceeds we receive from this offering, together with our existing cash and cash equivalents, as follows:

- approximately $ million to advance the clinical development of izokibep through topline data in Phase 2b/3 trials of izokibep in each of HS, PsA, and uveitis;
- approximately $ million to advance the clinical development of lonigutamab through topline data in the MAD portion of the Phase 1/2 trial in TED;
- approximately $ million to advance the clinical development of SLRN-517 through proof-of-concept data in the MAD portion of a Phase 1 trial in chronic urticaria; and
- the remainder for general corporate purposes, including additional clinical development, working capital, operating expenses and capital expenditures.

We may also use a portion of the net proceeds and our existing cash and cash equivalents to in-license, acquire, or invest in complementary businesses, technology platforms, products or assets, although we have no current agreements, commitments or understandings to do so.

We intend to use a portion of the net proceeds to satisfy tax withholding obligations related to the vesting and settlement of RSUs, which will vest upon the completion of this offering. Based on an assumed tax withholding rate applicable to the RSU holder and the assumed initial public offering price of $ per share of common stock, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, we would expect to use approximately $ million to satisfy our tax withholding obligations related to the vesting of such RSUs. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share of common stock would increase (decrease) the amount we would be required to pay to satisfy these tax withholding obligations by approximately $ million.

Based on our current operating plan, we estimate that our existing cash and cash equivalents as of the date of this prospectus, together with the estimated net proceeds from this offering, will be sufficient to fund our projected operating expenses and capital expenditure requirements into 2025. Our expected use of proceeds from this offering described above represents our current intentions based on our present plans and business condition. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the proceeds to be received upon the closing of this offering or the actual amounts that we will spend on the uses set forth above. We also may elect to raise additional capital opportunistically.

The amounts and timing of our actual expenditures will depend on numerous factors, including the time and cost necessary to conduct our ongoing and planned preclinical studies and clinical trials, the results of our preclinical studies and clinical trials and other factors described in the section titled "Risk Factors" in this prospectus, as well as the amount of cash used in our operations and any unforeseen cash needs. Therefore, our actual expenditures may differ materially from the estimates described above. We may find it necessary or advisable to use the net proceeds for other purposes. We will have broad discretion over how to use the net proceeds to us from this offering. We intend to invest the net proceeds to us from this offering that are not used as described above in short-term, investment-grade, interest-bearing instruments.

DIVIDEND POLICY

We do not anticipate declaring or paying, in the foreseeable future, any cash dividends on our capital stock. We intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to applicable laws, and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant. In addition, our ability to pay cash dividends on our capital stock in the future may be limited by the terms of any future debt or preferred securities we issue or any credit facilities we enter into.

CAPITALIZATION

The following table sets forth our cash, cash equivalents and short-term marketable securities, derivative tranche liability, other non-current liabilities and capitalization as of December 31, 2022:

- on an actual basis;
- on a pro forma basis, giving effect to (i) the automatic conversion of 80,346,268 shares of our redeemable convertible preferred stock outstanding as of December 31, 2022 into an equivalent number of shares of our common stock, which will occur immediately prior to the closing of this offering, (ii) the Acquisition (see section titled "Unaudited Pro Forma Condensed Combined Financial Information" for related adjustments), (iii) the RSU Net Settlement, the related stock-based compensation expense of $ million and the estimated tax liability of $ million (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover of this prospectus and an assumed tax withholding rate applicable to the RSU holder), (iv) the reversal of the change in fair value of the derivative tranche liability related to the Series C Second Tranche Closing, and (v) the filing and effectiveness of our amended and restated certificate of incorporation to be in effect immediately prior to the closing of this offering; and
- on a pro forma as adjusted basis to give further effect to our issuance and sale of shares of our common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	As of December 31, 2022		
	Actual	Pro Forma[2][3]	Pro Forma As Adjusted[4]
	(in thousands, except share and per share data)		
Cash and cash equivalents	$ 267,110	$	$
Short-term marketable securities	47,510		
Total cash, cash equivalents and short-term marketable securities	$ 314,620	$	$
Derivative tranche liability	$ 10,291	$	$
Other non-current liabilities[1]	—		
Series A redeemable convertible preferred stock, $0.00001 par value per share; 8,000,000 shares authorized, 8,000,000 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	7,916		
Series B redeemable convertible preferred stock, $0.00001 par value per share; 48,230,900 shares authorized, 48,230,900 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	249,678		
Series C redeemable convertible preferred stock, $0.00001 par value per share; 49,230,736 shares authorized, 24,115,368 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	138,999		

	As of December 31, 2022		
	Actual	Pro Forma[2][3]	Pro Forma As Adjusted[4]
	(in thousands, except share and per share data)		
Stockholders' equity (deficit):			
Preferred stock, $0.00001 par value per share; no shares authorized, issued and outstanding, actual; shares authorized, pro forma and pro forma as adjusted; no shares issued and outstanding, pro forma and pro forma as adjusted	—		
Common Stock, $0.00001 par value per share; no shares authorized, issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; and shares authorized, shares issued and outstanding, pro forma as adjusted			
Class A Common Stock[2], $0.00001 par value per share; 133,000,000 shares authorized, 5,457,244 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	—		
	—		
Class B Common Stock, $0.00001 par value per share; 96,461,636 shares authorized, no shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	—		
Additional paid-in capital	4,302		
Accumulated other comprehensive loss	(86)		
Accumulated deficit	(107,078)		
Total stockholders' equity (deficit)	(102,862)		
Total capitalization	$ 304,022	$	$

(1) Other non-current liabilities represent the long-term portion of severance payments obligation related to the Acquisition.
(2) In connection with this offering, we re-designated all shares of Class A common stock as shares of common stock. Other than with respect to their names, the terms of common stock and Class A common stock are identical.
(3) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the amount we would be required to pay to satisfy our tax withholding and remittance obligations related to the RSU Net Settlement by $ million.
(4) The pro forma as adjusted information above is illustrative only, and our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity (deficit) and total capitalization by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares common stock offered by us would increase (decrease) each of our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity (deficit) and total capitalization by approximately $ million, assuming the assumed initial public offering price of $ per share remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Capital Stock," and our financial statements and the related notes included elsewhere in this prospectus.

The number of shares of our common stock to be outstanding after this offering is based on shares of common stock outstanding as of December 31, 2022 (which includes 1,108,333 shares of unvested restricted stock subject to a repurchase option by us) and gives effect to (i) the automatic conversion of

80,346,268 shares of our redeemable convertible preferred stock into an equivalent number of shares of our common stock, which will occur immediately prior to the closing of this offering, (ii) 37,242,709 shares of our common stock issued in connection with the Acquisition in January 2023 and (iii) the RSU Net Settlement.

The number of shares of common stock to be outstanding after this offering excludes:

- 9,932,988 shares of our common stock issuable upon the exercise of outstanding stock options as of December 31, 2022 under our 2020 Plan, with a weighted-average exercise price of $2.43 per share;
- 1,531,649 shares of our common stock issuable upon the exercise of outstanding stock options granted subsequent to December 31, 2022 under our 2020 Plan, with a weighted-average exercise price of $3.79 per share;
- 2,464,653 shares of our common stock issuable upon the exercise of outstanding stock options issued under the ValenzaBio, Inc. Stock Plan assumed in connection with the Acquisition subsequent to December 31, 2022, with a weighted-average exercise price of $1.86 per share;
- shares of our common stock issuable upon vesting and settlement of RSUs outstanding as of December 31, 2022, other than the RSU Net Settlement;
- shares of our common stock reserved for future issuance under our 2023 Plan, which will become effective once the registration statement of which this prospectus forms a part is declared effective, including new shares plus the number of shares (not to exceed shares) that (i) remain available for grant of future awards under the 2020 Plan and will cease to be available for issuance under the 2020 Plan at the time our 2023 Plan becomes effective in connection with this offering, and (ii) are underlying outstanding stock awards granted under our 2020 Plan, that expire or are repurchased, forfeited, cancelled or withheld, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under our 2023 Plan, as more fully described in the section titled "Executive Compensation—Equity Benefit Plans;" and
- shares of our common stock reserved for issuance under our ESPP, which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of common stock reserved for future issuance under our ESPP, as more fully described in the section titled "Executive Compensation—Equity Benefit Plans."

DILUTION

If you invest in our common stock in this offering, your interest will be diluted immediately to the extent of the difference between the initial public offering price per share of common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering.

As of December 31, 2022, our historical net tangible book value (deficit) was $(104.8) million, or $(19.20) per share of common stock based on 5,457,244 shares of our common stock (including 1,108,333 shares subject to repurchase as of such date) outstanding as of such date. Our historical net tangible book value (deficit) per share represents the amount of our total tangible assets (which excludes deferred costs) less our total liabilities and the carrying value of our redeemable convertible preferred stock, divided by the number of shares of our common stock outstanding as of December 31, 2022 (including 1,108,333 shares of our common stock subject to repurchase as of such date).

Our pro forma net tangible book value as of December 31, 2022 was $ million, or $ per share of common stock. Pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities after giving effect to (i) the automatic conversion of 80,346,268 shares of our redeemable convertible preferred stock into an equivalent number of shares of our common stock, which will occur immediately prior to the closing of this offering, (ii) the Acquisition (see section titled "Unaudited Pro Forma Condensed Combined Financial Information" for related adjustments), (iii) the RSU Net Settlement and the estimated tax liability of $ million (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover of this prospectus and an assumed tax withholding rate applicable to the RSU holder), (iv) the derivative tranche liability related to the Series C Second Tranche Closing of $10.3 million and (v) the filing and effectiveness of our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering. Pro forma net tangible book value per share represents pro forma net tangible book value divided by the total number of our common stock outstanding as of December 31, 2022 (including 1,108,333 shares of common stock subject to repurchase as of such date), after giving effect to the pro forma adjustments described above.

After giving effect to our issuance and sale of shares of our common stock in this offering at the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2022 would have been $ million, or $ per share of our common stock. This amount represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to our existing stockholders and an immediate dilution in pro forma as adjusted net tangible book value of $ per share to investors purchasing common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the initial public offering price per share paid by new investors. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$
Historical net tangible book value (deficit) per share as of December 31, 2022	$(19.20)	
Increase per share attributable to the automatic conversion of redeemable convertible preferred stock into common stock and the RSU Net Settlement upon the closing of this offering, and the closing of the Acquisition		
Pro forma net tangible book value per share as of December 31, 2022		
Increase in pro forma as adjusted net tangible book value per share attributable to new investors purchasing common stock in this offering		
Pro forma as adjusted net tangible book value per share immediately after this offering		
Dilution per share to investors purchasing common stock in this offering		$

The dilution information discussed above is illustrative only and may change based on the actual initial public offering price and other terms of this offering. Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by $ per share and increase (decrease) the dilution to new investors purchasing shares of common stock in this offering by $ per share, in each case assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of common stock offered by us would increase (decrease) our pro forma as adjusted net tangible book value by approximately $ per share and decrease (increase) the dilution to investors purchasing shares in this offering by approximately $ per share, in each case assuming the assumed initial public offering price of $ per share remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise their option to purchase additional shares of our common stock in full, the pro forma net tangible book value per share, as adjusted to give effect to this offering, would be $ per share, and the dilution in pro forma net tangible book value per share to new investors in this offering would be $ per share.

The following table summarizes on the pro forma as adjusted basis as of December 31, 2022, the total number of shares of common stock purchased from us, the total consideration paid or to be paid, and the weighted-average price per share paid or to be paid by existing stockholders and by new investors in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. As the table shows, new investors purchasing common stock in this offering will pay an average price per share substantially higher than our existing stockholders paid.

	Total Shares		Total Consideration		Weighted-Average Price Per Share
	Number	Percentage	Amount	Percentage	
Existing stockholders	123,866,635	%	$408,000,000	%	$ 3.29
New investors[1]					$
Total		100.0%	$	100.0%	

(1) The presentation in this table regarding ownership by existing stockholders does not give effect to any purchases that existing stockholders may make through our directed share program or otherwise purchase in this offering.

The table above assumes no exercise of the underwriters' option to purchase additional shares in this offering. If the underwriters' option to purchase additional shares is exercised in full, the number of shares of our common stock held by existing stockholders would be reduced to % of the total number of shares of our common stock outstanding after this offering, and the number of shares of common stock held by investors purchasing common stock in this offering would be increased to % of the total number of shares of our common stock outstanding after this offering.

The number of shares of our common stock to be outstanding after this offering is based on shares of common stock outstanding as of December 31, 2022 (which includes 1,108,333 shares of unvested restricted stock subject to a repurchase option by us) and gives effect to (i) the automatic conversion of 80,346,268 shares of our redeemable convertible preferred stock into an equivalent number of shares of our common stock, which will occur immediately prior to the closing of this offering, (ii) 37,242,709 shares of our common stock issued in connection with the Acquisition in January 2023 and (iii) the RSU Net Settlement.

The number of shares of common stock to be outstanding after this offering in the table and discussion above excludes:

- 9,932,988 shares of our common stock issuable upon the exercise of outstanding stock options as of December 31, 2022 under our 2020 Plan, with a weighted-average exercise price of $2.43 per share;
- 1,531,649 shares of our common stock issuable upon the exercise of outstanding stock options granted subsequent to December 31, 2022 under our 2020 Plan, with a weighted-average exercise price of $3.79 per share;
- 2,464,653 shares of our common stock issuable upon the exercise of outstanding stock options issued under the ValenzaBio, Inc. Stock Plan assumed in connection with the Acquisition subsequent to December 31, 2022, with a weighted-average exercise price of $1.86 per share;
- shares of our common stock issuable upon vesting and settlement of RSUs outstanding as of December 31, 2022, other than the RSU Net Settlement;
- shares of our common stock reserved for future issuance under our 2023 Plan, which will become effective once the registration statement of which this prospectus forms a part is declared effective, including new shares plus the number of shares (not to exceed shares) that (i) remain available for grant of future awards under the 2020 Plan and will cease to be available for issuance under the 2020 Plan at the time our 2023 Plan becomes effective in connection with this offering, and (ii) are underlying outstanding stock awards granted under our 2020 Plan, that expire or are repurchased, forfeited, cancelled or withheld, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under our 2023 Plan, as more fully described in the section titled "Executive Compensation—Equity Benefit Plans;" and
- shares of our common stock reserved for issuance under our ESPP, which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares common stock reserved for future issuance under our ESPP, as more fully described in the section titled "Executive Compensation—Equity Benefit Plans."

To the extent that any outstanding options are exercised or new options or RSUs are issued under our stock-based compensation plans, or we issue additional shares of our common stock in the future, there will be further dilution to new investors participating in this offering.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial statements present the combination of the historical financial statements of ACELYRIN, INC. (the Company or ACELYRIN) and ValenzaBio, Inc. (ValenzaBio) adjusted to give effect to the transactions contemplated by the Merger and Reorganization Agreement (the ValenzaBio Merger Agreement), dated December 20, 2022, by and among ACELYRIN, ValenzaBio, WH1, INC. (Merger Sub I), WH2, LLC (Merger Sub II) and Seller Representatives LLC (Seller LLC). The ValenzaBio Merger Agreement contemplates, among other things, the merger of Merger Sub I with and into ValenzaBio, with ValenzaBio as the surviving entity and continuing as a direct, wholly owned subsidiary of the Company (the First Merger), and promptly thereafter, the merger of ValenzaBio with and into Merger Sub II, with Merger Sub II as the surviving entity and continuing as a direct, wholly owned subsidiary of the Company (the Second Merger) (collectively, the Acquisition). The Acquisition closed on January 4, 2023 (the Closing Date) and is anticipated to qualify as a tax-free reorganization for U.S. federal income tax purposes. On the Closing Date, the Company (i) issued 37,242,709 shares of its common stock and paid $7,663 in cash to one non-accredited investor in exchange for 100% of the outstanding common stock of ValenzaBio and (ii) assumed options of ValenzaBio optionholders who entered into consulting agreements with the Company, which became options for the purchase of an aggregate of 2,464,653 shares of the Company's common stock upon the closing of the Acquisition on January 4, 2023. Outstanding shares and options were exchanged at an exchange ratio of 1.5829264-for-one.

The Acquisition is reflected in the pro forma condensed combined financial statements in accordance with Financial Reporting Standards Board ("FASB") Accounting Standards Codification ("ASC 805"), *Business Combinations*, and FASB ASC 350, *Intangibles – Goodwill and Other*. The Company determined that the Acquisition should be accounted for as an asset acquisition after considering whether substantially all of the fair value of the gross assets acquired was concentrated in a single asset or group of assets and whether the Company acquired a substantive process capable of significantly contributing to the ability to create outputs.

The unaudited pro forma condensed combined balance sheet as of December 31, 2022 assumes that the Acquisition took place on December 31, 2022, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2022 give effect to the Acquisition assuming that it closed on January 1, 2022 and are based upon and derived from:

- ACELYRIN's consolidated balance sheet as of December 31, 2022, included elsewhere in this prospectus.
- ValenzaBio's balance sheet as of December 31, 2022, included elsewhere in this prospectus.
- ACELYRIN's consolidated statement of operations and comprehensive loss information for the year ended December 31, 2022, included elsewhere in this prospectus.
- ValenzaBio's statement of operations and comprehensive loss information for the year ended December 31, 2022, included elsewhere in this prospectus.

The pro forma adjustments are preliminary and are based upon available information and certain assumptions, as described in the accompanying notes to the unaudited pro forma condensed combined financial statements, which the Company believes are reasonable under the circumstances. Actual results and valuations may differ materially from the assumptions within the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission, Article 11 of Regulation S-X, as amended and are not necessarily indicative of the financial position or results of operations to be expected in future periods or the results that actually would have been realized had the Company and ValenzaBio been a combined company during the specified periods. The unaudited pro forma condensed combined financial statements do not give effect to the potential impact of current financial conditions, regulatory matters, operating efficiencies or other savings or expenses that may be associated with the Acquisition. The unaudited pro forma condensed combined financial statements also do not include any future integration costs.

The assumptions and estimates underlying the adjustments to the unaudited pro forma condensed combined financial statements are described in the accompanying notes, which should be read together with the unaudited pro forma condensed combined financial statements as well as the historical financial statements and accompanying notes of the Company and ValenzaBio included elsewhere in this prospectus.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of December 31, 2022
(in thousands)

	ACELYRIN	ValenzaBio	Transaction Accounting Adjustments	Notes	Other Transaction Accounting Adjustments	Notes	Pro Forma Combined
Assets							
Current assets							
Cash and cash equivalents	$ 267,110	$ 11,446	—		—		$ 278,556
Short-term marketable securities	47,510	—	—		—		47,510
Prepaid expenses and other current assets	1,444	2,728	(17)	**3(c)**	—		4,155
Total current assets	316,064	14,174	(17)				330,221
Prepaid expenses and other non-current assets	3,859	—	(1,121)	**3(a)**	—		2,738
Total assets	$ 319,923	$ 14,174	$ (1,138)		—		$ 332,959
Liabilities, redeemable convertible preferred stock and stockholders' deficit							
Current liabilities							
Accounts payable	$ 5,947	$ 1,335	—		—		$ 7,282
Accrued research and development expenses	5,717	5,038	—		10,000	**3(f)**	20,755
Accrued compensation and other current liabilities	4,237	54	158	**3(a)**	—		4,793
	—	—	—		306	**3(d)**	—
	—	—	—		38	**3(e)**	—
Total current liabilities	15,901	6,427	158		10,344		32,830
Derivative tranche liability	10,291	—	—				10,291
Other non-current liabilities	—	—	—		4,636	**3(d)**	4,636
Total liabilities	26,192	6,427	158		14,980		47,757
Redeemable convertible preferred stock	396,593	93,949	(93,949)	**3(b)**	—		396,593
Stockholders' equity:							
Common stock	—	—	—	**3(a)**	—		—
			—	**3(b)**	—		—
Additional paid-in capital	4,302	2,173	128,735	**3(a)**	—		138,806
	—	—	(2,173)	**3(b)**	—		—
	—	—	—		5,769	**3(e)**	—
Accumulated other comprehensive loss	(86)	—	—		—		(86)
Accumulated deficit	(107,078)	(88,375)	(122,284)	**3(c)**	—		(250,111)
	—	—	88,375	**3(b)**	—		—
	—	—	—		(4,942)	**3(d)**	—
	—	—	—		(5,807)	**3(e)**	—
	—	—	—		(10,000)	**3(f)**	—
Total stockholders' equity	(102,862)	(86,202)	92,653		(14,980)		(111,391)
Total liabilities, redeemable convertible preferred stock and stockholders' equity	$ 319,923	$ 14,174	$ (1,138)		$ —		$ 332,959

See the accompanying "Notes to Unaudited Pro Forma Condensed Combined Financial Statements."

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2022
(in thousands, except share and per share data)

	ACELYRIN	ValenzaBio	Transaction Accounting Adjustments	Notes	Other Transaction Accounting Adjustments	Notes	Pro Forma Combined
Operating expenses							
Research and development	$ 55,632	$ 36,988	$ 122,284	**3(c)**	—		$ 230,627
	—	—	—		2,650	**3(d)**	—
	—	—	—		3,073	**3(e)**	—
	—	—	—		10,000	**3(f)**	—
General and administrative	13,547	5,285	—		2,488	**3(d)**	24,054
	—	—	—		2,734	**3(e)**	—
Total operating expenses	69,179	42,273	122,284		20,945		254,681
Loss from operations	(69,179)	(42,273)	(122,284)		(20,945)		(254,681)
Change in fair value of derivative liability	487	—	—		—		487
Interest income	4,052	118	—		—		4,170
Realized loss on sale of investments	—	(305)	—		—		(305)
Other income (expense), net	(132)	—	—		—		(132)
Net loss	$ (64,772)	$(42,460)	$ (122,284)		$ (20,945)		$ (250,461)
Net loss per share							
Basic and diluted	$ (21.09)						$ (6.21)
Weighted-average shares used in computing net loss per share							
Basic and diluted	3,071,461		37,242,709	**3(g)**			40,314,170

See the accompanying "Notes to Unaudited Pro Forma Condensed Combined Financial Statements."

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Description of the ValenzaBio Acquisition

On December 20, 2022, the Company entered into the ValenzaBio Merger Agreement by and among the Company, ValenzaBio, Merger Sub I, Merger Sub II, and Seller LLC. The Acquisition closed on January 4, 2023 (the Closing Date), when as a result of consummation of a series of mergers between Merger Sub I, Merger Sub II and ValenzaBio, Merger Sub I was liquidated and Merger Sub II acquired all assets and liabilities of ValenzaBio, such that ValenzaBio became a wholly owned subsidiary of the Company.

ValenzaBio was a privately held company developing therapies for autoimmune and inflammatory diseases. The Acquisition added additional assets into the Company's portfolio, including lonigutamab and SLRN-517.

For accounting purposes, the transaction was accounted for as an asset acquisition in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, *Business Combinations,* and FASB ASC 350, *Intangibles—Goodwill and Other,* after considering whether substantially all of the fair value of the gross assets acquired was concentrated in a single asset or group of assets and whether the Company acquired a substantive process capable of significantly contributing to the ability to create outputs.

As consideration, the Company issued 37,242,709 shares of its common stock to ValenzaBio stockholders, of which 10% is being held by Seller LLC for any post-acquisition costs and general indemnities for 12 months from the Closing Date, and paid $7,663 in cash to one non-accredited investor. Additionally, $0.1 million is payable in cash to Seller LLC to cover Seller LLC's fees and expenses related to the Acquisition, any unused amount will be released to ValenzaBio stockholders as soon as practicable following the completion of the Seller LLC's responsibilities. The Company also assumed options of ValenzaBio optionholders who entered into consulting agreements with the Company, which became options for the purchase of an aggregate of 2,464,653 shares of the Company's common stock upon the closing of the Acquisition on January 4, 2023. The assumed options vested on March 31, 2023 and are exercisable until the earlier of (i) 12 months following the termination of the optionholder's continuous service with the Company, or (ii) the original expiration date of such assumed option. Outstanding shares and options were exchanged at an exchange ratio of 1.5829264-for-one.

In connection with the Acquisition, all 17 ValenzaBio employees were terminated and 14 of these employees entered into consulting agreements with the Company through March 31, 2023.

The Company agreed to make severance payments to certain former ValenzaBio employees of approximately $5.1 million in the aggregate for a period of three to 18 months (depending on the position and tenure of such employees) from the Closing Date. In connection with the Acquisition, the Company negotiated an amendment, effective as of January 4, 2023, to the Pierre Fabre Medicament SAS (Pierre Fabre) license and commercialization agreement. In connection with the amendment, the Company paid a $10.0 million non-refundable license fee to Pierre Fabre.

2. Basis of Presentation

The unaudited pro forma condensed combined financial statements have been prepared by the Company in accordance with Article 11 of Regulation S-X. The pro forma condensed combined financial information reflects transaction accounting adjustments management believes are necessary to present fairly the Company's pro forma results of operations following the closing of the Acquisition for the periods indicated.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2022 is based upon and derived from the historical financial information of the Company and ValenzaBio and is

presented as if the Acquisition had occurred on January 1, 2022. The unaudited pro forma condensed combined balance sheet as of December 31, 2022 gives effect to the Acquisition and combines the historical balance sheets of the Company and ValenzaBio as of such date. The transaction accounting adjustments depict the accounting for the Acquisition as required by U.S. GAAP. The unaudited pro forma condensed combined financial statements do not reflect any anticipated synergies or dis-synergies, operating efficiencies or cost savings that may result from the Acquisition and integration costs that may be incurred. The pro forma adjustments represent the Company's best estimates and are based upon currently available information and certain assumptions that the Company believes are reasonable under the circumstances.

Given the Company's and ValenzaBio's history of net losses and valuation allowance, management estimated an annual effective income tax rate of 0%. Therefore, the pro forma adjustments to the pro forma condensed combined statements of operations resulted in no additional income tax adjustment.

3. Pro Forma Adjustments

The following adjustments have been reflected in the unaudited pro forma condensed combined financial statements:

(a) The following adjustment and the table below summarize the total preliminary purchase consideration as of January 4, 2023 (in thousands):

	Amount
Equity (1)	$ 128,735
Transaction costs (2) (3)	1,271
Cash (4)	8
Total consideration	$ 130,014

(1) Consists of $128.7 million for issued 37,242,709 shares of common stock. The Company used a third party valuation firm to assist management in determining the fair value of the shares of common stock at the Acquisition closing date. The total amount is included in common stock of $372 and additional paid in capital of $128.7 million in the unaudited pro forma condensed combined balance sheet.
(2) Consists of legal and advisory transaction costs of $1.1 million incurred by the Company in connection with the Acquisition and recognized as prepaid expenses and other non-current assets as of December 31, 2022.
(3) Consists of accrued transaction costs of $150,000 incurred in January 2023 and included in purchase consideration. The Company recognized this amount to accrued compensation and other current liabilities in the unaudited pro forma condensed combined balance sheet.
(4) Consists of $7,663 paid in cash to a non-accredited investor for settlement of vested ValenzaBio options and recorded to accrued compensation and other current liabilities in the unaudited pro forma condensed combined balance sheet.

(b) Represents the elimination of ValenzaBio historical equity.

(c) Represents the purchase consideration allocation to the acquired non-monetary assets based on their relative fair values. The following is the preliminary allocation of the purchase consideration based on the relative fair value of assets acquired and liabilities assumed by the Company in the Acquisition (in thousands):

	Amount
Cash and cash equivalents	$ 11,446
Prepaid expenses and other current assets	2,711
In-process research and development (1)	122,284
Accounts payable	(1,335)
Accrued research and development expenses	(5,038)
Accrued compensation and other current liabilities	(54)
Total consideration	$130,014

(1) In-process research and development represents incomplete research and development projects at ValenzaBio, primarily related to product candidates: lonigutamab and SLRN-517. The preliminary fair value of in-process research and development assets based on the present value of future discounted cash flows are $113.2 million for lonigutamab and $9.1 million for SLRN-517, which are based on significant estimates. These estimates included the number of potential patients and market price of a future product candidates, costs required to conduct clinical trials, future milestones and royalties payable under acquired license agreements, costs to receive regulatory approval and potentially commercialize produce candidates, as well as estimates for probability of success and the discount rate. As the acquired in-process research and development assets had not yet received regulatory approval and the assets had no alternative future value, the in-process research and development assets of $122.3 million were expensed as research and development expenses in the unaudited pro forma condensed combined statement of operations.

The unaudited pro forma condensed combined balance sheet reflects the adjustments to accumulated deficit of $122.3 million related to the expensed IPR&D assets acquired, related to the allocation of purchase consideration to non-monetary assets acquired.

(d) The unaudited pro forma condensed combined balance sheet reflects the adjustment to accumulated deficit of $4.9 million, to accrued compensation and other current liabilities of $0.3 million and other non-current liabilities of $4.6 million, related to the Company's severance payments obligation to all ValenzaBio former employees payable from three to eighteen months after the Acquisition Closing Date. The obligation is accounted at fair value, which is the estimated present value of future cash payments discounted at 8%.

The unaudited pro forma condensed combined statement of operations includes the adjustment of $2.7 million to research and development expenses and $2.5 million to general and administrative expenses, which includes $4.9 million of the severance payments obligation initial fair value and $0.2 million of accreted additional expense for the year ended December 31, 2022.

(e) The unaudited pro forma condensed combined balance sheet reflects the adjustment to accumulated deficit of $5.8 million, to additional paid in capital of $5.8 million and to accrued compensation and other current liabilities of $38,000, related to the post-acquisition compensation expenses related to i) assumed options for 2,464,653 shares of the Company's common stock of $4.9 million, ii) unvested options of ValenzaBio employees, who did not enter into the consulting agreements with the Company, that were accelerated at the closing of $0.9 million and iii) $38,387 payments in cash.

The unaudited pro forma condensed combined statement of operations includes the adjustment of $3.1 million to research and development expenses and $2.7 million to general and administrative expenses related to the post-acquisition compensation expenses discussed above.

(f) The unaudited pro forma condensed combined balance sheet reflects the adjustment to accumulated deficit and to accrued research and development expenses of $10.0 million related to a license fee payment to PFM in connection with the amendment of the PFM license and commercialization agreement.

The unaudited pro forma condensed combined statement of operations includes the adjustment of $10.0 million of additional research and development expenses related to this license payment to PFM.

(g) Represents the issuance of 37,242,709 shares of common stock in connection with the Acquisition. Unaudited basic and diluted pro forma net loss per share is computed by dividing pro forma net loss by the pro forma weighted average number of the Company's common stock outstanding after the closing of the Acquisition.

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 financial statements and the related notes and other financial information included elsewhere in this prospectus. This discussion and analysis and other parts of this prospectus contain forward-looking statements based upon our current plans and expectations that involve risks, uncertainties and assumptions, such as statements regarding our plans, objectives, expectations, intentions and beliefs. Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section titled "Risk Factors" and elsewhere in this prospectus. You should carefully read the section titled "Risk Factors" to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see the section titled "Special Note Regarding Forward-Looking Statements."

Overview

ACELYRIN is a late-stage clinical biopharma company focused on identifying, acquiring, and accelerating the development and commercialization of transformative medicines. We are driven by our sense of urgency to bring life-changing therapies to patients globally, a core value that we refer to as "courageous caring." Our initial focus is on the treatment of diseases with pathology related to excess activation of the immune system, an area where our management and team bring industry-leading expertise. We acquired our portfolio of product candidates with the intent to develop and commercialize novel therapies that we believe may provide the opportunity to offer clinically meaningful, differentiated benefits for patients by improving upon the efficacy and/or safety of existing therapeutics directed against established targets, such as currently marketed anti-IL-17A agents, or by targeting new modalities. In each case, our strategy is to identify candidates we believe are "diamonds in the rough," where, based on molecule characteristics, our collective experience and expertise, and the evolving scientific and medical understanding, we can establish a clinical development plan that tests our hypotheses as to what those benefits could mean for patients. Subsequently, we plan to utilize the results from initial clinical trials and the learnings we obtain from emerging biology to potentially expand the application of our candidates to other indications in which there are significant unmet needs.

Our current portfolio consists of multiple clinical and preclinical stage product candidates being investigated across several indications representing multi-billion-dollar opportunities in the aggregate. Our lead product candidate is izokibep, a small protein therapeutic designed to inhibit IL-17A with high potency through tight binding affinity and the potential for robust tissue penetration due to its small molecular size, about one-tenth the size of a monoclonal antibody. Izokibep is currently in development for multiple immunological indications including HS, PsA, AxSpA and uveitis. As a result of these data in HS and PsA, we have prioritized development in these indications. For HS, in addition to the ongoing trial below, we plan to begin a second Phase 3 trial. For PsA, we accelerated into 2022 the initiation of a Phase 2b/3 trial evaluating a range of doses, including significantly higher doses than the Phase 2 trial based on our pharmacokinetics-pharmacodynamics (PK-PD) modeling that suggests increasing duration of treatment and higher doses could result in improvement of clinical outcomes. We are currently conducting a Phase 2b/3 trial of izokibep in HS; a Phase 2b/3 trial of izokibep in PsA; and a Phase 2b/3 trial of izokibep in uveitis. We intend to include these trials as part of the registrational program for each indication. In addition to the ongoing trials in uveitis and HS, we plan to initiate a second Phase 3 trial in each indication. Additionally, subject to approval from the FDA, we are planning to initiate the Phase 3 program in AxSpA based on dosing data from the ongoing PsA Phase 2b/3 trial. In addition, we are advancing lonigutamab for the treatment of TED, and plan to evaluate it in other indications. We are also developing SLRN-517, a monoclonal antibody targeting c-KIT, for the treatment of chronic urticaria.

Since our inception in July 2020, we have devoted substantially all of our resources to organizing our company, hiring personnel, business planning, acquiring and developing our product candidates, performing research and development, conducting clinical trials, enabling manufacturing activities in support of our product

development efforts, establishing and protecting our intellectual property portfolio, raising capital, and providing general and administrative support for these activities. We do not have any products approved for sale and have not generated any revenue from product sales. We expect to continue to incur significant and increasing expenses and increasing substantial losses for the foreseeable future as we continue our development of and seek regulatory approvals for our product candidates and commercialize any approved products, seek to expand our product pipeline and invest in our organization. Our ability to achieve and sustain profitability will depend on our ability to successfully develop, obtain regulatory approval for and commercialize our product candidates. There can be no assurance that we will ever earn revenues or achieve profitability, or if achieved, that the revenues or profitability will be sustained on a continuing basis.

To date, we have primarily funded our operations with proceeds from sales of shares of our redeemable convertible preferred stock in private placements. Through December 31, 2022, we had received aggregate gross proceeds of $408.0 million from sales of shares of our redeemable convertible preferred stock. We also have a commitment from our Series C investors to purchase an additional $150.0 million of shares of Series C redeemable convertible preferred stock on June 30, 2023 if this offering is not completed by such date, among other factors as discussed below.

In accordance with the Series C preferred stock purchase agreement, the second tranche of our Series C financing will be funded on June 30, 2023 if: (i) there has not occurred a closing of a deemed liquidation event, as defined in our certificate of incorporation; (ii) there has not occurred a closing of the first underwritten public offering of our common stock under the Securities Act or an initial listing of our common stock under the Securities Act via a direct listing; (iii) we have not filed for bankruptcy or otherwise become subject to involuntary bankruptcy or insolvency proceedings; (iv) Shao-Lee Lin, M.D., Ph.D. remains employed full-time as our Chief Executive Officer; (v) a majority of our board of directors including at least one independent director (as defined in our Amended and Restated Voting Agreement entered into in September 2022) has not resolved to (a) discontinue the development of izokibep or (b) remove the Phase 3 development of AxSpA from our long-range plan; and (vi) a majority of our board of directors, including at least one independent director has not determined that a material adverse change (as defined in the Series C preferred stock purchase agreement) has occurred since the initial closing of the first tranche of the Series C. Accordingly, if this offering is completed by June 30, 2023, this second tranche of funding will not occur. The rights, preferences and privileges of the Series C stockholders are similar to those of the Series B stockholders, except that in the event of the liquidation, dissolution, or winding up, or a deemed liquidation event, they are entitled to their liquidation preference amount before any distribution to Series B stockholders.

The obligation of the Series C investors to purchase shares was concluded to be a tranche liability and upon the first closing of the first tranche of the Series C financing in September 2022, we recorded a preferred stock tranche liability of $10.8 million and a corresponding reduction to the carrying value of the Series C redeemable convertible preferred stock. The preferred stock tranche liability was remeasured to $10.3 million as of December 31, 2022.

We have incurred significant losses and negative cash flows from operations since our inception. Our net loss for the years ended December 31, 2021 and 2022 was $41.8 million and $64.8 million, respectively. As of December 31, 2022, we had an accumulated deficit of $107.1 million. Substantially all of our net losses have resulted from costs incurred in connection with our research and development programs and, to a lesser extent, from general and administrative costs associated with our operations. Our net losses and operating losses may fluctuate from quarter to quarter and year to year depending primarily on the timing of acquisition of any new product candidates, the timing of our preclinical studies and clinical trials, our other research and development expenses, and the timing and amount of any milestone or royalty payments due under our existing or future license agreements. In addition, following the closing of this offering, we expect to incur additional costs associated with operating as a public company, including significant legal, audit, accounting, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer liability insurance costs, investor and public relations costs, and other expenses that we did

not incur as a private company. We anticipate that our expenses will increase significantly in connection with our ongoing activities, particularly if and as we:

- continue to progress the development of our product candidates, including izokibep in multiple clinical trials in parallel, lonigutamab into later-stage clinical development and SLRN-517 into the clinic;
- explore additional indications for our existing product candidates;
- hire additional clinical, quality control and scientific personnel;
- obtain, maintain, expand and protect our intellectual property rights;
- make royalty, milestone, or other payments under current, and any future, license or collaboration agreement;
- seek to identify, acquire or in-license new technologies or product candidates;
- seek regulatory and marketing approvals for any of our product candidates that successfully complete clinical trials, if any;
- procure manufacturing and supply chain capacity for our product candidates, including commercial manufacturing readiness and scale-up;
- experience any delays, challenges, or other issues associated with the clinical development of our product candidates, including with respect to our regulatory strategies;
- add operational, legal, financial and management information systems and personnel to support our product development, clinical execution and planned future commercialization efforts, as well as to support our transition to a public company;
- establish a sales, marketing, and distribution infrastructure to commercialize any product candidates for which we obtain marketing approval; and
- operate as a public company.

Because of the numerous risks and uncertainties associated with therapeutic product development, we may never achieve or sustain profitability and, unless and until we are able to develop and commercialize our product candidates, we will need to continue to raise additional capital. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through public or private equity or debt financings, or potentially other capital sources, such as collaboration or licensing arrangements with third parties or other strategic transactions. There are no assurances that we will be successful in obtaining an adequate level of financing to support our business plans when needed on acceptable terms, or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaboration or licensing arrangements with third parties or other strategic transactions, we may have to relinquish rights to our intellectual property, future revenue streams, research programs, or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise capital as and when needed, or on attractive terms, we may have to significantly delay, reduce, or discontinue the development and commercialization of our product candidates or scale back or terminate our pursuit of new in-licenses and acquisitions.

As of December 31, 2022, we had $314.6 million in cash, cash equivalents and short-term marketable securities. Based on our current operating plan, we estimate that our existing cash and cash equivalents as of the date of this prospectus, together with the estimated net proceeds from this offering, will be sufficient to fund our

projected operating expenses and capital expenditure requirements into 2025. We have based this estimate on our current assumptions, which may prove to be wrong, and we may exhaust our available capital resources sooner than we expect.

We currently have no sales, marketing or commercialization capabilities. However, we intend to build the necessary sales, marketing and commercialization capabilities and infrastructure over time as our product candidates advance through clinical development. We expect to spend a significant amount in development and marketing costs prior to obtaining regulatory and marketing approval of one or more of our product candidates. We expect that our expenses and capital requirements will increase substantially in the near- to mid-term as we continue our late-stage development efforts for izokibep and to advance lonigutamab and for our preclinical programs; and add clinical, scientific, sales and marketing, operational and financial personnel, including personnel to support our product development and potential future commercialization activity.

Macroeconomic Trends and the Impact of the COVID-19 Pandemic

We continue to actively monitor the impact of various macroeconomic trends, such as high rates of inflation, supply chain disruptions and geopolitical instability, and the COVID-19 pandemic on our business. To date, we have not experienced a material financial statement impact or business disruptions, including with our vendors or third parties, as a result of these negative macroeconomic trends or the COVID-19 pandemic. Our business has been, and may continue to be, impacted by the negative macroeconomic trends and the COVID-19 pandemic wherever we have clinical trial sites, CMO facilities or other business operations.

Economic conditions, such as rising inflation, higher interest rates, changes in regulatory laws and monetary exchange rates, and government fiscal policies, can also have a significant effect on operations. Moreover, negative macroeconomic conditions could adversely impact our ability to obtain financing in the future on terms acceptable to us, or at all. In addition, the geopolitical instability and related sanctions could continue to have significant ramifications on global financial markets, including volatility in the U.S. and global financial markets.

The COVID-19 pandemic has caused, and could continue to cause disruption in the operations of CMOs, CROs, and other third parties upon whom we rely. Our headquarters are located in California, our CMOs are located in the United States, Europe and China, and our CROs and clinical trial sites are located in multiple jurisdictions, including the United States and Europe. In reaction to the COVID-19 pandemic, we implemented and will continue to provide a flexible work-from-home policy allowing employees to work from home in jobs where that is reasonable. The effects of our work-from-home policies may negatively impact productivity, disrupt our business and delay our clinical programs and timelines. These and similar, and perhaps more severe, disruptions in our operations could negatively impact our business, financial condition, results of operations and prospects.

To date, the COVID-19 pandemic has not had a material adverse impact on our productivity or our business, and as of December 31, 2022, we have not identified any significant disruption or impairment of our assets due to the pandemic. However, as COVID-19 transitions from a pandemic to an endemic, we cannot predict the potential future impacts of COVID-19 on us and third parties with whom we conduct business. These impacts will depend on future developments that are highly uncertain and cannot be predicted at this time. Given these uncertainties, COVID-19 could impact our business operations and our ability to execute on our associated business strategies and initiatives, and adversely impact our results of operations and our financial condition in the future, and could disrupt the business of third parties with whom we do business. We will continue to closely monitor and evaluate the nature and extent of the impacts of COVID-19 on our business, financial condition, results of operations, and prospects.

ValenzaBio Acquisition

On December 20, 2022, we entered into the ValenzaBio Merger Agreement to acquire outstanding equity of ValenzaBio. The Acquisition closed on January 4, 2023. ValenzaBio was a privately held company developing

therapies for autoimmune and inflammatory diseases. The acquisition of ValenzaBio added additional assets to our portfolio, including lonigutamab and SLRN-517. We determined that the Acquisition should be accounted for as an asset acquisition after considering whether substantially all of the fair value of the gross assets acquired was concentrated in a single asset or group of assets and whether we acquired a substantive process capable of significantly contributing to our ability to create outputs. As consideration, at the closing, we (i) issued 37,242,709 shares of our common stock to ValenzaBio stockholders and paid $7,663 in cash to one non-accredited investor, and (ii) assumed options of ValenzaBio optionholders who entered into consulting agreements with us, which became options for the purchase of an aggregate of 2,464,653 shares of our common stock upon the closing of the Acquisition on January 4, 2023. Outstanding shares and options were exchanged at an exchange ratio of 1.5829264-for-one. The assumed options vested on March 31, 2023 and are exercisable until the earlier of (i) 12 months following the termination of the optionholder's continuous service with us, or (ii) the original expiration date of such assumed option.

License and Collaboration Agreements

Below is a summary of the key terms for certain of our license and collaboration agreements. For a more detailed description of these agreements, see the section titled "Business—License and Collaboration Agreements."

Affibody Agreement

On August 9, 2021, we entered into a license and collaboration agreement with Affibody AB (Affibody) (the Affibody Agreement) under which Affibody granted us exclusive, sublicensable licenses to develop, commercialize and manufacture products containing izokibep for all human therapeutic uses on a worldwide basis, subject to a pre-existing agreement with Inmagene Biopharmaceuticals (Inmagene) with respect to certain Asian countries.

We chair a global joint steering committee composed of our designees, as well as designees from Affibody and Inmagene. As chair of the global joint steering committee, we retain final decision-making authority for izokibep global development. We are obligated to use commercially reasonable efforts (i) to develop products containing izokibep worldwide, excluding certain defined territories, (ii) for the conduct and finalization of certain ongoing clinical trials, and (iii) to commercialize products containing izokibep for all human therapeutic uses worldwide, excluding certain defined territories, after obtaining the applicable marketing authorization. We are responsible for manufacturing both the clinical and commercial supply of licensed product globally.

In connection with the Affibody Agreement, we paid a non-refundable upfront license fee in the aggregate amount of $3.0 million in August 2021 and September 2021, and $22.0 million in October 2021. We are also obligated to pay Affibody (i) an aggregate of up to $280.0 million, $30.0 million of which would be due prior to the first approval in the United States, upon the achievement of various development, regulatory and commercialization milestones and (ii) high single-digit to low-teens royalties on net sales of licensed products in the territory where we have commercialization rights, subject to certain reductions. Royalties will be due on a licensed product-by-licensed product and country-by-country basis beginning after the first commercial sale of the licensed product, except in Mainland China, Hong Kong, Macau, Taiwan and South Korea, and lasting until the later of (a) the expiration of all valid patent claims or regulatory exclusivity covering the licensed product in that country and (b) ten years after such first commercial sale.

The FDA has the ability to award priority review vouchers to sponsors for certain marketing applications that seek approval for previously designated indications that are rare pediatric diseases, medical countermeasures, or tropical diseases. At present, we have no such designations. If awarded, a priority review voucher expedites FDA review of a marketing application to six months, rather than the customary 10 month target. Under the Affibody Agreement, in the event the FDA grants us (or our affiliates or sublicensees) a priority

review voucher for a licensed product, we have agreed to pay Affibody either: (a) if we sell or transfer such priority review voucher to a third-party, approximately one third of the proceeds received from the sale, net of taxes, or (b) if we use the priority review voucher for an indication or product outside the scope of the Affibody Agreement, approximately one third of the median value of the priority review vouchers for the past 10 publicly available transactions as determined by the global joint steering committee based on publicly available information. There is no guarantee that we, our affiliates or sublicensees, will ever request voucher-eligible designations or submit an application and successfully receive a priority review voucher.

Unless earlier terminated, the Affibody Agreement will continue on a licensed product-by-licensed product basis and country-by-country basis until there are no more royalty payments owed to Affibody on any licensed product thereunder. Either party may terminate the Affibody Agreement upon an uncured material breach by, or upon the bankruptcy, reorganization, liquidation or receivership proceedings of, the other party. In addition, each party may terminate the agreement upon 30 days' written notice in the event that certain clinical events create a serious and material risk of compromising patient safety. Either party may also terminate the agreement if the other party or any of its affiliates institutes a patent challenge against certain background patent rights for licensed products. The Affibody Agreement may also be terminated by us for convenience (i) upon 90 days' prior written notice to Affibody if the termination is before the first commercial sale of a licensed product, or (ii) upon 180 days' prior written notice if the termination is after the first commercial sale of a licensed product.

The acquisition of the exclusive license was accounted for as an in-process research and development asset acquisition and as the acquired technology did not have an alternative use, the total consideration of $25.0 million was recorded as research and development expense in the statement of operations and comprehensive loss for the year ended December 31, 2021. Milestone payments are contingent consideration and are accrued when contingent events occur and achievement of milestones is probable. Royalties will be recognized as cost of sales when products are sold and royalties are payable. No milestone or royalties were probable and estimable as of December 31, 2021 and 2022.

Pierre Fabre Agreement

Upon the closing of the Acquisition, we became successors to ValenzaBio's rights under the March 25, 2021 license and commercialization agreement between ValenzaBio and Pierre Fabre, as amended. We received certain exclusive worldwide licenses with the right to sublicense to certain patents, know-how and other intellectual property to develop, manufacture, use and commercialize lonigutamab for non-oncology therapeutic indications. Our license from Pierre Fabre extends to any product containing lonigutamab (excluding any fragments or derivatives) as its sole active ingredient (each, a PF Licensed Product). The Pierre Fabre Agreement prohibits us from using the licensed intellectual property in any antibody drug conjugate, multi-specific antibodies or any other derivatives of lonigutamab.

In the event we decide to sublicense the rights to develop or commercialize a PF Licensed Product in any territory outside of the United States and Canada, Pierre Fabre retains the right of first negotiation to acquire such development and commercialization rights in one or more countries in such territory. Subject to the validation of certain clinical trial criteria by a joint steering committee, Pierre Fabre has the option to reclaim all exclusive rights to develop, commercialize and exploit the PF Licensed Product in such territories and to obtain an exclusive sublicensable license in such territories for any improvements and trademarks to such PF Licensed Product, and to exploit such PF Licensed Product for non-oncology therapeutic indications, subject to certain payment obligations. If Pierre Fabre exercises such option, and intends to sublicense such rights, then we will have the right of first negotiation to acquire such development and commercialization rights as to that territory, or Pierre Fabre has the right to require us to buy out its right to the option for a one-time payment of $31.0 million or we have the right to choose to buy out Pierre Fabre's option by making the one-time payment of $31.0 million within 30 days from Pierre Fabre's notice of exercise of such option. If Pierre Fabre does not exercise its option within the option period or if we buy out Pierre Fabre's right to the option, the option will expire or terminate, respectively. We are solely responsible for the development, regulatory approvals and

commercialization of each PF Licensed Product except to the extent that Pierre Fabre reclaims rights to a PF Licensed Product in the option territory.

In connection with the original Pierre Fabre Agreement, ValenzaBio made an aggregate license payment of $7.5 million to Pierre Fabre, and issued Pierre Fabre 1,053,319 shares of ValenzaBio's Series A Preferred Stock. As consideration for the amendment to the original Pierre Fabre Agreement, we paid Pierre Fabre an aggregate license payment of $10.0 million. Furthermore, in connection with the closing the merger with ValenzaBio, Pierre Fabre's Series A Preferred Stock in ValenzaBio was converted into 1,667,326 shares of our common stock. We are also obligated to (i) make payments of up to $99.5 million upon the achievement of various development and regulatory milestones, (ii) make milestone payments of up to $390.0 million upon the achievement of certain commercial milestones, and (iii) pay tiered royalties in the high single-digit to low-teen percentages to Pierre Fabre on worldwide net sales in a given calendar year. Royalties will be payable for each PF Licensed Product in a given country during a period commencing upon the first commercial sale of such PF Licensed Product in such country and continuing until the latest of (a) 10 years after such first commercial sale, (b) expiration of last-to-expire valid claim in a licensed patent in such country and (c) expiration of regulatory exclusivity for such PF Licensed Product in such country. In the event we enter into a sublicense with a third party, we must also share with Pierre Fabre a percentage of any revenues from option fees, upfront payments, license maintenance fees, milestone payments or the like generated from the sublicense. Such percentage may be between the high single-digits to the low thirties based on which stage of development of a PF Licensed Product the sublicense is entered into.

Unless earlier terminated, the Pierre Fabre Agreement will continue on a PF Licensed Product-by-PF Licensed Product and country-by-country basis until there are no more royalty payments owed to Pierre Fabre on any PF Licensed Product thereunder. Either party may terminate the Pierre Fabre Agreement upon an uncured material breach, or upon the bankruptcy or insolvency of the other party. Pierre Fabre may also terminate the agreement if we or any of our affiliates institutes a patent challenge against the licensed patents from Pierre Fabre. We may also terminate the Pierre Fabre Agreement with or without cause upon nine months' prior written notice, so long as there is no ongoing clinical trial for any PF Licensed Product.

Components of Results of Operations

Operating Expenses

Our operating expenses consist of (i) research and development expenses and (ii) general and administrative expenses.

Research and Development

Research and development expenses consist of external and internal costs primarily related to acquiring our product candidate pipeline and technologies, and clinical development of our product candidates.

External costs include:

- costs associated with acquiring technology and intellectual property licenses that have no alternative future uses and costs incurred under in-license or assignment agreements, including milestone payments;
- costs incurred in connection with the clinical development of our product candidates, including under agreements with CROs, CMOs and other third parties that conduct clinical trials and manufacture clinical supplies, product candidates, and components on our behalf; and
- costs for third-party professional research and development consulting services.

Internal costs include:

- research and development personnel-related costs, including salaries, benefits, travel and meals expenses and stock-based compensation expense; and
- allocated facilities and other overhead costs, including software, computer supplies and accessories and other miscellaneous expenses.

We expense research and development costs as incurred. Costs of certain activities are recognized based on an evaluation of the progress to completion of specific tasks. However, payments made prior to the receipt of goods or services that will be used or rendered for future research and development activities are deferred and capitalized as prepaid expenses and other current assets on our balance sheets. The capitalized amounts are recognized as expense as the goods are delivered or as related services are performed. Since our inception and through December 31, 2022, substantially all of our third-party expenses were related to the development of izokibep. We do not allocate employee costs, laboratory supplies and facilities, including other internal costs, to specific product candidates because these costs are associated with multiple programs and, as such, are not separately classified. We use internal resources primarily for managing our process development, manufacturing, and clinical development activities. We deploy our personnel across all of our research and development activities and, as our employees work across multiple programs, we do not currently track our costs by product candidate indication.

We expect our research and development expenses to increase substantially for the foreseeable future as we advance our product candidates into and through clinical trials, pursue regulatory approval of our product candidates, build our operational and commercial capabilities for supplying and marketing our products, if approved, and expand our pipeline of product candidates. We expect to incur significant manufacturing costs as our CMOs develop scaled commercial manufacturing processes. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming. The actual probability of success for our product candidates may be affected by a variety of factors, including the safety and efficacy of our product candidates, clinical data, investment in our clinical programs, competition, manufacturing capability and commercial viability. We may never succeed in achieving regulatory approval for any of our product candidates. As a result of the uncertainties discussed above, we are unable to determine the duration and completion of costs of our research and development projects or if, when and to what extent we will generate revenue from the commercialization and sale of our product candidates, if approved by the FDA and other applicable regulatory authorities.

Our future research and development costs may vary significantly based on factors such as:

- the timing and progress of our preclinical and clinical development activities;
- the number and scope of preclinical and clinical programs we decide to pursue;
- the amount and timing of any milestone payment due under an existing, or any future, license or collaboration agreement;
- the number of patients that participate in our clinical trials, and per participant clinical trial costs;
- the number and duration of clinical trials required for approval of our product candidates;
- the number of sites included in our clinical trials, and the locations of those sites;
- delays or difficulties in adding trial sites and enrolling participants in our clinical trials;
- patient drop-out or discontinuation rates;
- potential additional safety monitoring requested by regulatory authorities;
- the phase of development of our product candidates;
- the efficacy and safety profile of our product candidates;

- the timing, receipt, and terms of any approvals from applicable regulatory authorities including the FDA and non-U.S. regulators, including whether we are permitted to accelerate the development of izokibep for moderate-to-severe HS as well as non-infectious uveitis;
- maintaining a continued acceptable safety profile of our product candidates following approval, if any, of our product candidates;
- changes in the competitive outlook;
- the extent to which we establish additional strategic collaborations or other arrangements; and
- the impact of any business interruptions to our operations or to those of the third parties with whom we work, particularly in light of the current COVID-19 pandemic environment.

A change in the outcome of any of these variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate.

General and Administrative

Our general and administrative expenses consist primarily of personnel-related costs, legal and consulting services, including those relating to intellectual property and corporate matters, and allocated overhead, including software, computer supplies and accessories, insurance and other miscellaneous expenses. Personnel-related costs include salaries, annual bonuses, benefits, recruiting fees, travel and meal expenses and stock-based compensation for our general and administrative personnel.

We expect that our general and administrative expenses will increase substantially in the future as a result of expanding our operations, including hiring personnel, preparing for potential commercialization of our product candidates, and facility occupancy costs, as well as various incremental costs associated with operating as a public company. We expect that our costs will increase related to legal, audit, accounting fees, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance costs, investor and public relations costs, and other expenses that we did not incur as a private company. We also expect to increase the size of our administrative function to support the growth of our business.

Other Income (Expense), Net

Other income (expense), net consists primarily of interest income and amortization of premiums and accretion of discounts on short-term marketable securities, net foreign currency transaction loss, gain on remeasurement of derivative tranche liability and State of Delaware franchise tax.

Results of Operations

Comparison of the Years Ended December 31, 2021 and 2022

The following table summarizes our results of operations for the years ended December 31, 2021 and 2022 (dollars in thousands):

	Year Ended December 31,		Change	
	2021	2022	$	%
Operating expenses				
Research and development	$ 38,230	$ 55,632	$ 17,402	46%
General and administrative	3,564	13,547	9,983	280%
Total operating expenses	41,794	69,179	27,385	66%
Loss from operations	(41,794)	(69,179)	(27,385)	66%
Interest income	—	4,052	4,052	*
Change in fair value of derivative liability	—	487	487	*
Other expense, net	(45)	(132)	(87)	193%
Net loss	$(41,839)	$(64,772)	$(22,933)	55%

* not meaningful

Research and Development Expenses

The following table summarizes our research and development expenses for the years ended December 31, 2021 and 2022 (dollars in thousands):

	Year Ended December 31,		Change	
	2021	2022	$	%
External costs:				
License fee and milestones related to acquired technologies	$ 25,000	$ —	$(25,000)	(100)%
CRO, CMO and Affibody transition services	10,518	43,061	32,543	309%
Professional consulting services	159	1,890	1,731	*
Other research and development costs	—	44	44	*
Internal costs:				
Personnel-related costs	2,500	10,278	7,778	311%
Facilities and overhead costs	53	359	306	577%
Total research and development expense	$ 38,230	$55,632	$ 17,402	46%

* not meaningful

Research and development expenses increased by $17.4 million, from $38.2 million for the year ended December 31, 2021 to $55.6 million for the year ended December 31, 2022.

License fee and milestones related to acquired technologies for the year ended December 31, 2021 include a $25.0 million upfront payment to Affibody for acquired in-process research and development assets and our exclusive license. No such payments were made during the year ended December 31, 2022. External CRO, CMO and Affibody transition services expenses increased by $32.6 million, from $10.5 million for the year ended December 31, 2021 to $43.1 million for the year ended December 31, 2022, due to increased CRO and CMC activities related to izokibep development. We incurred development expenses of $9.3 million and $18.2 million under our Affibody transition services agreement for the years ended December 31, 2021 and 2022, respectively. As we entered into direct agreements with CROs and CMOs, we incurred $1.2 million and $24.8 million for the

years ended December 31, 2021 and 2022, respectively. Expenses related to professional consulting services increased by $1.7 million, from $0.2 million to $1.9 million for the years ended December 31, 2021 and 2022, respectively. Our external consulting expense increased as we were transitioning izokibep development from Affibody and continued our clinical trials.

Personnel-related costs increased by $7.8 million from $2.5 million for the year ended December 31, 2021 to $10.3 million for the year ended December 31, 2022, as a result of increased headcount from 11 to 33 employees as of December 31, 2021 and 2022, respectively. Stock-based compensation expense increased by $1.2 million, from $0.2 million for the year ended December 31, 2021 to $1.4 million for the year ended December 31, 2022, as a result of additional options granted and an increase in our common stock fair value. Facilities and allocated overhead costs increased by $0.3 million from less than $0.1 million for the year ended December 31, 2021 to $0.4 million for the year ended December 31, 2022, primarily as a result of software subscriptions and other IT related expenses. We did not lease any facilities during the years ended December 31, 2021 and 2022.

General and Administrative Expenses

General and administrative expenses increased by $9.9 million from $3.6 million for the year ended December 31, 2021 to $13.5 million for the year ended December 31, 2022. Personnel-related expenses increased by $7.7 million from $1.9 million for the year ended December 31, 2021 to $9.6 million for the year ended December 31, 2022 as a result of increase in headcount from 6 to 14 employees as of December 31, 2021 and 2022, respectively. The stock-based compensation expense increased by $2.7 million as we granted more share-based awards for the year ended December 31, 2022 as compared to the prior year, and an increase in our common stock fair value. Expenses related to professional consulting services increased by $1.7 million, from $1.6 million for the year ended December 31, 2021 to $3.3 million for the year ended December 31, 2022 due to an increase in consulting, legal, recruiting, audit and accounting services to support our Company's growth and business development. Other general and administrative expenses increased by $0.3 million from zero for the year ended December 31, 2021 to $0.3 million for the year ended December 31, 2022. Included in the other general and administrative expenses for the year ended December 31, 2022 was $0.2 million of Delaware franchise tax and less than $0.1 million of board fees.

Total Other Income (Expense), Net

Total other income (expense), net increased by $4.4 million, from approximately $45,000 net expense for the year ended December 31, 2021 to $4.4 million net income for the year ended December 31, 2022.

We recognized a total of $4.1 million interest income as we invested cash in short-term marketable securities during the year ended December 31, 2022. We did not have short-term marketable securities and did not recognize interest income for the year ended December 31, 2021.

We recognized a gain related to the change in fair value of the Series C derivative tranche liability of $0.5 million for the year ended December 31, 2022. The Series C derivative tranche liability was recognized in September 2022 and represents an obligation to issue Series C redeemable convertible preferred stock shares in the Series C Second Tranche Closing under certain conditions. The Series C derivative tranche liability was recorded at fair value and is re-measured at each reporting period until it is settled or expires. No change in fair value of the Series B derivative tranche liability was recognized for the year ended December 31, 2021.

We recognized $0.1 million of foreign currency exchange loss, net that related to transactions in foreign currencies for the year ended December 31, 2022. No such loss was recognized for the year ended December 31, 2021.

Other income (expense), net of $45,000 for the year ended December 31, 2021 was related to Delaware franchise tax expense.

Liquidity, Capital Resources and Capital Requirements

Sources of Liquidity

Since our inception, we have not generated any revenue from product sales and have incurred significant operating losses and negative cash flows from our operations. From inception, we have primarily funded our operations from sales of shares of our redeemable convertible preferred stock in private placements.

As of December 31, 2022, we had $314.6 million in cash, cash equivalents and short-term marketable securities. Based on our current operating plan, we estimate that our existing cash and cash equivalents as of the date of this prospectus, together with the estimated net proceeds from this offering, will be sufficient to fund our projected operating expenses and capital expenditure requirements into 2025. We have based this estimate on our current assumptions which may prove to be wrong, and we may exhaust our available capital resources sooner than we expect. Because of the numerous risks and uncertainties associated with therapeutic product development, we may never achieve or maintain profitability and, unless and until we are able to commercialize our product candidates, if ever, we will continue to be dependent upon equity financing, debt financing, and other forms of capital raises. If we are unable to raise capital as and when needed or on attractive terms, we may have to significantly delay, reduce, or discontinue the development and commercialization of our product candidates or scale back or terminate our pursuit of new in-licenses and acquisitions.

Future Funding Requirements

Our primary uses of cash are to fund our operations, which consist primarily of research and development expenditures related to our programs and, to a lesser extent, general and administrative expenditures. We anticipate that we will continue to incur significant and increasing expenses for the foreseeable future as we continue to advance our product candidates, expand our corporate infrastructure, including the costs associated with being a public company, further our research and development initiatives for our product candidates, and incur costs associated with potential commercialization. We are subject to all of the risks typically related to the development of new drug candidates, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business.

Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable, accrued expenses, and prepaid expenses.

Our future funding requirements will depend on many factors, including the following:

- the timing, scope, progress and results of our preclinical studies and clinical trials for our current and future product candidates;
- the number, scope and duration of clinical trials required for regulatory approval of our current and future product candidates;
- the outcome, timing and cost of seeking and obtaining regulatory approvals from the FDA and comparable foreign regulatory authorities for our product candidates, including any requirement to conduct more studies or generate additional data beyond that which we currently expect would be required to support a BLA;
- the cost of manufacturing clinical and commercial supplies as well as scale up of our current and future product candidates;
- the increase in the number of our employees and expansion of our physical facilities to support growth initiatives;
- our ability to maintain existing, and establish new, strategic collaborations, licensing or other arrangements, including our license and collaboration agreements with Affibody and Pierre Fabre, and the financial terms of any such agreements, including the timing and amount of any future milestone, royalty or other payments due under any such agreement;

- the cost of filing and prosecuting our patent applications, and maintaining and enforcing our patents and other intellectual property rights;
- the extent to which we acquire or in-license other product candidates and technologies;
- the cost of defending intellectual property disputes, including patent infringement actions brought by third parties against our product candidates;
- the effect of competing technological and market developments;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval;
- the amount of revenue, if any, received from commercial sales of our product candidates, should any of our product candidates receive marketing approval;
- our implementation of various computerized informational systems and efforts to enhance operational systems;
- the costs associated with being a public company; and
- the impact of the COVID-19 pandemic, as well as other factors, including economic uncertainty and geopolitical tensions, which may exacerbate the magnitude of the factors discussed above.

Furthermore, our operating plans may change, and we may need additional funds to meet operational needs and capital requirements for clinical trials and other research and development expenditures.

Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through public or private equity or debt financings, or potentially other capital sources, such as collaboration or licensing arrangements with third parties or other strategic transactions. There are no assurances that we will be successful in obtaining an adequate level of financing to support our business plans when needed on acceptable terms, or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaboration or licensing arrangements with third parties or other strategic transactions, we may have to relinquish rights to our intellectual property, future revenue streams, research programs, or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise capital as and when needed or on attractive terms, we may have to significantly delay, reduce, or discontinue the development and commercialization of our product candidates or scale back or terminate our pursuit of new in-licenses and acquisitions.

Cash Flows

The following summarizes our cash flows for the periods indicated (in thousands):

	Year Ended December 31,	
	2021	2022
Net cash used in operating activities	$ (4,979)	$ (61,520)
Net cash used in investing activities	(25,000)	(47,874)
Net cash provided by financing activities	124,720	274,262
Net increase in cash and cash equivalents	$ 94,741	$ 164,868

Operating Activities

Net cash used in operating activities was $5.0 million and $61.5 million for the years ended December 31, 2021 and 2022, respectively. Cash used in operating activities in the year ended December 31, 2021 was primarily due to our net loss for the period of $41.8 million, of which $25.0 million is presented as cash used in investing activities as it relates to the acquisition of a license for izokibep and is therefore immediately expensed, and a non-cash charge of $0.2 million related to stock-based compensation expense. The decrease in cash used in operating activities was partially offset by changes in working capital of $11.6 million consisting of an increase of $9.7 million in accrued research and development expenses, an increase of $1.1 million in accounts payable and an increase of $0.9 million in accrued compensation and other current liabilities, all partially offset by an increase of approximately $49,000 in prepaid expenses and other current assets. The increase in accrued research and development expenses and accounts payable were primarily due to costs associated with the development of izokibep.

Cash used in operating activities in the year ended December 31, 2022 was primarily due to our net loss for the period of $64.8 million, adjusted by non-cash items of $3.3 million. Non-cash items include $4.1 million related to stock-based compensation expense, $0.2 million gain related to an amortization of premiums and discounts on short-term marketable securities and $0.5 million gain related to the change in fair value of the derivative tranche liability. The changes in operating assets and liabilities include a decrease of $4.0 million in accrued research and development expenses, an increase of $2.0 million in other non-current assets and an increase of $0.9 million in prepaid expense and other current assets, partially offset by an increase of $3.8 million in accounts payable and an increase of $3.0 million in accrued compensation and other current liabilities.

Investing Activities

Cash used in investing activities for the year ended December 31, 2021 of $25.0 million related to our acquisition of the exclusive license from Affibody.

Cash used in investing activities for the year ended December 31, 2022 of $47.9 million related to purchases and maturities of short-term marketable securities of $176.0 million and $128.2 million, respectively, and a payment of $0.1 million in ValenzaBio acquisition costs.

Financing Activities

Cash provided by financing activities for the year ended December 31, 2021 was primarily related to net proceeds from the issuance of the first tranche of our Series B redeemable convertible preferred stock financing of $124.7 million, and proceeds from exercise of stock options of approximately $16,000.

Cash provided by financing activities for the year ended December 31, 2022 of $274.3 million related to net proceeds received from the issuance of the second tranche of Series B and the first tranche of Series C redeemable convertible preferred stock shares in February and in September 2022 of $274.8 million, partially offset by a payment of $0.5 million in IPO related costs.

Contractual Obligations and Commitments

We enter into contracts in the normal course of business with suppliers, CROs, CMOs, clinical trial sites, and the like. These agreements provide for termination at the request of either party generally with less than one-year notice and, therefore, we believe that our non-cancelable obligations under these agreements are not material. We do not currently expect any of these agreements to be terminated and did not have any non-cancelable obligations under these agreements as of December 31, 2021 and 2022.

We have milestones, royalties, and/or other payments due to third parties under our existing license and collaboration agreements. See Note 6 to our audited consolidated financial statements included elsewhere in this prospectus. We could not estimate when such payments will be due and none of these events were probable to occur as of December 31, 2021 and 2022.

Leases

As of December 31, 2021 and 2022, we had no outstanding leases.

On January 6, 2023, we entered into an agreement to lease approximately 10,000 square feet of office space located in Agoura Hills, California. The term of the lease is 65 months with an option to extend the term by an additional three-year period. Our total rent commitments under the lease agreement are $1.9 million throughout the lease term. In addition to base rent, we pay our share of operating expenses and taxes.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position, results of operations or cash flows is disclosed in Note 2 to our audited consolidated financial statements included elsewhere in this prospectus.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. On an ongoing basis, we evaluate our estimates and judgments, including but not limited to those related to accrued research and development costs, the fair value of redeemable convertible preferred stock and common stock and stock-based compensation expense, the fair value of derivative tranche liability, the valuation of deferred tax assets, and uncertain income tax positions. These estimates and assumptions are monitored and analyzed by us for changes in facts and circumstances, and material changes in these estimates and assumptions could occur in the future. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Changes in estimates are reflected in reported results for the period in which they become known. Actual results may differ from these estimates under different assumptions or conditions.

Although our significant accounting policies are described in more detail in Note 2 to our audited consolidated financial statements included in this prospectus, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

Accrued Research and Development Expenses

As part of the process of preparing our financial statements, we are required to estimate our accrued research and development expenses, including those related to clinical trials and product candidate manufacturing. This process involves reviewing open contracts and purchase orders, communicating with our applicable personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the services when we have not yet been invoiced or otherwise notified of actual costs. Our service providers invoice us in arrears or require prepayments for services performed, as well as on a pre-determined schedule or when contractual milestones are met. We make estimates of our accrued expenses as of each balance sheet date in the financial statements based on facts and circumstances known to us at that time. We periodically confirm the accuracy of the estimates with the service providers and make adjustments if necessary. Examples of estimated accrued research and development expenses include fees paid to:

- vendors in connection with preclinical and clinical development activities;
- CROs in connection with clinical trials; and

- CMOs in connection with the process development and scale-up activities and the production of preclinical and clinical trial materials.

Costs for clinical trials and manufacturing activities are recognized based on an evaluation of our vendors' progress towards completion of specific tasks, using data such as participant enrollment, clinical site activations or information provided to us by our vendors regarding their actual costs incurred. Payments for these activities are based on the terms of individual contracts and payment timing may differ significantly from the period in which the services were performed. We determine accrual estimates through reports from and discussions with applicable personnel and outside service providers as to the progress or state of completion of studies, or the services completed. Our estimates of accrued expenses as of each balance sheet date are based on the facts and circumstances known at the time. Costs that are paid in advance of performance are deferred as a prepaid expense and amortized over the service period as the services are provided.

Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are too high or too low in any particular period. To date, there have not been any material adjustments to our prior estimates of accrued research and development expenses. However, due to the nature of estimates, we cannot assure that we will not make changes to our estimates in the future as we become aware of additional information about the status or conduct of our clinical trials and other research activities.

Valuation of Derivative Tranche Liability

In connection with the initial closing of the Series C preferred stock financing in September 2022, we have a commitment and Series C investors have an obligation to purchase the Series C Second Tranche at a fixed price, if specified conditions are met. The obligation to issue additional shares of Series C redeemable convertible preferred stock at a future date was determined to be a freestanding derivative instrument and is accounted for as a liability. The derivative tranche liability was accounted for at fair value at the issuance date and remeasured at the end of each reporting period until the shares are issued or the obligation expires. Changes in the fair value of the derivative tranche liability are recognized in the consolidated statement of operations and comprehensive loss.

The fair value of the derivative tranche liability was determined using a probability weighted model, which considers as inputs the probability of achieving tranche closing conditions, the estimated fair value of our Series C redeemable convertible preferred stock and a discount rate. The tranche liability will expire on June 30, 2023, if specified conditions are not met. We recognized $0.5 million for the year ended December 31, 2022, related to the change in fair value of the derivative tranche liability in our consolidated statement of operations and comprehensive loss. As of December 31, 2022, the fair value of the derivative tranche liability was $10.3 million on our consolidated balance sheet.

Asset Acquisitions and Acquired In-Process Research and Development Expenses

We measure and recognize asset acquisitions that are not deemed to be business combinations based on the cost to acquire the asset or group of assets, which includes transaction costs. Goodwill is not recognized in asset acquisitions. In an asset acquisition, the cost allocated to acquire in-process research and development (IPR&D) with no alternative future use is recognized as expense on the acquisition date.

Contingent consideration in asset acquisitions payable in the form of cash is recognized in the period the triggering event is determined to be probable to occur and the related amount is reasonably estimable. Such amounts are expensed or capitalized based on the nature of the associated asset at the date the related contingency is resolved.

We concluded that the exclusive license acquired from Affibody in October 2021 represented an asset acquisition of IPR&D assets with no alternative future use. We further concluded that the arrangement did not qualify as a business combination because substantially all of the fair value of the assets acquired was concentrated in a single asset. As of December 31, 2022, we capitalized $1.1 million of transaction costs as prepaid expenses and other non-current assets, related to the ValenzaBio Acquisition, which will be accounted for as an asset acquisition. We determined that the Acquisition should be accounted for as an asset acquisition after considering whether substantially all of the fair value of the gross assets acquired was concentrated in a single asset or group of assets and whether we acquired a substantive process capable of significantly contributing to our ability to create outputs.

Stock-Based Compensation Expense

Stock-based compensation expense related to the stock-based awards granted to employees, consultants and Board members is measured at the grant date based on the fair value of the award. Compensation expense for those awards is recognized over the requisite service period, which is generally the vesting period. We use the straight-line method to record the expense of awards with service-based vesting conditions. We account for forfeitures of stock-based awards as they occur rather than applying an estimated forfeiture rate to stock-based compensation expense. We recognize share-based compensation expense for awards with performance conditions when it is probable that the condition will be met, and the award will vest.

We estimate the fair value of each award on the date of grant using the Black-Scholes option -pricing model. This model requires the use of highly subject assumptions to determine the fair value of each stock-based award, including:

- *Fair value of common stock*. See the subsection titled "—Determination of Fair Value of Common Stock" below.
- *Expected term*. The expected term represents the period that the stock-based awards are expected to be outstanding. The expected term for our stock options was calculated based on the weighted-average vesting term of the awards and the contract period, or simplified method.
- *Expected volatility*. Since we are not yet a public company and do not have any trading history for our common stock, the expected volatility was estimated based on the average historical volatilities of common stock of comparable publicly traded entities over a period equal to the expected term of the stock option grants. The comparable companies were chosen based on their size, stage of their life cycle or area of specialty. We will continue to apply this process until enough historical information regarding the volatility of our stock price becomes available.
- *Risk-free interest rate*. The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term of the awards.
- *Expected dividend yield*. We have never paid dividends on our common stock and have no plans to pay dividends on our common stock. Therefore, we used an expected dividend yield of zero.

See Note 7 to our audited financial statements included elsewhere in this prospectus for information concerning certain of the specific assumptions we used in applying the Black-Scholes option pricing model to determine the estimated fair value of our stock options granted in the periods presented.

As of December 31, 2022, there was $18.2 million of total unrecognized stock-based compensation expense related to our granted options, which we expect to recognize over a remaining weighted-average period of 3.6 years. We also expect to recognize an estimated $ million in stock-based compensation expense related to outstanding RSUs for which the applicable performance and service vesting conditions, as defined in the agreements, will be satisfied upon the completion of this offering. The estimated remaining $ million

in stock-based compensation expense related to outstanding RSUs will be recognized over the remaining service period through November 2026. We expect to continue to grant equity-based awards in the future, and to the extent that we do, our stock-based compensation expense recognized in future periods will likely increase.

The intrinsic value of all outstanding stock options, restricted stock awards (RSAs) and RSUs as of December 31, 2022 was approximately $ million, based on the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, of which approximately $ million related to vested stock options, RSAs and RSUs, and approximately $ million related to unvested stock options, RSAs and RSUs.

Determination of Fair Value of Common Stock

As there has been no public market for our common stock prior to this offering, the estimated fair value of our common stock underlying our stock-based awards has been determined by our board of directors as of each option grant date with input from management, considering our most recently available third-party valuations of common stock and our board of directors' assessment of additional objective and subjective factors that it believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant. These third-party valuations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation* (the Practice Aid).

For valuations performed prior to December 31, 2021, in accordance with the Practice Aid, we determined the Option Pricing Method (OPM) was the most appropriate method for determining the fair value of our common stock based on our stage of development and other relevant factors. Within the OPM framework, the backsolve method for inferring the total equity value implied by a recent financing transaction involves the construction of an allocation model that takes into account our capital structure and the rights, preferences and privileges of each class of stock, then assumes reasonable inputs for the other OPM variables (expected time to liquidity, volatility and risk-free rate). The total equity value is then iterated in the model until the model output value for the equity class sold in a recent financing round equals the price paid in that round. The OPM is generally utilized when specific future liquidity events are difficult to forecast (i.e., the enterprise has many choices and options available), and the enterprise's value depends on how well it follows an uncharted path through the various possible opportunities and challenges. In determining the estimated fair value of the common stock, our board of directors also considered the fact that the stockholders could not freely trade the common stock in the public markets. Accordingly, we applied discounts to reflect the lack of marketability of its common stock based on the weighted-average expected time to liquidity. The estimated fair value of the common stock at each grant date reflected a non-marketability discount partially based on the anticipated likelihood and timing of a future liquidity event.

For valuations performed after December 31, 2021 in accordance with the Practice Aid, we determined the hybrid method was the most appropriate method for determining the fair value of our common stock based on our stage of development and other relevant factors. The hybrid method is a probability-weighted expected return method (PWERM), where the equity value in one or more scenarios is calculated using an OPM. The PWERM is a scenario-based methodology that estimates the fair value of common stock based upon an analysis of future values for the company, assuming various outcomes. The common stock value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available as well as the rights of each class of stock. The future value of the common stock under each outcome is discounted back to the valuation date at an appropriate risk-adjusted discount rate and probability weighted to arrive at an indication of value for the common stock. A discount for lack of marketability of the common stock is then applied to arrive at an indication of value for the common stock.

In addition to considering the results of independent third-party valuations, our board of directors considered various objective and subjective factors to determine the fair value of common stock as of each grant date, including:

- the prices at which we sold shares of our preferred stock and the superior rights, preferences and privileges of our preferred stock relative to those of our common stock at the time of each grant;
- the progress of our research and development programs, including the status of preclinical studies and clinical trials for our product candidates;
- our stage of development and our business strategy, and material risks related to our business;
- external market conditions affecting the biotechnology industry and trends within the biotechnology industry;
- the competitive landscape for our product candidates;
- our financial position, including cash on hand, and our historical and forecasted performance and operating results;
- the lack of an active public market for our common stock and our preferred stock;
- the likelihood of achieving a liquidity event, such as an initial public offering (IPO) or a sale of our company, given prevailing market conditions; and
- the economy in general.

We also performed a retrospective review of common stock fair value when preparing for our financial statements audits and considered the amount of time between the independent third-party valuation dates and the grant dates. We performed an interpolation of the fair value between the two valuation dates if we concluded that a significant change in valuation had occurred between the previous valuation and the grant date due to significant business or market events. The incremental stock-based compensation expense recorded as a result of the retrospective review was insignificant.

The assumptions underlying these valuations represented management's best estimate, which involved inherent uncertainties and the application of management's judgment. As a result, if we had used significantly different assumptions or estimates, the fair value of our common stock and our stock-based compensation expense could be materially different.

Once a public trading market for our common stock has been established in connection with the completion of this offering, it will no longer be necessary for our board of directors to estimate the fair value of our common stock in connection with our accounting for granted stock options and other such awards we may grant, as the fair value of our common stock will be based on the quoted market price of our common stock.

Off-Balance Sheet Arrangements

During the periods presented we did not have, nor do we currently have, any off-balance sheet arrangements as defined in the rules and regulations of the SEC.

Quantitative and Qualitative Disclosures About Market Risks

Interest Rate Risk

The primary objectives of our investment activities are to ensure liquidity and to preserve capital. We are exposed to market risks related to changes in interest rates of our cash equivalents and short-term investments. However, due to the nature of these cash equivalents and investments, we do not believe that a hypothetical 10% increase or decrease in interest rates during any of the periods presented would have had a material effect on our financial statements included elsewhere in this prospectus.

Foreign Currency Exchange Risk

All of our employees and our operations are currently located in the United States and our expenses are generally denominated in U.S. dollars. However, we do utilize certain CMO vendors outside of the United States for our manufacturing of drug substances and clinical supplies. As such, our expenses are denominated in both U.S. dollars and foreign currencies. Therefore, our operations are and will continue to be subject to fluctuations in foreign currency exchange rates. To date, foreign currency transaction gains and losses have not been material to our financial statements, and we have not had a formal hedging program with respect to foreign currency. We do not believe that a hypothetical 10% increase or decrease in exchange rates during any of the periods presented would have had a material effect on our financial statements included elsewhere in this prospectus.

Effects of Inflation

Inflation generally affects us by increasing our cost of labor and research and development costs. We do not believe that inflation had a material effect on our business, results of operations, or financial condition, or on our financial statements included elsewhere in this prospectus.

Internal Control Over Financial Reporting

In connection with the preparation of our financial statements for the year ended December 31, 2021, we identified material weaknesses in the design and operating effectiveness of our internal control over financial reporting related to the fact that we lacked a sufficient number of professionals to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives. The lack of sufficient number of finance and accounting professionals further contributed to the following additional material weaknesses. We did not design and maintain an effective risk assessment process at a precise enough level to identify new and evolving risks of material misstatement in the consolidated financial statements. Additionally, we did not design and maintain effective controls over the segregation of duties related to journal entries and account reconciliations. Specifically, certain personnel had the ability to both (i) create and post journal entries within the company's general ledger system and (ii) prepare and review account reconciliations without a review performed by someone without conflicting duties.

There were no adjustments that resulted from the above material weaknesses. However, these material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that would result in a material misstatement of our annual or interim financial statements that would not be prevented or detected.

To remediate the material weaknesses, we have begun to hire additional accounting personnel, as well as have engaged a third-party firm to assist in the design and implementation of controls. We are in the process of implementing a formal risk assessment process and procedures and designing sufficient controls to remediate these weaknesses. We intend to continue to take steps to remediate these material weaknesses through the hiring of additional experienced accounting and financial reporting personnel, formalizing documentation of policies and procedures and further evolving the accounting processes, including implementing appropriate segregation of duties. The material weaknesses will not be considered remediated until management completes the design and implementation of the measures described above and the controls operate for a sufficient period of time and management has concluded, through testing, that these controls are effective.

Emerging Growth Company Status

We qualify as an "emerging growth company," as defined in the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include: (i) being permitted to present only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of

Operations" disclosure in this prospectus; (ii) reduced disclosure about our executive compensation arrangements; (iii) not being required to hold advisory votes on executive compensation or to obtain stockholder approval of any golden parachute arrangements not previously approved; (iv) an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002; and (v) an exemption from compliance with the requirements of the Public Company Accounting Oversight Board regarding the communication of critical audit matters in the auditor's report on the financial statements.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company on the date that is the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of $1.24 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the completion of this offering; (iii) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. We may choose to take advantage of some but not all of these exemptions. We have taken advantage of reduced reporting requirements in this prospectus. Accordingly, the information contained herein may be different from the information you receive from other public companies in which you hold stock. Additionally, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption and, therefore, while we are an emerging growth company we will not be subject to new or revised accounting standards at the same time that they become applicable to other public companies that are not emerging growth companies. As a result of this election, our financial statements may not be comparable to those of other public companies that comply with new or revised accounting pronouncements as of public company effective dates. We may choose to early adopt any new or revised accounting standards whenever such early adoption is permitted for private companies.

BUSINESS

Overview

ACELYRIN is a late-stage clinical biopharma company focused on identifying, acquiring, and accelerating the development and commercialization of transformative medicines. We are driven by our sense of urgency to bring life-changing therapies to patients globally, a core value that we refer to as "courageous caring."

Our initial focus is on the treatment of diseases with pathology related to excess activation of the immune system, an area where our management and team bring industry-leading expertise. We acquired our portfolio of product candidates with the intent to develop and commercialize novel therapies that we believe may provide the opportunity to offer clinically meaningful, differentiated benefits for patients by improving upon the efficacy and/or safety of existing therapeutics directed against established targets, such as currently marketed anti-interleukin (IL)-17A agents, or by targeting new modalities. In each case, our strategy is to identify candidates we believe are "diamonds in the rough," where, based on molecule characteristics, our collective experience and expertise, and the evolving scientific and medical understanding, we can establish a clinical development plan that tests our hypotheses as to what those benefits could mean for patients. Subsequently, we plan to utilize the results from initial clinical trials and the learnings we obtain from emerging biology to potentially expand the application of our candidates to other indications in which there are significant unmet needs.

Our current portfolio consists of multiple clinical and preclinical stage product candidates being investigated across several indications representing multi-billion-dollar opportunities in the aggregate.

Our lead product candidate is izokibep, a small protein therapeutic designed to inhibit IL-17A with high potency through tight binding affinity and the potential for robust tissue penetration due to its small molecular size, about one-tenth the size of a monoclonal antibody. Izokibep is currently in development for multiple immunological indications including Hidradenitis Suppurativa (HS), Psoriatic Arthritis (PsA), Axial Spondyloarthritis (AxSpA) and uveitis. Izokibep has been administered to more than 400 participants and in some for up to three years. More than 150 participants received doses up to 160 mg and more than 80 participants received up to 160 mg weekly, some out to six months. Izokibep has been generally well-tolerated with localized mild-to-moderate injection site reactions being the most common adverse event.

HS is a severe autoimmune condition where the hallmark of disease is skin abscesses, nodules, fistulae and scar tissue. Efficacy of treatments in HS is typically measured by improvements in Hidradenitis Suppurativa Clinical Response (HiSCR), a clinically validated scoring system that is used to assess disease and which was accepted as a valid clinical endpoint in the regulatory approval process for the only U.S. Food and Drug Administration (FDA)-approved therapy for HS, adalimumab. HiSCR50 represents a 50% improvement in abscesses and nodules without worsening in either of these individually or worsening in tunnelling; higher order responses, such as 75% improvement (HiSCR75), 90% improvement (HiSCR90) and 100% improvement or "all clear" (HiSCR100), represent even greater clinical benefit on the reduction of inflammatory nodules and abscesses.

We recently announced izokibep demonstrated HiSCR at high orders (HiSCR75 and above) in Part A of our Phase 2b/3 trial in HS. Part B of the Phase 2b/3 trial is actively ongoing. We have also presented results from a randomized, placebo-controlled Phase 2 trial of izokibep in PsA.

As a result of these data in HS and PsA, we have prioritized development in these indications. For HS, in addition to the ongoing trial below, we plan to begin a second Phase 3 trial. For PsA, we accelerated into 2022 the initiation of a Phase 2b/3 trial evaluating a range of doses, including significantly higher doses than the Phase 2 trial based on our pharmacokinetics-pharmacodynamics (PK-PD) modeling that suggests increasing duration of treatment and higher doses could result in improvement of clinical outcomes. Our active ongoing trials with izokibep are a:

- Phase 2b/3 trial of izokibep in HS;

- Phase 2b/3 trial of izokibep in PsA; and
- Phase 2b/3 trial of izokibep in uveitis.

We intend to include these trials as part of the registrational program for each indication. Additionally, we are planning to initiate the Phase 3 program in AxSpA based on dosing data from the ongoing PsA Phase 2b/3 trial. Enthesitis is a key feature of AxSpA, and central to the progression of the disease. As such, we intend to rely on data from our Phase 2 and ongoing Phase 2b/3 trials in PsA to discuss with the FDA initiation of the Phase 3 program in AxSpA without completing earlier clinical trials in AxSpA. Although there is precedent for this approach, the FDA may require us to complete a Phase 2 trial in AxSpA prior to initiating our planned Phase 3 program.

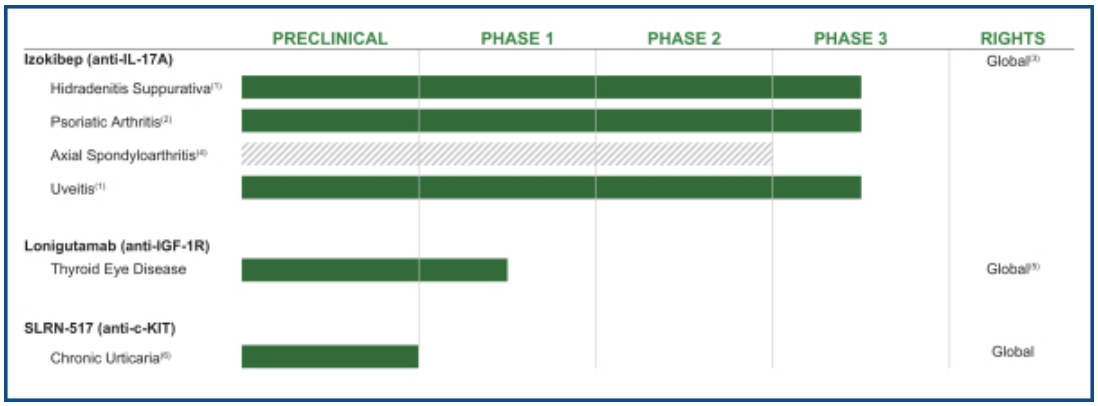
We plan to seek orphan drug designation from the relevant regulatory authorities for both moderate-to-severe HS, as well as non-infectious uveitis. Orphan drug designation does not convey any advantage in or shorten the duration of the regulatory review and approval process. We intend to continue our clinical development in moderate-to-severe HS and non-infectious uveitis whether or not we receive orphan drug designation.

We are also advancing lonigutamab, a subcutaneously delivered humanized IgG1 monoclonal antibody against IGF-1R being investigated for the treatment of thyroid eye disease (TED). We are evaluating lonigutamab in thyroid eye disease with the intent to increase depth and durability of clinical response, maximize tolerability, and deliver as a convenient subcutaneous injection. We believe that the characteristics of lonigutamab that enable subcutaneous delivery also allows for reduction of maximum serum concentration (C_{max}) incurred with current intravenous (IV) therapies and may also enable evaluation for high depth and durability of clinical response. Decreasing C_{max} may lessen breach of the blood labyrinth barrier and limit IGF-1R inhibition in the neural tissues of the inner ear. Data from the single ascending dose (SAD) portion of the Phase 1/2 trial in healthy volunteers with subcutaneous administration of lonigutamab were presented at the 2023 North American Neuro-Ophthalmology Society meeting and the multiple ascending dose (MAD) portion of this trial in TED is administered subcutaneously and is actively ongoing.

In addition, we are developing SLRN-517, which is a fully human IgG1 monoclonal antibody targeting c-KIT. SLRN-517 aims to address the root cause of mast cell driven diseases by blocking mast cell proliferation and degranulation. SLRN-517 is designed as a highly potent inhibitor (antagonist) of the c-KIT pathway, targeting mast cell proliferation and degranulation, without stimulating (agonist) mast cell degranulation. Due to its fully human design, we believe SLRN-517 may limit immunogenicity relative to monoclonal antibodies that are not fully human. The picomolar (pM) binding affinity and cell based functional potency of SLRN-517 offer the potential for low volume subcutaneous dosing. We believe these distinct characteristics may enable us to better determine the full extent of involvement of mast cell biology in chronic urticaria as well as other diseases where mast cells may play a central role. We believe monoclonal antibodies have the potential to offer safety and efficacy advantages over small molecule inhibitors of the c-KIT pathway. In March 2023, we submitted an Investigational New Drug (IND) application for SLRN-517.

Like izokibep and lonigutamab, we believe SLRN-517 has the potential to address multiple indications, including other mast cell driven disorders beyond chronic urticaria, such as prurigo nodularis, bullous pemphigoid and eosinophilic esophagitis.

Our Pipeline



(1) Phase 2b/3 trial in moderate-to-severe HS and uveitis. Planned inclusion into registrational package for HS and non-infectious uveitis (as applicable) if granted orphan drug designation and following consultation with relevant heath authorities. We have initiated our first Phase 2b/3 trial in uveitis, but have not previously completed any clinical trials for uveitis.
(2) Phase 2b/3 trial in PsA.
(3) Excludes development, commercialization and manufacturing rights in mainland China, Hong Kong, Macau, South Korea and Taiwan, and development rights in certain other Asia Pacific countries. We retain decision making authority for izokibep global development. See the section titled "Business—License and Collaboration Agreements" for further information.
(4) Based on data from our Phase 2 and ongoing Phase 2b/3 trials in PsA, we intend to discuss with the FDA initiation of the Phase 3 program in AxSpA without completing earlier clinical trials in AxSpA. The FDA may require us to complete a Phase 2 trial in AxSpA prior to initiating our planned Phase 3 program.
(5) Worldwide rights to non-oncology indications. See the section titled "Business—License and Collaboration Agreements" for further information.
(6) Based on preclinical studies demonstrating highly potent inhibition of the c-KIT pathway targeting mast cell proliferation and degranulation, our first indication of interest for SLRN-517 is chronic urticaria, an inflammatory disease that is driven by the release of histamine and other vasoactive molecules produced by mast cells.

Our Team and Investors

Our company is led by Shao-Lee Lin, M.D., Ph.D., our Founder and Chief Executive Officer. Prior to founding our company, Dr. Lin was the first Chief Scientific Officer at Horizon Therapeutics plc, where she led research and development, including the development and approval of teprotumumab for the treatment of TED. Prior to Horizon, she held multiple positions at AbbVie Inc., most recently leading Therapeutic Areas, Development Excellence and International Development and initially as Vice President, Global Immunology and Renal Development. Prior to AbbVie, Dr. Lin served as Vice President, Inflammation and Respiratory Development at Gilead Sciences Inc. and served in various roles of increasing responsibility at Amgen Inc. Dr. Lin has been faculty as a Clinical Scholar at The Rockefeller University and adjunct faculty at the medical schools of Cornell University, The University of California, Los Angeles (UCLA), Stanford University and Northwestern University. Dr. Lin is joined by a team of veteran biopharma executives who together bring exceptional track records of identifying, acquiring, and then rapidly and robustly developing and commercializing medicines. These leaders were instrumental in achieving the first approvals, or expanded indications, for transformative therapies including Humira, Tepezza, Rinvoq, Skyrizi, Mavyret and Enbrel, that have provided clinically meaningful and differentiated benefit for patients. These therapies have subsequently become some of the most successful medicines within the biopharmaceutical industry.

Since our inception we have secured more than $550 million in committed capital, of which over $400 million has already been funded. An additional $150 million is available from our Series C preferred stock investors as committed capital and will be funded, subject to certain conditions, on June 30, 2023 in the event this offering is not completed before that date.

Our Strategy

Our vision is to build a leading integrated biopharma company focused on delivering transformative medicines to patients. Immunology is an area of deep core expertise throughout the organization, and therefore is our area of initial focus. Our mission is to identify, acquire, and accelerate the development and commercialization of medicines that we believe have the potential to offer clinically meaningful, differentiated benefits to patients. We intend to achieve that goal by implementing the following strategies.

- **Maximize the value of izokibep.** Izokibep is a "pipeline-in-a-program" with encouraging clinical data obtained in multiple immunology-related indications. We refer to izokibep as a "pipeline-in-a-program", which reflects our strategy to develop a single asset in multiple indications. Clinical data generated to date and the high *in vitro* potency and small molecular size of izokibep hold the potential for clinically meaningful responses in diseases such HS, PsA, AxSpA and uveitis, and we plan to advance these opportunities in parallel clinical trials. In addition, we intend to explore the potential development of izokibep in future indications where there is strong rationale for IL-17A inhibition and high unmet patient need.
- **Advance lonigutamab for the treatment of TED.** Lonigutamab is a potent anti-IGF-1R in development for the treatment of TED, with potential for clinically meaningful efficacy, safety and dosing convenience for patients. Pharmacokinetic (PK) and pharmacodynamic (PD) data from subcutaneous dosing in healthy volunteers in the SAD portion of our ongoing Phase 1/2 trial and preclinical data support the potential for lonigutamab to expand the treatment of TED. Many on our team bring prior experience in this field, which provides us with insights we believe are important in the development of lonigutamab for TED.
- **Advance earlier stage product candidates into clinical development.** We intend to expand our pipeline of clinical stage product candidates by identifying and developing earlier stage candidates. For example, we are developing SLRN-517, a fully human monoclonal antibody designed to target a distinct epitope of c-KIT, that we anticipate bringing into the clinic for the treatment of chronic urticaria and exploring its potential in other mast cell-driven indications.
- **Diversify our portfolio with new product candidates**. Our ability to identify, acquire and rapidly advance izokibep into late-stage clinical trials across several indications exemplifies the approach that we are actively pursuing to continue to diversify our portfolio with drug candidates that fit our strategic focus. Specifically, we plan to acquire and advance new therapies where we feel we can offer unique experience and expertise to optimize their development and value.
- **Evaluate strategic collaborations**. We believe that our team's experience and track record demonstrate ACELYRIN's capabilities and make our company an attractive partner. We will strategically evaluate potential collaborations to maximize the value of our portfolio.
- **Build our operational and commercial capabilities for supplying and marketing our products, if approved, in key markets.** In general, we intend to manage our products from development through to commercialization. Where beneficial, we may collaborate with a partner for various capabilities such as manufacturing, marketing and/or sales of our products in one or more geographies. With late-stage trials underway for izokibep in multiple indications, we remain committed to continuing to build the capabilities necessary to achieve our goal of becoming an integrated biopharma company.

Our Izokibep (Small Protein IL-17A Inhibitor) Program

Summary Overview of Izokibep

Our lead product candidate is izokibep, a small protein therapeutic designed to inhibit IL-17A with high potency and the potential for robust tissue penetration due to its small molecular size, about one-tenth the size of a monoclonal antibody.

Izokibep is currently in development for multiple immunological indications including hidradenitis suppurativa (HS), psoriatic arthritis (PsA), axial spondyloarthritis (AxSpA) and uveitis. Izokibep has been

administered to more than 400 participants and in some for up to three years. More than 150 participants received doses up to 160 mg and more than 80 participants received up to 160 mg weekly, some out to six months. Izokibep has generally been well-tolerated with localized mild-to-moderate injection site reactions being the most common adverse event.

We recently announced data from the Part A portion of our ongoing Phase 2b/3 trial in HS. HS is a severe autoimmune condition where the hallmark of disease is skin abscesses, nodules, fistulae and scar tissue. Part A of our Phase 2b/3 trial consisted of open label treatment with izokibep 160 mg administered subcutaneously (SC) weekly (QW). We have reported data as observed at 12 weeks, with 71% of observed participants achieving HiSCR50, 57% achieving HiSCR75, 38% achieving HiSCR90 and 33% achieving HiSCR100. Both Hurley Stage II and III participants were present in the populations achieving the highest orders of response (HiSCR90 and HiSCR100). The Part B portion of our Phase 2b/3 trial in HS is actively ongoing.

We have also shared results from a randomized, placebo-controlled Phase 2 trial of izokibep in PsA. At 16 weeks, of the participants in this trial receiving izokibep 80 mg administered SC every two weeks (Q2W), 52% achieved ACR50 response, 85% achieved PASI75 response and 88% achieved enthesitis resolution. Of the participants receiving 40 mg administered SC Q2W, 48% achieved ACR50 response, 83% achieved PASI75 response and 63% achieved enthesitis resolution. ACR50 response is defined as a 50% improvement in tender and swollen joints, along with improvement in three of these five parameters: (a) patient global assessment of disease activity; (b) physician global assessment of disease activity; (c) patient pain scale; (d) disability/functional questionnaire and (e) decreased concentration of C-reactive protein correlated to inflammation. PASI75 response is defined as a 75% improvement in skin activity and severity response of psoriasis skin lesions, and enthesitis resolution is defined as no active entheseal sites on the Leeds Enthesitis Index (LEI). Enthesitis is unchecked inflammation of difficult to treat entheseal tissues and is a marker of disease severity often associated with residual pain and physical dysfunction, negatively impacting quality of life. In the same trial, at 46 weeks, of the participants receiving izokibep 80 mg administered SC Q2W, 79% achieved ACR50 response, 50% achieved ACR70 response, 71% achieved PASI100 response and 89% achieved enthesitis resolution. Participants receiving izokibep 40 mg administered SC Q2W, 50% achieved ACR50 response, 33% achieved ACR70 response, 50% achieved PASI100 response and 83% achieved enthesitis resolution. Of the participants who switched at 16 weeks from receiving placebo to receiving izokibep 80 mg administered SC Q2W, 73% achieved ACR50 response, 64% achieved ACR70 response, 67% achieved PASI100 response and 80% achieved enthesitis resolution. ACR70 response is defined as a 70% improvement in features noted above for ACR50 response, and is considered by some clinicians to be an indicator of significant control of disease activity. PASI100 response is defined as 100% improvement in skin response, or complete resolution of psoriasis skin lesions.

As a result of these data in HS and PsA, we have prioritized development in these indications. For HS, in addition to the ongoing trial below, we plan to begin a second Phase 3 trial. For PsA, we accelerated into 2022 the initiation of a Phase 2b/3 trial evaluating a range of doses, including significantly higher doses than the Phase 2 trial based on our pharmacokinetics-pharmacodynamics (PK-PD) modeling that suggests increasing duration of treatment and higher doses could result in improvement of clinical outcomes. Our active ongoing trials with izokibep are a:

- Phase 2b/3 trial of izokibep in HS;
- Phase 2b/3 trial of izokibep in PsA; and
- Phase 2b/3 trial of izokibep in uveitis.

We intend to include these trials as part of the registrational program for each indication. Additionally, we are planning to initiate the Phase 3 program in AxSpA based on dosing data from the ongoing PsA Phase 2b/3 trial. Enthesitis is a key feature of AxSpA, and central to the progression of the disease. As such, we intend to rely on data from our Phase 2 and ongoing Phase 2b/3 trials in PsA to discuss with the FDA initiation of the

Phase 3 program in AxSpA without completing earlier clinical trials in AxSpA. Although there is precedent for this approach, the FDA may require us to complete a Phase 2 trial in AxSpA prior to initiating our planned Phase 3 program.

We plan to seek orphan drug designation from the relevant regulatory authorities for both moderate-to-severe HS as well as non-infectious uveitis. Orphan drug designation does not convey any advantage in or shorten the duration of the regulatory review and approval process. We intend to continue our clinical development in moderate-to-severe HS or non-infectious uveitis whether or not we receive orphan drug designation.

Izokibep is delivered subcutaneously. The concentration for Phase 2 was 80 mg/1 ml and for Phase 3 is 160 mg/1.5 ml as a single SC injection. The formulation is at neutral pH within a phosphate buffered saline. Commercial launch is planned as either a pre-filled syringe or standard autoinjector.

Interleukin-17A, a Clinically Validated Target

Due to the central role of IL-17 in driving the expression of other proinflammatory cytokines and the recruitment of immune cells, down-regulating it with a biologic can lead to broad anti-inflammatory activity. The IL-17 family consists of at least six structurally similar cytokines, named IL-17A through IL-17F. Amongst them, IL-17A and IL-17F are known to drive inflammation and host defense by inducing secretion of proinflammatory cytokines, chemokines and antimicrobial peptides via IL-17 receptor A and receptor C.

While IL-17A and IL-17F are both required for mucosal immunity, IL-17A plays a more critical role in inflammation and autoimmunity. IL-17A induces additional proinflammatory cytokines and chemokines through its interaction with both the myeloid cells and a subset of T cells, unlike IL-17F. IL-17 receptor A binds with an extremely low affinity to IL-17F, whereas IL-17 receptor C binds with higher affinity to IL-17F than to IL-17A, leading to distinct downstream immune effects.

While IL-17A inhibition alone has been clinically validated to reduce inflammation, with the approval of secukinumab and ixekizumab, IL-17F inhibition alone has been shown to have minimal effect. Additionally, IL-17A and IL-17F are both involved in mucosal immunity. Simultaneous blockade of IL-17A and IL-17F has been shown to be associated with dose-dependent increased risk of infection, especially fungal infections.

Immune dysregulation driven by IL-17A has been identified as a driver of inflammation in many autoimmune and inflammatory diseases. These include PsA, HS, AxSpA, uveitis and psoriasis (PsO). In each of these diseases, elevated levels of IL-17A are found in patient's sera, and in skin diseases, such as PsO, at lesion sites.

Our Solution: Izokibep

The Design of Izokibep is Highly Differentiated from Monoclonal Antibodies

Izokibep is a small protein therapeutic designed to bind the homodimeric IL-17A molecule with high potency. In contrast to conventional monoclonal antibodies, which are multi-subunit proteins, izokibep is much smaller – approximately one-tenth the size of a traditional monoclonal antibody – containing two IL-17A binding domains and an albumin binding domain that results in improved PK properties.

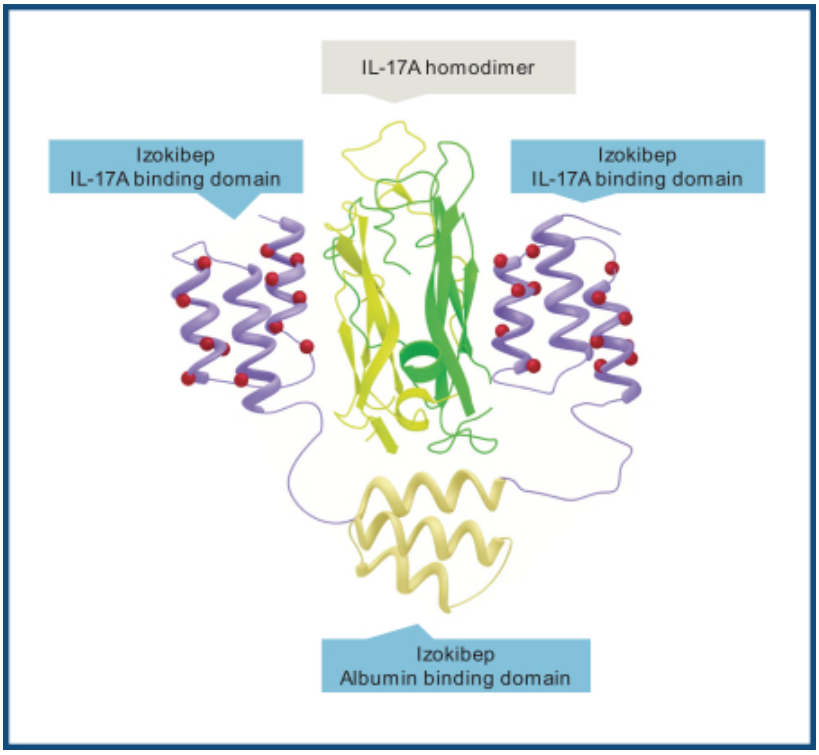


Figure 1. Structural model of izokibep binding to IL-17A homodimer.

By virtue of its structure and size, we believe izokibep has several key features that differentiate it from traditional monoclonal antibodies:

- **High potency**. Izokibep binds both subunits of the IL-17A dimer simultaneously, resulting in complete blockade of IL-17 signaling in preclinical studies as shown in Figure 2(a). Izokibep is highly potent with a dissociation constant (K_D) of 0.3 pM to human IL-17A, compared to currently U.S. Food and Drug Administration (FDA)-approved anti-IL-17A agents secukinumab (marketed by Novartis AG), which has a K_D of 200 pM and ixekizumab (marketed by Eli Lilly and Company), which has a K_D of 1.8 pM. Indeed, the increased *in vitro* potency translated to the ability of izokibep to inhibit IL-17 signaling in a murine model at approximately 30- to 50-fold lower dose than that required for secukinumab or ixekizumab, as shown in Figure 2(b).

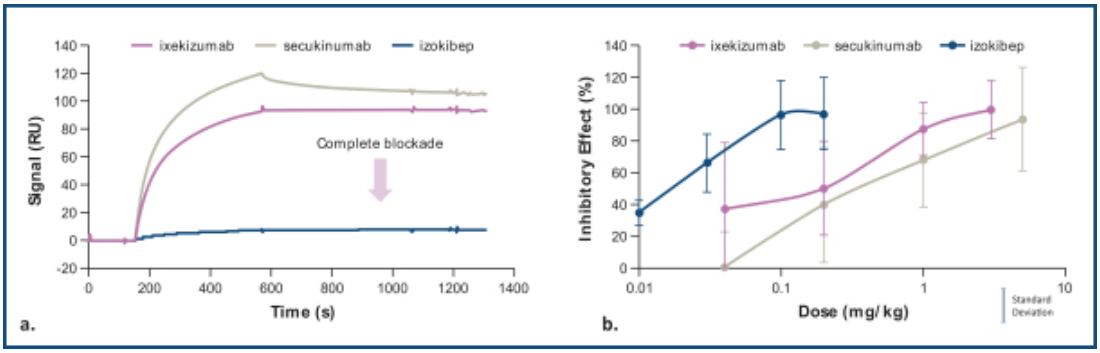


Figure 2. Izokibep (a) demonstrated complete blockade of IL-17A signaling cascade and (b) inhibited IL-17A signaling at markedly lower dose levels compared to secukinumab and ixekizumab in a murine model.

- **Albumin-binding domain provides half-life extension and broad tissue exposure**. The albumin-binding domain increases the plasma half-life of izokibep and enhances its ability to target sites of inflammation including difficult to penetrate spaces such as those surrounding the entheses.
- **Small size drives robust tissue penetration**. Izokibep has a molecular weight of 18.6 kDa, approximately one-tenth the size of a monoclonal antibody, enabling the potential to reach difficult to penetrate tissues such as dense and poorly vascular enthesites in PsA and abscesses and inflammatory nodules in HS. In murine skin, izokibep demonstrated robust exposure, increasing over time, compared to secukinumab, as shown in Figure 3 below.

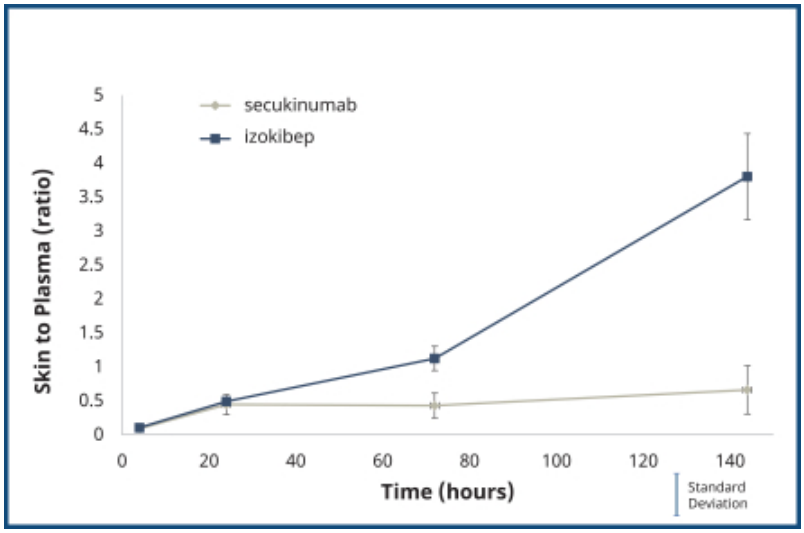


Figure 3. Superior skin exposure of izokibep in mice.

- **Potential to conveniently deliver high exposures**. The lower molecular weight of izokibep (18.6 kDa) compared to traditional monoclonal antibodies (~150 kDa) means that there are more izokibep drug molecules in a given volume. Additionally, as demonstrated in comparative analyses assessing binding affinity, izokibep molecules are also more potent than the currently marketed monoclonal antibodies targeting IL-17A, secukinumab and ixekizumab. As a result, we believe izokibep can deliver in a single subcutaneous injection exposure levels that the marketed anti-IL-17A monoclonal antibodies require IV infusion to deliver.

Izokibep for the Treatment of Moderate-to-Severe HS

HS is a severe autoimmune condition where the hallmark of disease is skin abscesses, inflammatory nodules, fistulae and scar tissue. HS is a chronic, scarring, painful and debilitating inflammatory skin disease characterized by occlusion of hair follicles in sweat glands. These inflamed areas are often colonized by bacteria leading to further inflammation and initiating a chronic cycle of inflammation, healing, and scarring. Inflammation can lead to inflamed nodules and abscesses due to draining skin tunnels and bands of severe scarring. HS typically occurs in areas with high concentrations of sweat glands and where skin folds touch or rub together such as the arm pit, groin, perianal region and under the breast.

HS is typically accompanied by pain, malodor, drainage, and disfigurement that contribute to disability and a devastating impact on quality of life. Patients with HS miss a greater number of days of work and have increased disability compared to the average population. Pain from HS nodules and abscesses may cause sleep disturbance, limit function, and induce psychological distress. HS and the embarrassment associated with the body odor it causes typically has a tremendous psychological impact on patients, which often affects many facets of their life and promotes isolation due to fear of stigmatization. One in six HS patients report being hospitalized and one in four have visited the emergency department four or more times for acute symptoms. Suicidal ideation or suicidal attempts in the patient population are high with some estimates of suicidal ideation as high as 9%.

The severity of HS is stratified using the three-stage Hurley clinical staging system. In Hurley Stage I, abscesses are present without skin tunnels or scarring. In Hurley Stage II is characterized by recurrent abscesses with tunnels and scarring. In Hurley Stage III, there are multiple interconnected skin tunnels extending across a large area. The Hurley Stages are used to describe disease severity, as abscess and nodule count may vary without the more severe disease features of skin tunnels and scarring. A higher abscess and nodule count may still be associated with more mild disease and similarly, a lower abscess and nodule count may still be associated with more severe disease if tunnels and scarring are present.

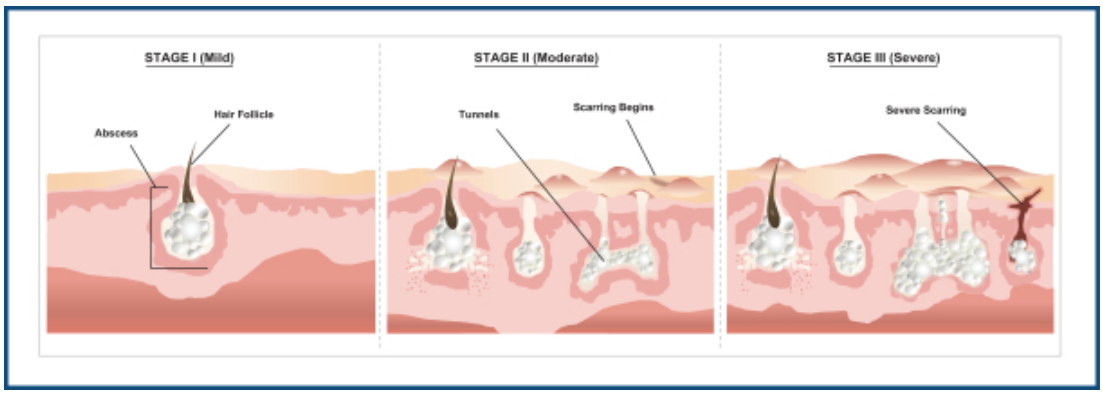


Figure 4. Illustration of three stages of HS.

HS is generally treated symptomatically with intra-lesional glucocorticoid injections or short-term pulse oral glucocorticoids, antibiotics and surgery. Efficacy of treatments in HS is typically measured by improvements in Hidradenitis Suppurativa Clinical Response (HiSCR), which is a clinically validated scoring system that is used to assess disease and which was a valid clinical endpoint in the regulatory approval process for the only approved therapy for HS, adalimumab (marketed by AbbVie Inc.). HiSCR50 represents a 50% improvement in abscesses and nodules without worsening in either of these individually or worsening in tunnelling; high order responses, such as 75% improvement (HiSCR75), 90% improvement (HiSCR90) and 100% improvement (HiSCR100, which means there are no abscesses or inflammatory nodules and no new fistulae/tunnels), represent even greater clinical benefit.

In 2019, there were an estimated 317,000 HS patients in the United States, of which 50-60% were moderate-to-severe HS patients and approximately 25,000 to 30,000 of them were treated with adalimumab. Adalimumab was granted Orphan Drug Designation for moderate-to-severe HS. Based on market research conducted for us by Skysis, a member of Fishawack Health (Skysis), the total market globally for the treatment of HS in 2022 was approximately $1.2 billion and is expected to grow to approximately $2.9 billion by 2030.

Targeting IL-17A in the Treatment of HS

High serum levels of IL-17A have been found in HS patients and these levels are correlated with the severity of inflammation. The fundamental role of high levels of IL-17A in bridging the innate and adaptive immune system, and in stimulating the expression of proinflammatory cytokines, is well recognized and has driven clinical trials with anti-IL-17 biologics in HS.

Recent results from Phase 3 trials of secukinumab (being developed by Novartis AG) and bimekizumab (being developed by UCB S.A.) in HS validated the therapeutic potential of IL-17 inhibition in this disease. Results from two Phase 3 trials of secukinumab were reported at the 2022 European Academy of Dermatology and Venereology (EADV) Congress, as shown in Figure 5 below. Treatment with 300 mg secukinumab every two or four weeks for 16 weeks led to achievement of HiSCR50 in 42% to 46% of participants versus the 31% to 34% observed with placebo. To date, neither secukinumab nor bimekizumab have been approved by the FDA for use in the treatment of HS, and neither have been declared safe or effective for such use by the FDA or any other regulators.

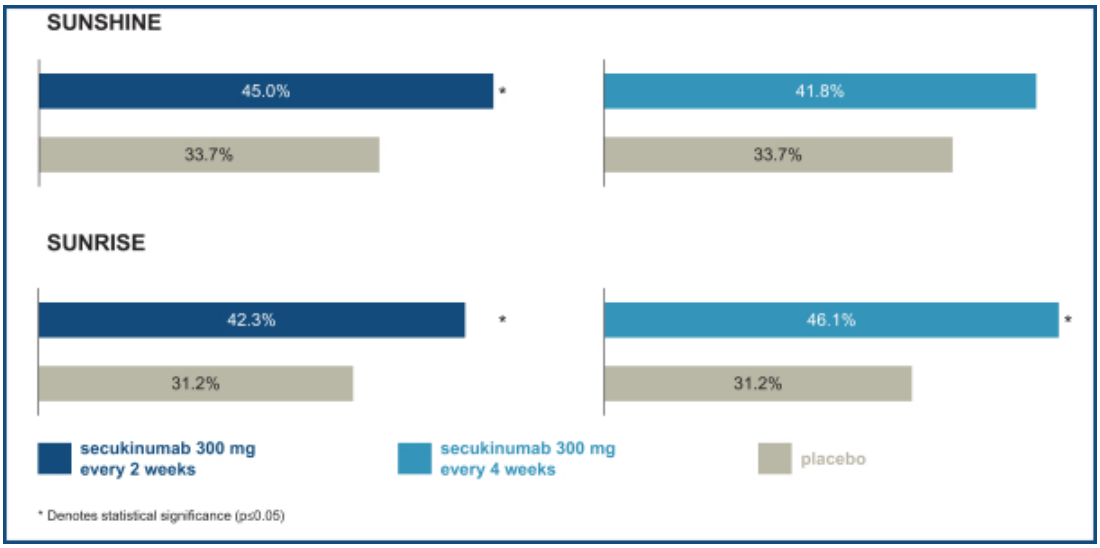


Figure 5. Results from the SUNSHINE AND SUNRISE Phase 3 trials of secukinumab in HS demonstrated significant improvements at Week 16. Percent of participants who achieved a HiSCR50 are shown.

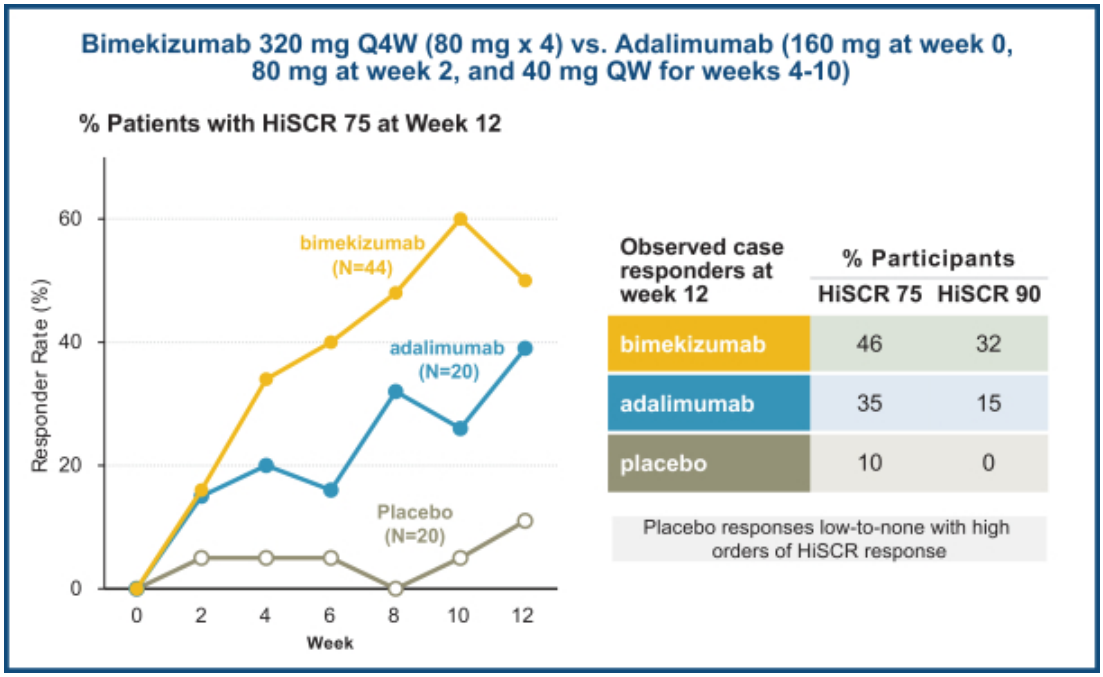


Figure 6. Results from the Phase 2 trial evaluating bimekizumab compared to adalimumab and placebo in HS. Percent of participants who achieved HiSCR75 and HiSCR90 response over 12 weeks are shown.

In addition to the bimekizumab Phase 2 data, as shown in Figure 6 above, in December 2022 UCB S.A. announced that in two Phase 3 trials bimekizumab demonstrated statistically significant improvements over placebo in the proportion of patients who achieved HiSCR50 and HiSCR75 at Week 16. UCB S.A. also reported that the safety profile of bimekizumab in both studies was consistent with previously reported trials, which included a 9% candida infection rate in the Phase 2 trial. Bimekizumab has not yet been approved by the FDA as a therapy for HS and therefore has not been declared safe or effective by the FDA or other regulatory bodies for such indication.

We believe these results validate the use of IL-17A inhibitors for the treatment of HS while highlighting the substantial opportunity for IL-17A inhibitors that may have higher potency to improve response rates.

Limitation of Current Treatment for HS

We believe that the rates of clinical response to both adalimumab and secukinumab are limited by the inability to achieve optimal dosing in HS patients at currently approved subcutaneous doses. In the case of adalimumab, as shown in Figure 7 below, serum drug concentrations in HS patients were approximately half of those observed in a matched-cohort of PsO patients despite more frequent dosing. We believe this is likely to have limited the clinical activity of adalimumab in HS patients as evidenced by the increased clinical activity observed when the dose of adalimumab was doubled. Doses of 300 mg of secukinumab delivered SC Q2W achieved results similar to adalimumab and require two 1 ml injections Q2W, but delivering higher secukinumab drug levels via additional subcutaneous administration could further increase the burden on patients through frequent multiple injections.

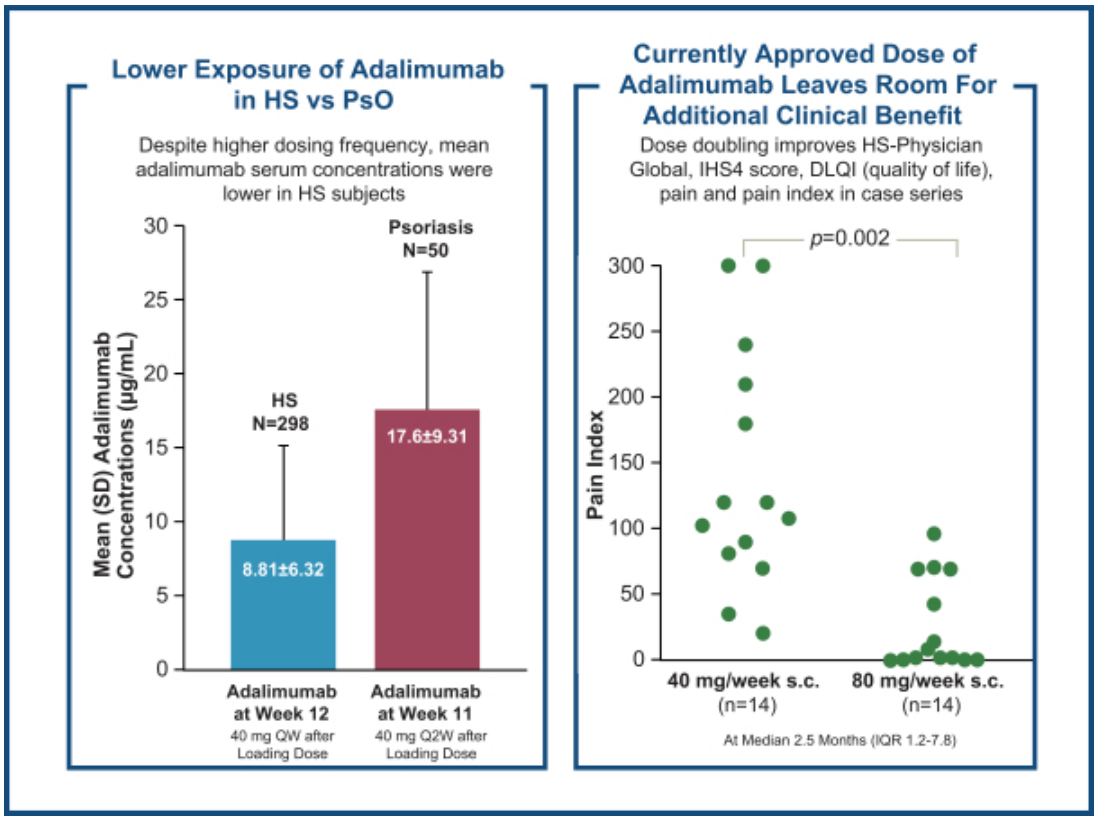


Figure 7. Adalimumab concentrations in HS patients dosed with 40 mg once weekly (QW) were approximately half of that in PsO patients dosed with 40 mg Q2W, despite more frequent dosing in HS. This highlights the need for higher drug exposures in HS, as HS patients treated with adalimumab 80 mg QW had improved responses as measured by pain scores with adalimumab dose-doubling.

Our Ongoing Phase 2b/3 Trial of Izokibep in HS

We are currently conducting a Phase 2b/3 trial of izokibep in participants with moderate-to-severe HS.

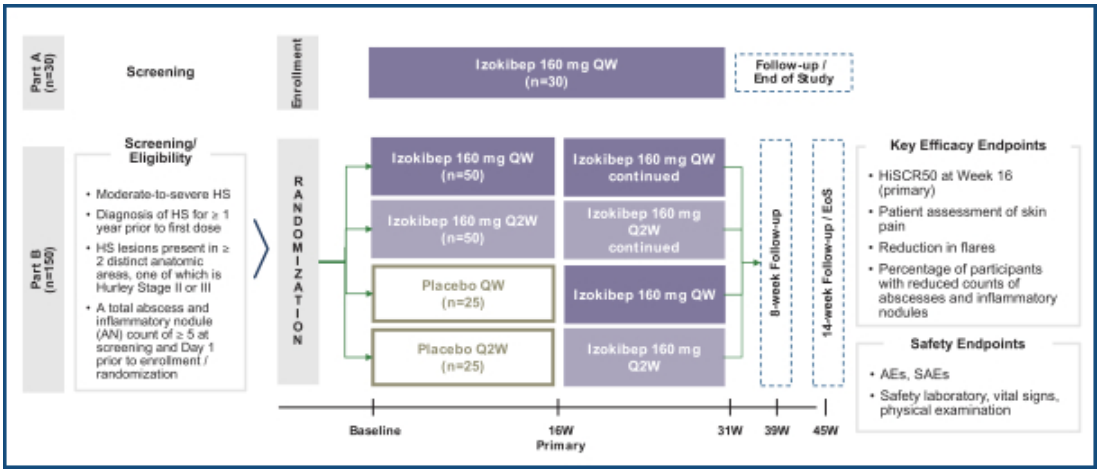


Figure 8. Design of the Phase 2b/3 trial of izokibep in HS.

As shown in Figure 8 above, our trial consists of two Parts: Part A of this trial is an exploratory open-label, single-arm investigation that initially enrolled 30 participants dosed with 160 mg izokibep QW and is expected to be conducted for 31 weeks. The open-label Part A of this trial was designed to inform our own internal decision-making about the future of the izokibep development program in HS. Part B, which is the randomized, placebo-controlled double-blind dose finding portion of this trial is expected to enroll 150 participants randomized into 4 cohorts, as further described below. Of the thirty participants enrolled in the Part A portion of this trial, nine discontinued for various reasons including physical relocation and lost to follow up (four), injection site reactions (three; two mild, one moderate), and serious adverse events relating to gastrointestinal symptoms (two).

At HiSCR75 and above, placebo response rates have been historically reported by other agents as low-to-none. For example, in a Phase 3 trial of adalimumab for HS previously developed by AbbVie, Inc., the placebo response rate for HiSCR90 was 7% and in preliminary data from a Phase 2 trial of bimekizumab for HS currently being developed by UCB S.A., the placebo response rate for HiSCR90 was 0%. Bimekizumab has not yet been approved by the FDA as a therapy for HS and therefore has not been declared safe or effective by the FDA or other regulatory bodies for such indication.

Baseline characteristics of the 30 participants enrolled in Part A are consistent with historical HS studies, as the inclusion and exclusion criteria were developed from the previous adalimumab phase 3 trials supporting the approval of adalimumab in HS.

Table 1. Phase 2b/3 Part A Baseline Characteristics.

	N = 30
Mean age (years)	38
Black (%)	46.7
Female (%)	70.0
Mean disease duration (years)	12.8
Mean abscess and nodule count	9.7
Mean abscess count	1.5
Mean inflammatory nodule count	8.2
Hurley Stage (%)	
Stage II	67
Stage III	33

As presented at the 2023 American Academy of Dermatology (AAD) annual meeting, izokibep demonstrated high orders of HiSCR in Part A of our Phase 2b/3 trial in HS. Part A of this trial consisted of open label treatment with izokibep 160 mg administered SC QW. Our internal hurdle for continuing to advance development in HS was to see high orders of HiSCR responses. We have reported data as observed at 12 weeks with 71% of participants achieving HiSCR50, 57% achieving HiSCR75, 38% achieving HiSCR90 and 33% achieving HiSCR100. Both Hurley Stage II and III participants were present in the populations achieving the highest orders of response (HiSCR90 and HiSCR100).

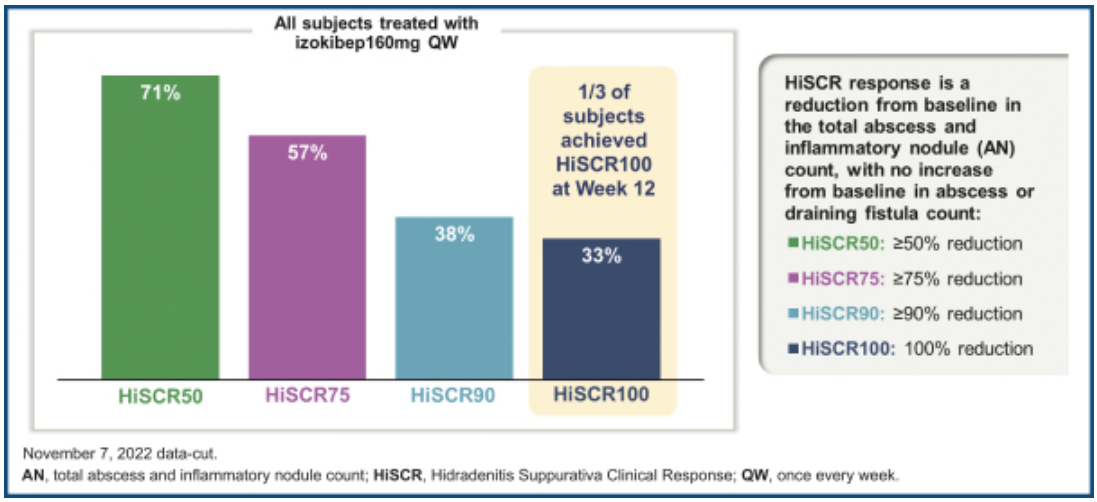


Figure 9. 12-week results for observable participants in Part A of our Phase 2b/3 trial of izokibep in HS.

We are currently conducting a randomized, placebo-controlled double-blind dose-finding Part B of this trial and expect to enroll approximately 150 participants. Moderate to severe HS is characterized by the presence of HS lesions in more than two distinct anatomic areas (groin, gluteal cleft, under the breasts, across the upper back and neck), with one of these areas having Hurley Stage II or III, which includes tunnelling or scarring. After consultation with the FDA, the trial is expected to enroll participants with moderate-to-severe HS, diagnosed over a year before the expected first dose in the trial, with a total abscess and inflammatory nodule (AN) count of greater than five at screening and prior to enrollment and randomization. Participants will be randomized into four cohorts: two cohorts will receive placebo as either a QW or Q2W dosing. Two other cohorts will receive 160 mg izokibep as either QW or Q2W dosing. The primary endpoint will be HiSCR50 at Week 16. Secondary endpoints include the reduction in participants assessment of skin pain, reduction in flares, and percentage of participants with reduced counts of abscesses and inflammatory nodules. After Week 16, participants that previously received placebo will be dosed with 160 mg izokibep on their previous dosing schedule until the end of the treatment period at Week 32.

An independent interim analysis from this Phase 2b/3 trial, reviewed by a data monitoring committee (DMC), will inform the final dose selection for the planned second Phase 3 trial.

Izokibep for the Treatment of PsA

We are developing izokibep for the treatment of PsA and have initiated enrollment for a Phase 2b/3 trial of izokibep with 160 mg delivered SC QW or Q2W, or 80 mg once every four weeks (Q4W).

PsA Disease Background

PsA is a chronic immune-mediated inflammatory disease characterized by both joint inflammation and skin lesions consistent with PsO. It is estimated that approximately 30% of the 125 million people living with PsO worldwide will also develop PsA over time. PsA causes pain, stiffness and swelling in and around the joints and commonly appears between the prime productivity ages of 30 and 50, but can develop at any time.

Common symptoms include:

- **Arthritis.** Stiff joints associated with pain and swelling are common signs of arthritis. The arthritis associated with PsA differs from rheumatoid arthritis based on its location in the distal phalangeal joints of the hands and feet, the pelvis and spine.
- **Skin lesions.** Psoriatic lesions caused by inflammation-driven proliferation of skin cells are also found in PsA but the severity of the joint involvement is often worse for patients than the severity of the skin involvement.
- **Enthesitis**. The enthesis is the tissue at the site where a tendon or ligament inserts into the bone. A common site of enthesitis in PsA is the Achilles tendon. Given the forces that pass through the entheseal tissues, they feature high tensile strength and are not very vascular. Inflammation of the enthesis typically causes pain at rest or with movement possibly leading to swelling of surrounding tissues. The pain associated with enthesitis can result in disability and reduced quality of life due to reduced dexterity and mobility. A pooled analysis of two Phase 3 trials found enthesitis to be present in 60-70% of patients with PsA. Enthesitis is believed to be one of the earliest steps in the development of joint inflammation in PsA, which ultimately leads to more serious joint damage. Therefore, early identification of enthesitis and early intervention with an effective treatment could potentially modify the course of a patient's PsA, avoiding the joint erosion, pain and disability associated with more serious disease.

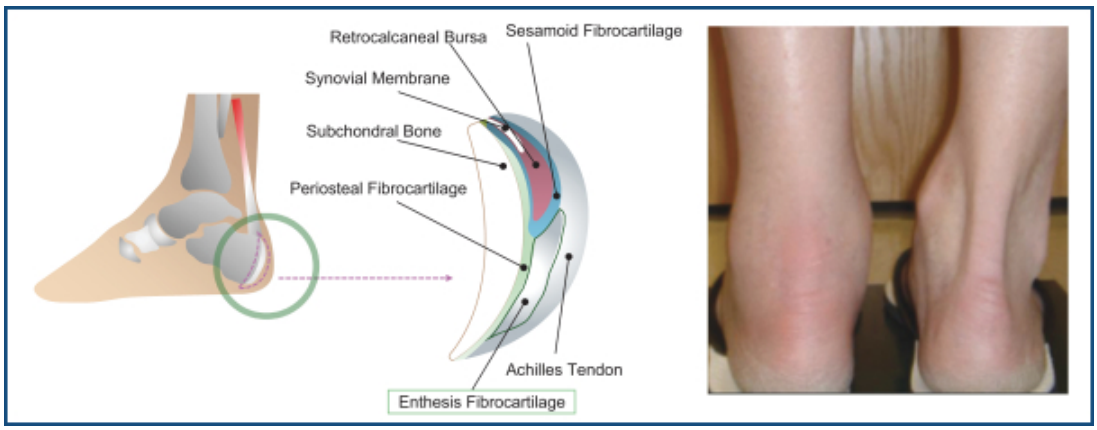


Figure 10. The enthesis is the site of attachment of tendons and bone. Inflammation of the enthesis leads to joint pain and immobility.

- **Dactylitis.** Dactylitis is the uniform swelling of the digits due to inflammation resulting in pain and reduced range of motion. This symptom is commonly referred to as sausage-shaped digits. Dactylitis, which can be very painful, occurs in approximately 50% of patients with moderate-to-severe PsA.

- **Spondylitis.** Spondylitis is a chronic arthritis caused by inflammation of the joints, tendons, and ligaments of the spine and sacroiliac region.

Current Treatments for PsA

Patients with PsA associated with mild arthritis are often first treated with nonsteroidal anti-inflammatory drugs (NSAIDs). As the disease becomes moderate-to-severe, so called "anti-rheumatic" drugs such as methotrexate or leflunomide are added to NSAIDs. Once NSAIDs and/or anti-rheumatic therapies fail, biologic treatment is initiated, with the anti-TNF agent adalimumab amongst the most commonly prescribed biologics. While biologics are needed in PsA, anti-TNF agents or anti-IL-17 agents, such as adalimumab, secukinumab or ixekizumab are both recommended alternatives. Based on market research conducted for us by Skysis, the total market globally for the treatment of PsA in 2022 was approximately $8.8 billion and is expected to grow to approximately $17.8 billion by 2030.

Despite the availability of these therapies, there is still a large unmet need for more effective therapies to treat PsA across all disease features. PsA is a disease of multiple clinical manifestations, including joint swelling/pain, skin irritation, enthesitis and dactylitis – all contributing to reduced quality of life. There remains significant room for an effective therapeutic that addresses all of these manifestations – and therefore improves quality of life – for these patients.

Our Completed Phase 2 Trial of Izokibep in PsA

We presented results of our placebo-controlled, double-blind Phase 2 trial of izokibep in PsA at the 2022 European Alliance of Associations for Rheumatology (EULAR) Congress and the 2022 American College of Rheumatology (ACR) conference.

The Phase 2 PsA trial enrolled 135 participants across 28 European sites in seven countries. The participant characteristics were similar to those of previous trials in this disease. At Week 16, the placebo cohort was transitioned to 80 mg Q2W izokibep and the trial treatment period continued for up to 46 weeks.

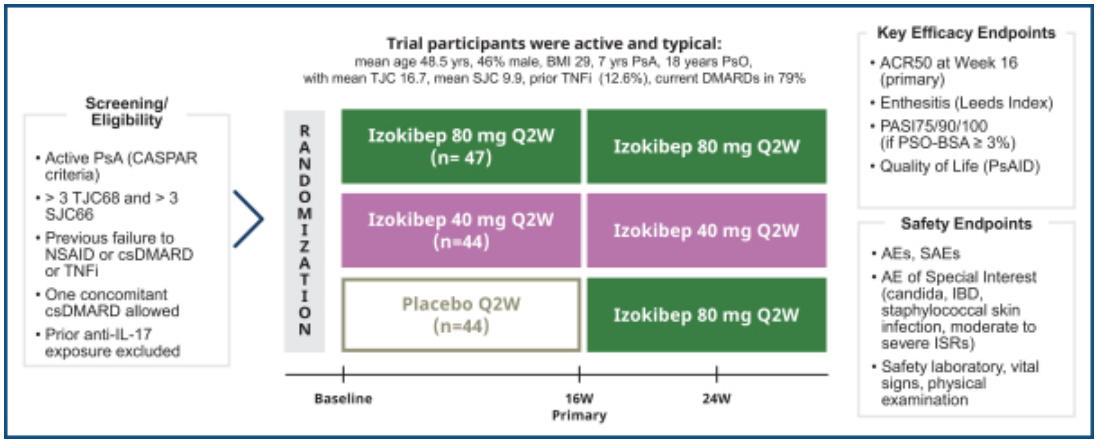


Figure 11. Design of the Phase 2 trial of izokibep in PsA.

As shown in Figure 11, this PsA Phase 2 trial included participants with moderate to severe PsA, with participants that fulfilled the CASPAR criteria, which criteria consist of confirmed inflammatory articular disease (joint, spine, or entheseal) with at least 3 points from the following features: current psoriasis (assigned a score of 2 points; all other features are assigned a score of 1), a history of psoriasis or a family history of psoriasis (unless

current psoriasis is present), dactylitis, juxta-articular new bone formation (hands or feet), rheumatoid factor (RF) negativity (except latex test), and psoriatic nail dystrophy. Eligible participants must also have more than 3 tender joints of a possible 68 total and more than 3 swollen joints of a possible 66 total. Eligible participants may have had prior failures to any of anti-inflammatory medications (NSAIDs), disease modifying medications (DMARDs) or tumor necrosis factor inhibitors (TNF inhibitors). At 16 weeks, of the participants in the trial receiving izokibep 80 mg administered SC Q2W, 52% achieved ACR50 response versus placebo at 13%, p-value 0.0006, 85% achieved PASI75 response versus placebo at 14%, p-value less than 0.0001, and 88% achieved enthesitis resolution as evaluated by the Leeds Enthesitis Index (LEI) versus placebo at 10%, p-value 0.0001. At 16 weeks, of the participants in the trial receiving izokibep 40 mg administered SC Q2W, 48% achieved ACR50 response versus placebo at 13%, p-value 0.0014, 83% achieved PASI75 response versus placebo at 14%, p-value less than 0.0001, and 63% achieved enthesitis resolution as evaluated by the LEI versus placebo at 10%, p-value 0.0143. Enthesitis is unchecked inflammation of the difficult to treat entheseal tissues and is a marker of disease severity often associated with residual pain and physical dysfunction, negatively impacting quality of life.

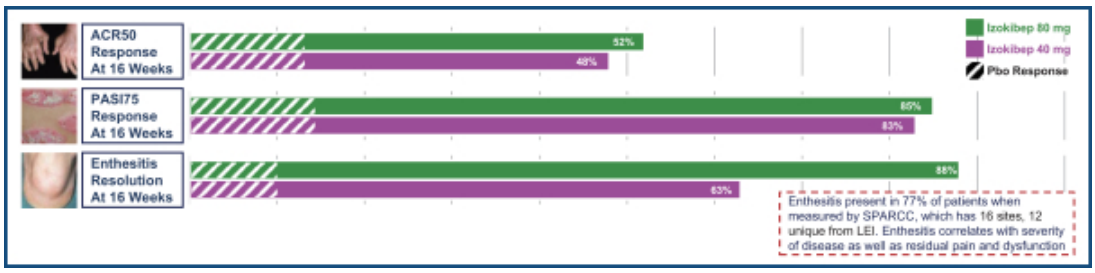


Figure 12. Key results of the Phase 2 trial of izokibep in PsA at Week 16.

In addition to joints, skin and enthesitis, dactylitis and nail PsO are additional difficult-to-treat manifestations of PsA. Using the Leeds Dactylitis Index-B, we observed that more than 67% of participants had complete resolution of their dactylitis whereas only 27% of placebo participants had resolution at 16 weeks.

Our ultimate goal is to improve quality of life for patients. To that end, we assessed multiple measures of participant-reported outcomes as part of the trial, including the Psoriatic Arthritis Impact of Disease (PsAID) questionnaire developed and validated by GRAPPA (the Group for Research and Assessment for PsA), a preeminent group of rheumatology thought-leaders.

Using the PsAID questionnaire, participants in the Phase 2 trial reported improvements in all quality of life sub-domains of the PsAID questionnaire, including pain, sleep disturbance and functional capacity. Furthermore, we observed that participants with enthesitis at baseline reported even greater improvement in the measured outcomes than the total trial population that included participants without baseline enthesitis. The proportion of participants receiving 80 mg Q2W with patient-derived clinically important difference from baseline in those with enthesitis was numerically higher at 53% as compared to the total population where 41% reached this threshold.

In the radar plot in Figure 13 below, lower scores closer to the center of the figure represent better outcomes. Each spoke represents a participant-reported outcome from the PsAID. Changes in the magnitude of the scores of individual outcomes are represented by the distance from the center point. As reflected, scores moved inward on all patient-reported measures at Week 16 compared to the dotted line representing the baseline. Comparison of izokibep 80 mg versus placebo is shown at statistically significant levels between $p<0.01$ to $p<0.001$ and comparison of izokibep 40 mg versus placebo is shown at statistically significant levels between $p<0.05$ and $p<0.01$.

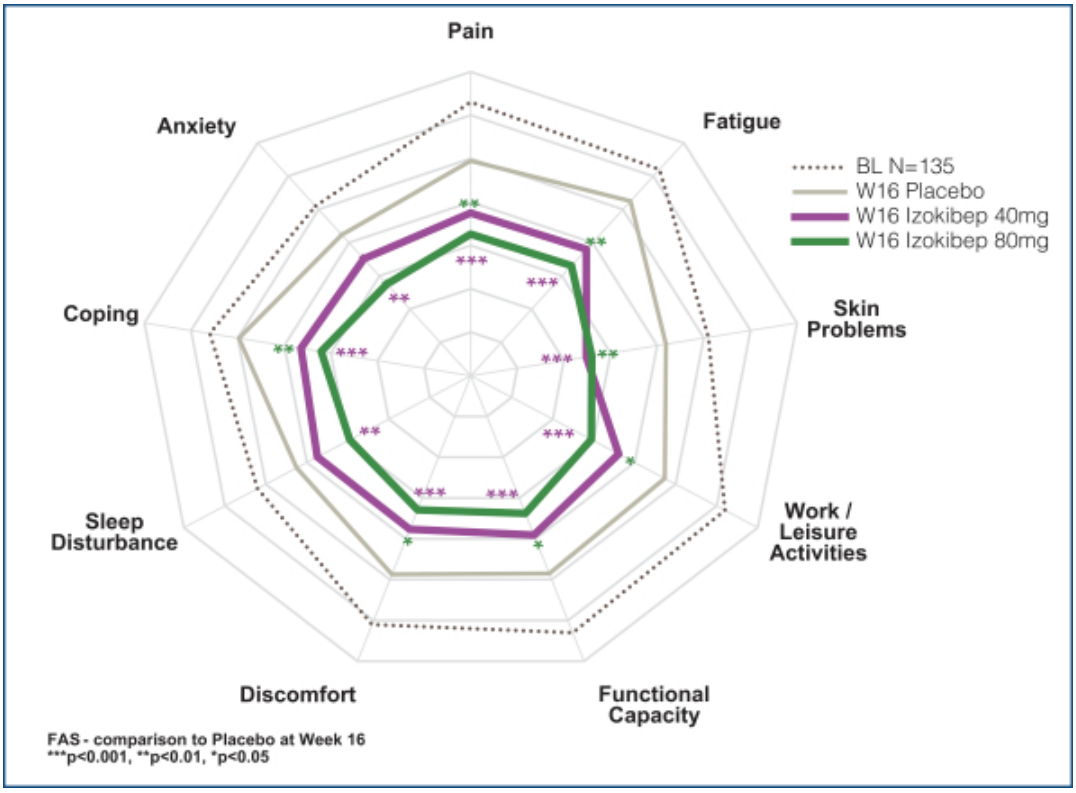


Figure 13. Izokibep led to a dose-dependent response across the spectrum of participant reported outcomes as measured by PsAID.

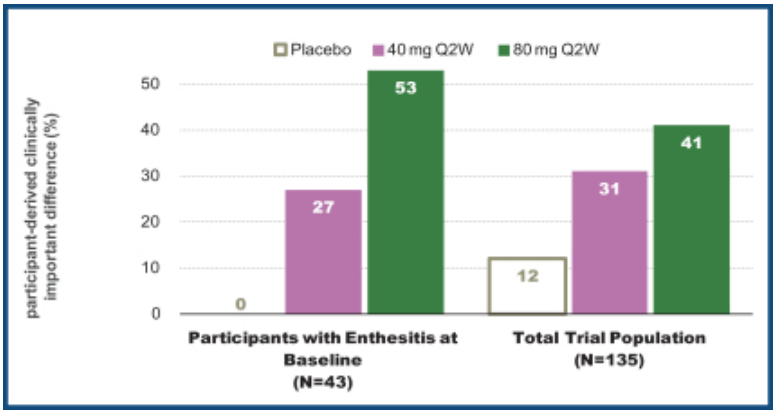


Figure 14. Participants with enthesitis at baseline reported a higher percentage of patient-derived clinically important difference in PsAID with izokibep compared to the overall trial population.

In the same trial, at 46 weeks, of the participants receiving izokibep 80 mg administered SC Q2W, 79% achieved ACR50 response, 50% achieved ACR70 response, 71% achieved PASI100 response and 89% achieved enthesitis resolution. Since all patients on placebo switched to izokibep 80 mg Q2W after 16 weeks, no p-values

were planned or calculated beyond Week 16. Of the participants receiving izokibep 40 mg administered SC Q2W, 50% achieved ACR50 response, 33% achieved ACR70 response, 50% achieved PASI100 response and 83% achieved enthesitis resolution.

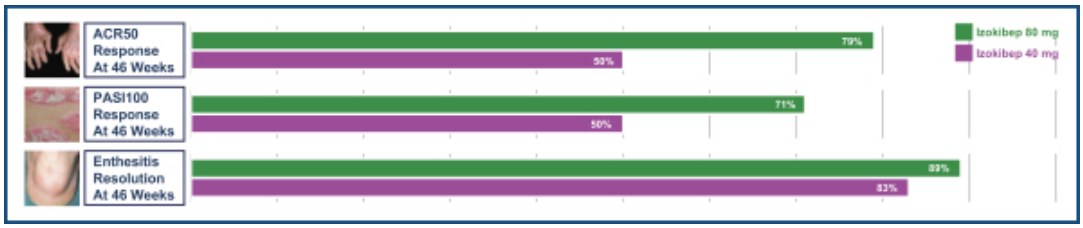


Figure 15. Key results of the Phase 2 trial of izokibep in PsA at Week 46.

Of the participants who switched at 16 weeks from receiving placebo to receiving izokibep 80 mg administered SC Q2W, 73% achieved ACR50 response, 64% achieved ACR70 response, 67% achieved PASI100 response and 80% achieved enthesitis resolution.

Pharmacokinetic-Pharmacodynamic (PK-PD) Modeling Supports Higher Doses

Responses for the 80 mg dose exceeded the 40 mg dose on joint, psoriasis, enthesitis and participant-reported outcome measures at 16 weeks in the Phase 2 trial in PsA. Modeling was performed to determine the potential for additional clinical response with higher dosing.

In our exposure modeling, the 160 mg QW dose of izokibep led to a seven-fold increase in the minimum serum concentration (C_{min}) and the 160 mg Q2W dose led to a two-fold increase in C_{min} both compared to 80 mg Q2W. In general, higher C_{min}, or trough circulating drug concentrations, is an important determinant of disease control for chronic inflammatory illnesses.

As demonstrated in Figure 16 below, using industry standard computational PK-PD modeling, we estimated the higher 160 mg Q2W and 160 mg QW doses resulted in a projected approximately 10% increase in ACR50 as well as PASI100 responses at Week 16, and predicted a further approximate 10% increase with longer treatment duration over 46 weeks. Similarly modeled data also predicted improved enthesitis resolution at these doses as well as over time. This is presented in the figure below by comparing the blue band of exposure and response (response on the y-axis) across any one time point (time on the x-axis) against the pink band. The blue band is intended to reflect the 40 mg and 80 mg exposures and responses modeled from the data observed in our Phase 2 PsA trial through 16 weeks. The PK-PD model based on historical data, predicted the pink band, representing izokibep 160 mg QW and Q2W to be higher than the blue band. The modeling also predicted improvement over time (comparing week 18 in the model to week 48) using any of the doses. We have used this modeling to inform certain of our decisions around designing the duration of our trials or dosing used in such trials.

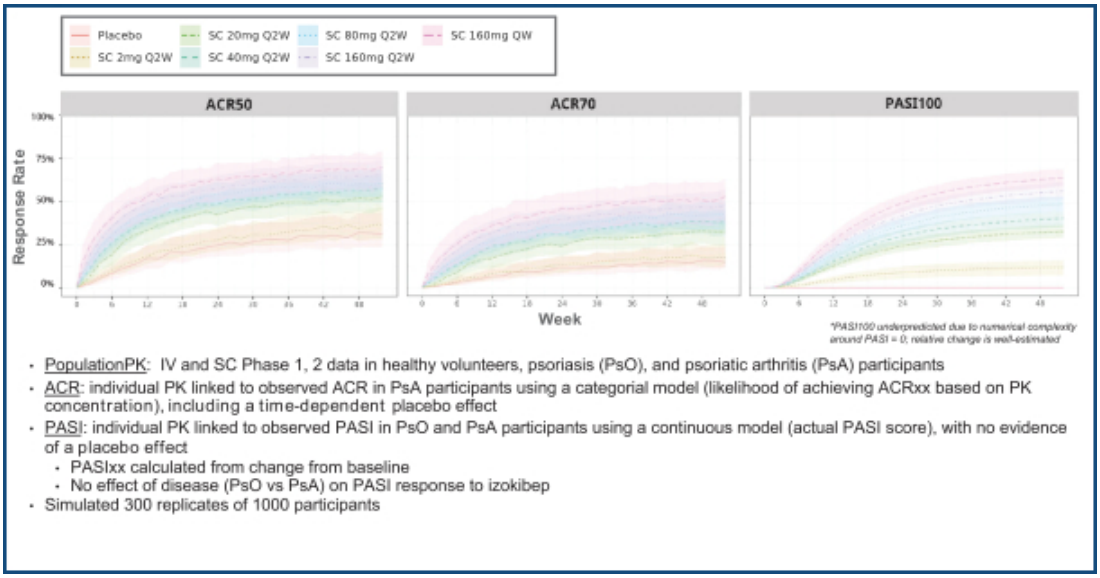


Figure 16. Modeled up to 48-week data predicted consistent evidence of additional exposure response across clinically validated PsA endpoints.

Pre-existing antibodies and treatment emergent anti-drug antibodies (ADAs) were detected in participants treated with izokibep in Phase 1 and Phase 2 trials. However, there was no observed correlation between the presence of these antibodies and drug exposures, clinical improvements on standard outcome measures or adverse events.

Among the more than 400 participants treated with izokibep to date, more than 80 participants have been treated with the 160 mg dose weekly. We have not observed an increase in the incidence of adverse events at this higher dose level compared to lower dose levels, and the 160 mg dose level has been generally well-tolerated. See the section titled "*Safety Profile of Izokibep*" for more information.

Ongoing Phase 2b/3 Trial in PsA

We are now conducting in the United States, Europe, and Canada a placebo-controlled, double-blind Phase 2b/3 trial of izokibep in PsA. We intend to enroll 325 participants and investigate 160 mg doses QW, 160 mg doses Q2W and 80 mg Q4W. The design of this trial is similar to that of the Phase 2 trial: after 16 weeks, participants on placebo will receive izokibep for the remainder of the 52-week trial period. Similar to our completed Phase 2 trial, the primary endpoint of this Phase 2b/3 trial is the commonly accepted regulatory endpoint of ACR50 at Week 16 and key secondary endpoints include PASI90, enthesitis resolution rates and participant reported quality of life. Efficacy and safety will continue to be evaluated up to 52 weeks. As presented in Figure 17 below, we plan to enroll a similar participant profile in this trial with participants meeting the CASPAR criteria and having a tender joint count greater than three based on a possible 68 total count, and having a swollen joint count more than three based on a possible total count of 66. Furthermore, to ensure that PsA is the most likely diagnosis, as compared to rheumatoid arthritis, blood test for rheumatoid arthritis (RF and anti-CCP) will be required to be negative. Patients may have had prior failures to any of anti-inflammatory medications (NSAIDs), disease modifying medications (DMARDs) or tumor necrosis factor inhibitors (TNF inhibitors).

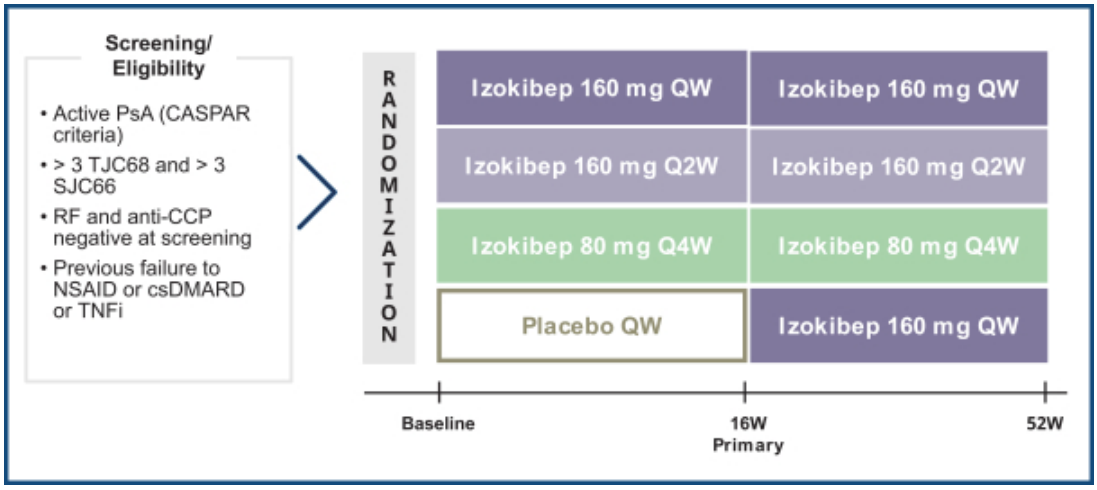


Figure 17. Design of the Phase 2b/3 trial of izokibep in PsA.

We anticipate at least one additional Phase 3 trial will also be required for approval in PSA.

Izokibep for the Treatment of AxSpA

AxSpA is a chronic inflammatory disease predominantly affecting the axial skeleton, primarily the spine from the pelvis to the neck, although it often affects peripheral joints including knees, hips, and shoulders. The most common symptom is persistent pain in the lower back, buttocks and hips. Over time the joints and bones in the spine and rib cage may fuse together making movement and chest expansion difficult.

Approximately 60-70% of patients with AxSpA have peripheral arthritis and peripheral enthesitis. Enthesitis is inflammation of the enthesis where the tendons and ligaments attach to bone. In AxSpA, everywhere that the anterior and posterior longitudinal ligament attaches to the vertebral body of the spine is through an enthesite. As such, enthesitis is central to the disease pathology of AxSpA and is known to be the key initiating event for AxSpA, with inflammation on the enthesite seen on x-ray and known as the "Romulus lesion," the earliest form of AxSpA seen on x-rays of the spine.

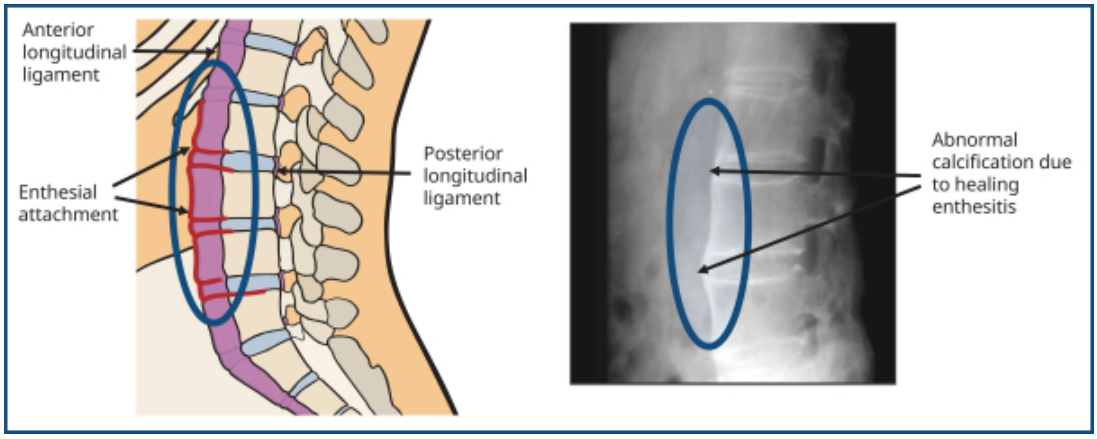


Figure 18. Illustration and radiograph of AxSpA with abnormal calcification due to healing enthesitis evident along the anterior longitudinal ligament.

The treatment approaches for AxSpA are similar to PsA. NSAIDs are first line treatment of early-stage disease, with biologics such as anti-TNF and anti-IL-17 monoclonal antibodies indicated for patients failing NSAIDs. Response rates in AxSpA are measured using the Assessment of SpondyloArthritis International Society (ASAS) response criteria, a clinically validated scoring system that captures meaningful changes in spinal pain, patient global assessment, pain function and inflammation.

There are an estimated 2.5 million patients with AxSpA in the United States and Europe, with more than 150,000 of such patients currently treated with biologics. Based on market research conducted for us by Skysis, the total market globally for the treatment of AxSpA in 2022 was approximately $5.1 billion and is expected to grow to greater than $6.8 billion by 2030.

Enthesitis is a key feature of AxSpA, and central to the progression of the disease. Each location that the anterior and posterior ligaments attach to a vertebral body of the spine is through an enthesite. Enthesitis in the vertebral spine has been shown in MRI studies to be the earliest inflammatory event in AxSpA. As such, we intend to rely on data from our Phase 2 and ongoing Phase 2b/3 trials in PsA to discuss with the FDA initiation of the Phase 3 program in AxSpA without completing earlier clinical trials in AxSpA.

Specifically, once the optimal dose is selected in PsA, we plan to initiate a Phase 3 double-blind, placebo-controlled trial in AxSpA with that chosen dose. The FDA has not yet approved our plans to initiate Phase 3 clinical trials in AxSpA and may require that we first complete a Phase 2 trial in AxSpA. We believe the data from the trials in PsA can be informative for AxSpA, since PsA and AxSpA have many overlapping disease features, including enthesitis, arthritis, and spinal involvement and fall under the same umbrella classification of “spondyloarthropathies” thought to have an overlapping pathogenesis. Subject to discussions with the FDA, we expect to conduct one trial in both radiographic and non-radiographic AxSpA participants, each with a ASAS40 at 16-week primary endpoint, which represent a 40% improvement from baseline. After 16 weeks, placebo participants would switch to active therapy and the trial will continue to 52 weeks. There is precedent for our plan to proceed with a Phase 3 program in AxSpA without first completing earlier stage trials. However, this remains subject to further discussions with regulators, including the FDA and EMA. Such regulators may potentially require us to complete a Phase 2 trial in AxSpA prior to initiating our planned Phase 3 trial.

Izokibep for the Treatment of Uveitis

We are currently conducting a Phase 2b/3 trial of izokibep in non-infectious uveitis. We have not previously completed any clinical trials in uveitis.

Uveitis is an inflammatory disease of the eye that sometimes arises in association with other immune-related diseases. More than 90% of uveitis cases have been reported to be non-infectious, chronic and recurrent in nature with a prevalence in the United States of 121 cases per 100,000.

Patients affected by uveitis are at risk of permanent visual impairment. Cystoid macular edema was identified as the leading cause of visual impairment and blindness in patients with uveitis although disease complications of cataracts and glaucoma can also threaten vision. Although all anatomical sites of inflammation associated with uveitis have the potential to lead to visual impairment and blindness, the risk is highest in patients with non-anterior uveitis. A loss of visual acuity (25% or greater) occurs in 66% of patients with intermediate uveitis, 43% of patients with posterior uveitis and 40% of patients with panuveitis.

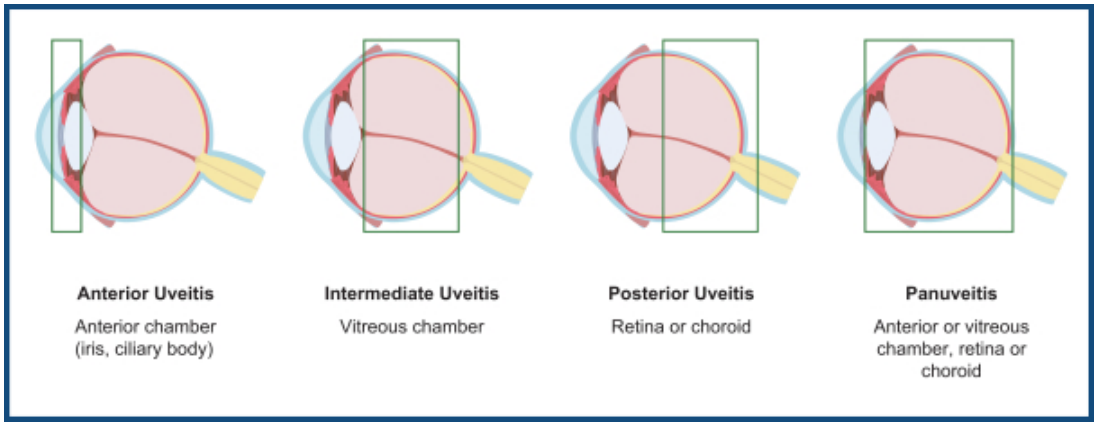


Figure 19. Uveitis is characterized by the anatomical location of the primary inflammation. Only anterior uveitis is typically treatable with topical glucocorticoids.

Treatment options and prognoses are dependent on the anatomical location of symptoms. Non-anterior inflammation – behind the lens – often requires systemic treatments as therapies administered to the surface of the eye do not pass beyond the lens; non-anterior uveitis is most commonly autoimmune. Glucocorticoids are used for short-term control of inflammation, and in lower doses are used longer term. However, glucocorticoids are associated with systemic toxicity such as hypertension, diabetes, infections and osteoporosis. They also cause toxicity to the eye including glaucoma and cataracts. Ophthalmologists may try other agents such as methotrexate and mycophenolate to control inflammation and reduce the dose of glucocorticoids.

Adalimumab is the only approved therapy for patients with non-infectious, non-anterior uveitis who have persistent active inflammation and is indicated for all patients in this setting.

Our market research suggests that there are 60,000 patients with non-infectious, non-anterior uveitis in the United States and an aggregate of 50,000 patients in France, Germany, Spain and the United Kingdom. Adalimumab, the only approved biologic for these patients, provides only temporary benefits for many patients; relapse/failure is observed in 39% to 55% of patients within a year with a mean time to relapse/failure of 5.6 months. Based on market research conducted for us by Skysis, the total market globally for the treatment of non-infectious uveitis was approximately $390 million in 2022 and is expected to grow to greater than $790 million by 2030.

Evidence for the Role of IL-17A Inhibitors in the Treatment of Non-infectious Uveitis

Uveitis is thought to be driven by autoreactive T cells targeting ocular tissues and acting in concert with cells of the innate immune system. Circulating levels of Th17 cells, producers of IL-17A, are elevated during active uveitis and reduced following effective treatment.

A previous Novartis trial from 2017 demonstrated higher exposures of secukinumab in uveitis, although higher exposures of secukinumab delivered by IV infusion led to increased response rates in uveitis compared to lower doses as seen in Figure 20 below where secukinumab 300 mg delivered SC Q2W had a 33% response rate as compared to a 62% response rate and a 73% response rate with the higher doses of 10 mg/kg (700 mg for a 70 kg person) and 30 mg/kg, respectively.

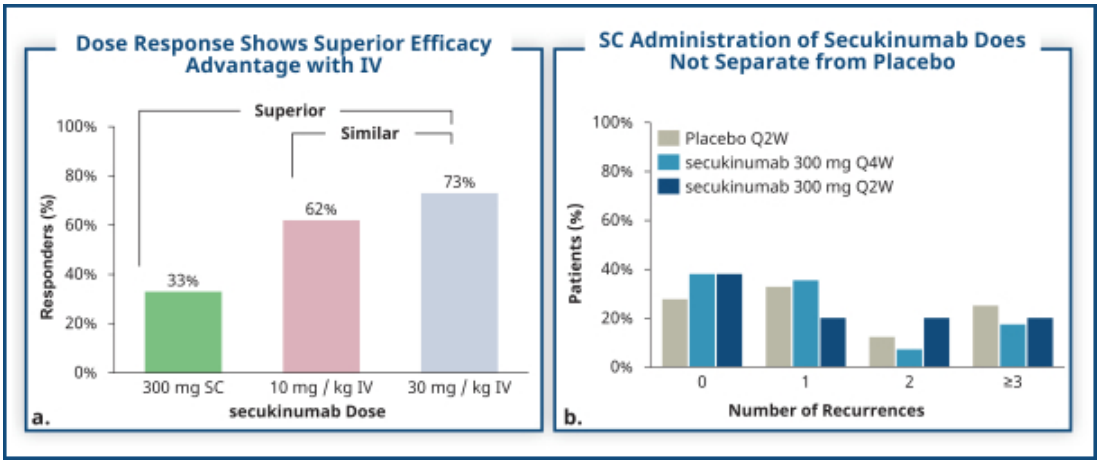


Figure 20. (a) IV dosing of secukinumab increased the response rate in uveitis compared to 300 mg secukinumab administered subcutaneously and (b) subcutaneous doses of 300 mg secukinumab did not meet the primary endpoint of reduction in occurrence of uveitis.

The importance of adequate exposures was demonstrated in a dose-ranging trial in 37 patients with non-infectious uveitis, where secukinumab was administered as a 300 mg SC Q2W, a 10 mg/kg IV infusion Q2W or a 30 mg/kg IV infusion Q4W. The administration of secukinumab by IV infusion resulted in higher drug exposures and statistically significant improved response rates as compared to the 300 mg SC. Administration of higher doses of secukinumab subcutaneously is limited by the ability to only deliver 150 mg for each 1 ml injection and achieving drug exposures similar to 10 mg/kg IV would require 6-8 subcutaneous injections Q2W.

We are not aware of any further registrational trials of secukinumab for this indication.

Based on preclinical studies, izokibep delivered subcutaneous exposures with 160 mg QW that approximate those seen with IV secukinumab 10 mg/kg, even prior to taking into account its greater relative potency.

Furthermore, izokibep has been shown in preclinical cynomolgus monkey studies to gain access to the posterior eye, where non-anterior, intermediate-, posterior- or pan-uveitis occurs, in a manner that is proportional to serum levels.

Ongoing Phase 2b/3 Trial in Uveitis

Based on our existing clinical data from izokibep in other indications and clinical data from other approved therapies, following discussion with the FDA, we have directly initiated a Phase 2b/3 multi-center, randomized, double-blind, placebo-controlled dose-finding trial in uveitis in North America and Europe. We have not previously completed any clinical trials for uveitis.

The aim of the trial is to investigate the efficacy, safety and immunogenicity of izokibep in participants with active non-infectious, intermediate-, posterior- or pan-uveitis in at least one eye. The trial is expected to enroll participants with non-infectious uveitis involving the intermediate, posterior or pan uveitis segments. Outcomes of the trial will be assessed at 24 weeks by comparing worsening of those on placebo as compared to izokibep 160 mg QW as the primary endpoint. This trial will also compare time to treatment failure for izokibep as compared to placebo. Outcome assessment is a composite endpoint consisting of evaluation of visual acuity, presence of cells in the front of the eye, macular thickness and assessment of the retina on angiogram. All participants must already have had disease severe enough to require oral/systemic corticosteroids prior to

enrolling in the trial. Once enrolled, all participants will commence 60 mg of prednisone or equivalent at baseline, to be tapered off by Week 15. We anticipate enrolling approximately 120 participants. The trial consists of up to a 28-day screening period, a 51-week treatment period and a follow-up visits at eight weeks and 14 weeks to assess safety and immunogenicity. Eligible participants will be randomized into one of four groups as shown in Figure 21 below:

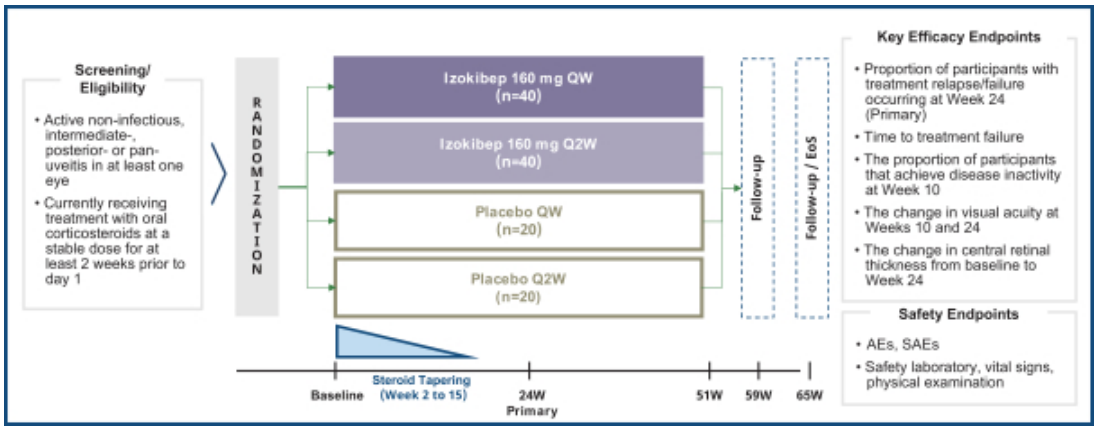


Figure 21. Design of the Phase 2b/3 trial of izokibep in uveitis.

The trial primary endpoint is the proportion of participants with treatment relapse/failure occurring at Week 24. Secondary endpoints are time to treatment failure, the proportion of participants that achieve disease inactivity at Week 10, the change in visual acuity at Weeks 10 and 24 and the change in central retinal thickness from baseline to Week 24. This trial is ongoing and no results or p-values are available at this time. It is anticipated that this trial will be one of two pivotal trials supporting our application for FDA and EMA approval. The results of this ongoing trial will be required to support conversations with the FDA and the EMA regarding the need for one Phase 3 trial.

Safety Profile of Izokibep

Izokibep has been administered to more than 400 participants and in some for up to three years. More than 150 participants received doses up to 160 mg and more than 80 participants received up to 160 mg weekly, some out to six months. In our completed trials of izokibep in healthy volunteers and participants with psoriasis, the Week 16 and Week 46 data from our Phase 2 trial in PsA, as well as the Week 12 data from our ongoing Phase 2b/3 trial in HS, izokibep has been generally well-tolerated with localized mild-to-moderate injection site reactions which include redness, pain and swelling at the injection site, being the most common adverse event.

Injection site reactions were localized reactions, with the majority graded mild-to-moderate in severity, generally the size of a quarter to half dollar, and typically presented within the first few injections, after which they generally declined in incidence. If needed, symptoms were generally managed with ice or topical over-the-counter cortisone cream. In our Phase 2 trial in PsA, we observed trial participant discontinuation rates of approximately 1-2% due to injection site reactions. In the Part A portion of our Phase 2b/3 trial in HS, we observed trial participant discontinuation rates of approximately 10% (n = 3/30) due to injection site reactions. In addition, four participants discontinued from the trial due to physical relocation and lost to follow up and two participants discontinued due to serious adverse events relating to gastrointestinal symptoms, which are associated with HS.

Given the similar mechanism of action, approved anti-IL-17A therapies ixekizumab and secukinumab help inform the anticipated safety profile of izokibep. The prescribing information for both agents include warnings

for serious infections, inflammatory bowel disease (new occurrence or exacerbations), as well as hypersensitivity reactions. In particular, the potential for new onset or exacerbation of inflammatory bowel disease is a known complication of IL-17 inhibition, is class labelling for all IL-17 inhibitors and therefore an exclusion criteria for our clinical trials of izokibep.

We have observed serious infections and a report of new onset inflammatory bowel disease in certain clinical trials of izokibep, although we have not observed hypersensitivity reactions to date. Specifically, in Part A of our ongoing Phase 2b/3 trial in HS, two participants experienced three serious adverse events, with one reported as potentially related to treatment. This participant had new onset Crohn's disease that was determined by the principal investigator to be possibly drug related. Upon review following discontinuation of the participant from the trial, we concluded such participant likely had pre-existing gastrointestinal symptoms and should have been excluded from the trial. A second participant with pre-existing diverticulitis had diverticular abscess and sepsis, both determined by the principal investigator to be unrelated to treatment. There were no candida events reported through Week 12. Consistent with our prior clinical trials of izokibep, the most common adverse event was injection site reactions. Injection site reactions were localized reactions, with the majority graded mild-to-moderate in severity, generally the size of a quarter to half dollar, and typically presented within the first few injections, after which they declined in incidence.

In the Phase 2 trial in PsA, izokibep was well-tolerated – in line with previous trials of izokibep – and no SAEs were reported/observed across all cohorts at Week 16. In the Week 46 data, eight SAEs were reported, one of which (vulvar cancer) was identified by the principal investigator to be potentially drug-related, and seven of which were deemed not to be drug-related. The most common adverse event at Week 16 and Week 46 was injection site reactions. Injection site reactions were localized reactions, with the majority graded mild-to-moderate in severity, generally the size of a quarter to half dollar, and typically presented within the first few injections, after which they generally declined in incidence.

The following safety summary is derived from the most recent investigator's brochure, which was published in July 2022, as well as Week 16 data from our completed Phase 2 trial in PsA, which were presented at EULAR in June 2022, Week 46 data from our completed Phase 2 trial in PsA, and Week 12 data from Part A of our ongoing Phase 2b/3 trial in HS, which we recently presented at the American Academy of Dermatology 2023 Annual Meeting.

Table 2: Safety summary—Phase 1 and Phase 2 PsO trials; Week 16 and Week 46 Phase 2 PsA trial; and Week 12 Phase 2b/3 HS trial

Study	Current Status (January 2023)	Deaths	SAE[1]	Adverse Events (AEs) >5%[2][3][4]
Phase 1 trial in healthy volunteers (n=46) and PsO (n=26)	Completed	No deaths	• 1 SAE not related to treatment	• Mild-to-moderate injection site reactions (n=13/21)[5] • Headache (n=15/62) • Nasopharyngitis (n=12/62) • Contusion (n=7/62) • Athralgia (n=6/62) • Oropharyngeal pain (n=6/62)
Phase 2 trial in moderate-to-severe PsO (n=108)	Completed 52-week core study period; Year 2 and 3 extension periods ongoing	No deaths	• 15 SAEs in 10 participants not related to treatment	• Mild-to-moderate injection site reactions (n=29/86)[6] • Nasopharyngitis (n=19/86) • Diarrhea (n=10/86) • Headache (n=9/86) • Fatigue (n=6/86)
Phase 2 trial in moderate-to-severe PsA (n=135) Placebo-controlled period to 16 weeks	Week 16 primary data available	No deaths	• No SAEs reported up to 16 weeks	• Mild-to-moderate injection site reactions (n=24/91) • Upper respiratory tract infection (n=5/91) • Hyperkalaemia (n=5/91)
Phase 2 trial in moderate-to-severe PsA (n=135) Post placebo-controlled period to 46 weeks	Week 46 data	No deaths	• 1 SAE (vulvar cancer) potentially related to treatment • 7 SAEs in 6 participants not related to treatment	• Mild-to-moderate injection site reactions (n=19/131) • Nasopharyngitis (n=9/131) • Back pain (n=7/131) • Headache (n=7/131) • COVID-19 infection (n=7/131)
Phase 2b/3 trial in moderate-to-severe HS Part A open-label portion (n=30)	Open label portion to Week 12	No deaths	• 1 SAE (new onset Crohn's disease potentially related to treatment) • 2 SAEs in 1 participant not related to treatment	• Mild-to-moderate injection site reaction (n=12/30) • Abdominal pain (n=2/30) • Diarrhea (n=2/30) • Nausea (n=2/30) • Vomiting (n=2/30) • COVID-19 infection (n=2/30)

(1) Relatedness to study treatment as determined by study investigator.
(2) Measurement of injection site reaction in Phase 1 PsO trial was based on patient self-reporting on a questionnaire specifically querying injection site reactions, compared to spontaneous reporting in the Phase 2 trials in PsO and PsA. Measurement of all other AEs was based on spontaneous reporting.
(3) Excludes placebo.
(4) Injection site reactions could include incidences of injection site pruritis, injection site erythema and/or injection site swelling.
(5) Only represents subcutaneous administration cohorts.
(6) Measured over the 12-week placebo-controlled period.

Our Lonigutamab (IGF-1R Monoclonal Antibody) Program

Summary Overview of Lonigutamab

Lonigutamab, our second development program, is a subcutaneously delivered humanized IgG1 monoclonal antibody against IGF-1R being investigated for the treatment of TED. Lonigutamab was acquired in our January 2023 acquisition of ValenzaBio. We currently hold exclusive worldwide development and commercialization rights to lonigutamab outside of oncology, which are held by Pierre Fabre.

The binding affinity for IGF-1R, as measured by surface plasmon resonance, was <0.03 nM for lonigutamab and ~2.2 nM for teprotumumab (>75x difference). In in vitro studies using cells that endogenously express IGF-1R, lonigutamab elicits complete internalization at every concentration tested (lowest concentration was 100 pM) in one hour. Whereas teprotumumab, at concentrations >667 pM, elicits ~75% internalization in 24 hours (>66x difference). Additionally, preclinical studies demonstrated that, when retro-orbital samples from TED decompression surgery patients were cultured in vitro and treated with teprotumumab or lonigutamab, lonigutamab had greater inhibitory effect on IGF-1R signaling as measured by hyaluronan production, a hallmark of TED fibroblast pathophysiology. The results of the Phase 1a single-ascending dose (SAD) trial data demonstrate the ability to saturate receptor occupancy and exceed target-mediated drug disposition with a subcutaneous dose of lonigutamab. These data suggest that the characteristics of lonigutamab enable subcutaneous delivery which allows for reduction of maximum serum concentration (C_{max}) incurred with current IV therapies. Decreasing C_{max} may lessen the potential for breach of the blood labyrinth barrier and limit IGF-1R inhibition in the neural tissues of the inner ear. IGF-1 is neuroprotective to cochlear cells of the inner ear and serves to repair the cellular damage that occurs by various processes including age-associated degeneration. In addition to potentially decreasing the side effect of hearing impairment, these characteristics of lonigutamab may also enable evaluation for improved depth and durability of clinical response. We believe based on published exposure response modeling of teprotumumab and the relative potency to lonigutamab, as well as our completed single ascending dose Phase 1/2 pharmacodynamic data, that lonigutamab can be delivered as a single SC injection delivered as infrequently as once monthly. Lonigutamab is administered subcutaneously in the MAD portion of the actively ongoing Phase 1/2 trial in TED.

Thyroid Eye Disease (TED) Overview

TED is a potentially vision-threatening progressive autoimmune ocular disease in which the eye muscles, eyelids, tear glands and fatty tissues behind the eye become inflamed. Although the inflammatory process appears to wax and wane clinically, recurrent inflammation, scarring and fibrosis lead to pathological changes in the tissues surrounding the eyeball. Initial TED symptoms include redness, irritation, and discomfort of the eyes and eyelids, pain and headaches. As the fat and muscle tissues surrounding the eye continue to swell, disabling symptoms include double vision and corneal erosions due to eye bulging and the subsequent inability to close the eyelids. Elevated ocular pressure can occur with compression of the retinal nerve, leading to blindness (optic neuropathy). The most obvious feature of TED is the protrusion of the eye outward from the eye socket (proptosis).

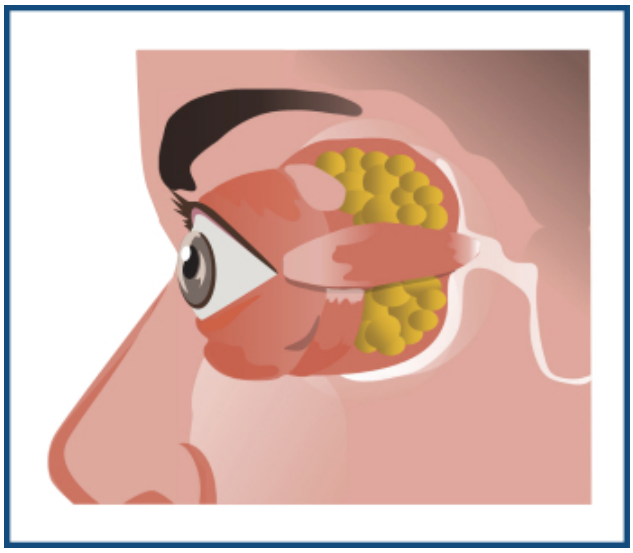


Figure 22. Illustration of TED.

The incidence of TED in the United States has been estimated to be approximately 16 per 100,000 females and 3 per 100,000 males. Cigarette smokers appear to have an increased risk of developing TED and when they do, often have more severe and prolonged activity that threatens vision. It's estimated there are more than 100,000 chronic TED patients in the United States, with more than 20,000 moderate-to-severe patients suffering high degrees of eye bulging (proptosis) and double vision (diplopia). Its further estimated that there are more than 80,000 moderate-to-severe patients with high degrees of proptosis and/or diplopia with low clinical activity. Based on market research conducted for us by Skysis, the total market globally for the treatment of TED in 2022 was approximately $2 billion and is expected to grow to more than $4.8 billion by 2030.

Pathogenesis of TED

TED is caused by the activation of the patient's immune cells and the production of pathological autoantibodies that attack tissues around the eye. About 90% of TED patients have an autoimmune disease called Graves' disease or Graves ophthalmopathy leading to the development of hyperthyroidism. Graves' disease is associated with activation of fibroblasts in the orbital area surrounding the eye promoting inflammation and scarring of tissues around the eye.

Fibroblasts are activated through a receptor known as IGF-1R. IGF-1R results in increased production of proinflammatory cytokines and hyaluronan which causes tissue swelling and leads to the disease features

described above. IGF-1R is a ubiquitously expressed receptor involved in the regulation of proliferation and metabolic function of many cell types. Inhibition of IGF-1R by teprotumumab (marketed as Tepezza by Horizon Therapeutics plc) has been clinically validated to reduce the symptoms and leads to disease modification of the more severe disease features, such as bulging and double vision, of TED.

Current Treatments for TED

Patients with mild TED and the absence of proptosis are often treated with local agents, such as lubricants or ointments and advised to focus on reducing irritants, such as those from cigarette smoke, and use dark glasses to reduce bright light exposure.

More severe disease has been generally treated with off-label glucocorticoids, often administered by weekly IV infusion. Glucocorticoid treatment may reduce active inflammation but chronic glucocorticoid use is associated with serious complications including high blood pressure, diabetes, psychological effects, osteoporosis, and increased risks of infections. None of the foregoing treatments are disease modifying in contrast to IGF-1R inhibition, which is disease modifying as demonstrated by teprotumumab. Teprotumumab, the only FDA-approved treatment for TED, is an IGF-1R monoclonal antibody that has led to significant improvements across multiple disease features including proptosis, diplopia, strabismus, inflammation and reduction of orbital soft tissue volume. Teprotumumab was granted Orphan Drug Designation for TED.

For individuals who have inadequate disease control, including with teprotumumab, surgery is the only remaining option. Surgery is difficult and risky because a limited amount of bone and muscle tissue can be safely removed from the area around the eye.

Limitations of Currently Approved Therapy

Despite recent development of new standards of care that have led to disease modification and greatly improved the quality of life for patients with TED, there remains opportunities for improved efficacy and safety.

Durability/Relapse/Depth of Response

The current standard of care is delivered via IV dosing and the prescribing information recommends a total of 8 infusions given every three weeks, for a total of 24-week treatment. As a chronic inflammatory illness, 24 weeks of treatment for TED may be insufficient for some patients due to lack of complete resolution of disease signs and symptoms. It has been reported that approximately 37% of teprotumumab trial participants who initially responded at the end of treatment at Week 24, suffered a relapse in proptosis by Week 72, highlighting the clinical need for more durable responses and the avoidance of disease relapse.

Hearing Impairment

Approximately 10% of participants in Phase 2 and Phase 3 trials for teprotumumab reported developing hearing impairment symptoms. These symptoms included subjective hearing loss, tinnitus, an ear plugging sensation or muffled hearing and autophony, or abnormal hearing of one’s own voice.

This concerning side effect may be directly related to targeting of IGF-1R, which is understood to participate in neuroprotective activities where it maintains cellular metabolism, activates growth, proliferation and differentiation, and limits cell death. These functions serve to repair cellular damage in the ear that occurs by various processes including age-associated degeneration. Highlighting the impact of this side effect of targeting IGF-1R, a study conducted by Stanford University following 28 participants receiving teprotumumab suggests that the rate of developing hearing symptoms may be much higher in real world settings than reported in the clinical trials, potentially exceeding 45%. Multiple case studies following individual patients have also shown that hearing impairment may be prolonged, with no improvement in symptoms even months after cessation of treatment.

Hyperglycemia

Another common side effect of teprotumumab treatment is hyperglycemia, or increased blood glucose, which was reported in approximately 10% of participants in the Phase 2 and 3 trials. Hyperglycemia is particularly important to manage in patients with TED, as many also have pre-existing diabetes or impaired glucose tolerance with two thirds of participants in the Phase 2 and 3 trials experiencing hyperglycemia also having pre-existing diabetes or impaired glucose tolerance.

We believe that this hyperglycemia may result from unintended inhibition of the insulin receptor, which is structurally similar to IGF-1R. This structural similarity serves to make the insulin receptor potentially a direct target of IGF-1R antibodies and renders the insulin receptor sensitive to inhibition along with IGF-1R through the formation of heterodimers, or linked pairs of insulin receptor and IGF-1R.

IV Infusion

The need for IV infusions of teprotumumab in a medical facility requires complicated coordination between the patient and the facility. An IV infusion of teprotumumab initially takes 90 minutes, which can potentially be reduced to 60 minutes over time if well tolerated. Patients must be further monitored after the infusion, as adverse reactions can occur up to 90 minutes following the infusion. As such, each infusion visit could potentially require three to four hours in the medical facility, in addition to travel time.

Our Solution: Lonigutamab

Lonigutamab is a humanized IgG1 monoclonal antibody against IGF-1R with an *in vitro* potency, as measured by K_D of less than 0.03 nM, which is up to 75-fold higher than that of teprotumumab. We believe lonigutamab achieves a higher potency through the targeting of a distinct epitope on IGF-1R.

Furthermore, targeting the needed C_{min} from the start and allowing for treatment beyond 6 months could facilitate a potential for improved depth and duration of response, as described above. While teprotumumab dosing requires 3-5 doses to achieve optimal C_{min} levels, lonigutamab may achieve these C_{min} levels with the first dose, with the potential to better control disease earlier. There is potential for more complete control throughout the disease course is potentially possible with chronic dosing beyond six months, facilitated through the potential for at home subcutaneous injections. Our objective is to treat patients individually to complete resolution of signs and symptoms, in a personalized approach.

Reducing the C_{max} seen with current IV therapies via a subcutaneous route of delivery may lessen the breach of the blood labyrinth barrier and enable a low level of IGF-1 inhibition in the neural tissues of the inner ear while still improving patient outcomes.

We also believe that two properties of lonigutamab may help achieve a rate of hyperglycemia lower than the 10% seen in clinical trials of teprotumumab. First, lonigutamab binds to a distinct epitope on IGF-1R, with lower affinity to the insulin receptor *in vitro*. Second, teprotumumab achieves meaningful levels of internalization in hours or days. Lonigutamab binding to IGF-1R leads to meaningful levels on internalization in minutes *in vitro*. We hypothesize this rapid internalization of homodimer IGF-1R with lonigutamab may lower the potential for the reduction of heterodimers between IGF-1R and the insulin receptor and may help reduce the risk of hyperglycemia.

Finally, we believe that the potential to deliver lonigutamab via subcutaneous injection at targeted therapeutic doses has been demonstrated by triangulating PK and PD data with the SAD portion of our ongoing Phase 1/2 clinical trial, as seen in Figure 28. This route of administration could allow for an attractive safety profile, meaningful clinical outcomes and convenience. These factors could open up the possibility of treating patients with earlier stage disease, rather than waiting for the more severe disease features of eye bulging and

double vision to reach their peak, as well as facilitate the treatment of TED patients beyond the surgery setting, for example in ophthalmologists' and endocrinologists' offices where TED patients are also seen and treated.

Clinical Development

The SAD portion of this trial included 64 healthy volunteers, and was designed to assess the PK and tolerability of lonigutamab and confirm the potential to administer lonigutamab subcutaneously. Data from the SAD portion of the ongoing Phase 1/2 trial with subcutaneous administration of lonigutamab were presented at the 2023 North American Neuro-Ophthalmology Society meeting.

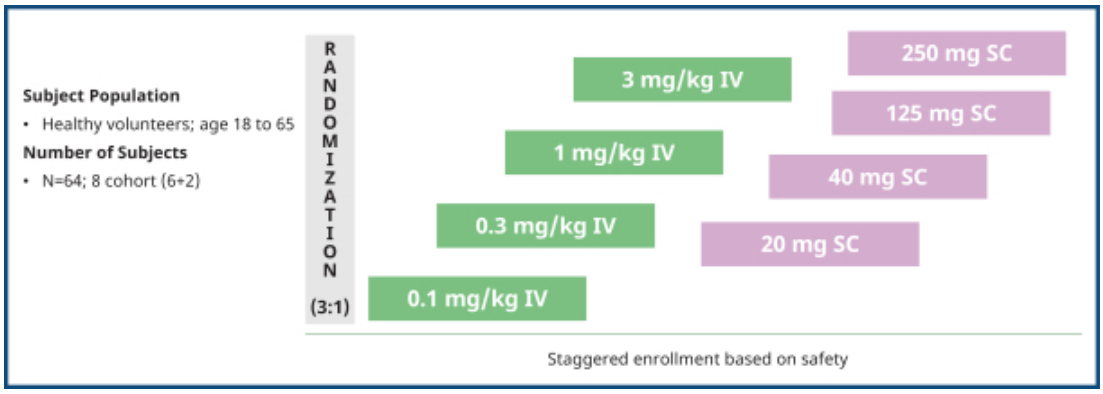


Figure 23. Design of the SAD portion of the Phase 1/2 trial of lonigutamab.

In published data from the development of teprotumumab, it is observed that teprotumumab exposures over 200 µg/mL provide for the highest quartile of response. From our own binding and functional assays of lonigutamab and teprotumumab, we have observed there is consistently an up to 75-fold potency shift in favor of lonigutamab, such that the lonigutamab C_{min} target for sufficient response is approximately 3 µg/mL. Further, data from the SAD portion of the Phase 1/2 trial of lonigutamab dosed intravenously show that there is target-mediated drug disposition (TMDD) on the receptor, which can be overcome at approximately 3 µg/mL. Finally, data from the same study also show that lonigutamab can maintain receptor occupancy (RO) above 0.3 µg/mL.

Subsequently, as seen in Figure 24, data from the SAD portion of the Phase 1/2 trial of lonigutamab demonstrated that at day 28, both the 125 mg and 250 mg SC dose of lonigutamab, each of which fit in a single injection, can reach the target C_{min} of approximately 2-3 µg/mL while also maintaining response above the TMDD of 3 µg/mL and the RO target of 0.3 µg/mL.

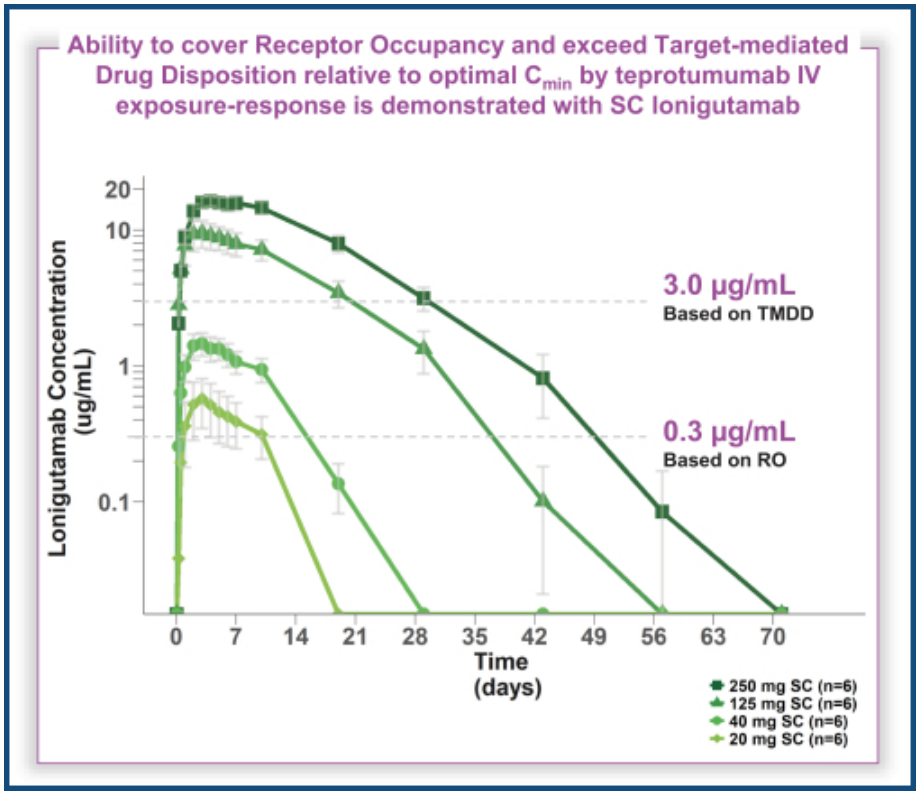


Figure 24. Data from the SAD portion of the Phase 1/2 trial of lonigutamab administered subcutaneously.

Lonigutamab is administered subcutaneously in the MAD portion of the actively ongoing Phase 1/2 trial in TED, and is designed to generate early proof-of-concept data evaluating efficacy in subjects with TED. This trial will test several dose levels and use three to four doses to obtain an early safety profile for lonigutamab in TED participants. While the trial is not large enough to show statistical benefits over placebo, participants will also be assessed for reduction in eye bulging (proptosis), a common finding in patients with moderate to severe TED.

Our SLRN-517 (c-KIT Monoclonal Antibody) Program

We are also developing SLRN-517, a fully IgG1 human monoclonal antibody designed to target a distinct epitope of c-KIT, the inhibition of which can reduce mast cell proliferation and activity in various allergy and inflammatory diseases. SLRN-517 aims to address the root cause of mast cell-driven diseases by blocking mast cell proliferation and reducing the degranulation of mast cells, limiting their toxic cellular products from being released into the circulation. SLRN-517 is fully human and has demonstrated high potency against the target across binding and functional assays that enable a broad dynamic range and the potential for low subcutaneous volumes, while also having no agonistic activity (i.e., no mast cell degranulation) and therefore may limit the potential for immunogenicity and/or infusion reactions. Furthermore, the estimated half-life of SLRN-517 is approximately 16 days and we hypothesize that a short half-life may be important to addressing known on-target side effects, including impacts on spermatogenesis.

A preclinical testing strategy was completed to characterize SLRN-517 pharmacology, pharmacokinetics, and toxicology. As shown in Figure 25 below, mast cells appear to play a central role in various allergic and inflammatory diseases. Preclinical in vitro pharmacology studies of SLRN-517 in human mast cell line demonstrate highly potent inhibition (antagonism) of the c-KIT pathway, targeting mast cell proliferation and degranulation (IC50 of 400pM and 54pM, respectively), without stimulation (agonism) of mast cell degranulation. Preclinical repeat-dose toxicology studies demonstrate SLRN-517 has lower potential for immunogenicity relative to monoclonal antibodies that are not fully human. These features have the potential to block mast cell growth without inadvertently triggering degranulation. SLRN-517's picomolar binding affinity (2.8 pM) and the high *in vitro* potency observed from cell-based functional assays suggest that low volume subcutaneous dosing (of <1mg/kg) is feasible in the clinic. In March 2023, we submitted an IND application for SLRN-517.

Binding Affinity, SPR (KD)	2.8pM
Inhibition of SCF Mediated Mast Cell Proliferation (IC50)	400pM
Inhibition of IgE Dependent Degranulation (IC50)	54pM
Projected Human Dose	<1mg/kg

Figure 25. Key characteristics of SLRN-517.

Based on these preclinical data, our first indication of interest for SLRN-517 is chronic urticaria, commonly known as chronic hives, an inflammatory disease that is driven by the release of histamine and other vasoactive molecules by mast cells. c-KIT serves as a master regulator of mast cell activity and has been validated as a target that can inhibit mast cell activation in patients with chronic urticaria. Based on market research conducted for us by Skysis, the total market globally for the treatment of chronic urticaria in 2022 was approximately $1.9 billion and is expected to grow to approximately $5.8 billion by 2030.

SLRN-517 has higher affinity and is more potent across a number of *in vitro* assays than other antibodies targeting this pathway. Furthermore, we believe SLRN-517 has the potential to address multiple indications beyond chronic urticaria, in diseases where mast cells appear to be a key part of the pathogenesis. Other potential indications where mast cells may play a central role include prurigo nodularis, bullous pemphigoid, and eosinophilic esophagitis.

A Late-Stage Clinical Biopharma Company Creating an Industry Leading Portfolio

We are an experienced management team with a track record of delivering the first approvals, or expanded indications, for transformative therapies. We have secured more than $550 million in committed capital since our founding in July 2020, of which over $400 million has already been funded. An additional $150 million is available from our Series C preferred stock investors as committed capital and will be funded, subject to certain conditions, on June 30, 2023 in the event if this offering is not completed before that date.

Our lead product candidate is izokibep, a pipeline in a program. We hypothesized that high potency through tight binding affinity and small molecular size may lead to clinically meaningful responses. Recent Phase 2 data in HS and PsA support this hypothesis with two independent data sets. Furthermore, we believe both lonigutamab and SLRN-517 have similar potential to improve upon the current standard of care in multiple indications with mechanisms and targeted disease states for which our team has significant relevant experience.

We are committed to utilizing our valuable human and financial capital efficiently to achieve our mission of identifying, acquiring, and accelerating the development and commercialization of transformative medicines in areas of significant unmet patient need.

License and Collaboration Agreements

License and Collaboration Agreement with Affibody

On August 9, 2021, we entered into a license agreement with Affibody AB (Affibody) (the Affibody Agreement), under which Affibody granted us exclusive, sublicensable licenses to develop, commercialize and manufacture products containing izokibep for all human therapeutic uses on a worldwide basis, subject to a pre-existing agreement with Inmagene Biopharmaceuticals (Inmagene) with respect to certain Asian countries as described below (the Inmagene Agreement).

A global joint steering committee (GJSC) oversees the global development of izokibep. The GJSC is composed of designees from Affibody, Inmagene and us. We chair the GJSC and retain final decision-making authority for izokibep global development. We are obligated to use commercially reasonable efforts (i) to develop products containing izokibep worldwide, excluding in the Inmagene Development Territory as defined below, (ii) for the conduct and finalization of certain ongoing clinical trials, and (iii) to commercialize products containing izokibep for all human therapeutic uses worldwide, except in the Inmagene Commercialization Territory as defined below, after obtaining the applicable marketing authorization. We are responsible for manufacturing both the clinical and commercial supply of licensed product globally.

Affibody also granted us a non-exclusive license with respect to certain platform intellectual property owned or controlled by Affibody. Under the Affibody Agreement, we granted an exclusive, sublicensable license to Affibody under certain of our know-how, patents and trademarks to develop and commercialize products containing izokibep for all human therapeutic uses in the Inmagene Development Territory and Inmagene Commercialization Territory (collectively, the Inmagene Territory), respectively. We also granted Affibody a non-exclusive, sublicensable license under certain know-how and patents to commercialize such products for all human therapeutic uses in the Affibody Co-Commercialization Territory (as defined below). To the extent any rights under the Inmagene Agreement terminate with respect to the Inmagene Development Territory or Inmagene Commercialization Territory, Affibody has also granted us an option to acquire such rights as well as a right of first refusal with respect to any transaction with a third party to acquire such rights. Under the Affibody Agreement, Affibody has also retained the option to co-promote izokibep in Denmark, Finland, Iceland, Norway, and Sweden (the Affibody Co-Commercialization Territory). Affibody is obligated to notify us of its decision whether to co-promote izokibep in the Affibody Co-Commercialization Territory within three months following the dosing of 15% of participants in the first pivotal trial for izokibep, and we also grant Affibody a right of first negotiation to expand the Affibody Co-Commercialization Territory to include all countries of the European Union and the United Kingdom.

As consideration for the Affibody Agreement (EU), we have paid Affibody an aggregate upfront fee of $25 million. In addition, we are required to pay an aggregate of up to $280 million, $30 million of which would be due prior to the first approval in the United States, upon the achievement of various development, regulatory and commercialization milestones with respect to the licensed products. We are also obligated to pay high single-digit to low-teen royalties to Affibody on net sales of licensed products in the territory where we have commercialization rights, subject to reduction in certain circumstances. Royalties will be payable on a licensed product-by-licensed product and country-by-country basis for a period commencing upon the first commercial sale of the licensed product worldwide, except in the Inmagene Commercialization Territory, and continuing until the later of (a) the expiration of all valid patent claims or regulatory exclusivity covering the licensed product in that country and (b) ten (10) years after such first commercial sale.

The FDA has the ability to award priority review vouchers to sponsors for certain marketing applications that seek approval for previously designated indications that are rare pediatric diseases, medical countermeasures, or tropical diseases. At present, we have no such designations. If awarded, a priority review voucher expedites FDA review of a marketing application to six months, rather than the customary 10 month target. Under the Affibody Agreement, in the event the FDA grants us or our affiliates or sublicensees a priority review voucher for a licensed product, we have agreed to pay Affibody either: (a) if we sell or transfer such priority review voucher to a third-party, approximately one third of the proceeds we receive from the sale, net of taxes, or (b) if we use the priority review voucher for an indication or product outside the scope of the Affibody

Agreement, approximately one third of the median value of the priority review vouchers for the past 10 publicly available transactions. as determined by the global joint steering committee based on publicly available information. There is no guarantee that we, our affiliates or sublicensees, will ever request voucher-eligible designations or submit an application and successfully receive a priority review voucher.

Unless earlier terminated, the Affibody Agreement will continue on a licensed product-by-licensed product basis and country-by-country basis until there are no more royalty payments owed to Affibody on any licensed product thereunder. Either party may terminate the Affibody Agreement upon an uncured material breach by, or upon the bankruptcy, reorganization, liquidation or receivership proceedings of, the other party. In addition, each party may terminate the agreement upon 30 days' written notice in the event that certain clinical events create a serious and material risk of compromising patient safety. Either party may also terminate the agreement if the other party or any of its affiliates institutes a patent challenge against certain background patent rights for licensed products. The Affibody Agreement may also be terminated by us for convenience (i) upon 90 days' prior written notice to Affibody if the termination is before the first commercial sale of a licensed product, or (ii) upon 180 days' prior written notice if the termination is after the first commercial sale of a licensed product.

Under the Inmagene Agreement and subject to the terms of the Affibody Agreement, Affibody granted Inmagene (i) commercialization rights in Mainland China, Hong Kong, Macau, Taiwan and South Korea (the Inmagene Commercialization Territory) and (ii) development rights in Mainland China, Hong Kong, Macau, Taiwan, South Korea, and certain other Asia-Pacific countries (the Inmagene Development Territory). As described above, the global development plan is governed by the GJSC.

License and Commercialization Agreement with Pierre Fabre

Upon the closing of the merger with ValenzaBio, we became successors to ValenzaBio's rights under the March 25, 2021 license and commercialization agreement between ValenzaBio and Pierre Fabre Medicament SAS (Pierre Fabre), as amended (the Pierre Fabre Agreement). Under the Pierre Fabre Agreement, Pierre Fabre granted to ValenzaBio certain exclusive worldwide (subject to a reversion option, as described below), sublicensable rights and licenses to certain patents, know-how and other intellectual property to develop, manufacture, use and commercialize a specific naked anti-IGF-1R monoclonal antibody, which we refer to as lonigutamab, for non-oncology therapeutic indications. Our license from Pierre Fabre extends to any product containing lonigutamab (excluding any fragments or derivatives) as its sole active ingredient (each, a PF Licensed Product). The Pierre Fabre Agreement prohibits us from using the licensed intellectual property in any antibody drug conjugate (ADC), multi-specific antibodies or any other derivatives of lonigutamab. Under the Pierre Fabre Agreement, we are required to obtain certain rights under intellectual property owned by Lonza Sales AG (Lonza) in order to exploit the PF Licensed Product, and we have been granted a non-exclusive sublicense to such rights necessary to initiate the development activities under the Pierre Fabre Agreement.

In the event we decide to sublicense the rights to develop or commercialize a PF Licensed Product in any territory outside of the United States and Canada (collectively, the Option Territory), Pierre Fabre retains the right of first negotiation to acquire such development and commercialization rights in one or more countries in the Option Territory.

Within six months after the joint steering committee (JSC) validates that pre-defined clinical trial criteria for the first proof of concept clinical trial for a PF Licensed Product has been achieved:

- Pierre Fabre has the option (the Option) to reclaim all exclusive rights to develop, commercialize and exploit the PF Licensed Product in the Option Territory and to obtain an exclusive sublicensable license in the Option Territory for any improvements and trademarks to such PF Licensed Product, and to exploit such PF Licensed Product for non-oncology therapeutic indications, subject to certain payment obligations of Pierre Fabre to us. If Pierre Fabre exercises the Option for a PF Licensed Product in the Option Territory, and intends to sublicense such rights, then we will have the right of first negotiation to acquire such development and commercialization rights in the Option Territory;

- Pierre Fabre has the right to require us to buy out its right to the Option for a one-time payment of $31 million (the Option Buy Out Payment); or
- We have the right to choose to buy out Pierre Fabre's Option by making the Option Buy Out Payment to Pierre Fabre within 30 days from Pierre Fabre's notice of exercise of the Option.

If Pierre Fabre does not exercise the Option within the option period or if we buy out Pierre Fabre's right to the Option, the Option will expire or terminate, respectively. We are solely responsible for the development, regulatory approvals and commercialization of each PF Licensed Product except to the extent that Pierre Fabre reclaims rights to a PF Licensed Product in the Option Territory as described above. Prior to the exercise of the Option, ACELYRIN has the right to cast the deciding vote at the JSC subject to certain limitations. After exercise of the option, ACELYRIN has final decision making authority with respect to global development subject to certain limitations and except that Pierre Fabre has final decision making authority with respect to regulatory activities and commercialization in the Option Territories provided these decisions comply with the agreed development principles and these decisions are not likely to have a material adverse impact on commercialization of the PF Licensed Product in the United States.

We are obligated to use commercially reasonable efforts to (i) develop the PF Licensed Product for non-oncology therapeutic indications in the licensed territory, (ii) achieve certain development milestones, (iii) complete a successful subcutaneous feasibility study and to file an Investigational New Drug Application (IND) within certain timelines, (iv) submit a complete set of data and documents with respect to the proof of concept clinical study for JSC review and (v) commercialize PF Licensed Product for non-oncology therapeutic indications in the licensed territory, with certain exclusions.

In connection with the original Pierre Fabre Agreement, ValenzaBio made an aggregate license payment of $7.5 million to Pierre Fabre, and issued Pierre Fabre 1,053,319 shares of ValenzaBio's Series A Preferred Stock. As consideration for the amendment to the original Pierre Fabre Agreement, we paid Pierre Fabre an aggregate license payment of $10 million. Furthermore, in connection with the closing of the merger with ValenzaBio, Pierre Fabre's Series A Preferred Stock in ValenzaBio was converted into 1,667,326 shares of our common stock. In addition, as successors to the Pierre Fabre Agreement, we are required to pay an aggregate of up to $99.5 million upon the achievement of various development and regulatory milestones, approximately $40 million of which would be due prior to the first approval in the United States. We are also obligated to pay up to an aggregate of $390 million upon the achievement of certain commercial milestones. We must also pay tiered royalties in the high single-digit to low-teen percentages to Pierre Fabre on worldwide net sales in a given calendar year, subject to certain reductions. Royalties will be payable for each PF Licensed Product in a given country during a period commencing upon the first commercial sale of such PF Licensed Product in such country and continuing until the latest of (a) 10 years after such first commercial sale, (b) expiration of last-to-expire valid claim in a licensed patent in such country and (c) expiration of regulatory exclusivity for such PF Licensed Product in such country. In the event we enter into a sublicense with a third party, we must also share with Pierre Fabre a percentage of any revenues from option fees, upfront payments, license maintenance fees, milestone payments or the like generated from the sublicense. Such percentage may be between the high single-digits to the low thirties based on which stage of development of a PF Licensed Product the sublicense is entered into.

Unless earlier terminated, the Pierre Fabre Agreement will continue on a PF Licensed Product-by-PF Licensed Product and country-by-country basis until there are no more royalty payments owed to Pierre Fabre on any PF Licensed Product thereunder. Either party may terminate the Pierre Fabre Agreement upon an uncured material breach, or upon the bankruptcy or insolvency of the other party. Pierre Fabre may also terminate the agreement if we or any of our affiliates institutes a patent challenge against the licensed patents from Pierre Fabre. We may also terminate the Pierre Fabre Agreement with or without cause upon nine months' prior written notice, so long as there is no ongoing clinical trial for any PF Licensed Product.

Intellectual Property

We strive to protect and enhance the proprietary technology, inventions and improvements that are commercially important to our business, including seeking, maintaining, enforcing and defending patent rights, whether developed internally or licensed from our collaborators or other third parties. Our policy is to seek to protect our proprietary position by, among other methods, filing patent applications in the United States and in jurisdictions outside of the United States related to our proprietary technology, inventions, improvements and product candidates that are important to the development and implementation of our business. We also rely on trade secrets and know-how relating to our proprietary technology and product candidates, continuing innovation, and in-licensing opportunities to develop, strengthen and maintain our proprietary position in the field of immunology; however, trade secrets are difficult to protect and provide us with only limited protection. Our commercial success may depend in part on our ability to obtain and maintain patent and other proprietary protection for our technology, inventions and improvements; to preserve the confidentiality of our trade secrets; to maintain our licenses to use intellectual property owned by third parties; and to defend and enforce our proprietary rights, including our patents.

We have in-licensed and procured patents and patent applications, which include claims directed to compositions covering our product candidates and methods of using and manufacturing such compositions. As of April 12, 2023, our owned and exclusively licensed patent portfolio included eight issued U.S. patents, 140 issued foreign patents, four pending provisional U.S. patent applications, four pending non-provisional U.S. patent applications, two pending PCT applications and 44 pending foreign patent applications.

Our patent portfolio in general includes patents and patent applications directed to our lead product candidate, izokibep, as well as to our other product candidates, lonigutamab and SLRN-517.

Izokibep

With respect to izokibep, as of April 12, 2023, we exclusively in-licensed six issued U.S. patents, three pending U.S. non-provisional applications, at least 98 corresponding foreign patents and at least 25 foreign patent applications directed to composition of matter and processes of preparation of proteins from Affibody under the Affibody Agreement. The six issued patents are expected to expire between 2028 and 2036 and any patents that issue from such patent applications are expected to expire between 2034 and 2040, without taking into account any possible patent term adjustment or extensions and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees. In addition, as of April 12, 2023, we also own two pending PCT applications directed to methods of treatment of ailments by administration of izokibep. Patents, if issued from these PCT applications, assuming a U.S. national stage entry from these PCT applications, are expected to expire in 2043, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees. Moreover, as of April 12, 2023, we owned one pending U.S. provisional patent application directed to methods of treatment of ailments by administration of izokibep. Patents, if issued from such provisional application (assuming conversion of the provisional application to a non-provisional U.S. application and/or Patent Cooperation Treaty (PCT) filing with a subsequent U.S. National Phase application), are expected to expire in 2044, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

Lonigutamab

With respect to lonigutamab, as of April 12, 2023, we exclusively in-licensed through ValenzaBio from Pierre Fabre under the Pierre Fabre Agreement two issued U.S. patents, two pending U.S. provisional applications, at least 42 corresponding foreign patents and at least 19 foreign patent applications in Europe, Australia, Canada, China, India, Japan, South Africa, Brazil, Republic of Korea, Egypt, United Arab Emirates, Israel, New Zealand, Malaysia, Russia, Thailand, Austria, Belgium, Croatia, Denmark, France, Germany, Greece, United Kingdom, Italy, Ireland, Spain, Norway, Netherlands, Poland, Portugal, Serbia, Switzerland, Hong Kong, and Sweden directed to composition of matter. The portfolio further includes one pending

provisional application filed by us. Such issued patents are expected to expire in 2035 and any patents, if issued from such provisional application (assuming conversion of the provisional application to a non-provisional U.S. application and/or PCT filing with a subsequent U.S. National Phase application), are expected to expire in 2043, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

SLRN-517

With respect to SLRN-517, as of January 6, 2023, we exclusively in-licensed one pending non-provisional U.S. patent application directed to composition of matter through ValenzaBio from Novelty Nobility, Inc. This patent application, should it issue as a U.S. patent, is expected to expire in 2039, without taking into account any possible patent term adjustment or extensions and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees. Corresponding patent applications are also being pursued in Australia, Canada, China, Europe, and Republic of Korea, and are licensed through ValenzaBio from Novelty Nobility, Inc. We do not currently own or license any issued patents with claims directed to SLRN-517 and there can be no assurance that we will obtain any issued patents directed to SLRN-517.

We continue to assess the extent to which we may seek additional patent protection for aspects of our product engine. The term of individual patents depends upon the date of filing of the patent application, date of patent issuance and the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing of the first non-provisional application to which priority is claimed. Outside of the United States, the duration of patents varies in accordance with applicable local law, but typically is also 20 years from the earliest non-provisional filing date. In the United States, patent term may be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the United States Patent and Trademark Office (USPTO) in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over an earlier-filed patent. Moreover, in context of approved products, there may be other additional exclusivity for the patents covering such approved product. In the United States, the term of a patent that covers an FDA-approved drug may also be eligible for a patent term extension of up to five years under the Hatch-Waxman Act, which is designed to compensate for the patent term lost during the FDA regulatory review process. The length of the patent term extension is calculated based on the length of time it takes for regulatory review. A patent term extension under the Hatch-Waxman Act cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent applicable to an approved drug may be restored and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. Moreover, a patent can only be restored once, and thus, if a single patent is applicable to multiple products, it can only be extended based on one product. Similar provisions are available in Europe and certain other foreign jurisdictions to extend the term of a patent that covers an approved drug.

We intend to pursue, in the normal course of business and when possible, composition, method of use, process, dosing and formulation patent protection for the product candidates we develop and commercialize. We may also pursue patent protection with respect to manufacturing and immunotherapy development processes and technology. When available to expand market exclusivity, we intend to strategically obtain or license additional intellectual property related to current or contemplated product candidates.

In some instances, we submit patent applications directly to the USPTO as provisional patent applications. Corresponding non-provisional patent applications must be filed within 12 months after the provisional application filing date. The corresponding non-provisional application may be entitled to the benefit of the earlier provisional application filing date(s), and the patent term of the finally issued patent is calculated from the later non-provisional application filing date. Provisional applications for patents were designed to provide a lower-cost first patent filing in the United States. This system allows us to obtain an early priority date, add material to the patent application(s) during the priority period, obtain a later start to the patent term and to delay prosecution costs.

The PCT system allows a single application to be filed within 12 months of the original priority date of the patent application, and to designate all of the PCT member states in which national or regional patent applications can later be pursued based on the international patent application filed under the PCT. The PCT searching authority performs a patentability search and issues a non-binding patentability opinion which can be used to evaluate the chances of success for the national or regional applications prior to having to incur the filing fees and prosecution costs. Although a PCT application does not issue as a patent, it allows the applicant to seek protection in any of the member states through national/regional-phase applications. At the end of the period of two and a half years from the first priority date of the patent application, separate patent applications can be pursued in any of the PCT member states either by direct national filing or, in some cases by filing through a regional patent organization, such as the European Patent Organisation. The PCT system delays expenses, allows a limited evaluation of the chances of success for national/regional patent applications and enables substantial savings where applications are abandoned within the first two and a half years of filing. We intend to file U.S. nonprovisional applications and PCT applications that claim the benefit of the priority date of earlier filed provisional applications, when applicable.

For all patent applications, we determine claiming strategy on a case-by-case basis. Advice of counsel, country-specific patent laws and our business model and needs are always considered. We may file patents containing claims for protection of all useful applications of our proprietary product candidates, as well as all new applications and/or uses we discover for existing product candidates, assuming these are strategically valuable. We continuously reassess the number and type of patent applications in our portfolio, as well as the pending and issued patent claims, to help ensure that maximum coverage and value are obtained for our processes, and compositions, given existing patent office rules and regulations. Further, claims may be modified during patent prosecution, to the extent allowed, to meet our intellectual property and business needs.

There can be no assurance that we will be able to obtain, maintain, enforce and defend all patents and other intellectual property rights necessary to conduct our business. The patents we in-license, or patents that issue from our owned patent applications, if any, may be challenged by third parties, may not effectively prevent third parties from commercializing competitive technologies or may not otherwise provide us with a competitive advantage. For more information regarding the risks related to our intellectual property, see section titled “Risk Factors—Risks Related to Intellectual Property.”

Sales, Marketing and Commercialization

We hold global development and commercialization rights to izokibep (excluding certain Asian countries including mainland China, Hong Kong, South Korea and Taiwan) and we hold global development and commercialization rights to lonigutamab outside of oncology. None of our product candidates have been approved for sale. If our product candidates receive marketing approval, we intend to commercialize them on our own, or jointly with a partner, in the United States and potentially in other geographies. We will continually evaluate the economics of commercializing our product candidates versus other strategic commercialization arrangements.

We currently have no sales, marketing or commercialization capabilities and have no experience as a company performing such activities. However, we intend to build the necessary capabilities and infrastructure over time as our product candidates continue to advance through clinical development. Clinical data, the size of the opportunity and the size of the commercial infrastructure required will influence our commercialization plans and decision making.

Manufacturing

We do not own or operate, and currently have no plans to establish, any manufacturing facilities. We have engaged, and expect to continue to rely on, well-established third-party contract manufacturing organizations (CMOs), to supply our product candidates for use in our preclinical studies and clinical trials. Should any of

these CMOs become unavailable to us for any reason, we believe that there are a number of potential replacements, although we may incur some delay in identifying and qualifying such replacements.

Additionally, we intend to rely on third-party CMOs for commercial manufacturing, if our product candidates receive marketing approval. As our lead product candidates izokibep and lonigutamab advance through development, we expect to enter into longer-term commercial supply agreements to fulfill and secure our production needs. As we advance our product candidates through development, we will consider our lack of redundant supply for the drug substance and drug product for each of our product candidates to mitigate the risk of supply disruptions. While the drug substances used in our product candidates are manufactured by more than one supplier, the number of manufacturers is limited. In the event it is necessary or advisable to acquire supplies from an alternative supplier, we might not be able to obtain them on commercially reasonable terms, if at all. It could also require significant time and expense to redesign our manufacturing processes to work with another company. If we need to change manufacturers during the clinical or development stage for product candidates or after commercialization for our product candidates, if approved, the FDA and corresponding foreign regulatory agencies must approve these new manufacturers in advance, which will involve testing and additional inspections to ensure compliance with FDA regulations and standards and may require significant lead times and delay.

Additionally, to adequately meet our projected commercial manufacturing needs, for izokibep, our CMOs will need to scale-up production, or we will need to secure additional suppliers and we anticipate the same may be required for lonigutamab as that product candidate progresses through develop. Processes for producing drug substances and drug product for commercial supply are currently being developed, with the goal of achieving reliable, reproducible, and cost-effective production. We believe the drug substance and drug product processes for izokibep and lonigutamab are amenable to scale-up.

Government Regulation

Government authorities in the United States at the federal, state and local level and in other countries regulate, among other things, the research, development, manufacturing, testing, quality control, approval, labeling and packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing, and export and import of biological products. Generally, before a new biologic can be marketed, data demonstrating its quality, safety and efficacy must be obtained, organized into a format specific for each regulatory authority, submitted for review and approved by the applicable regulatory authority.

Government Regulation of Biological Products

In the United States, the FDA regulates biologics under the Federal Food, Drug, and Cosmetic Act (FDCA), the Public Health Service Act (PHSA), and their implementing regulations. Biologics also are subject to other federal, state and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals and the subsequent compliance with appropriate statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the development process, approval process or following any potential approval, may subject an applicant to administrative actions or judicial sanctions. These actions and sanctions could include, among other actions, the FDA's refusal to approve pending applications, license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties.

Our product candidates must be approved by the FDA through a Biologics License Application (BLA) process before they may be legally marketed in the United States. The process generally involves the following:

- completion of extensive preclinical studies in accordance with applicable regulations, including studies conducted in accordance with Good Laboratory Practices (GLP) requirements;

- submission to the FDA of an Investigational New Drug application (IND), which must become effective before human clinical trials may begin;
- approval by an Institutional Review Boards (IRBs) at each clinical trial site before each human trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with applicable IND regulations, Good Clinical Practices (GCP) requirements and other clinical trial-related regulations to establish the safety and efficacy of the product candidate for each proposed indication;
- submission to the FDA of a BLA, and payment of the applicable user fee for FDA review of such BLA;
- a determination by the FDA within 60 days of its receipt of the BLA to accept the filing for review;
- satisfactory completion of one or more FDA pre-approval inspections of the manufacturing facility or facilities where the product candidate will be produced to assess compliance with Current Good Manufacturing Practices (cGMP), requirements to assure that the facilities, methods and controls are adequate to preserve the product candidate's identity, strength, quality and purity;
- potential FDA audit of the clinical trial sites that generated the data in support of the BLA; and
- FDA review and approval of the BLA, including consideration of the views of any FDA advisory committee, prior to any commercial marketing or sale of the product in the United States.

The preclinical and clinical testing and approval process requires substantial time, effort and financial resources. The regulatory scheme for biologics is evolving and subject to change at any time, and can be affected by changes in medical treatment standards of care.

Preclinical Studies

Before testing any product candidate in humans, it must undergo rigorous preclinical testing. Preclinical studies include laboratory evaluation of its chemistry and formulation, as well as *in vitro* and animal studies to assess safety and in some cases to establish a rationale for therapeutic use. The conduct of preclinical studies is subject to federal and state regulations and requirements, including GLP regulations for safety/toxicology studies.

An IND sponsor must submit the results of the preclinical studies, together with manufacturing information, analytical data, any available clinical data or literature and plans for clinical trials, among other things, to the FDA as part of an IND. An IND is an application to the FDA, seeking authorization to administer an investigational product to humans, and it must become effective before human clinical trials may begin. Some long-term preclinical testing, such as animal tests of reproductive adverse events and carcinogenicity, may continue after the IND is submitted. An IND automatically becomes effective 30 days after receipt by the FDA, unless before that time, the FDA raises concerns or questions related to one or more proposed clinical trials and places the trial on clinical hold. In such a situation, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, submission of an IND may not result in the FDA allowing clinical trials to commence, or may require a substantial amount of time to resolve FDA concerns.

Clinical Trials

The clinical stage of development involves the administration of the investigational product to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with GCP requirements, which include the requirement that all trial subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria and the methods to be used to monitor subject safety and assess efficacy. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the

IND. Furthermore, each clinical trial must be reviewed and approved by an IRB for each institution at which the clinical trial will be conducted to ensure that the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative, and must monitor the clinical trial until completed. There also are requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries. Information about certain clinical trials, including clinical trial results, must be submitted within specific timeframes for publication on the www.clinicaltrials.gov website.

A sponsor who wishes to conduct a clinical trial outside of the United States may, but need not, obtain FDA authorization to conduct the clinical trial under an IND. If a foreign clinical trial is not conducted under an IND, the sponsor may still submit data from the clinical trial to the FDA in support of a BLA. The FDA will accept a well-designed and well-conducted foreign clinical trial not conducted under an IND if the trial was conducted in accordance with GCP requirements, and the FDA is able to validate the data through an onsite inspection if deemed necessary. For a marketing application based solely on foreign clinical data, the FDA considers whether the trial data are applicable to the United States given possible differences in medical practice and patient populations.

Clinical trials generally are conducted in three sequential phases, known as Phase 1, Phase 2 and Phase 3, and may overlap.

- Phase 1 clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.
- Phase 2 clinical trials involve studies in disease-affected patients to evaluate proof of concept and determine the dose required to produce the desired benefits. At the same time, safety and further PK and PD information is collected, possible adverse effects and safety risks are identified, and a preliminary evaluation of efficacy is conducted.
- Phase 3 clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product candidate for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product candidate and provide an adequate basis for product labeling.

Post-approval trials, sometimes referred to as Phase 4 clinical trials, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication and are commonly intended to generate additional safety data regarding use of the product in a clinical setting. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of BLA approval.

Progress reports detailing the results of the clinical trials, among other information, must be submitted at least annually to the FDA and written IND safety reports must be submitted to the FDA and the investigators 15 days after the trial sponsor determines the information qualifies for reporting for suspected and unexpected serious adverse reactions, findings from other studies or animal or in vitro testing that suggest a significant risk for human participants and any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. The sponsor must also notify the FDA of any unexpected fatal or life- threatening suspected adverse reaction as soon as possible but in no case later than seven calendar days after the sponsor's initial receipt of the information.

Phase 1, Phase 2, Phase 3 and other types of clinical trials may not be completed successfully within any specified period, if at all. The FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the trial participants are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being

conducted in accordance with the IRB's requirements or if the product candidate has been associated with unexpected serious harm to patients. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether a trial may move forward at designated check points based on access to certain data from the trial. Concurrent with clinical trials, companies usually complete additional animal studies and also must develop additional information about the chemistry and physical characteristics of the product candidate as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product and, among other things, companies must develop methods for testing the identity, strength, quality and purity of the final product. Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the product candidates do not undergo unacceptable deterioration over their shelf life.

FDA Review Process

Following completion of the clinical trials, data are analyzed to assess whether the investigational product is safe and effective for the proposed indicated use or uses. The results of preclinical studies and clinical trials are then submitted to the FDA as part of a BLA, along with proposed labeling, chemistry and manufacturing information to ensure product quality and other relevant data. The BLA is a request for approval to market the biologic for one or more specified indications and must contain proof of safety, purity and potency. The application may include both negative and ambiguous results of preclinical studies and clinical trials, as well as positive findings. Data may come from company-sponsored clinical trials intended to test the safety and efficacy of a product's use or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and efficacy of the investigational product to the satisfaction of the FDA. FDA approval of a BLA must be obtained before a biologic may be marketed in the United States.

Under the Prescription Drug User Fee Act, as amended (PDUFA), a BLA must be accompanied by a user fee. The FDA adjusts the PDUFA user fees on an annual basis. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business. Additionally, no user fees are assessed on BLAs for products designated as orphan drugs, unless the BLA also includes a non-orphan indication.

The FDA reviews all submitted BLAs before it accepts them for filing, and may request additional information rather than accepting the BLA for filing. The FDA must make a decision on accepting a BLA for filing within 60 days of receipt, and such decision could include a refusal to file by the FDA. Once and if the submission is accepted for filing, the FDA begins an in-depth review of the BLA. Under the goals and policies agreed to by the FDA under PDUFA, the FDA targets ten months, from the filing date, in which to complete its initial review of an original BLA and respond to the applicant, and six months from the filing date of an original BLA designated for priority review. The FDA does not always meet its PDUFA goal dates for standard and priority BLAs, and the review process is often extended by FDA requests for additional information or clarification.

Before approving a BLA, the FDA will conduct a pre-approval inspection of the manufacturing facilities for the new product to determine whether they comply with cGMP requirements. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA also may audit data from clinical trials to ensure compliance with GCP requirements and confirm such data are intended to evaluate the integrity of clinical data. Additionally, the FDA may refer applications for novel products or products which present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions, if any. The FDA is not bound by recommendations of an advisory committee, but it considers such recommendations when making decisions on approval. The FDA

likely will reanalyze the clinical trial data, which could result in extensive discussions between the FDA and the applicant during the review process. After the FDA evaluates a BLA, it will issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete, and the application will not be approved in its present form. A Complete Response Letter usually describes all of the specific deficiencies in the BLA identified by the FDA. The Complete Response Letter may require the applicant to obtain additional clinical data, including the potential requirement to conduct additional pivotal Phase 3 clinical trial(s) and to complete other significant and time-consuming requirements related to clinical trials, or to conduct additional preclinical studies or manufacturing activities. If a Complete Response Letter is issued, the applicant may either resubmit the BLA, addressing all of the deficiencies identified in the letter, or withdraw the application or request an opportunity for a hearing. Even if such requested data and information are submitted, the FDA may decide that the BLA does not satisfy the criteria for approval.

Orphan Drug Designation and Exclusivity

Under the Orphan Drug Act, the FDA may grant orphan designation to a biological product intended to treat a rare disease or condition, which is a disease or condition that affects fewer than 200,000 individuals in the United States, or more than 200,000 individuals in the United States and for which there is no reasonable expectation that the cost of developing and making the product available in the United States for this type of disease or condition will be recovered from sales of the product.

Orphan drug designation must be requested before submitting a BLA. After the FDA grants orphan drug designation, the identity of the product candidate and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

If a product candidate that has orphan drug designation subsequently receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications to market the same product for the same indication for seven years from the date of such approval, except in limited circumstances, such as a showing of clinical superiority to such product by means of greater effectiveness, greater safety or providing a major contribution to patient care or in instances of supply issues. Competitors, however, may receive approval of either a different product for the same indication or the same product for a different indication but that could be used off-label in the orphan indication. Orphan drug exclusivity also could block the approval of one of our product candidates for seven years if a competitor obtains approval before we do for the same product, as defined by the FDA, for the same indication we are seeking approval, or if our such product candidate is determined to be contained within the scope of the competitor's product for the same indication or disease. If we pursue marketing approval for an indication broader than the orphan drug designation we have received, we may not be entitled to orphan drug exclusivity. Orphan drug status in the EU has similar, but not identical, requirements and benefits.

Other Expedited Development and Review Programs

A sponsor may seek to develop and obtain approval of its product candidates under programs designed to accelerate the development, FDA review and approval of product candidates that meet certain criteria. For example, the FDA has a Fast Track program that is intended to expedite or facilitate the process for reviewing new drugs and biologics that are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the condition. Fast Track designation applies to both the product and the specific indication for which it is being studied. For a Fast Track-designated biological product, the FDA may consider sections of the BLA for review on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the application, the FDA agrees to accept sections of the application and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the application. The sponsor can request the FDA to designate the product for Fast Track status any time before receiving BLA approval, but ideally no later than the pre-BLA meeting.

A product submitted to the FDA for marketing authorization, including under a Fast Track program, may be eligible for other types of FDA programs intended to expedite development or review, such as priority review. Priority review means that, for an original BLA, the FDA sets a target date for FDA action on the marketing application at six months after accepting the application for filing as opposed to ten months. A product is eligible for priority review if it is designed to treat a serious or life-threatening disease condition and, if approved, would provide a significant improvement in safety and effectiveness compared to available therapies. If criteria are not met for priority review, the application for an original BLA is subject to the standard FDA review period of ten months after FDA accepts the application for filing. Priority review designation does not change the scientific/medical standard for approval or the quality of evidence necessary to support approval.

Additionally, a biologic may be eligible for designation as a breakthrough therapy if the product candidate is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product candidate may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. If the FDA designates a breakthrough therapy, it may take actions appropriate to expedite the development and review of the application, which may include holding meetings with the sponsor and the review team throughout the development of the therapy; providing timely advice to, and interactive communication with, the sponsor regarding the development of the product candidate to ensure that the development program to gather the preclinical and clinical data necessary for approval is as efficient as practicable; assigning a cross-disciplinary project lead for the FDA review team to facilitate an efficient review of the development program and to serve as a scientific liaison between the review team and the sponsor; and considering alternative clinical trial designs when scientifically appropriate, which may result in smaller trials or more efficient trials that require less time to complete and may minimize the number of patients exposed to a potentially less efficacious treatment. Breakthrough therapy designation comes with the benefits of Fast Track designation, which means that the sponsor may file sections of the BLA for review on a rolling basis if certain conditions described above are satisfied.

Even if a product candidate qualifies for one or more of these programs, the FDA may later decide that the product candidate no longer meets the conditions for qualification or the time period for FDA review or approval may not be shortened. Furthermore, Fast Track designation, priority review, and breakthrough therapy designation do not change the standards for approval.

Pediatric Information and Pediatric Exclusivity

Under the Pediatric Research Equity Act (PREA), certain BLAs and certain supplements to a BLA must contain data to assess the safety and efficacy of the product candidate for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product candidate is safe and effective. The FDA may grant deferrals for submission of pediatric data or full or partial waivers. A sponsor who is planning to submit a marketing application for a biologic that includes a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration must submit an initial Pediatric Study Plan (PSP), within 60 days of an end-of-Phase 2 meeting or, if there is no such meeting, as early as practicable before the initiation of the Phase 3 or Phase 2/3 trial. The initial PSP must include an outline of the pediatric trial or studies that the sponsor plans to conduct, including trial objectives and design, age groups, relevant endpoints and statistical approach, or a justification for not including such detailed information, and any request for a deferral of pediatric assessments or a full or partial waiver of the requirement to provide data from pediatric studies along with supporting information. The FDA and the sponsor must reach an agreement on the PSP. A sponsor can submit amendments to an agreed-upon initial PSP at any time if changes to the pediatric plan need to be considered based on data collected from preclinical studies, early phase clinical trials and other clinical development programs.

A biologic product can also obtain pediatric market exclusivity in the United States. Pediatric exclusivity, if granted, adds six months to existing exclusivity periods and patent terms. This six-month exclusivity, which runs

from the end of other exclusivity protection or patent term, may be granted based on the voluntary completion of a pediatric study in accordance with an FDA-issued "Written Request" for such a study.

Post-Marketing Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse experiences, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as "off-label use") and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the product, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new BLA or BLA supplement, which may require the development of additional data or preclinical studies and clinical trials.

The FDA may also place other conditions on approvals including the requirement for a Risk Evaluation and Mitigation Strategy (REMS), to assure the safe use of the product. If the FDA concludes a REMS is needed, the FDA will not approve the BLA without the sponsor's submission of a proposed REMS, and FDA approval thereof. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

FDA regulations require that products be manufactured in specific approved facilities and in accordance with cGMP regulations. We rely, and expect to continue to rely, on third parties for the production of clinical and commercial quantities of our products in accordance with cGMP regulations. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP. Manufacturers and other entities involved in the manufacture and distribution of approved biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Manufacturers and other parties involved in the drug supply chain for prescription drug products must also comply with product tracking and tracing requirements and for notifying the FDA of counterfeit, diverted, stolen and intentionally adulterated products or products that are otherwise unfit for distribution in the United States. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in enforcement actions, and the discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved BLA, including recall.

Once an approval is granted, the FDA may issue enforcement letters or revoke the approval of the product if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Corrective action could delay product distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-

market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among others:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of product approvals; product seizure or detention, or refusal to permit the import or export of product; or
- injunctions or the imposition of civil or criminal penalties.

Biosimilars and Exclusivity

Our product candidates, including izokibep and lonigutamab, are regulated as biologics. An abbreviated approval pathway for biological products shown to be similar to, or interchangeable with, an FDA-licensed reference biological product was created by the Biologics Price Competition and Innovation Act of 2009, as part of the Affordable Care Act. This amendment to the PHSA, in part, attempts to minimize duplicative testing. Biosimilarity, which requires that the biological product be highly similar to the reference product notwithstanding minor differences in clinically inactive components and that there be no clinically meaningful differences between the product and the reference product in terms of safety, purity and potency, can be shown through analytical studies, animal studies and a clinical trial or trials. Interchangeability requires that a biological product be biosimilar to the reference product and that the product can be expected to produce the same clinical results as the reference product in any given patient and, for products administered multiple times to an individual, that the product and the reference product may be alternated or switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biological product without such alternation or switch.

The FDA will not accept an application for a biosimilar or interchangeable product based on the reference biological product until four years after the date of first licensure of the reference product, and the FDA will not approve an application for a biosimilar or interchangeable product based on the reference biological product until twelve years after the date of first licensure of the reference product. “First licensure” typically means the initial date the particular product at issue was licensed in the United States. Date of first licensure does not include the date of licensure of (and a new period of exclusivity is not available for) a biological product if the licensure is for a supplement for the biological product or for a subsequent application by the same sponsor or manufacturer of the biological product (or licensor, predecessor in interest, or other related entity) for a change (not including a modification to the structure of the biological product) that results in a new indication, route of administration, dosing schedule, dosage form, delivery system, delivery device or strength, or for a modification to the structure of the biological product that does not result in a change in safety, purity, or potency. Therefore, one must determine whether a new product includes a modification to the structure of a previously licensed product that results in a change in safety, purity, or potency to assess whether the licensure of the new product is a first licensure that triggers its own period of exclusivity. Whether a subsequent application, if approved, warrants exclusivity as the “first licensure” of a biological product is determined on a case-by-case basis with data submitted by the sponsor.

Other United States Healthcare Laws

Healthcare providers and third-party payors in the United States and elsewhere play a primary role in the recommendation and prescription of pharmaceutical products. Arrangements with third-party payors and customers can expose pharmaceutical supply to broadly applicable fraud and abuse and other healthcare laws and regulations, including, without limitation:

- The federal Anti-Kickback Statute, which prohibits, among other things, knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe, or rebate),

directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, either the referral of an individual, or the purchase, lease, order or recommendation of any good, facility, item or service for which payment may be made, in whole or in part, under the Medicare and Medicaid programs, or other federal healthcare programs. A person or entity can be found guilty of violating the statute without actual knowledge of the statute or specific intent to violate it. In addition, the government may assert 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 False Claims Act (FCA). The Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers, and formulary managers on the other. There are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution, but such exceptions and safe harbors are drawn narrowly and require strict compliance in order to offer protection;

- The federal civil and criminal false claims laws, including the FCA, and civil monetary penalty laws, which prohibit any person or entity from, among other things, knowingly presenting, or causing to be presented, a false, fictitious or fraudulent claim for payment to, or approval by, the federal government or knowingly making, using or causing to be made or used a false record or statement, including providing inaccurate billing or coding information to customers or promoting a product off-label, material to a false or fraudulent claim to the federal government. A claim includes "any request or demand" for money or property presented to the federal government. In addition, manufacturers can be held liable under the FCA even when they do not submit claims directly to government payors if they are deemed to "cause" the submission of false or fraudulent claims. The FCA also permits a private individual acting as a "whistleblower" to bring actions on behalf of the federal government alleging violations of the FCA and to share in any monetary recovery;
- The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), which created federal criminal statutes that prohibit, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters. Similar to the federal Anti-Kickback Statute, a person or entity can be found guilty of violating HIPAA without actual knowledge of the statute or specific intent to violate it;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH), and their respective implementing regulations, which impose, among other things, specified requirements relating to the privacy, security and transmission of individually identifiable health information held by covered entities and their business associates as well as their covered subcontractors. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions;
- The federal legislation commonly referred to as the Physician Payments Sunshine Act, created under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively, the ACA), and its implementing regulations, which requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report annually to the Centers for Medicare & Medicaid Services, (CMS), information related to payments or other transfers of value made to physicians (defined to include doctors, dentists, optometrists, podiatrists, and chiropractors) and certain other practitioners, including physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, and certified nurse midwives, and

teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members.

- Federal government price reporting laws, which require us to calculate and report complex pricing metrics in an accurate and timely manner to government programs;
- Analogous state laws and regulations, including: state anti-kickback and false claims laws, which may apply to our business practices, including, but not limited to, research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by any third-party payor, including private insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the U.S. federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state and local laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; state laws that require the reporting of information related to drug pricing; state and local laws requiring the registration of pharmaceutical sales representatives; and state laws governing the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts; and
- The distribution of pharmaceutical products is subject to additional requirements and regulations, including extensive record-keeping, licensing, storage and security requirements intended to prevent the unauthorized sale of pharmaceutical products.

The failure to comply with any of these laws or regulatory requirements subjects companies to possible legal or regulatory action. Depending on the circumstances, failure to meet applicable regulatory requirements can result in significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, possible exclusion from participation in federal and state funded healthcare programs, contractual damages and the curtailment or restricting of our operations, as well as additional reporting obligations and oversight if a company becomes subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws. Any action for violation of these laws, even if successfully defended, could cause a pharmaceutical company to incur significant legal expenses and divert management's attention from the operation of the business.

Health Reform

In the United States, there have been and continue to be a number of legislative initiatives to contain healthcare costs. For example, in March 2010, the ACA was passed, which substantially changed the way healthcare is financed by both governmental and private insurers, and continues to significantly impact the U.S. pharmaceutical industry.

Since its enactment, there have been judicial, congressional and executive challenges to the ACA. In addition, there have been a number of health reform initiatives by the Biden administration that have impacted the ACA. For example, on August 16, 2022, President Biden signed the Inflation Reduction Act (the IRA) into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost through a newly established manufacturer discount program. It is unclear how the healthcare reform initiatives of the Biden administration or other efforts, if any, to challenge, repeal or replace the ACA will impact the pharmaceutical industry and our business.

Additionally, there has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. presidential executive orders, congressional inquiries and proposed and enacted federal and state legislation designed to, among other things,

bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. For example, in July 2021, the Biden administration released an executive order, "Promoting Competition in the American Economy," with multiple provisions aimed at prescription drugs. In response to Biden's executive order, on September 9, 2021, the U.S. Department of Health and Human Services (HHS) released a Comprehensive Plan for Addressing High Drug Prices that outlines principles for drug pricing reform and sets out a variety of potential legislative policies that Congress could pursue as well as potential administrative actions HHS can take to advance these principles. In addition, the IRA, among other things, (1) directs HHS to negotiate the price of certain single-source drugs and biologics covered under Medicare and (2) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. These provisions take effect progressively starting in fiscal year 2023, although they may be subject to legal challenges. Further, the Biden administration released an additional executive order on October 14, 2022, directing HHS to submit a report on how the Center for Medicare and Medicaid Innovation can be further leveraged to test new models for lowering drug costs for Medicare and Medicaid beneficiaries.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce the ultimate demand for a particular product or put pressure on product pricing, which could negatively affect a company's business, financial condition, results of operations and prospects.

Coverage and Reimbursement

Sales of our products, when and if approved, will depend, in part, on the extent to which our products will be covered by third-party payors, such as federal, state, and foreign government health programs, commercial insurance and managed healthcare organizations. In the United States, no uniform policy of coverage and reimbursement for drug or biological products exists, and coverage and reimbursement can differ significantly from payor to payor. Accordingly, decisions for any of our products, if approved, will be made on a payor-by-payor basis, and factors payors consider in determining the extent of coverage and amount of reimbursement are based on whether the product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.
- In the United States, for example, principal decisions about reimbursement for new products are typically made by CMS, which decides whether and to what extent a new product will be covered and reimbursed under Medicare. Private third-party payors often follow CMS's decisions regarding coverage and reimbursement to a substantial degree. However, one third-party payor's determination to provide coverage for a product does not assure that other payors will also provide coverage for the product As a result, coverage determination is often a time-consuming and costly process that will require a company to provide scientific and clinical support for the use of its products to each payor separately, with no assurance that coverage and adequate reimbursement will be obtained.

The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid health care costs, including price-controls, restrictions on reimbursement and requirements for substitution of biosimilars for branded

prescription drugs. Adoption of general controls and measures, coupled with the tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for pharmaceutical drugs.

Assuming coverage is obtained for a given product by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. Further, coverage policies and third-party payor reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained, less favorable coverage policies and reimbursement rates may be implemented in the future. Patients who are prescribed medications for the treatment of their conditions, and their prescribing physicians, generally rely on third-party payors to reimburse all or part of the costs associated with their prescription drugs. Patients are unlikely to use products unless coverage is provided and reimbursement is adequate to cover all or a significant portion of the cost of prescribed products.

In addition, in most foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing and reimbursement vary widely from country to country. For example, the EU provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. Historically, products launched in the EU do not follow price structures of the United States and generally prices tend to be substantially lower.

Competition

The biopharma industry is characterized by intense competition and rapid innovation. Our potential competitors include large pharmaceutical and biotechnology companies, specialty pharmaceutical companies and generic drug companies. Many of our potential competitors have greater financial and technical human resources than we do, as well as equal or greater experience in the discovery and development of product candidates, obtaining FDA and other regulatory approvals of products, and the commercialization of those products. Accordingly, our potential competitors may be more successful than us in achieving regulatory approvals and commercializing their drugs. We anticipate that we will face intense and increasing competition from existing, approved drugs, as well as new drugs entering the market and emerging technologies that become available. Finally, the development of new treatment methods for the diseases we are targeting could render our product candidates non-competitive or obsolete.

We believe the key competitive factors that will affect the development and commercial success of our product candidates, if approved, will be efficacy, safety, tolerability profile, convenience of dosing, price, and coverage by governmental and third-party payors.

We are currently developing izokibep for the treatment of HS, PsA, AxSpA and uveitis. Many emerging and established life sciences companies have been focused on similar therapeutics. If approved, izokibep would compete with several currently approved therapeutics, including Cosentyx (secukinumab, marketed by Novartis AG), Taltz (ixekizumab, marketed by Eli Lily and Company), Humira (adalimumab, marketed by AbbVie Inc.), Remicade (marketed by Johnson & Johnson, Inc.), Enbrel (marketed by Immunex Corporation, a wholly owned subsidiary of Amgen Inc.), Cimzia (marketed by UCB Group of Companies), Simponi (marketed by Janssen Biotech, Inc.), Tremfya (marketed by Janssen Pharmaceutical Companies of Johnson & Johnson, Inc.), Xeljanz (marketed by Pfizer Inc.), Otezla (marketed by Amgen Inc.) and Orencia (marketed by Bristol-Myers Squibb Company). Izokibep would also compete with generic drugs, such as biosimilar versions of Humira and Cosentyx, including biosimilars marketed by Amgen, Pfizer and others recently approved, as well as several others we anticipate will receive approvals in the near term. There are also a number of product candidates in clinical development by third parties that are intended to treat HS, PsA, AxSpA and uveitis, including DC-806, being developed by DICE Therapeutics, Inc., sonelokimab, being developed by MoonLake Immunotherapeutics AG, povorcitinib, being developed by Incyte Corporation and zunsemetinib, being developed by Aclaris Therapeutics, Inc.

We are also developing lonigutamab for the treatment of TED. Tepezza, marketed by Horizon Therapeutics Public Ltd Co, is the only approved product for use in the treatment of TED in the United States. In addition to Tepezza, other therapies, such as corticosteroids, have been used on an off-label basis to alleviate some of the symptoms of TED. While these other therapies have not proved effective in treating the underlying disease, and carry with them significant side effects, their off-label use could reduce or delay treatment in the addressable patient population for lonigutamab. There are also a number of product candidates in clinical development by third parties that are intended to treat TED, including for instance batoclimab, being developed by Immunovant, Inc., VRDN-001, being developed by Viridian Therapeutics, Inc. and linsitinib, being developed by Sling Therapeutics, Inc.

In addition to our clinical-stage programs, we are also developing SLRN-517, a preclinical stage anti-c-KIT product candidate, which we are developing for the treatment of chronic urticaria and potentially other mast cell-driven disease indications. Xolair, marketed by Novartis, is the only approved product for use in the treatment of chronic urticaria in the United States. We are aware of competitive, approved therapeutics for other mast cell driven diseases including Fasenra (marketed by AstraZeneca PLC) and Dupixent (marketed by Sanofi S.A.). There are also a number of product candidates in clinical development by third parties for the treatment of chronic urticaria and other mast cell driven diseases, including barzolvolimab, being developed by Celldex Therapeutics, Inc., nemolizumab, being developed by Chugai Pharmaceutical, fenebrutinib, being developed by Genentech, Inc., ligelizumab, being developed by Novartis, and nalbuphine, being developed by Pfizer.

Certain Competitor Data

There are existing and in-development therapies for the treatment of HS and PsA. Select published clinical data from current FDA-approved treatments and certain late-stage candidates in development for treatment in HS and PsA are presented below.

Hidradenitis Suppurativa

Figure 26 below reflects published data on HiSCR response rates at Week 12–16 for the only-approved therapy for treatment of HS, adalimumab (HiSCR50 in 59% with 26% placebo response, HiSCR75 in 35% with 10% placebo response, and HiSCR90 in 17% with 7% placebo response), as well as bimekizumab (HiSCR50 in 57% with 26% placebo response, HiSCR75 in 46% with 10% placebo response, and HiSCR90 in 32% with 0% placebo response), secukinumab (HiSCR50 in 45% with 34% placebo response) and povorcitinib (HiSCR50 in 59% with 31% placebo response and HiSCR75 in 40% with 19% placebo response). Bimekizumab, secukinumab and povorcitinib are not yet approved for treatment of HS.

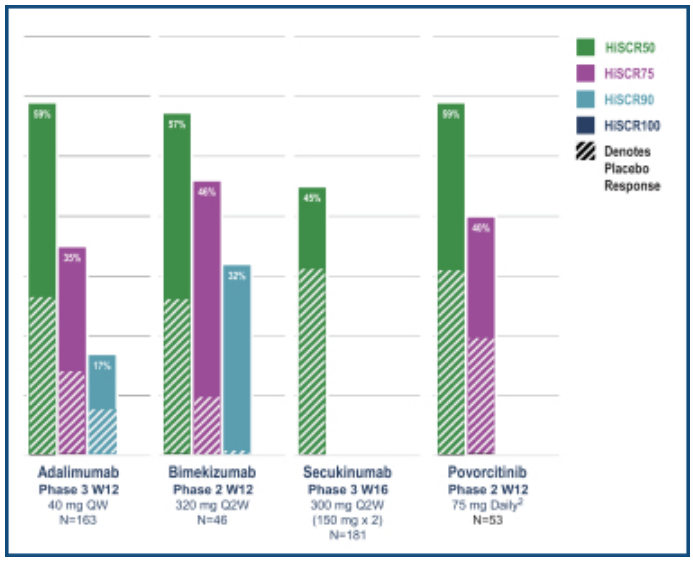


Figure 26. Summary of response rates at Week 12-16 for treatments in HS.

Figure 27 below reflects published data at Week 48-52 in HS for percentage of HiSCR responses in participants for secukinumab (HiSCR50 in 65%), povorcitinib (HiSCR50 in 61%, HiSCR75 in 52%, HiSCR90 in 32% and HiSCR100 in 29%) and bimekizumab (HiSCR50 in 61%, HiSCR75 in 48%), each of which are currently approved for HS.

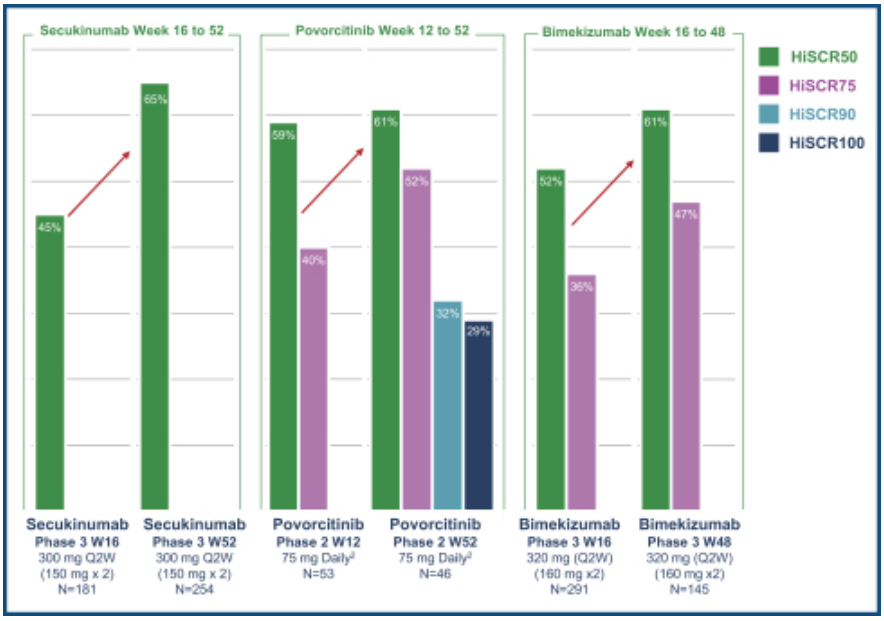


Figure 27. Summary of reported improved response rates from Week 12-16 to Week 48-52 for in-development treatments in HS.

Psoriatic Arthritis

Figure 28 below reflects published data at Week 16 in PsA of ACR and PASI response rates and enthesitis resolution for FDA-approved therapies for treatment of PsA (including adalimumab, ixekizumab, risankizumab, secukinumab, and upadacitinib) and bimekizumab, which is approved in Europe, but not currently approved for PsA in the United States. ACR50 response rates at 16 weeks range from 35-45% based on bimekizumab, secukinumab, ixekizumab, adalimumab, risankizumab and upadacitinib in publications and prescribing information. PASI75 response rates at 16 weeks range from 65-75% based on bimekizumab, secukinumab, ixekizumab, adalimumab, risankizumab and upadacitinib publications and prescribing information. Enthesitis resolution at 16 weeks range from 45-60% based on secukinumab, ixekizumab, adalimumab, risankizumab and upadacitinib publications.

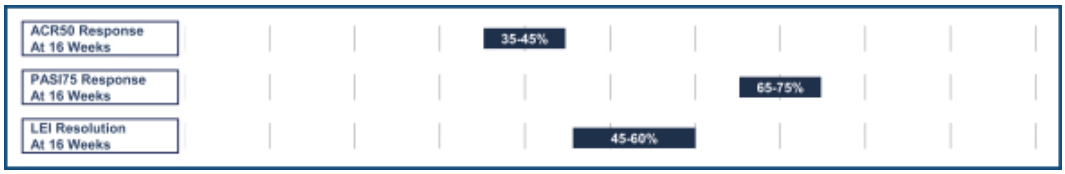


Figure 28. Summary of response rates at Week 16 in PsA.

Figure 29 below reflects published data at approximately one year in PsA of ACR and PASI response rates and enthesitis resolution for FDA-approved therapies for treatment of PsA (including adalimumab, ixekizumab, risankizumab, secukinumab, and upadacitinib) and bimekizumab, which is approved in Europe, but not currently approved for PsA in the United States. ACR50 response rates at about a year range from 40-60% based on bimekizumab, secukinumab, ixekizumab, adalimumab, risankizumab and upadacitinib publications and prescribing information. PASI100 response rates at about a year range from 30-65% based on bimekizumab, secukinumab and ixekizumab publications and prescribing information. Enthesitis resolution rates at about a year ranged from 40-60% based on published studies of enthesitis resolution with secukinumab, ixekizumab, adalimumab, risankizumab and upadacitinib.

Figure 29. Summary of response rates at ~1 year in PsA.

Employees and Human Capital Resources

As of March 15, 2023, we had 51 full-time employees, consisting of clinical, scientific, development, technical operations, regulatory, finance, and operational personnel. None of our employees is subject to a collective bargaining agreement. We consider our relationship with our employees to be good.

We recognize that our continued ability to attract, retain, and motivate exceptional employees is vital to ensuring our long-term competitive advantage. Our employees are critical to our long-term success and are essential to helping us meet our goals. Among other things, we support and incentivize our employees in the following ways:

- Talent development, compensation, and retention: Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and additional employees. The principal purposes of our equity incentive plans are to attract, retain and motivate selected employees, consultants and directors through the granting of stock-based compensation awards.
- Health and safety: We support the health and safety of our employees by providing comprehensive insurance benefits, an employee assistance program, company-paid holidays, a personal time-off program, and other additional benefits which are intended to assist employees to manage their well-being.
- Inclusion and diversity: We are committed to efforts to increase diversity and foster an inclusive work environment that supports our workforce.

Facilities

On January 6, 2023, we entered into an agreement to lease approximately 10,000 square feet of office space located in Agoura Hills, California. The term of the lease is 65 months with an option to extend the term by an additional three-year period. We believe our facilities are adequate and suitable for our current needs and that should it be needed, suitable additional or alternative space will be available to accommodate our operations.

Legal Proceedings

From time to time, we may become involved in material legal proceedings or be subject to claims arising in the ordinary course of our business. We are currently not party to any legal proceedings material to our operations or of which any of our property is the subject, nor are we aware of any such proceedings that are contemplated by a government authority. Regardless of outcome, such proceedings or claims can have an adverse impact on us because of defense and settlement costs, diversion of resources, and other factors, and there can be no assurances that favorable outcomes will be obtained.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors as of April 12, 2023.

Name	Age	Position(s)
Executive Officers:		
Shao-Lee Lin, M.D., Ph.D.	56	Founder, Chief Executive Officer and Director
Mardi C. Dier	59	Chief Financial Officer and Chief Business Officer
Melanie Gloria	45	Chief Operating Officer
Mina Kim	49	Chief Legal and Administrative Officer
Ron Oyston	53	Chief People Officer
Paul M. Peloso, M.D.	65	Chief Medical Officer
Non-Employee Directors:		
Bruce C. Cozadd(1)(2)	59	Chair and Director
Dan Becker, M.D., Ph.D.(2)	48	Director
Alan Colowick, M.D., M.P.H.(1)	61	Director
Henry O. Gosebruch(1)*(3)	50	Director
Patrick Machado, J.D.(1)(3)*	59	Director
Beth Seidenberg M.D.(2)	66	Director
Dawn Svoronos(2)*(3)	69	Director

(1) Member of the compensation committee.
(2) Member of the nominating and corporate governance committee.
(3) Member of the audit committee.
* Chair of the committee.

Executive Officers

Shao-Lee Lin, M.D., Ph.D. is our Founder, Chief Executive Officer and a member of our board of directors since July 2020. She currently serves as a director of Surrozen, Inc. since January 2021, which is a publicly-traded company, and previously served as a director of Third Harmonic Bio, Inc., a publicly traded company, from September 2020 to January 2023 and Principia Biopharma Inc., a publicly traded company, from April 2019 to September 2020. She is also a trustee of the board of Lake Forest College. From January 2018 to January 2020, Dr. Lin served as the Executive Vice President, Head of Research and Development, and Chief Scientific Officer at Horizon Therapeutics Public Limited Company, which is a biopharmaceutical company. Prior to that, she held multiple positions including at the corporate officer level within AbbVie Inc., which is a biotechnology company, most recently leading Therapeutic Areas, Development Excellence and International Development and initially as Vice President, Global Immunology and Renal Development from March 2015 to December 2017. Prior to AbbVie, Dr. Lin served as Vice President, Inflammation and Respiratory Development at Gilead Sciences Inc. from August 2012 to February 2015 and served in various roles of increasing responsibility at Amgen Inc. from April 2004 to August 2012. Dr. Lin has been faculty as a Clinical Scholar at The Rockefeller University and adjunct faculty at the medical schools of Cornell University, The University of California, Los Angeles (UCLA), Stanford University and Northwestern University. Dr. Lin received an M.D. and Ph.D. from The Johns Hopkins University School of Medicine as a part of the National Institutes of Health-sponsored medical scientist training program and a bachelor's degree in chemical engineering and biochemistry from Rice University. We believe that Dr. Lin's scientific and medical expertise, as well as her industry, academic and

leadership roles, and her knowledge of the Company as founder and Chief Executive Officer, makes her well qualified to serve on our board of directors.

Mardi C. Dier has served as our Chief Financial Officer and Chief Business Officer since November 2022. She currently serves as a director of Synthekine Inc. since May 2021, as a director of Prelude Therapeutics Incorporated, a publicly-traded company, since August 2020 and as a director of ORIC Pharmaceuticals, Inc., a publicly-traded company, since February 2020. Ms. Dier previously served as a director of Adamas Pharmaceuticals, Inc. from August 2017 to May 2021. From October 2020 to November 2022, Ms. Dier was the Chief Financial Officer of Ultragenyx Pharmaceutical Inc., which is a biopharmaceutical company. Prior to that, Ms. Dier served in various positions at Portola Pharmaceuticals, a pharmaceutical company, including as Executive Vice President, Chief Financial Officer and Chief Business Officer from August 2006 to July 2020 through its acquisition by Alexion Pharmaceuticals. Prior to her time at Portola, she served as Vice President of Investor Relations at Chiron Corporation from January 2003 to May 2006 until its acquisition by Novartis AG. From March 1994 to June 2001, she was in the banking group at Prudential Securities, Inc. covering biopharma, and prior to that was in the audit department of KPMG Peat Marwick. Since May 2022, Ms. Dier has served as a member of the board of advisors of the UCLA Anderson School of Management. She received a B.S. in biology from Stanford University and a M.B.A. from the Anderson School at UCLA.

Melanie Gloria has served as our Chief Operating Officer since November 2021. From June 2018 to November 2021, she was the Senior Vice President Development Operations – ClinOps, Compliance & Standards, Regulatory, Safety & PV at Horizon Therapeutics Public Limited Company. From August 2014 through July 2018, Ms. Gloria served as Senior Director of Clinical Program Development at AbbVie Inc. From November 2009 to August 2014, she was Associate Director of Clinical Program Development for Abbott Laboratories. Ms. Gloria received a B.S. in nursing from the University of Illinois, Chicago.

Mina Kim has served as our Chief Legal and Administrative Officer since November 2022. From January 2020 to September 2022, she served as Chief Legal Officer and Head of Corporate Development at Zymergen, Inc., a biotechnology company. Previously, she also served as the Senior Vice President of Corporate Strategy and General Counsel of Atara Biotherapeutics, Inc., a pharmaceutical company, from April 2018 to November 2019. From March 2014 to April 2018, Ms. Kim was the General Counsel of Sunrun Inc., a residential solar energy company, and from September 2007 to March 2014, Ms. Kim was Vice President, Legal for BBAM, LLC. Ms. Kim received a J.D. from Harvard Law School and a B.A. in History from Dartmouth College.

Ron Oyston has served as our Chief People Officer since September 2022. From November 2021 to September 2022, he served as our Senior Vice President and Head of Human Resources. From June 2018 to October 2021, Mr. Oyston held various positions at Horizon Therapeutics plc, including Vice President of HR. Previously, he served as Senior Global Director of Human Resources and Director of Human Resources for Kerry Group plc, a food manufacturing company, from August 2016 to June 2018, Global Director of Human Resources and Director of Human Resources for AbbVie Inc. from January 2013 to July 2016, and as Regional Development Manager and Director of Consulting for Abbott Laboratories between September 2008 to December 2012. Mr. Oyston also worked as a Talent & Business Senior Manager for The Emirates Group between June 2006 to August 2008, and as a Technical Partner for the Royal Bank of Scotland plc from July 2001 to July 2006. Mr. Oyston received a M.B.A. from the University of Edinburgh and holds various qualifications from the Chartered Institute of Personal Development, Chartered Insurance Institute, and the Chartered Institute of Banking covering his experiences in Human Resources and Finance.

Paul M. Peloso, M.D., M.Sc. has served as our Chief Medical Officer since May 2021. From May 2018 to May 2021, he was the Vice President and Therapeutic Area Head, Rheumatology at Horizon Therapeutics Public Limited Company. From December 2013 through May 2018, Dr. Peloso served as the Group Medical Director-Clinical Development at AbbVie Inc. Prior to that, he was the Executive Director of Clinical Research for Merck & Co. Inc. from November 2006 to November 2013. Dr. Peloso received a B.Sc. in chemistry and a B.A. in sociology from McMaster University. In addition, Dr. Peloso received his M.D. from the University of Calgary, and his M.Sc. in clinical epidemiology from the University of Toronto.

Non-Employee Directors

Bruce C. Cozadd has served as a member of our board of directors since March 2022. In January 2023, Mr. Cozadd assumed the role of chair of our board of directors. Mr. Cozadd co-founded Jazz Pharmaceuticals plc and has served as Chairperson and Chief Executive Officer of Jazz Pharmaceuticals plc since April 2009 and from October 2019 through March 2020, he served as the interim principal financial officer of Jazz Pharmaceuticals plc. From 1991 until 2001, he held various positions with ALZA Corporation, a pharmaceutical company acquired by Johnson & Johnson, most recently as Executive Vice President and Chief Operating Officer, with responsibility for research and development, manufacturing and sales and marketing. Previously at ALZA Corporation, he held the roles of Chief Financial Officer and Vice President, Corporate Planning and Analysis. Mr. Cozadd also serves on the board of Biotechnology Innovation Organization, a biotechnology trade association, where he serves on its Health Section Governing Board. He also serves on the boards of two non-profit organizations, The Nueva School and SFJAZZ. Mr. Cozadd previously served on the boards of directors of Cerus Corporation from 2001 to January 2018 and Threshold Pharmaceuticals, Inc. from 2005 to August 2017. He received a B.S. in molecular biophysics & biochemistry and economics from Yale University and an M.B.A. from the Stanford Graduate School of Business. We believe that Mr. Cozadd's education and extensive experience in research and development, manufacturing and sales and marketing makes him an appropriate member of our board of directors.

Dan Becker, M.D., Ph.D. has served as a member of our board of directors since September 2022. He currently serves as a Managing Director at Access Biotechnology, the biopharmaceutical investing arm of Access Industries, a privately held US-based industrial group, since August 2019. Previously, Dr. Becker served as a Principal at New Leaf Venture Partners, a venture capital firm, from January 2015 to May 2019, and a Principal in the Health Care practice at the Boston Consulting Group, from August 2009 to January 2015. Dr. Becker trained clinically in internal medicine and nephrology at Brigham and Women's Hospital and Massachusetts General Hospital, and was a Research Fellow at Harvard Medical School. Since December 2019, Dr. Becker has served on the board of directors of Day One Biopharmaceuticals, Inc. Previously, Dr. Becker served on the boards of directors of Principia Biopharma Inc., a publicly traded company, from January 2017 to September 2020 and Pandion Therapeutics, Inc. from March 2020 to March 2021. He obtained both his M.D. and Ph.D. (Cellular and Molecular Biology) degrees from the University of Michigan, and received his B.S. in Physiology from the University of Illinois at Urbana-Champaign. We believe that Dr. Becker is qualified to serve on our board of directors because of his medical training and expertise in early stage biotech companies.

Alan Colowick, M.D., M.P.H. has served as a member of our board of directors since November 2021. Dr. Colowick has served a managing director at Matrix Capital Management Company, L.P., an investment management firm, since April 2021. From May 2017 to January 2021, Dr. Colowick served as a Partner at Sofinnova Investment, Inc., a clinical stage life sciences venture capital firm. Prior to that, Dr. Colowick held various positions, including Executive Vice President, at Celgene Corporation, a pharmaceutical company, from February 2010 to April 2017. Dr. Colowick served as the Chief Executive Officer of Gloucester Pharmaceuticals Inc., an early-stage cancer pharmaceutical company, from February 2008 until its acquisition by Celgene Corporation in January 2010. From October 2006 to February 2008, Dr. Colowick served as President, Oncology at Geron Corporation (Nasdaq: GERN), a pharmaceutical company. Earlier in his career, Dr. Colowick served as Chief Medical Officer at Threshold Pharmaceuticals Inc., a biotechnology company, and served in various capacities at Amgen Inc. (Nasdaq: AMGN), a biopharmaceutical company. Dr. Colowick currently serves on the board of directors of ReCode Therapeutics, Inc. since June 2022, Alumis Inc. since January 2022, AC Immune SA (Nasdaq: ACIU) since March 2021, Personalis, Inc. (Nasdaq: PSNL) since May 2019, Harpoon Therapeutics, Inc. since March 2021, XyloCor Therapeutics, Inc. since October 2018, and InCarda Therapeutics, Inc. since October 2017. He previously served as executive chair and chair of the board of directors of Principia Biopharma Inc. (acquired by Sanofi in September 2020) from February 2017 to September 2020, the chairman of the board of directors of VelosBio Inc. from September 2018 to December 2020, and a director of Human Longevity, Inc. from June 2016 to June 2019. Dr. Colowick holds an M.D. from Stanford University School of Medicine, an M.P.H. from the Harvard School of Public Health, and a B.S. in Molecular Biology from the University of

Colorado. We believe that Dr. Colowick's extensive professional experience, as well as financial understanding of the biotechnology industry, provide him with the qualifications and skills to serve on our board of directors.

Henry O. Gosebruch has served as a member of our board of directors since March 2023. Mr. Gosebruch served as executive vice president and chief strategy officer at AbbVie Inc., a global biopharmaceutical company, from December 2015 to February 2023. As a member of AbbVie's Executive Team, he was responsible for corporate strategy, business development and acquisitions, search and evaluation, alliance management, and the company's corporate strategic venture capital arm, AbbVie Ventures. Prior to joining AbbVie, Mr. Gosebruch spent more than 20 years as a member of J.P. Morgan's North American M&A Group, most recently as its co-head. Mr. Gosebruch currently serves as a member of the board of directors of Aptinyx, Inc. where he serves on the Science and Medicine Committee, Audit Committee, and Management Compensation & Development Committee, and is a member of the Advisory Board for the Life Sciences & Management Program at the University of Pennsylvania. Mr. Gosebruch received a BSE in Finance from the Wharton School at the University of Pennsylvania, and is a Certified Public Accountant (CPA) in Illinois. We believe Mr. Gosebruch's experience in the pharmaceutical industry makes him well qualified to serve as a member of our board of directors.

Patrick Machado, J.D. has served as a member of our board of directors since May 2021. Mr. Machado was a co-founder of Medivation, Inc., a biopharmaceutical company, and served as its chief business officer from December 2009 to April 2014 and as its chief financial officer from December 2004 until his retirement in March 2014. From 1998 to 2001, Mr. Machado worked with ProDuct Health, Inc., a medical device company, as senior vice president, chief financial officer and earlier as general counsel. Upon ProDuct Health Inc.'s acquisition by Cytyc Corporation, a diagnostic and medical device company, he served as a consultant to Cytyc Corporation to assist with transitional matters from 2001 to 2002. Earlier in his career, Mr. Machado worked for Morrison & Foerster LLP, an international law firm, and for the Massachusetts Supreme Judicial Court. Mr. Machado also serves as chair of the board of directors of Adverum Biotechnologies, Inc., a publicly traded company, since March 2017 and as a member of the board of directors of Arcus Biosciences, Inc., a publicly traded company, since December 2019, Chimerix, Inc., a publicly traded company, since June 2014, Xenon Pharmaceuticals, Inc., a publicly traded company, since November 2020, and Turnstone Biologics Inc. since August 2018. Mr. Machado previously served on the board of directors of public traded companies such as Turning Point Therapeutics, Inc. from May 2019 to September 2022, Endocyte, Inc. from February 2018 to December 2018, Axovant Sciences, Inc. from June 2017 to February 2018, SCYNEXIS, Inc. from September 2015 to June 2019, Medivation, Inc. from April 2014 to September 2016; Inotek Pharmaceuticals Corporation (now Rocket Pharmaceuticals, Inc.) from August 2016 to January 2018 and Principia Biopharma Inc. from June 2019 to September 2020; and on the board of directors of privately held companies such as Roivant Sciences, Ltd. from October 2016 to June 2022, and Therachon AG from January 2019 to July 2019. He received a J.D. from Harvard Law School and a B.A. in German and a B.S. in Economics from Santa Clara University. We believe that Mr. Machado's extensive experience dealing with the operational and financial issues of biopharmaceutical companies provide him with the qualifications and skills to serve on our board of directors.

Beth Seidenberg, M.D. has served as a member of our board of directors since October 2020. Dr. Seidenberg is the managing director of Westlake Village BioPartners, a venture capital firm that focuses on life sciences that she founded in September 2018. Dr. Seidenberg is also a General Partner at Kleiner Perkins Caufield & Byers, a venture capital firm, where she has primarily focused on life sciences investing since May 2005. Dr. Seidenberg was previously the Senior Vice President, Global Development and Chief Medical Officer at Amgen, Inc., a biotechnology company from 2002 to 2005. In addition, Dr. Seidenberg was a senior executive in research and development at Bristol Myers Squibb Company, a biopharmaceutical company, from March 2000 to January 2022 and held various roles at Merck & Co. Inc. from June 1989 to February 2000, including as a senior executive in research and development. Dr. Seidenberg has served on the board of directors of publicly traded companies, including Progyny, Inc., since May 2010, Atara Biotherapeutics, Inc. since August 2012, and Vera Therapeutics, Inc. since June 2016. Dr. Seidenberg formerly served on the board of directors of TESARO, Inc., a publicly traded company, from June 2011 to February 2018, RAPT Therapeutics, Inc, from April 2015 to

June 2019, ARMO BioScience Inc. from December 2012 to June 2018, and Epizyme, Inc. from February 2008 to September 2019. Dr. Seidenberg holds a B.S. from Barnard College and an M.D. from the University of Miami School of Medicine and completed her post-graduate training at The Johns Hopkins University, George Washington University and the National Institutes of Health. We believe that Dr. Seidenberg is qualified to serve on our board of directors due to her extensive experience in the life sciences industry as a senior executive and venture capitalist, as well as her training as a physician.

Dawn Svoronos has served as a member of our board of directors since December 2022. Ms. Svoronos sits on the board of directors of several publicly-traded biopharmaceutical companies, including Adverum Biotechnologies since December 2020, Xenon Pharmaceuticals Inc. since September 2016, and Theratechnologies Inc. since May 2013, where she is currently the chair of its board of directors. Since January 2015, she has served as a director of AgNovos Healthcare LLC. Ms. Svoronos previously served as a director of PTC Therapeutics, Inc. from June 2016 to December 2022, Global Blood Therapeutics, Inc. from December 2018 to October 2022, Endocyte, Inc. from May 2018 to December 2018, and Medivation Inc. from April 2013 to September 2016. Ms. Svoronos retired in 2011 from Merck & Co., Inc. following a 23-year career in commercial positions of increasing seniority, most recently as President of Europe and Canada. Her previously held positions with Merck include Vice President of Asia Pacific and Vice President of Global Marketing for the Arthritis, Analgesics and Osteoporosis franchise. Ms. Svoronos received a B.A. in English and French Literature from Carleton University. We believe that Ms. Svoronos is qualified to serve as a director because of her experience in commercialization of pharmaceutical products and her senior management experience in the pharmaceutical industry.

Composition of Our Board of Directors

Our business and affairs are organized under the direction of our board of directors, which currently consists of seven members with no vacancies. The primary responsibilities of our board of directors are to provide oversight, strategic guidance, counseling and direction to our management. Our board of directors meets on a regular basis and additionally as required.

Certain members of our board of directors were elected under the provisions of our Amended and Restated Voting Agreement entered into in September 2022 (the Voting Agreement), which will terminate upon the closing of this offering. Under the terms of our Voting Agreement, the stockholders who are party to the Voting Agreement have agreed to vote their respective shares to elect: (i) one director designated by Westlake BioPartners Fund II, L.P., currently Beth Seidenberg; (ii) one director designated by AyurMaya Capital Management Fund, L.P. (Matrix), currently Alan Colowick; (iii) one director designated by AI ACEL LLC, currently Dan Becker; (iv) our Chief Executive Officer, Shao-Lee Lin, M.D., Ph.D.; (v) four directors who are industry representatives, not otherwise our affiliate or employee or of any of our investors, and mutually acceptable to the other members of the board of directors, currently Dawn Svoronos, Henry Gosebruch, Patrick Machado and our Chair, Bruce Cozadd. The Voting Agreement will terminate upon the closing of this offering, at which point no stockholder will have any special rights regarding the election or designation of the members of our board of directors. Our current directors elected to our board of directors pursuant to the Voting Agreement will continue to serve as directors until a successor is duly elected and qualified, or until his or her earlier resignation or removal.

Our board of directors may establish the authorized number of directors from time to time by resolution. In accordance with our amended and restated certificate of incorporation to be filed in connection with this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- the Class I directors will be Alan Colowick, Patrick Machado and Beth Seidenberg, and their terms will expire at the annual meeting of stockholders to be held in 2024;

- the Class II directors will be Dan Becker, Bruce Cozadd and Dawn Svoronos, and their terms will expire at the annual meeting of stockholders to be held in 2025; and
- the Class III directors will be Henry Gosebruch and Shao-Lee Lin, and their terms will expire at the annual meeting of stockholders to be held in 2026.

The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Director Independence

Under the Nasdaq Listing Rules independent directors must comprise a majority of our board of directors as a listed company within one year of the listing date.

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning her or his background, employment and affiliations, including family relationships, our board of directors has determined that none of our directors, other than Dr. Lin, has any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the Nasdaq Listing Rules. Our board of directors has determined that Dr. Lin, by virtue of her position as our Chief Executive Officer, is not independent under applicable rules and regulations of the SEC and the Nasdaq Listing Rules. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our shares by each non-employee director and the transactions described in the section titled "Certain Relationships and Related Person Transactions."

Committees of Our Board of Directors

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Each committee intends to adopt a written charter that satisfies the application rules and regulation of the SEC and the Nasdaq Listing Rules, which we will post to our website at www.acelyrin.com upon the closing of this offering. Our board of directors may establish other committees as it deems necessary or appropriate from time to time. Information contained on, or accessible through, our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is only an inactive textual reference.

Audit Committee

Our audit committee currently consists of Patrick Machado, Henry Gosebruch and Dawn Svoronos, each of whom our board of directors has determined satisfies the independence requirements under the Nasdaq Listing Rules and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended (Exchange Act). The chair of our audit committee is Patrick Machado. Our board of directors has determined that each of Messrs. Machado and Gosebruch is an "audit committee financial expert" within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, the board of directors has examined each audit committee member's scope of experience and the nature of their employment in the corporate finance sector.

The primary purpose of the audit committee is to discharge the responsibilities of our board of directors with respect to our corporate accounting and financial reporting processes, systems of internal control and

financial-statement audits, and to oversee our independent registered accounting firm. Specific responsibilities of our audit committee include:

- helping our board of directors oversee our corporate accounting and financial reporting processes;
- managing the selection, engagement, qualifications, independence and performance of a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing and overseeing related person transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually, that describes our internal quality control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law; and
- approving, or, as permitted, pre-approving, audit and permissible non-audit services to be performed by the independent registered public accounting firm.

Compensation Committee

Our compensation committee currently consists of Henry Gosebruch, Alan Colowick, Bruce Cozadd and Patrick Machado. The chair of our compensation committee is Henry Gosebruch. Our board of directors has determined that each member of our compensation committee is independent under the Nasdaq Listing Rules.

The primary purpose of our compensation committee is to discharge the responsibilities of our board of directors in overseeing our compensation policies, plans and programs and to review and determine the compensation to be paid to our executive officers and directors. Specific responsibilities of our compensation committee include:

- reviewing and recommending to our board the compensation of our chief executive officer;
- reviewing and approving the compensation of our executive officers, other than our chief executive officer;
- reviewing and recommending to our board of directors the compensation paid to our directors;
- administering our equity incentive plans and other benefit programs;
- reviewing, adopting, amending and terminating, incentive compensation and equity plans, severance agreements, profit sharing plans, bonus plans, change-of-control protections and any other compensatory arrangements for our executive officers;
- reviewing, evaluating and recommending to our board of directors succession plans for our executive officers; and
- reviewing and establishing general policies relating to compensation and benefits of our employees, including our overall compensation strategy, including base salary, incentive compensation and equity-based grants, to assure that they promote stockholder interests and support our strategic objectives, and that they provide for appropriate rewards and incentives for our management and employees.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Dawn Svoronos, Dan Becker, Bruce Cozadd and Beth Seidenberg. The chair of our nominating and corporate governance committee is Dawn Svoronos. Our board of directors has determined that each member of the nominating and corporate governance committee is independent under the Nasdaq Listing Rules.

Specific responsibilities of our nominating and corporate governance committee include:

- identifying and evaluating candidates, including the nomination of incumbent directors for reelection and nominees recommended by stockholders, to serve on our board of directors;
- considering and making recommendations to our board of directors regarding the composition and chairmanship of the committees of our board of directors;
- instituting plans or programs for the continuing education of our board of directors and orientation of new directors;
- developing and making recommendations to our board of directors regarding corporate governance guidelines and matters; and
- overseeing periodic evaluations of the board of directors' performance.

Code of Business Conduct and Ethics

In connection with this offering, we intend to adopt a written Code of Business Conduct and Ethics that applies to all our employees, officers and directors. This includes our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. The full text of our Code of Business Conduct and Ethics will be posted on our website at www.acelyrin.com upon the closing of this offering. We intend to disclose on our website any future amendments of our Code of Business Conduct and Ethics or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions or our directors from provisions in the Code of Business Conduct and Ethics.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee is currently, or has been at any time, one of our executive officers or employees. None of our executive officers currently serves, or has served during the last completed fiscal year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Non-Employee Director Compensation

The following table presents the compensation awarded to or earned by or paid to all individuals who served as non-employee directors during the year ended December 31, 2022.

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)(2)	Total ($)
Bruce C. Cozadd(3)	42,407	594,271	636,678
Dan Becker, M.D., Ph.D.(4)	—	—	—
Alan Colowick, M.D., M.P.H.	—	—	—
Richard Gaster, M.D., Ph.D.(5)	—	—	—
Sean Harper, M.D.(6)	—	—	—
Patrick Machado J.D.	34,000	656,607	690,607
Beth Seidenberg, M.D.	—	—	—
Dawn Svoronos(7)	2,833	731,823	734,656

(1) Amounts reflect the full grant-date fair value of stock options granted during 2022 computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 718, rather than the amounts paid to or realized by the non-employee director. See Notes 2 and 7 to our financial statements included elsewhere in this prospectus for a discussion of the assumptions used in the calculation.

(2) As of December 31, 2022, the aggregate number of shares underlying outstanding options to purchase shares of our common stock held by our non-employee directors were: Mr. Cozadd, 361,732; Mr. Machado, 306,549; and Ms. Svoronos, 306,549. None of our other non-employee directors held options to purchase shares of our common stock as of December 31, 2022. None of our non-employee directors held other unvested stock awards as of December 31, 2022.

(3) Mr. Cozadd joined our board of directors on March 7, 2022.
(4) Dr. Becker joined our board of directors on September 9, 2022.
(5) Dr. Gaster resigned from our board of directors on December 1, 2022.
(6) Dr. Harper resigned from our board of directors on October 21, 2022.
(7) Ms. Svoronos joined our board of directors on December 1, 2022.

Drs. Becker, Colowick, Gaster, Harper and Seidenberg were not compensated for their service on our board of directors during the year ended December 31, 2022. Dr. Lin also served on our board of directors during the year ended December 31, 2022, but did not receive any additional compensation for her service as a director. See the section titled "Executive Compensation" for more information regarding the compensation earned by Dr. Lin. The above table also does not include Robert Carey, who served as a member of our board of directors until his resignation on April 18, 2022. During his term of office as a director, Mr. Carey also served as an executive officer (and is not a named executive officer) and did not receive any additional compensation for his service as a director.

Pursuant to our current compensation arrangements, Mr. Cozadd was entitled to an annual stipend of $50,000 for his board service and each of Mr. Machado and Ms. Svoronos are entitled to an annual stipend of $34,000, prorated for their respective terms of service, paid on a quarterly basis. In addition, in March 2022, Mr. Cozadd was granted an option to purchase 361,732 shares of our common stock, with an exercise price of $2.05 per share, that vests in 48 equal monthly installments subject to Mr. Cozadd's continued service with us. In July 2021, Mr. Machado was granted an option to purchase 80,000 shares of our common stock with an exercise price of $0.3896 per share, that vests in 48 equal monthly installments subject to Mr. Machado's continued service with us. In November 2022, Mr. Machado was granted an additional option to purchase 226,549 shares of our common stock, with an exercise price of $2.98 per share, that vests in 48 equal monthly installments subject to Mr. Machado's continued service with us. In December 2022, Ms. Svoronos was granted an option to purchase 306,549 shares of our common stock with an exercise price of $2.98 per share, that vests in 48 equal monthly installments subject to Ms. Svoronos' continued service with us.

Outstanding equity awards held by our non-employee directors are subject to the terms of our 2020 Plan, as described in the section titled "Executive Compensation—Equity Benefit Plans—2020 Stock Option and Grant Plan."

We have reimbursed and will continue to reimburse all of our non-employee directors for their reasonable out of pocket expenses incurred in attending board of directors and committee meetings.

We intend to adopt a non-employee director compensation policy, pursuant to which our non-employee directors will be eligible to receive compensation for service on our board of directors and committees of our board of directors, to be effective following the completion of this offering.

EXECUTIVE COMPENSATION

Our named executive officers for the year ended December 31, 2022 were:

- Shao-Lee Lin, M.D., Ph.D., Founder, Chief Executive Officer and Director;
- Mardi C. Dier, Chief Financial Officer and Chief Business Officer; and
- Melanie Gloria, Chief Operating Officer.

Summary Compensation Table

The following table presents the compensation awarded to or earned by or paid to our named executive officers during the year ended December 31, 2022.

Name and Principal Position	Fiscal Year	Salary ($)	Stock Awards ($)[1]	Option Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)[3]	All Other Compensation ($)	Total ($)
Shao-Lee Lin, M.D., Ph.D.							
Founder, Chief Executive Officer and Director	2022	516,375	1,305,130	—	329,871	—	2,151,376
Mardi C. Dier[4]							
Chief Financial Officer and Chief Business Officer	2022	64,394	—	3,198,592	28,623	—	3,291,609
Melanie Gloria							
Chief Operating Officer	2022	455,625	—	1,961,602	211,680	5,276[5]	2,634,183

(1) The amount reflects the grant-date fair value of vested stock awards for 636,649 shares of our common stock, which were fully vested on the grant date. In addition, in March 2022 and November 2022, Dr. Lin was granted awards of 542,598 RSUs and 820,414 RSUs, respectively, which vest upon the satisfaction of both (i) a service-based vesting condition and (ii) a liquidity-based vesting condition. The liquidity-based vesting condition for such RSUs is the occurrence of a Liquidity Event, defined as the first to occur of: (a) a Sale Event (as defined in our 2020 Plan) (b) the completion of this offering or (c) the direct listing or direct placement of our equity securities in a publicly traded exchange. The service-based vesting condition will be satisfied as to 25% of the shares underlying the RSUs upon completion of one year of service measured from the vesting start date, and thereafter an additional 1/12th of the total number of shares underlying the RSUs will vest in quarterly installments, subject to continued service through each such vesting date described in the subsection titled "—Narrative to the Summary Compensation Table—Equity-Based Incentive Awards" below. In November 2022, Dr. Lin was granted an additional award of 820,414 RSUs, which fully vests upon the occurrence of a Liquidity Event. Any unvested RSUs expire on the seven year anniversary of the grant date. In accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 718, no grant date value was recognized for such RSUs because the Liquidity Event condition was not determined to be probable on the grant date. Assuming the Liquidity Event condition was met, the grant-date fair value of the RSUs granted to Dr. Lin would have been $6,001,993. All of the stock awards were granted under the 2020 Plan, the terms of which plan are described in the subsection titled "—Equity Benefit Plans—2020 Stock Option and Grant Plan."

(2) Amounts reflect the aggregate grant-date fair value of options awards granted during 2022 computed in accordance with FASB ASC Topic 718, rather than the actual economic value that may be realized by the named executive officer. See Notes 2 and 7 to our financial statements included elsewhere in this prospectus for a discussion of the assumptions used in the calculation. All of the option stock awards were granted under the 2020 Plan, the terms of which plan are described in the subsection titled "—Equity Benefit Plans—2020 Stock Option and Grant Plan" below.

(3) The amounts disclosed represent performance bonuses earned in 2022 and paid in February 2023. Ms. Dier's bonus was prorated to reflect her partial year of service. For more information, see the description of the annual performance bonuses in the subsection titled "—Narrative to the Summary Compensation Table—Annual Performance Bonus Opportunity" below.

(4) The amounts stated reflect the prorated portion of Ms. Dier's annual base salary from the commencement of her employment as our Chief Financial Officer and Chief Business Officer in November 2022. Ms. Dier's bonus was determined based on her prorated base salary for the year ended December 31, 2022.

(5) Amount shown represents 401(k) matching contributions.

Narrative to the Summary Compensation Table

Historically, our board of directors was responsible for overseeing all aspects of our executive compensation programs. In making compensation determinations, we consider compensation for comparable positions in the

market, the historical compensation levels of our executives, individual performance as compared to our expectations and objectives, our desire to motivate our employees to achieve short- and long-term results that are in the best interests of our stockholders and a long-term commitment to our company.

Our board of directors has determined our executive officers' compensation and has typically reviewed and discussed management's proposed compensation with our chief executive officer for all executives other than our chief executive officer. Based on those discussions and its discretion, our board of directors then approved the compensation of each executive officer.

Annual Base Salary

Base salaries for our executive officers are initially established through arm's-length negotiations at the time of the executive officer's hiring, taking into account such executive officer's qualifications, experience, the scope of such executive officer's responsibilities and competitive market compensation paid by other companies for similar positions within the industry and geography. Base salaries are reviewed periodically, and adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities, performance and experience.

The 2022 annual base salaries for our named executive officers are set forth in the table below.

Name	2022 Base Salary ($)
Shao-Lee Lin, M.D., Ph.D.(1)	535,500
Mardi C. Dier(2)	500,000
Melanie Gloria(3)	472,500

(1) Dr. Lin's base salary increased from $510,000 to $535,500, effective October 1, 2022.
(2) The amount stated in the Summary Compensation Table above reflects the prorated portion of Ms. Dier's annual base salary from the commencement of her employment as our Chief Financial Officer and Chief Business Officer in November 2022.
(3) Ms. Gloria's base salary increased from $450,000 to $472,500, effective October 1, 2022.

Annual Performance Bonus Opportunity

Our executive officers are eligible to earn an annual incentive bonus of up to a percentage of such executive officer's annual base salary, based on the achievement of pre-established performance objectives determined by our board of directors.

For 2022, each of Dr. Lin, Ms. Dier and Ms. Gloria was eligible to receive a target bonus equal to 55%, 40%, and 40% of their base salary, respectively, based on the achievement of certain corporate goals. In January 2023, our board of directors determined that the 2022 corporate goals were achieved at 112% overall, and as a result, approved annual performance bonuses for Dr. Lin, Ms. Dier and Ms. Gloria in the amounts of $329,871, $28,623 (determined based on her pro-rated base salary for 2022), and $211,680, respectively, as reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table above.

Equity-Based Incentive Awards

Our equity award program is the primary vehicle for offering long-term incentives to our executive officers. We believe that equity awards provide our executives with a strong link to our long-term performance, create an ownership culture and help to align the interests of our executives and our stockholders. To date, we have used stock option grants, RSUs and restricted stock awards for this purpose because we believe they are an effective means by which to align the long-term interests of our executive officers with those of our stockholders. We believe that our equity awards are an important retention tool for our executive officers, as well as for our other employees. Grants to our executive officers and other employees are made at the discretion of our board of directors and are not made at any specific time period during a year.

In March 2022, we granted Dr. Lin RSUs representing a contingent right to receive 542,598 shares of our common stock. The RSUs include both a performance-based vesting requirement and a service-based vesting requirement. The performance-based requirement will be met upon the occurrence of a Liquidity Event, defined as the first to occur of: (i) immediately prior to a Sale Event (as defined in the 2020 Plan); (ii) the completion of our initial public offering; or (iii) the direct listing or direct placement of our equity securities in a publicly traded exchange. The performance-based requirement will be satisfied upon completion of this offering. The service-based requirement was satisfied with respect to 25% of the shares on January 1, 2023 and the balance of the service-based requirement will be satisfied thereafter in 12 equal quarterly installments, subject to Dr. Lin's continued service with us as of each such date. In March 2023, contingent and effective upon the completion of this offering, the board of directors accelerated the vesting of the RSUs such that any portion that would vest on July 1, 2023 and October 1, 2023, will instead vest upon the completion of this offering, with any related tax withholding obligations to be satisfied by withholding shares of common stock from the shares otherwise issuable to Dr. Lin. Any unvested RSUs expire on the seven year anniversary of the grant date. If Dr. Lin is terminated by the company without cause or resigns for good reason (each as defined in the Amended and Restated Stock Purchase Agreement by and between us and Dr. Lin, dated October 9, 2020, or the Lin SPA) within 12 months after a Sale Event (as defined in the 2020 Plan), the service-based requirement will be deemed satisfied in full. Additionally, in March 2022, we granted Dr. Lin a restricted stock award covering 636,649 shares of our common stock. The restricted stock award had a price per share of $2.05 and was fully vested on the grant date.

In November 2022, we granted Dr. Lin RSUs representing a contingent right to receive 1,640,828 shares of our common stock. 820,414 RSUs vest on the occurrence of a Liquidity Event, which will be satisfied upon the closing of this offering, with any related tax withholding obligations to be satisfied by withholding shares of common stock from the shares otherwise issuable to Dr. Lin. The remaining 820,414 RSUs include both a performance-based vesting requirement and a service-based vesting requirement. The performance-based requirement will be met upon the occurrence of a Liquidity Event, which will be satisfied upon the closing of this offering. The service-based requirement will be satisfied with respect to 25% of the shares on November 17, 2023 and the balance of the service-based requirement will be satisfied thereafter in 12 equal quarterly installments, subject to Dr. Lin's continued service with us as of each such date. In March 2023, contingent and effective upon the completion of this offering, the board of directors accelerated the vesting of the RSUs such that any portion that would vest on November 17, 2023, will instead vest upon the completion of this offering, with any related tax withholding obligations to be satisfied by withholding shares of common stock from the shares otherwise issuable to Dr. Lin. Any unvested RSUs expire on the seven year anniversary of the grant date. If Dr. Lin is terminated by the company without cause or resigns for good reason (each as defined in the Lin SPA) within 12 months after a Sale Event (as defined in the 2020 Plan), the service-based requirement will be deemed satisfied in full.

In November 2022, in connection with her commencement of employment with us, we granted Ms. Dier an option to purchase 1,328,382 shares of our common stock. The option has an exercise price of $2.98 per share and is subject to a four-year vesting schedule, with 25% of the shares vesting in November 2023 on the first anniversary of the vesting commencement date and the balance vesting monthly over 36 months thereafter, subject to Ms. Dier's continued service with us.

In January 2022, in connection with her commencement of employment with us, we granted Ms. Gloria an option to purchase 651,118 shares of our common stock. The option has an exercise price of $2.05 per share and is subject to a four-year vesting schedule, with 25% of the shares vesting in November 2022 on the first anniversary of the vesting commencement date and the balance vesting monthly over 36 months thereafter, subject to Ms. Gloria's continued service with us. In November 2022, we granted Ms. Gloria an option to purchase 370,713 shares of our common stock. The option has an exercise price of $2.98 per share and is subject to a four-year vesting schedule, with 25% of the shares vesting in November 2023 on the first anniversary of the vesting commencement date and the balance vesting monthly over 36 months thereafter, subject to Ms. Gloria's continued service with us.

Outstanding Equity Awards as of December 31, 2022

The following table presents the outstanding equity awards held by each named executive officer as of December 31, 2022.

	Option Awards[1]				Stock Awards[1]	
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price Per Share ($)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested ($)[2]
Shao-Lee Lin, M.D., Ph.D.	—	—	—	—	1,050,000[3]	3,128,999
	—	—	—	—	542,598[4]	1,616,942
	—	—	—	—	820,414[5]	2,444,834
	—	—	—	—	820,414[6]	2,444,834
Mardi C. Dier	—	1,328,382[7]	2.9800	11/20/2032	—	—
Melanie Gloria	176,344	474,774[8]	2.0500	1/19/2032	—	—
	—	370,713[9]	2.9800	11/20/2032	—	—

(1) Except as set forth in footnote (3) below, all of the stock and option awards were granted under the 2020 Plan, the terms of which plan are described in the subsection titled "—Equity Benefit Plans—2020 Stock Option and Grant Plan" below.

(2) Amounts are calculated by multiplying the number of shares shown in the table by $2.98, the fair market value of our common stock as of December 31, 2022, as determined by our board of directors.

(3) Dr. Lin acquired 2,800,000 shares of our common stock pursuant to the Lin SPA. The shares subject to the Lin SPA vest as to 1/48 of the total on a monthly basis until all shares subject to the Lin SPA are vested on July 31, 2024, subject to Dr. Lin's continuous service with us as of each such date. If Dr. Lin is terminated by the company without cause or resigns for good reason (each as defined in the Lin SPA) within 12 months after a Sale Event (as defined in the 2020 Plan), the service-based requirement will be deemed satisfied in full.

(4) This amount reflects the number of shares underlying a grant of RSUs, representing a contingent right to receive 542,598 shares of our common stock. The RSUs include both a performance-based vesting requirement and service-based vesting requirement. The performance-based requirement will be met upon the occurrence of a Liquidity Event. The service-based requirement was satisfied with respect to 25% of the shares on January 1, 2023 and the balance of the service-based requirement will be satisfied thereafter in 12 equal quarterly installments, subject to Dr. Lin's continued service with us as of each such date. As of December 31, 2022, none of the RSUs had vested as neither the performance-based requirement nor the service-based requirements had been satisfied. The performance-based requirement will be satisfied upon completion of this offering. If Dr. Lin is terminated by the company without cause or resigns for good reason (each as defined in the Lin SPA) within 12 months after a Sale Event (as defined in the 2020 Plan), the service-based requirement will be deemed satisfied in full. In March 2023, the board of directors approved an amendment to the RSUs such that 33,912 and 33,913 RSUs that would vest on each of July 1, 2023 and October 1, 2023, respectively, will instead vest upon the completion of this offering, with any related tax withholding obligations to be satisfied by withholding shares of common stock from the shares otherwise issuable to Dr. Lin. The March 2023 amendment is contingent and effective upon the completion of this offering.

(5) This amount reflects the number of shares underlying a grant of RSUs, representing a contingent right to receive 820,414 shares of our common stock. 25% of the RSUs will vest on November 17, 2023 and thereafter in 12 equal quarterly installments, subject to Dr. Lin's continued service with us as of each such date and the occurrence of a Liquidity Event. As of December 31, 2022, none of the RSUs had vested as neither the performance-based requirement nor the service-based requirements had been satisfied. The performance-based requirement will be satisfied upon completion of this offering. If Dr. Lin is terminated by the company without cause or resigns for good reason (each as defined in the Lin SPA) within 12 months after a Sale Event (as defined in the 2020 Plan), the service-based requirement will be deemed satisfied in full. In March 2023, the board of directors approved an amendment to the RSUs such that 205,103 RSUs that would vest on November 17, 2023, will instead vest upon the completion of this offering, with any related tax withholding obligations to be satisfied by withholding shares of common stock from the shares otherwise issuable to Dr. Lin. The March 2023 amendment is contingent and effective upon the completion of this offering.

(6) This amount reflects the number of shares underlying a grant of RSUs, representing a contingent right to receive 820,414 shares of our common stock. 100% of the RSUs will vest on the occurrence of a Liquidity Event. Any unvested RSUs expire on the seven year anniversary of the grant date. As of December 31, 2022, none of the RSUs had vested as the performance-based requirement had not been satisfied. The performance-based requirement will be satisfied upon completion of this offering. In March 2023, the board of directors determined that any tax withholding obligations related to the vesting and settlement of these RSUs will be satisfied by withholding shares of common stock from the shares otherwise issuable to Dr. Lin, contingent and effective upon the completion of this offering.

(7) Stock option award vests over a period of four years with 25% of the shares underlying the option vesting on the one year anniversary of the November 15, 2022 vesting commencement date and 1/48th of the shares underlying the option vesting on a monthly basis thereafter, subject to continued service through each vesting date.
(8) Stock option award vests over a period of four years with 25% of the shares underlying the option vesting on the one year anniversary of the November 8, 2022 vesting commencement date and 1/48th of the shares underlying the option vesting on a monthly basis thereafter, subject to continued service through each vesting date.
(9) Stock option award vests over a period of four years with 25% of the shares underlying the option vesting on the one year anniversary of the November 17, 2022 vesting commencement date and 1/48th of the shares underlying the option vesting on a monthly basis thereafter, subject to continued service through each vesting date.

We did not materially modify any outstanding equity awards held by our named executive officers in 2022.

Awards held by certain of our named executive officers may be eligible for accelerated vesting under specified circumstances, as described in more detail below under the subsection titled "—Potential Payments and Benefits Upon Termination or Change in Control."

We may in the future, on an annual basis or otherwise, grant additional equity awards to our executive officers pursuant to our 2023 Plan, the terms of which are described below under the subsection titled "—Equity Benefit Plans—2023 Equity Incentive Plan."

Emerging Growth Company Status

We are an "emerging growth company," as defined in the JOBS Act. As an emerging growth company we will be exempt from certain requirements related to executive compensation, including the requirements to hold a nonbinding advisory vote on executive compensation and to provide information relating to the ratio of total compensation of our chief executive officer to the median of the annual total compensation of all of our employees, each as required by the Investor Protection and Securities Reform Act of 2010, which is part of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Pension Benefits

Our named executive officers did not participate in, or otherwise receive any benefits under, any pension or retirement plan sponsored by us during the year ended December 31, 2022.

Nonqualified Deferred Compensation

Our named executive officers did not participate in, or earn any benefits under, a non-qualified deferred compensation plan sponsored by us during the year ended December 31, 2022.

Employment Agreements

We intend to enter into new executive employment agreements with our named executive officers prior to the completion of this offering.

Potential Payments and Benefits upon Termination or Change in Control

Regardless of the manner in which a named executive officer's service terminates, each named executive officer is entitled to receive amounts earned during her term of service, including unpaid salary.

Our named executive officers' stock awards granted prior to the execution of the underwriting agreement for this offering are subject to the terms of the 2020 Plan; a description of the termination and change in control provisions in the 2020 Plan and share options granted thereunder is provided in the subsection titled "—Equity Benefit Plans—2020 Stock Option and Grant Plan" below.

We intend to adopt a severance program covering our named executive officers in connection with this offering and will provide a description of such program once it is finalized.

Other Compensation and Benefits

All of our current named executive officers are eligible to participate in our employee benefit plans, which are provided through TriNet, in each case on the same basis as all of our other employees. These employee benefit plans include medical, dental, vision, short and long term disability and life and accidental dismemberment insurance plans. We pay the premiums for the medical, dental, vision and life and accidental death and dismemberment insurance for all of our employees, including our named executive officers. We generally do not provide perquisites or personal benefits to our named executive officers. In addition, we provide the opportunity to participate in a 401(k) plan to our employees, including each of our named executive officers, as discussed in the subsection titled "—401(k) Plan" below.

401(k) Plan

Our named executive officers are eligible to participate in our defined contribution retirement plan that provides eligible employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees may elect to defer up to % of their eligible compensation into the plan on a pretax or after tax basis, up to annual limits prescribed by the Internal Revenue Code of 1986, as amended (the Code), with an annual match of up to 3% of the amount deferred, subject to the limitations of the Code.

Equity Benefit Plans

We believe that our ability to grant equity-based awards is a valuable and necessary compensation tool that aligns the long-term financial interests of our employees, consultants and directors with the financial interests of our stockholders. In addition, we believe that our ability to grant options and other equity-based awards helps us to attract, retain and motivate employees, consultants and directors, and encourages them to devote their best efforts to our business and financial success. The principal features of our equity incentive plans are summarized below. These summaries are qualified in their entirety by reference to the actual text of the plans, which are filed as exhibits to the registration statement of which this prospectus forms a part.

2023 Equity Incentive Plan

In , 2023, our board of directors adopted, and our stockholders approved, our 2023 Plan. We expect our 2023 Plan will become effective immediately prior to the execution of the underwriting agreement for this offering. Our 2023 Plan came into existence upon its adoption by our board of directors, but no grants will be made under our 2023 Plan prior to its effectiveness. Our 2023 Plan is a successor to and continuation of our 2020 Plan (referred to in the 2023 Plan as our Prior Plan). Once our 2023 Plan becomes effective, no further grants will be made under our 2020 Plan.

Types of Awards. Our 2023 Plan provides for the grant of incentive stock options (ISOs) to employees, including employees of any parent or subsidiary, and for the grant of nonstatutory stock options (NSOs), stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards and other forms of stock awards to employees, directors, and consultants, including employees and consultants of our affiliates.

Authorized Shares. Initially, the maximum number of shares of our common stock that may be issued under our 2023 Plan after it becomes effective will not exceed shares, which is the sum of (i) new shares, plus (ii) an additional number of shares not to exceed , consisting of (a) shares that remain available for the issuance of awards under our 2020 Plan as of immediately prior to the effectiveness of our 2023 Plan and (b) shares of our common stock that are subject to outstanding stock options or other stock awards granted under our 2020 Plan that, on or after the 2023 Plan becomes effective, terminate or expire

prior to exercise or settlement; are not issued because the award is settled in cash; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price, if any, as such shares become available from time to time. In addition, the number of shares of our common stock reserved for issuance under our 2023 Plan will automatically increase on January 1 of each calendar year, starting on January 1, 2024 (assuming the 2023 Plan becomes effective in 2023) through January 1, 2033, in an amount equal to % of the total number of shares of our capital stock outstanding on the last day of the calendar month before the date of each automatic increase, or a lesser number of shares determined by our board of directors. The maximum number of shares of our common stock that may be issued on the exercise of ISOs under our 2023 Plan is .

Shares subject to stock awards granted under our 2023 Plan that expire or terminate without being exercised in full, or that are paid out in cash rather than in shares, do not reduce the number of shares available for issuance under our 2023 Plan. Additionally, shares become available for future grant under our 2023 Plan if they were issued stock awards under our 2023 Plan and we repurchase them or they are forfeited. This includes shares used to pay the exercise price of a stock award or to satisfy the tax withholding obligations related to a stock award.

Plan Administration. Our board of directors, or a duly authorized committee of our board of directors, will administer our 2023 Plan. Our board of directors may also delegate to one or more persons or bodies the authority to do one or more of the following: (i) designate recipients (other than officers) of specified stock awards, provided that no person or body may be delegated authority to grant a stock award to themself; (ii) determine the number of shares subject to such stock award; and (iii) determine the terms of such stock awards. Under our 2023 Plan, our board of directors has the authority to determine and amend the terms of awards and underlying agreements, including:

- recipients;
- the exercise, purchase or strike price of stock awards, if any;
- the number of shares subject to each stock award;
- the vesting schedule applicable to the awards, together with any vesting acceleration; and
- the form of consideration, if any, payable on exercise or settlement of the award.

Under the 2023 Plan, the board of directors also generally has the authority to effect, with the consent of any adversely affected participant:

- the reduction of the exercise, purchase, or strike price of any outstanding award;
- the cancellation of any outstanding award and the grant in substitution therefore of other awards, cash, or other consideration; or
- any other action that is treated as a repricing under generally accepted accounting principles.

Stock Options. ISOs and NSOs are granted under stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for stock options, within the terms and conditions of the 2023 Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of our common stock on the date of grant. Options granted under the 2023 Plan vest at the rate specified in the stock option agreement as determined by the plan administrator.

Tax Limitations on ISOs. The aggregate fair market value, determined at the time of grant, of our common stock with respect to ISOs that are exercisable for the first time by an optionholder during any calendar year under all of our stock plans may not exceed $100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our affiliates unless (i) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant; and (ii) the option is not exercisable after the expiration of five years from the date of grant.

Restricted Stock Unit Awards. Restricted stock units are granted under restricted stock unit award agreements adopted by the plan administrator. Restricted stock units may be granted in consideration for any form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. A restricted stock unit may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the plan administrator, or in any other form of consideration set forth in the restricted stock unit agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit. Except as otherwise provided in the applicable award agreement, restricted stock units that have not vested will be forfeited once the participant's continuous service ends for any reason.

Restricted Stock Awards. Restricted stock awards are granted under restricted stock award agreements adopted by the plan administrator. A restricted stock award may be awarded in consideration for cash, check, bank draft or money order, past services to us, or any other form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. The plan administrator determines the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of our common stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right.

Stock Appreciation Rights. Stock appreciation rights are granted under stock appreciation grant agreements adopted by the plan administrator. The plan administrator determines the purchase price or strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of our common stock on the date of grant. A stock appreciation right granted under the 2023 Plan vests at the rate specified in the stock appreciation right agreement as determined by the plan administrator.

Performance Awards. The 2023 Plan permits the grant of performance-based stock and cash awards. The plan administrator may structure awards so that the shares of our stock, cash, or other property will be issued or paid only following the achievement of certain pre-established performance goals during a designated performance period. The performance criteria that will be used to establish such performance goals may be based on any one of, or combination of, the following as determined by the plan administrator: earnings (including earnings per share and net earnings); earnings before interest, taxes and depreciation; earnings before interest, taxes, depreciation and amortization; total stockholder return; return on equity or average stockholder's equity; return on assets, investment, or capital employed; share price; margin (including gross margin); income (before or after taxes); operating income; operating income after taxes; pre-tax profit; operating cash flow; sales or revenue targets; increases in revenue or product revenue; expenses and cost reduction goals; improvement in or attainment of working capital levels; economic value added (or an equivalent metric); market share; cash flow; cash flow per share; share price performance; debt reduction; customer satisfaction; stockholder's equity; capital expenditures; debt levels; operating profit or net operating profit; workforce diversity; growth of net income or operating income; billings; preclinical development related compound goals; financing; regulatory milestones, including approval of a compound; stockholder liquidity; corporate governance and compliance; product commercialization; intellectual property; personnel matters; progress of internal research or clinical programs; progress of partnered programs; partner satisfaction; budget management; clinical achievements; completing phases of a clinical trial (including the treatment phase); announcing or presenting preliminary or final data from clinical trials, in each case, whether on particular timelines or generally; timely completion of clinical trials; submission of INDs and BLAs and other regulatory achievements; partner or collaborator achievements; internal controls, including those related to the Sarbanes-Oxley Act of 2002; research progress, including the development of programs; investor relations, analysts and communication; manufacturing achievements (including obtaining particular yields from manufacturing runs and other measurable objectives related to process development activities); strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property); establishing relationships with commercial entities with respect to the marketing, distribution and sale of the Company's product candidates (including with group purchasing organizations, distributors and other vendors); supply chain achievements (including establishing relationships with manufacturers or suppliers of active pharmaceutical ingredients and other component materials and

manufacturers of the Company's product candidates); co-development, co-marketing, profit sharing, joint venture or other similar arrangements; individual performance goals; corporate development and planning goals; and other measures of performance selected by the plan administrator.

The performance goals may be based on a company-wide basis, with respect to one or more business units, divisions, affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise (i) in the award agreement at the time the award is granted or (ii) in such other document setting forth the performance goals at the time the goals are established, we will appropriately make adjustments in the method of calculating the attainment of performance goals as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by us achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of our common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under our bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles; and (12) to exclude the effects of the timing of acceptance for review and/or approval of submissions to the FDA, EMA or other comparable regulatory authority. In addition, we retain the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of the goals. The performance goals may differ from participant to participant and from award to award.

Other Stock Awards. The plan administrator may grant other awards based in whole or in part by reference to our common stock. The plan administrator will set the number of shares under the stock award and all other terms and conditions of such awards.

Non-Employee Director Compensation Limit. The aggregate value of all compensation granted or paid to any non-employee director with respect to any calendar year, including stock awards granted and cash fees paid by us to such non-employee director, will not exceed $ in total value, or in the event such non-employee director is first appointed or elected to the board during such calendar year, $ in total value (in each case, calculating the value of any such stock awards based on the grant date fair value of such stock awards for financial reporting purposes).

Changes to Capital Structure. In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, appropriate adjustments will be made to (i) the class and maximum number of shares reserved for issuance under the 2023 Plan, (ii) the class and maximum number of shares by which the share reserve may increase automatically each year, (iii) the class and maximum number of shares that may be issued on the exercise of ISOs, and (iv) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.

Corporate Transactions. The following applies to stock awards under the 2023 Plan in the event of a corporate transaction, unless otherwise provided in a participant's stock award agreement or other written agreement with us or one of our affiliates or unless otherwise expressly provided by the plan administrator at the time of grant.

In the event of a corporate transaction, any stock awards outstanding under the 2023 Plan may be assumed, continued or substituted for by any surviving or acquiring corporation (or its parent company), and any

reacquisition or repurchase rights held by us with respect to the stock award may be assigned to the successor (or its parent company). If the surviving or acquiring corporation (or its parent company) does not assume, continue or substitute for such stock awards, then with respect to any such stock awards that are held by participants whose continuous service has not terminated prior to the effective time of the transaction, or current participants, the vesting (and exercisability, if applicable) of such stock awards will be accelerated in full to a date prior to the effective time of the transaction (contingent upon the effectiveness of the transaction), and such stock awards will terminate if not exercised (if applicable) at or prior to the effective time of the transaction, and any reacquisition or repurchase rights held by us with respect to such stock awards will lapse (contingent upon the effectiveness of the transaction). With respect to performance awards with multiple vesting levels depending on performance level, unless otherwise provided by an award agreement or by the administrator, the award will accelerate at 100% of target. If the surviving or acquiring corporation (or its parent company) does not assume, continue or substitute for such stock awards, then with respect to any such stock awards that are held by persons other than current participants, such awards will terminate if not exercised (if applicable) prior to the effective time of the transaction, except that any reacquisition or repurchase rights held by us with respect to such stock awards will not terminate and may continue to be exercised notwithstanding the transaction. The plan administrator is not obligated to treat all stock awards or portions of stock awards in the same manner and is not obligated to take the same actions with respect to all participants.

In the event a stock award will terminate if not exercised prior to the effective time of a transaction, the plan administrator may provide, in its sole discretion, that the holder of such stock award may not exercise such stock award but instead will receive a payment equal in value to the excess (if any) of (i) the value of the property the participant would have received upon the exercise of the stock award over (ii) any exercise price payable by such holder in connection with such exercise.

Under our 2023 Plan, a corporate transaction is defined to include: (i) a sale of all or substantially all of our assets; (ii) the sale or disposition of more than 50% of our outstanding securities; (iii) the consummation of a merger or consolidation where we do not survive the transaction; and (iv) the consummation of a merger or consolidation where we do survive the transaction but the shares of our common stock outstanding before such transaction are converted or exchanged into other property by virtue of the transaction, unless otherwise provided in an award agreement or other written agreement between us and the award holder.

Change in Control. In the event of a change in control, as defined under our 2023 Plan, awards granted under our 2023 Plan will not receive automatic acceleration of vesting and exercisability, although this treatment may be provided for in an award agreement.

Under the 2023 Plan, a change in control is defined to include: (i) the acquisition by any person or company of more than 50% of the combined voting power of our then outstanding stock; (ii) a consummated merger, consolidation or similar transaction in which our stockholders immediately before the transaction do not own, directly or indirectly, more than 50% of the combined voting power of the surviving entity (or the parent of the surviving entity); (iii) the approval by the stockholders or the board of directors of a plan of our complete dissolution or liquidation, or the occurrence of our complete dissolution or liquidation , except for a liquidation into a parent corporation; (iv) a consummated sale, lease, exclusive license or other disposition of all or substantially all of our assets other than to an entity more than 50% of the combined voting power of which is owned by our stockholders; and (v) an unapproved change in the majority of the board of directors.

Transferability. A participant may not transfer stock awards under our 2023 Plan other than by will, the laws of descent and distribution, or as otherwise provided under our 2023 Plan.

Plan Amendment or Termination. Our board of directors has the authority to amend, suspend, or terminate our 2023 Plan, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of our stockholders. No ISOs may be granted after the tenth anniversary of the date our board of directors adopted our 2023 Plan. No stock awards may be granted under our 2023 Plan while it is suspended or after it is terminated.

2020 Stock Option and Grant Plan

Our board of directors adopted, and our stockholders approved, the 2020 Plan in October 2020. The 2020 Plan was most recently amended in January 2023. The 2020 Plan will be terminated on the date the 2023 Plan becomes effective, and thereafter no further stock awards will be granted under the 2020 Plan. However, any outstanding stock awards granted under the 2020 Plan will remain outstanding, subject to the terms of our 2020 Plan and award agreements, until such outstanding options are exercised or until any stock awards terminate or expire by their terms.

Types of Awards. The 2020 Plan allows for the grant of ISOs to our employees and to any of our subsidiary corporations' employees, and for the grant of nonqualified stock options, restricted stock, unrestricted stock, and restricted stock units awards to our employees, officers, directors and consultants and those of our subsidiary corporations.

Authorized Shares. Subject to certain capitalization adjustments, the aggregate number of shares of our common stock that may be issued pursuant to stock awards under the 2020 Plan will not exceed 17,436,925 shares. The maximum number of shares of our common stock that may be issued pursuant to the exercise of ISOs under our 2020 Plan is 174,369,250 shares. The shares we have issued under the 2020 Plan have been authorized but unissued shares or shares we reacquired. The shares of common stock underlying any awards that are (i) forfeited, (ii) canceled, (iii) reacquired by the Company prior to vesting, (iv) satisfied without the issuance of stock or otherwise terminated (other than by exercise), and (v) that are withheld upon exercise of an option or settlement of an award to cover the exercise price or tax withholding, will again become available for issuance under the 2020 Plan. Following this offering, such shares will be added to the shares of common stock available for issuance under the 2023 Plan.

Plan Administration. The 2020 Plan is administered by our board of directors or a committee appointed by it (the plan administrator). The plan administrator has full power to, among other things, select, from among the individuals eligible for awards, the individuals to whom awards will be granted, to accelerate the time at which a stock award may be exercised or vest, to amend the 2020 Plan and to determine the specific terms and conditions of each award, subject to the provisions of the 2020 Plan. The plan administrator may exercise its discretion to reduce the exercise price of outstanding stock options under the 2020 Plan or effect repricing through cancellation of such outstanding and by granting such holders new awards in replacement of the cancelled options in accordance with the terms of the 2020 Plan.

Stock Options. The exercise price per share of all stock options must equal at least 100% of the fair market value per share of our common stock on the date of grant. The term of a stock option may not exceed ten years. An ISO granted to a participant who owns more than 10% of the total combined voting power of all classes of our stock on the date of grant, or any subsidiary corporations, may not have a term in excess of five years and must have an exercise price of at least 110% of the fair market value per share of our common stock on the date of grant. The plan administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares or certain other property or other consideration acceptable to the plan administrator. After a participant's termination of service, the participant generally may exercise his or her stock options, to the extent vested as of such date of termination, during a period of 90 days after termination of service. If a termination of service is due to death or disability, the option generally will remain exercisable, to the extent vested as of such date of termination, until the one-year anniversary of such termination of service. However, in no event may an option be exercised later than the expiration of its term. If a termination of service is for cause (as defined in an applicable award agreement), the stock option automatically expires upon the date of the termination of service.

Restricted Stock. Restricted stock awards are grants of shares of our common stock that are subject to various restrictions, including restrictions on transferability and forfeitures provisions. Shares of restricted stock will vest, and the restrictions on such shares will lapse, in accordance with terms and conditions established by the plan administrator.

Unrestricted Stock. Unrestricted stock awards may be granted to participants in recognition of past services or for other valid consideration and may be issued in lieu of cash compensation due to such participant.

Restricted Stock Units. A restricted stock unit is an award that covers a number of shares of our common stock that may be settled upon vesting in cash, by the issuance of the underlying shares or a combination of both. The plan administrator determines the terms and conditions of restricted stock units, including the number of units granted, the vesting criteria (which may include specified performance criteria and/or continued service to us) and the form and timing of payment.

Changes to Capital Structure. In the event of certain changes in our capitalization, the exercise prices of and the number of shares subject to outstanding awards, and the purchase price of and the numbers of shares subject to outstanding awards will be proportionately adjusted, subject to any required action by our board of directors or stockholders.

Sale Events. The 2020 Plan provides that upon the effectiveness of a "sale event," as defined in the 2020 Plan, an acquirer or successor entity may assume, continue or substitute for the outstanding awards under the 2020 Plan. To the extent that awards granted under the 2020 Plan are not assumed or continued or substituted by acquirer or the successor entity, all stock options and all other awards granted under the 2020 Plan shall terminate. In the event of such termination, individuals holding stock options will be permitted to exercise such options (to the extent exercisable) prior to the consummation of the sale event. In addition, in connection with the termination of the 2020 Plan upon a sale event, we may make or provide for a cash payment equal to (i) in the case of vested and exercisable options, the difference between (1) the per share cash consideration payable to stockholders (as determined by the plan administrator) in the sale event times the number of shares subject to the options being cancelled and (2) the aggregate exercise price of the options and (ii) in the case of restricted stock and restricted stock unit awards, the per share cash consideration payable to stockholders in the sale event multiplied by the number of shares of stock subject to such stock awards (payable at the time of the sale event or upon the later vesting of the awards). In the event of the forfeiture of shares of restricted stock issued under the 2020 Plan, such shares of restricted stock shall be repurchased from the holder at a price per share equal to the original per share purchase price paid by the recipient of such shares. Additionally, our board of directors may resolve, in its sole discretion, to subject any assumed options or payments in respect of options to any escrow, holdback, indemnification, earn-out or similar provisions in the transaction agreements as such provisions apply to holders of our common stock.

Transferability. The 2020 Plan generally does not allow for the transfer or assignment of awards, other than, at the discretion of the plan administrator, by gift to an immediate family member, to trusts for the benefit of family members, or to partnerships in which such family members are the only partners, and only the recipient of an award may exercise such an award during his or her lifetime.

Plan Amendment or Termination. Our board of directors may amend, suspend, or terminate the 2020 Plan at any time and for any reason, provided that stockholder approval is obtained where such approval is required by applicable law.

2023 Employee Stock Purchase Plan

Our board of directors adopted, and our stockholders approved, our 2023 Employee Stock Purchase Plan, (ESPP) in 2023. The ESPP will become effective immediately prior to the execution of the underwriting agreement for this offering. The purpose of the ESPP is to secure and retain the services of new employees, to retain the services of existing employees, and to provide incentives for such individuals to exert maximum efforts toward our success and that of our affiliates. Our ESPP will include two components. One component will be designed to allow eligible U.S. employees to purchase our ordinary shares in a manner that may qualify for favorable tax treatment under Section 423 of the Code. The other component will permit the grant of purchase rights that do not qualify for such favorable tax treatment in order to allow deviations necessary to permit

participation by eligible employees who are foreign nationals or employed outside of the U.S. while complying with applicable foreign laws.

Share Reserve. Following this offering, the ESPP authorizes the issuance of shares of our common stock under purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our common stock reserved for issuance will automatically increase on January 1 of each calendar year, beginning on January 1, 2024 (assuming the ESPP becomes effective in 2023) through January 1, 2033, by the lesser of (i) % of the total number of shares of our capital stock outstanding on the last day of the calendar month before the date of the automatic increase, and (ii) shares; provided that before the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (i) and (ii). As of the date hereof, no shares of our common stock have been purchased under the ESPP.

Administration. Our board of directors, or a duly authorized committee thereof, will administer our ESPP. Our board may delegate concurrent authority to administer the ESPP to our compensation committee under the terms of the compensation committee's charter. The ESPP is implemented through a series of offerings under which eligible employees are granted purchase rights to purchase shares of our common stock on specified dates during such offerings. Under the ESPP, we may specify offerings with durations of not more than 27 months and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our common stock will be purchased for employees participating in the offering. An offering under the ESPP may be terminated under certain circumstances.

Payroll Deductions. Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, may participate in the ESPP and may contribute, normally through payroll deductions, up to % of their earnings (as defined in the ESPP) for the purchase of our common stock under the ESPP. Unless otherwise determined by our board of directors, common stock will be purchased for the accounts of employees participating in the ESPP at a price per share that is at least the lesser of (i) 85% of the fair market value of a share of our common stock on the first date of an offering; or (ii) 85% of the fair market value of a share of our common stock on the date of purchase.

Limitations. Employees may have to satisfy one or more of the following service requirements before participating in the ESPP, as determined by our board of directors, including: (i) customary employment with us or one of our affiliates for more than 20 hours per week and more than five months per calendar year; or (ii) continuous employment with us or one of our affiliates for a minimum period of time (not to exceed two years). No employee may purchase shares under the ESPP at a rate in excess of $25,000 worth of our common stock based on the fair market value per share of our common stock at the beginning of an offering for each year such a purchase right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under the ESPP if immediately after such rights are granted, such employee has voting power over 5% or more of our outstanding capital stock measured by vote or value under Section 424(d) of the Code.

Changes to Capital Structure. In the event that there occurs a change in our capital structure through such actions as a stock split, merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or similar transaction, the board of directors will make appropriate adjustments to: (i) the number of shares reserved under the ESPP; (ii) the maximum number of shares by which the share reserve may increase automatically each year; (iii) the number of shares and purchase price of all outstanding purchase rights; and (iv) the number of shares that are subject to purchase limits under ongoing offerings.

Corporate Transactions. In the event of certain significant corporate transactions, including: (i) a sale of all or substantially all of our assets; (ii) the sale or disposition of more than 50% of our outstanding securities; (iii) the consummation of a merger or consolidation where we do not survive the transaction; and (iv) the

consummation of a merger or consolidation where we do survive the transaction but the shares of our common stock outstanding immediately before such transaction are converted or exchanged into other property by virtue of the transaction, any then-outstanding rights to purchase our stock under the ESPP may be assumed, continued or substituted for by any surviving or acquiring entity (or its parent company). If the surviving or acquiring entity (or its parent company) elects not to assume, continue, or substitute for such purchase rights, then the participants' accumulated payroll contributions will be used to purchase shares of our common stock within ten business days before such corporate transaction, and such purchase rights will terminate immediately.

ESPP Amendment or Termination. Our board of directors has the authority to amend or terminate our ESPP, provided that except in certain circumstances such amendment or termination may not materially impair any outstanding purchase rights without the holder's consent. We will obtain stockholder approval of any amendment to our ESPP as required by applicable law or listing requirements.

Limitations on Liability and Indemnification

Our amended and restated certificate of incorporation, which will become effective immediately prior to the closing of this offering, will contain provisions that limit the liability of our current and former directors and officers for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors and officers of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors or officers, except liability for:

- any breach of the director's or officer's duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- as a director, unlawful payments of dividends or unlawful stock repurchases or redemptions;
- as an officer, derivative claims brought on behalf of the corporation by a stockholder; or
- any transaction from which the director or officer derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee, or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by the board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding.

We believe that these amended and restated certificate of incorporation and amended and restated bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our

directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, executive officers, or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Rule 10b5-1 Plans

Our directors, officers and key employees may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades under parameters established by the director or officer when entering into the plan, without further direction from them. The director or officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers may also buy or sell additional shares outside of a Rule 10b5-1 plan when they do not possess of material nonpublic information, subject to compliance with the terms of our insider trading policy.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The following includes a summary of transactions since our inception and any currently proposed transactions to which we have been or are to be a party in which the amount involved exceeded or will exceed $120,000, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, arrangements which are described under the sections titled "Executive Compensation" and "Management—Non-Employee Director Compensation."

Series A Preferred Stock Financing

In a closing held on October 9, 2020, we issued and sold an aggregate of 8,000,000 shares of our Series A redeemable convertible preferred stock at a purchase price of $1.00 per share for an aggregate purchase price of $8,000,000.

The following table summarizes the Series A redeemable convertible preferred stock purchased by holders of more than 5% of our capital stock as of the date of the closing of the Series A Preferred Stock financing, entities affiliated with our executive officers, and members of our board of directors.

Participants[1]	Shares of Series A Preferred Stock Purchased (#)	Aggregate Purchase Price ($)
Westlake BioPartners Fund II, L.P.[2]	8,000,000	8,000,000

(1) Additional details regarding these stockholders and their equity holdings are included in the section titled "Principal Stockholders."
(2) Dr. Seidenberg is a member of our board of directors, Dr. Harper is a former member of our board of directors and both are founding managing directors of Westlake BioPartners Fund II, L.P. (together with its affiliates, Westlake). Dr. Seidenberg and Dr. Harper may be deemed to share the power to direct the disposition and vote of the shares held by Westlake, but disclaims beneficial ownership of all shares held by Westlake except to any pecuniary interest therein.

Series B Preferred Stock Financing

In multiple closings held between October 19, 2021 and February 4, 2022, we issued and sold an aggregate of 48,230,900 shares of our Series B redeemable convertible preferred stock at a purchase price of $5.1834 per share for an aggregate purchase price of $250,000,047.

The following table summarizes the Series B redeemable convertible preferred stock purchased by holders of more than 5% of our capital stock as of the date of the second closing of the Series B Preferred Stock financing, entities affiliated with our executive officers, and members of our board of directors.

Participants[1]	Shares of Series B Preferred Stock Purchased (#)	Aggregate Purchase Price ($)
Westlake BioPartners Fund II, L.P.[2]	4,823,090	25,000,005
Citadel Multi-Strategy Equities Master Fund Ltd.	5,787,708	30,000,006
AyurMaya Capital Management Fund, L.P.	11,093,106	57,500,006
venBio Global Strategic Fund IV, L.P.[3]	4,823,090	25,000,005
Entities affiliated with Orbimed[4]	4,823,090	25,000,000
Aquila Investments XIX	3,858,472	20,000,004
Woodland Hills Partners LLC[5]	1,929,236	10,000,002

(1) Additional details regarding these stockholders and their equity holdings are included in the section titled "Principal Stockholders."
(2) Dr. Seidenberg is a member of our board of directors, Dr. Harper is a former member of our board of directors and both are founding managing directors of Westlake BioPartners Fund II, L.P. (together with its affiliates, Westlake). Dr. Seidenberg and Dr. Harper may be deemed to share the power to direct the disposition and vote of the shares held by Westlake, but disclaims beneficial ownership of all shares held by Westlake except to any pecuniary interest therein.
(3) Dr. Gaster is a former member of our board of directors and a managing director of venBio Global Strategic Fund IV, L.P. Dr. Gaster may be deemed to share the power to direct the disposition and vote of the shares held by venBio Global Strategic Fund IV, L.P., but disclaims beneficial ownership of all shares held by venBio Global Strategic Fund IV, L.P. except to any pecuniary interest therein.
(4) Consists of (i) 4,533,706 shares of Series B redeemable convertible preferred stock issued to Orbimed Private Investments VIII, LP and (ii) 289,384 shares of Series B Preferred Stock issued to Orbimed Genesis Master Fund, L.P. (together with Orbimed Private Investments VIII, L.P. and other affiliates, Orbimed).
(5) Dr. Lin, Mr. Machado and Dr. Peloso are officers and/or members of our board of directors; Mr. Carey is one of our former executive officers and directors. Dr. Lin and Mr. Carey are managing members and Mr. Machado and Dr. Peloso are each members of Woodland Hills Partners LLC.

Series C Preferred Stock Financing

In a closing held on September 9, 2022, we issued and sold an aggregate of 24,115,368 shares of our Series C redeemable convertible preferred stock at a purchase price of $6.2201 per share for an aggregate purchase price of $150,000,001.

The following table summarizes the Series C redeemable convertible preferred stock purchased by holders of more than 5% of our capital stock as of the date of the closing of the Series C Preferred Stock financing, entities affiliated with our executive officers, and members of our board of directors.

Participants(1)	Shares of Series C Preferred Stock Purchased (#)	Aggregate Purchase Price ($)
AI ACEL LLC(2)	4,823,074	30,000,003
Westlake BioPartners Fund II, L.P.(3)	4,019,228	25,000,000
Citadel Multi-Strategy Equities Master Fund Ltd.	562,692	3,500,001
AyurMaya Capital Management Fund, LP	7,314,995	45,500,000
venBio Global Strategic Fund IV, L.P.(4)	1,205,768	7,499,998
Entities affiliated with Orbimed(5)	3,215,382	19,999,998
Woodland Hills Partners LLC(6)	361,731	2,250,003

(1) Additional details regarding these stockholders and their equity holdings are included in the section titled "Principal Stockholders."
(2) Dr. Becker, a member of our board of director, was designated to our board of directors by AI ACEL LLC.
(3) Dr. Seidenberg is a member of our board of directors, Dr. Harper is a former member of our board of directors and both are founding managing directors of Westlake BioPartners Fund II, L.P. (together with its affiliates, Westlake). Dr. Seidenberg and Dr. Harper may be deemed to share the power to direct the disposition and vote of the shares held by Westlake, but disclaims beneficial ownership of all shares held by Westlake except to any pecuniary interest therein.
(4) Dr. Gaster is a former member of our board of directors and a managing director of venBio Global Strategic Fund IV, L.P. Dr. Gaster may be deemed to share the power to direct the disposition and vote of the shares held by venBio Global Strategic Fund IV, L.P., but disclaims beneficial ownership of all shares held by venBio Global Strategic Fund IV, L.P. except to any pecuniary interest therein.
(5) Consists of (i) 2,974,228 shares of Series C redeemable convertible preferred stock issued to Orbimed Private Investments VIII, LP and (ii) 241,154 shares of Series C redeemable convertible preferred stock issued to Orbimed Genesis Master Fund, L.P.
(6) Dr. Lin, Mr. Machado and Dr. Peloso are officers and/or members of our board of directors; Mr. Carey is one of our former executive officers and directors. Dr. Lin and Mr. Carey are managing members and Mr. Machado and Dr. Peloso are each members of Woodland Hills Partners LLC.

Investors' Rights Agreement

On September 9, 2022, we entered into an Amended and Restated Investors' Rights Agreement (the Rights Agreement) with certain holders of more than 5% of our outstanding capital stock, including Westlake, Citadel

Multi-Strategy Equities Master Fund Ltd. (together with its affiliates, Citadel), Orbimed and AyurMaya Capital Management Fund, LP (together with its affiliates, Matrix), as well as Woodland Hills Partners LLC, which is affiliated with certain of our directors and officers.

The Rights Agreement grants to the holders of our outstanding redeemable convertible preferred stock certain rights, including certain registration rights with respect to the registrable securities held by them. See the section titled "Description of Capital Stock—Registration Rights" for additional information. In addition, the Rights Agreement imposed certain affirmative obligations on us, including our obligation to, among other things, (i) grant each holder who holds at least 20% of our registrable securities (the Major Investors) a right of first offer with respect to future sales of our equity, excluding the shares to be offered and sold in this offering, and (ii) grant certain information and inspection rights to such Major Investors. Each of these obligations will terminate in connection with the closing of this offering.

Voting Agreement

On September 9, 2022, we entered into an Amended and Restated Voting Agreement (the Voting Agreement) with certain holders of more than 5% of our outstanding capital stock, including Westlake, Citadel, Orbimed, AI ACEL LLC and Matrix, as well as Woodland Hills Partners LLC, which is affiliated with certain of our directors and officers.

Pursuant to the Voting Agreement, as amended, (i) one director shall be designated by Westlake, (ii) one director shall be designated by Matrix, (iii) one director shall be designated by AI ACEL LLC, (iv) one director shall be our Chief Executive Officer, and (v) three directors who are industry representatives, are not otherwise our affiliate or employee or of any of our investors and are mutually acceptable to the other members of the board of directors shall be appointed (each such director, an independent director), one of whom shall initially be designated by venBio, until replaced by an independent director. See the section titled "Management—Composition of Our Board of Directors." The Voting Agreement will terminate by its terms in connection with the closing of this offering and none of our stockholders will have any continuing rights regarding the election or designation of members of our board of directors following this offering.

Right of First Refusal and Co-Sale Agreement

On September 9, 2022, we entered into an Amended and Restated Right of First Refusal and Co-Sale Agreement (the Co-Sale Agreement) with certain holders of more than 5% of our outstanding capital stock, including Westlake, Citadel, Orbimed, AI ACEL LLC and Matrix, as well as Woodland Hills Partners LLC, which is affiliated with certain of our directors and officers.

Pursuant to the Co-Sale Agreement, we had a right of first refusal in respect of certain sales of securities by certain holders of our common stock and redeemable convertible preferred stock. To the extent we do not exercise such right in full, certain holders of more than 5% of our outstanding capital stock, including Westlake, Citadel, Orbimed, AI ACEL LLC and Matrix, as well as Woodland Hills Partners LLC, which is affiliated with certain of our directors and officers, are granted certain rights of first refusal and co-sale in respect of such sale. The Co-Sale Agreement will terminate in connection with the closing of this offering.

Directed Share Program

At our request, the underwriters have reserved up to 5% of the shares offered by this prospectus for sale at the initial public offering price to certain individuals through a directed share program, including our directors, officers, employees and certain other individuals identified by management. See "Underwriters—Directed Share Program." In addition, we have requested that the underwriters make issuer directed allocations in the aggregate of shares of our common stock to certain investors.

Limitations on Liability and Indemnification Agreements

Our amended and restated certificate of incorporation will contain provisions limiting the liability of directors and officers, and our amended and restated bylaws will provide that we will indemnify each of our directors and executive officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws will also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board. In addition, we have entered into or intend to enter into an indemnification agreement with each of our directors and executive officers, which will require us to indemnify them. For more information regarding these agreements, see the section titled "Executive Compensation—Limitations on Liability and Indemnification."

Policies and Procedures for Transactions with Related Persons

We intend to adopt a written related-person transactions policy prior to the completion of this offering that sets forth our policies and procedures regarding the identification, review, consideration and oversight of "related-person transactions." For purposes of our policy only, a "related-person transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) involving an amount that exceeds $120,000 in which we are participant and in which a "related person" has a material interest. Transactions involving compensation for services provided to us as an employee, consultant or director are not considered related-person transactions under this policy. A related person is any executive officer, director, nominee to become a director or a beneficial owner of more than 5% of our common stock, including any of their immediate family members and affiliates, including entities owned or controlled by such persons.

Under the policy, where a transaction has been identified as a related-person transaction, management must present information regarding the proposed related-person transaction to our audit committee (or, where review by our audit committee would be inappropriate, to another independent body of our board of directors) for review. The presentation must include a description of, among other things, all of the parties thereto, the direct and indirect interests of the related persons, the purpose of the transaction, the material facts, the benefits of the transaction to us and whether any alternative transactions are available, an assessment of whether the terms are comparable to the terms available from unrelated third parties and management's recommendation. To identify related-person transactions in advance, we rely on information supplied by our executive officers, directors and certain significant stockholders. In considering related-person transactions, our audit committee or another independent body of our board of directors takes into account the relevant available facts and circumstances including, but not limited to:

- the risks, costs and benefits to us;
- the impact on a director's independence in the event the related person is a director, immediate family member of a director or an entity with which a director is affiliated;
- the terms of the transaction;
- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our capital stock as of March 15, 2023 by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;
- each of our directors;
- each of our of named executive officers; and
- all of our current executive officers and directors as a group.

We have determined beneficial ownership in accordance with the rules and regulations of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership before the offering is based on 123,046,221 shares of our common stock outstanding as of March 15, 2023, after giving effect to (i) the automatic conversion of 80,346,268 outstanding shares of our redeemable convertible preferred stock into an equivalent number of shares of our common stock immediately prior to the closing of this offering and (ii) the RSU Net Settlement.

Applicable percentage ownership after the offering is based on shares of our common stock outstanding immediately after the closing of this offering (assuming no exercise of the underwriters' option to purchase additional shares), after giving effect to the automatic conversion of 80,346,268 shares of our redeemable convertible preferred stock into an equivalent number of shares of our common stock immediately prior to the closing of this offering and the RSU Net Settlement. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares of common stock issuable pursuant to the exercise of stock options that are exercisable and all RSUs that will vest within 60 days of March 15, 2023 (for some of which the liquidity-based vesting condition will be satisfied upon completion of this offering). However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person. The percentage ownership information does not reflect any potential purchases of any shares of common stock in this offering by the beneficial owners identified in the table below.

Unless otherwise indicated, the address for each beneficial owner listed in the table below is c/o ACELYRIN, INC., 4149 Liberty Canyon Road, Agoura Hills, California 91301.

Name of Beneficial Owner	Shares Beneficially Owned Prior to this Offering — Common Stock — Shares	%	Shares Beneficially Owned Following this Offering — Common Stock — Shares	%
Greater than 5% Holders				
AyurMaya Capital Management Fund, LP(1)	18,408,101	15.0		
Westlake BioPartners Fund II, L.P.(2)	16,842,318	13.7		
Opaleye, L.P.(3)	8,141,142	6.6		
Entities affiliated with Orbimed(4)	8,038,472	6.5		
Citadel Multi-Strategy Equities Master Fund Ltd.(5)	7,862,110	6.4		
Directors and Named Executive Officers:				
Shao-Lee Lin, M.D., Ph.D.(6)	6,990,519	5.6		
Mardi C. Dier	—	*		
Melanie Gloria(7)	244,169	*		
Dan Becker, M.D., Ph.D.(8)	4,823,074	3.9		
Alan Colowick, M.D., M.P.H.(9)	18,408,101	15.0		
Bruce C. Cozadd	—	*		
Henry Gosebruch	—	*		
Patrick Machado J.D.	—	*		
Beth Seidenberg M.D.(10)	16,842,318	13.7		
Dawn Svoronos(11)	31,932	*		
All directors and executive officers as a group (13 persons)(12)	47,463,522	38.1		

* Represents beneficial ownership of less than 1%.

(1) Represents 18,408,101 shares held of record by AyurMaya Capital Management Fund, LP, or AyurMaya LP. David Goel is the managing member of AyurMaya General Partner, LLC, which is the general partner of AyurMaya LP. The investment committee of AyurMaya LP shares voting and investment power over the shares held by AyurMaya LP. The investment committee of AyurMaya LP is comprised of David Goel, Karan Takhar, and Alan Colowick, M.D., M.P.H. The address for AyurMaya LP is Bay Colony Corporate Center, 1000 Winter St., Suite 4500, Waltham, MA 02451.

(2) Represents 16,842,318 shares held of record by Westlake BioPartners Fund II, L.P., or Westlake Fund II. Westlake BioPartners GP II, LLC, or Westlake GP II, is the general partner of Westlake Fund II. Westlake GP II may be deemed to share voting and dispositive power with regard to the shares held directly by Westlake Fund II. Beth Seidenberg and Sean Harper are the managing directors of Westlake GP II and share voting and dispositive power over the shares held by Westlake Fund II. The address for Westlake Fund II is 3075 Townsgate Rd., Suite 140, Westlake Village, CA 91361.

(3) Represents 8,141,142 shares held of record by Opaleye L.P. Opaleye Management Inc. is an investment manager for Opaleye L.P. and James Silverman is the President of Opaleye Management Inc. Mr. Silverman shares voting and investment power with respect to the shares held by Opaleye, L.P. The address for Opaleye L.P. is Attention: James Silverman, One Boston Place, 26th Floor, Boston, MA 02108.

(4) Represents (i) 7,507,934 shares held of record by Orbimed Private Investments VIII, L.P., or OPI VIII; and (ii) 530,538 shares held of record by Orbimed Genesis Master Fund, L.P., or Genesis. OrbiMed Capital GP VIII LLC, or GP VIII, is the general partner of OPI VIII. OrbiMed Genesis GP LLC, or Genesis GP is the general partner of Genesis. OrbiMed Advisors LLC, or OrbiMed Advisors, is the managing member of GP VIII and Genesis GP. By virtue of such relationships, GP VIII and OrbiMed Advisors may be deemed to have voting power and investment power over the securities held by OPI VIII and as a result, may be deemed to have beneficial ownership over such securities. By virtue of such relationships, Genesis GP and OrbiMed Advisors may be deemed to have voting power and investment power over the securities held by Genesis and as a result, may be deemed to have beneficial ownership over such securities. OrbiMed Advisors exercises voting and investment power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and W. Carter Neild, each of whom disclaims beneficial ownership of the shares held by Genesis and OPI VIII. The address for these entities is 601 Lexington Ave., 54th Floor, New York, NY 10022.

(5) Represents 7,862,110 shares held of record by Citadel Multi-Strategy Equities Master Fund Ltd., or CEMF. Citadel Advisors LLC, or Citadel Advisors, is the portfolio manager for CEMF. Citadel Advisors Holdings LP, or CAH, is the sole member of Citadel Advisors. Citadel GP LLC, or CGP is the general partner of CAH. Kenneth Griffin owns a controlling interest in CGP, and may be deemed to share voting and investment power over the shares held by CEMF. This disclosure shall not be construed as an admission that Mr. Griffin or any of the related entities listed herein is the beneficial owner of any securities of the Company other than the securities

actually owned by such person (if any). The address for CEMF is c/o Citadel Enterprise Americas LLC, Southeast Financial Center, 200 S. Biscayne Blvd., Suite 3300, Miami, FL 33131.

(6) Represents (i) 1,336,649 shares held of record by the Shao-Lee Lin Trust u/a/d September 23, 2005, for which Dr. Lin serves as trustee; (ii) 700,000 shares held of record by the Shao-Lee Lin 2020 Gift Trust dtd 7/16/20, for which Dr. Lin's spouse serves as trustee; (iii) 700,000 shares held of record by the Lin Family 2020 Gift Trust dtd 7/16/20, for which Dr. Lin's spouse shares voting and investment power over such shares; (iv) 690,000 shares held of record by the Susie Jun 2020 Gift Trust dtd 7/16/20, for which Dr. Lin serves as trustee; (v) 10,000 shares held of record by the Susie Jun Trust U/A/D September 23, 2005, for which Dr. Lin's spouse serves as trustee; (vi) 2,290,967 shares held of record by Woodland Hills Partners LLC, or WFH; and (vii) 1,262,903 shares issuable upon settlement of RSUs that will have satisfied the service based condition and the liquidity event condition in connection with this offering. Dr. Lin is a managing member of WFH, and may be deemed to share voting and investment power over the shares held by WFH.

(7) Represents 244,169 shares subject to options that are exercisable within 60 days of March 15, 2023, all of which are vested as of such date.

(8) Represents 4,823,074 shares held of record by AI Acel LLC, or AI ACEL, and may be deemed to be beneficially owned by Access Industries Holdings LLC, or AIH, Access Industries Management, LLC, or AIM, and Len Blavatnik, because (i) Len Blavatnik controls AIM and holds a majority of the outstanding voting interests in AIH, (ii) AIM controls AIH, and (iii) AIH indirectly controls all of the outstanding voting interests in AI ACEL. Dr. Becker is a biotechnology principal of Access Industries, Inc., an affiliate of AIM, and does not have voting or investment power over the shares held by AI ACEL. Dr. Becker disclaims beneficial ownership of the shares held by AI ACEL except for his pecuniary interest therein, which is in the form of an indirect profits interest.

(9) Represents the shares listed in footnote (1). Dr. Colowick, one of our directors, is a member of the investment committee of AyurMaya LP and, therefore, may be deemed to exercise voting and investment discretion with respect to such shares.

(10) Represents the shares listed in footnote (2) above. Dr. Seidenberg, one of our directors, is a managing director of Westlake GP II and, therefore, may be deemed to exercise voting and investment discretion with respect to such shares.

(11) Represents 31,932 shares subject to options that are exercisable within 60 days of March 15, 2023, all of which are vested as of such date.

(12) Represents (i) 45,801,109 shares beneficially owned by our current executive officers and directors as a group; (ii) 399,510 shares subject to options exercisable within 60 days of March 15, 2023, all of which are vested as of such date; and (iii) 1,262,903 shares issuable upon settlement of RSUs that will have satisfied the service-based condition and the liquidity event condition in connection with this offering.

DESCRIPTION OF CAPITAL STOCK

General

The following description of our capital stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation, which will become effective immediately prior to the closing of this offering, and the amended and restated bylaws, which will become effective upon the closing of this offering. Copies of these documents have been filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of the common stock and preferred stock reflect changes to our capital structure that will be in effect on the closing of this offering.

Upon filing of our amended and restated certificate of incorporation and the closing of this offering, our authorized capital stock will consist of shares of common stock, par value $0.00001 per share and shares of preferred stock, par value $0.00001 per share. All of our authorized shares of preferred stock will be undesignated.

As of December 31, 2022, after giving effect to (i) the automatic conversion of 80,346,268 shares of our redeemable convertible preferred stock into an equivalent number of shares of our common stock immediately prior to the closing of this offering, (ii) 37,242,709 shares of common stock issued in connection with the Acquisition, and (iii) the RSU Net Settlement, there were shares of common stock outstanding, held of record by stockholders.

Common Stock

Our amended and restated certificate of incorporation will authorize the issuance of up to shares of our common stock. All outstanding shares of our common stock are validly issued, fully paid and nonassessable, and the shares of our common stock to be issued in connection with this offering will be validly issued, fully paid and nonassessable.

Voting Rights

Each holder of our common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. The affirmative vote of holders of at least 66-2/3% of the voting power of all of the then-outstanding shares of common stock, voting as a single class, will be required to amend certain provisions of our amended and restated certificate of incorporation, including provisions relating to amending our amended and restated bylaws, the classified board, the size of our board, removal of directors, director liability, vacancies on our board, special meetings, stockholder notices, actions by written consent and exclusive forum.

Economic Rights

Except as otherwise expressly provided in our amended and restated certificate of incorporation or required by applicable law, all shares of our common stock will have the same rights and privileges and rank equally, share ratably and be identical in all respects for all matters, including those described below.

Dividends. Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of our common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by the board of directors out of legally available funds.

Liquidation Rights. In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

No Preemptive or Similar Rights

Holders of our common stock have no preemptive, conversion or subscription rights and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the right of the holders of shares of any series of preferred stock that we may designate in the future.

Fully Paid and Non-Assessable

In connection with this offering, our legal counsel will opine that the shares of our common stock to be issued under this offering will be fully paid and non-assessable.

Preferred Stock

As of December 31, 2022, there were shares of redeemable convertible preferred stock outstanding, consisting of shares of Series A redeemable convertible preferred stock, shares of Series B redeemable convertible preferred stock and shares of Series C redeemable convertible preferred stock. Outstanding shares of redeemable convertible preferred stock will be converted into either an equivalent number of shares of common stock immediately prior to the closing of this offering.

Following the closing of this offering, our board of directors will have the authority under our amended and restated certificate of incorporation, without further action by our stockholders, to issue up to shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon, and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of us and may adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock on the rights of holders of common stock until the board of directors determines the specific rights attached to that preferred stock.

We have no present plans to issue any shares of preferred stock following completion of this offering.

Stock Options and Restricted Stock Units; Shares Reserved for Future Issuance Under the 2023 Plan

As of December 31, 2022, there were options to purchase shares of common stock and RSUs representing shares of common stock outstanding under our 2020 Plan. For additional information regarding the terms of our 2020 Plan, see the section titled "Executive Compensation—Equity Incentive Plans." In addition, in January 2023, we assumed outstanding options of certain ValenzaBio optionholders, which became options for the purchase of an aggregate of 2,464,653 shares of our common stock upon the closing of the Acquisition on January 4, 2023. Following completion of this offering, shares of our common stock will be reserved for future issuance under the 2023 Plan, which will become effective immediately prior to the execution of the underwriting agreement for this offering, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under the 2023 Plan and any shares underlying outstanding stock awards granted under the 2020 Plan, that expire or are repurchased, forfeited, cancelled, or withheld. For additional information regarding terms of our equity incentive plans, see the section titled "Executive Compensation—Equity Benefit Plans."

Registration Rights

Upon the closing of this offering and subject to the lock-up agreements entered into in connection with this offering and federal securities laws, certain holders of shares of our common stock, including those shares of our common stock that will be issued upon the conversion of our redeemable convertible preferred stock in connection with this offering, will initially be entitled to certain rights with respect to registration of such shares under the Securities Act. These shares are referred to as registrable securities. The holders of these registrable securities possess registration rights pursuant to the terms of our amended and restated investors' rights agreement and are described in additional detail below. The registration of shares of our common stock pursuant to the exercise of the registration rights described below would enable the holders to trade these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts, selling commissions and stock transfer taxes, and certain costs related to disbursement of counsel for holders of these registrable securities of the shares registered pursuant to the demand, piggyback and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions and limitations, to limit the number of shares the holders may include. The demand, piggyback and Form S-3 registration rights described below will expire upon the earlier to occur of (i) five years after the closing of this offering, and (ii) with respect to any holder, (1) when such holder of registrable securities (together with its affiliates) holds less than 1% of our outstanding capital stock, and (2) when Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such holder's shares, without limitation, during a three-month period.

Demand Registration Rights

Upon the closing of this offering, holders of an aggregate of shares of our registrable securities will be entitled to certain demand registration rights. At any time beginning 180 days after the closing of this offering, the holders of at least 30% of these shares then outstanding may request that we register all or a portion of their shares. We are not required to effect more than two registration statements which are declared or ordered effective. Such request for registration must cover shares with an anticipated aggregate offering size of at least $10.0 million, net of selling expenses. With certain exceptions, we are not required to effect the filing of a registration statement (i) during the period starting with 60 days before our good faith estimate of the date of the filing of, and ending on a date 180 days following the effective date of a registration initiated by us, (ii) after we have effected two registration statements pursuant to such demand registration rights, or (iii) if the holders propose to dispose of the shares that may be immediately registered on Form S-3 pursuant to the Form S-3 registration rights described below.

Piggyback Registration Rights

Upon the closing of this offering, the holders of an aggregate of shares of our registrable securities will be entitled to certain piggyback registration rights. After this offering, in the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the holders of these shares will be entitled to certain piggyback registration rights allowing the holder to include their shares in such registration, subject to certain marketing and other limitations. The necessary percentage of holders waived their rights to notice of this offering and to include any registrable securities that they hold in this offering.

Form S-3 Registration Rights

Upon the closing of this offering, holders of an aggregate of shares of registrable securities will be entitled to certain Form S-3 registration rights. Holders of 30% of these shares then outstanding can make a request that we register their shares on Form S-3 if we are qualified to file a registration statement on Form S-3

and if the reasonably anticipated aggregate offering size would equal or exceed $5 million, net of selling expenses. We will not be required to effect (i) during the period that is 30 days before our good faith estimate of the date of fling of, and ending on the date that is 90 days after the effective date of, a registration initiated by us, provided that we are actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective, or (ii) more than two registrations on Form S-3 within any 12-month period.

Anti-Takeover Provisions

Section 203 of the Delaware General Corporation Law

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66-2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include the following:

- any merger or consolidation involving the corporation or any direct or indirect majority-owned subsidiary of the corporation and the interested stockholder;
- any sale, lease, exchange, mortgage, pledge, transfer or other disposition of 10% or more of the assets of the corporation or of any direct or indirect majority-owned subsidiary involving the interested stockholder (in one transaction or a series of transactions);
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation or by any direct or indirect majority-owned subsidiary of the corporation of any stock of the corporation or of such subsidiary to the interested stockholder;
- any transaction involving the corporation or any direct or indirect majority-owned subsidiary of the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation or any such subsidiary beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation or any direct or indirect majority-owned subsidiary.

In general, Section 203 defines an "interested stockholder" as an entity or person who, together with the person's affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Certificate of Incorporation and Bylaws To Be in Effect Prior to the Closing of This Offering

Our amended and restated certificate of incorporation to be in effect immediately prior to the closing of this offering (our restated certificate) will provide for our board of directors to be divided into three classes with

staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Because our stockholders do not have cumulative voting rights, stockholders holding a majority of the shares of our common stock outstanding will be able to elect all of our directors. Our restated certificate and our amended and restated bylaws to be effective upon the completion of this offering (our restated bylaws) will also provide that directors may be removed by the stockholders only for cause upon the vote of 66-2/3% or more of our outstanding common stock. Furthermore, the authorized number of directors may be changed only by resolution of the board of directors, and vacancies and newly created directorships on the board of directors may, except as otherwise required by law or determined by the board and subject to the rights of any series of then-outstanding preferred stock, only be filled by a majority vote of the directors then serving on the board, even though less than a quorum.

Under our restated certificate and restated bylaws our stockholders will not have cumulative voting rights. Because of this, the holders of a majority of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose.

Our restated certificate and restated bylaws will also provide that all stockholder actions must be effected at a duly called meeting of stockholders and will eliminate the right of stockholders to act by written consent without a meeting. Our restated bylaws will also provide that only our Chairman of the board, Chief Executive Officer or the board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors may call a special meeting of stockholders.

Our restated bylaws will also provide that stockholders seeking to present proposals before a meeting of stockholders to nominate candidates for election as directors at a meeting of stockholders must provide timely advance notice in writing, and will specify requirements as to the form and content of a stockholder's notice.

Our restated certificate and restated bylaws will provide that the stockholders cannot amend many of the provisions described above except by a vote of 66-2/3% or more of our outstanding common stock.

As described in the subsection titled "—Preferred Stock" above, our restated certificate will give our board of directors the authority, without further action by our stockholders, to issue up to shares of preferred stock in one or more series, with any rights, preferences and privileges as they may designate, including the right to approve an acquisition or other change in control.

The combination of these provisions will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce our vulnerability to hostile takeovers and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts. We believe that the benefits of these provisions, including increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company, outweigh the disadvantages of discouraging takeover proposals, because negotiation of takeover proposals could result in an improvement of their terms.

Choice of Forum

Our amended and restated certificate of incorporation will provide that the Court of Chancery of the state of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- 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 Delaware General Corporation Law, our restated certificate, or our restated bylaws; or
- any action asserting a claim against us that is governed by the internal affairs doctrine.

The provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims.

To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation will also provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

Our amended and restated certificate of incorporation will further provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

Limitations on Liability and Indemnification

See the section titled "Executive Compensation—Limitations on Liability and Indemnification."

Exchange Listing

Our common stock is currently not listed on any securities exchange. We have applied to have our common stock approved for listing on The Nasdaq Global Market under the symbol "SLRN."

Transfer Agent and Registrar

On the closing of this offering, the transfer agent and registrar for our common stock will be . The transfer agent's address is .

SHARES ELIGIBLE FOR FUTURE SALE

Before the closing of this offering, there has been no public market for our common stock. Future sales of substantial amounts of our common stock, including shares issued on the exercise of outstanding options, the settlement of RSUs, in the public market after this offering, or the possibility of these sales or issuances occurring, could adversely affect the prevailing market price for our common stock or impair our ability to raise equity capital.

Upon the completion of this offering and assuming (i) the automatic conversion of 80,346,268 shares of our redeemable convertible preferred stock outstanding as of December 31, 2022 into an equivalent number of shares of our common stock, (ii) 37,242,709 shares of common stock issued in connection with the Acquisition, and (iii) the RSU Net Settlement, we will have an aggregate of shares of our common stock outstanding (or shares of common stock if the underwriters exercise in full their option to purchase additional shares). Of these shares, all of the common stock sold in this offering, as well as any shares sold upon the exercise of the underwriters' option to purchase additional shares of common stock, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless these shares are held by "affiliates," as that term is defined in Rule 144 under the Securities Act.

The remaining shares of common stock will be, and shares of common stock subject to outstanding RSUs will be on issuance, "restricted securities," as that term is defined in Rule 144. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below. Restricted securities may also be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S.

Subject to the lock-up agreements described below and the provisions of Rule 144 or Regulation S under the Securities Act, as well as our insider trading policy, these restricted securities will be available for sale in the public market after the date of this prospectus.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, an eligible stockholder is entitled to sell such shares without complying with the manner of sale, volume limitation, or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. To be an eligible stockholder under Rule 144, such stockholder must not be deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and must have beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144, subject to the lock-up agreements described below.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell shares on expiration of the lock-up agreements described below. Beginning 90 days after the date of this prospectus, within any three-month period, such stockholders may sell a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering, assuming no exercise of the underwriters' option to purchase additional shares of common stock from us; or
- the average weekly trading volume of our common stock on The Nasdaq Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 of the Securities Act (Rule 701) generally allows a stockholder who was issued shares under a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days, to sell these shares in reliance on Rule 144, but without being required to comply with the public information, holding period, volume limitation, or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares under Rule 701, subject to the lock-up agreements described below.

Form S-8 Registration Statements

We intend to file one or more registration statements on Form S-8 under the Securities Act with the SEC to register the offer and sale of shares of our common stock that are issuable upon exercise of outstanding stock options and shares of our common stock reserved for future issuance under the 2023 Plan and ESPP. These registration statements will become effective immediately on filing. Shares covered by these registration statements will then be eligible for sale in the public markets, subject to vesting restrictions, any agreements described below, and Rule 144 limitations applicable to affiliates.

Lock-Up Arrangements

We, and all of our directors, officers and the holders of substantially all of our common stock and securities exercisable for or convertible into our common stock, have agreed with the underwriters that, until 180 days after this offering, we and they will not, subject to certain exceptions, without the prior written consent of the representatives of the underwriters, directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any of our shares of common stock, or any securities convertible into or exercisable or exchangeable for shares of our common stock, or enter into any hedging, swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the securities, whether any such swap or transaction is to be settled by delivery of our common stock or other securities, in cash or otherwise. These agreements are described in more detail in the section titled “Underwriters.” The representatives of the underwriters may, in their sole discretion, release any of the securities subject to these lock-up agreements at any time.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with certain of our security holders, that contain market stand-off provisions or incorporate market stand-off provisions from our equity incentive plan imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus.

Registration Rights

Upon the closing of this offering, pursuant to our amended and restated investors’ rights agreement, the holders of shares of our common stock, or their transferees, will be entitled to certain rights with respect to the registration of the offer and sale of their shares under the Securities Act, subject to the terms of the lock-up agreements described under the section titled “—Lock-Up Arrangements” above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act immediately on the effectiveness of the registration. Any sales of securities by these stockholders could adversely affect the trading price of our common stock. See the sub-section titled “Description of Capital Stock—Registration Rights” for additional information.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following is a summary of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering. This discussion is not a complete analysis of all potential U.S. federal income tax consequences relating thereto, does not address the potential application of the Medicare contribution tax on net investment income, the alternative minimum tax or the special tax accounting rules under Section 451(b) of the Internal Revenue Code of 1986, as amended (the Code), and does not address any estate or gift tax consequences or any tax consequences arising under any state, local or foreign tax laws, or any other U.S. federal tax laws. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service (the IRS), all as in effect as of the date hereof. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This discussion is limited to non-U.S. holders who purchase our common stock pursuant to this offering and who hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a non-U.S. holder in light of such non-U.S. holder's particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to non-U.S. holders subject to special rules under the U.S. federal income tax laws, including:

- certain former citizens or long-term residents of the United States;
- partnerships or other entities or arrangements treated as partnerships, pass-throughs, or disregarded entities for U.S. federal income tax purposes (and investors therein);
- "controlled foreign corporations;"
- "passive foreign investment companies;"
- corporations that accumulate earnings to avoid U.S. federal income tax;
- banks, financial institutions, investment funds, insurance companies, brokers, dealers or traders in securities;
- tax-exempt organizations and governmental organizations;
- tax-qualified retirement plans;
- persons who received our common stock as compensation;
- qualified foreign pension funds as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds;
- persons that own or have owned, actually or constructively, more than 5% of our common stock;
- persons who have elected to mark securities to market; and
- persons holding our common stock as part of a hedging or conversion transaction or straddle, or a constructive sale, or other risk reduction strategy or integrated investment.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Partnerships holding our common stock and the partners in such partnerships are urged to consult their tax advisors about the particular U.S. federal income tax consequences to them of holding and disposing of our common stock.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF OUR COMMON STOCK, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS AND ANY OTHER U.S. FEDERAL TAX LAWS.

Definition of Non-U.S. Holder

For purposes of this discussion, a non-U.S. holder is any beneficial owner of our common stock that is not a "U.S. person" or a partnership (including any entity or arrangement treated as a partnership) for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (i) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Distributions on Our Common Stock

As described in the section titled "Dividend Policy," we do not anticipate declaring or paying, in the foreseeable future, any dividends on our capital stock. However, if we distribute cash or other property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Any portion of a distribution that exceeds our current and accumulated earnings and profits will constitute a return of capital and will first be applied against and reduce a holder's tax basis in our common stock, but not below zero. Any amount distributed in excess of basis will be treated as gain realized on the sale or other disposition of our common stock and will be treated as described in the subsection titled "—Gain on Disposition of Our Common Stock" below.

Subject to the discussion below regarding effectively connected income, backup withholding and FATCA (as defined below), dividends paid to a non-U.S. holder of our common stock generally will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends or such lower rate specified by an applicable income tax treaty. To receive the benefit of a reduced treaty rate, a non-U.S. holder must furnish us or our withholding agent with a valid IRS Form W-8BEN (in the case of individuals) or IRS Form W-8BEN-E (in the case of entities), or other appropriate form, certifying such holder's qualification for the reduced rate. This certification must be provided to us or our withholding agent before the payment of dividends and must be updated periodically. If the non-U.S. holder holds our common stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our withholding agent, either directly or through other intermediaries.

If a non-U.S. holder holds our common stock in connection with the conduct of a trade or business in the United States, and dividends paid on our common stock are effectively connected with such holder's U.S. trade or business (and if required by an applicable tax treaty, are attributable to such holder's permanent establishment or fixed base in the United States), the non-U.S. holder generally will be exempt from U.S. federal withholding tax. To claim the exemption, the non-U.S. holder generally must furnish a valid IRS Form W-8ECI (or applicable successor form) to the applicable withholding agent.

However, any such effectively connected dividends paid on our common stock generally will be subject to U.S. federal income tax on a net income basis at the regular U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

Non-U.S. holders that do not provide the required certification on a timely basis, but that qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Gain on Disposition of Our Common Stock

Subject to the discussions below regarding backup withholding and FATCA (as defined below), a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale or other disposition of our common stock, unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States;
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition, and certain other requirements are met; or
- we are or become a United States real property holding corporation (a USRPHC) for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the disposition or the non-U.S. holder's holding period for our common stock, and our common stock is not regularly traded on an established securities market during the calendar year in which the sale or other disposition occurs.

Determining whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other trade or business assets and our foreign real property interests. We believe that we are not currently and we do not anticipate becoming a USRPHC for U.S. federal income tax purposes, although there can be no assurance we will not in the future become a USRPHC.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. A non-U.S. holder described in the second bullet point above will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate specified by an applicable income tax treaty), on gain realized upon the sale or other taxable disposition of our common stock which may be offset by certain U.S.-source capital losses (even though the individual is not considered a resident of the United States), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses. If we are or become a USRPHC during the period described in the third bullet point above and our common stock is not regularly traded for purposes of the relevant rules, gain arising from the sale or other taxable disposition of our common stock by a non-U.S. holder will generally be subject to U.S. federal income tax in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business, except that the branch profits tax generally will not apply.

Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Annual reports are required to be filed with the IRS and provided to each non-U.S. holder indicating the amount of distributions on our common stock paid to such holder and the amount of any tax withheld with respect to those distributions. These information reporting requirements apply even if no withholding was required because the distributions were effectively connected with the holder's conduct of a U.S. trade or business, or withholding was reduced or eliminated by an applicable income tax treaty. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established. Backup withholding, currently at a 24% rate, generally will not apply to payments to a non-U.S. holder of dividends on or the gross proceeds of a disposition of our common stock provided the non-U.S. holder furnishes the required certification for its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, or certain other requirements are met, and if the payor does not have actual knowledge, or reason to know, that the holder is a U.S. person who is not an exempt recipient.

Backup withholding is not an additional tax. If any amount is withheld under the backup withholding rules, the non-U.S. holder should consult with a U.S. tax advisor regarding the possibility of and procedure for obtaining a refund or a credit against the non-U.S. holder's U.S. federal income tax liability, if any.

Withholding on Payment to Certain Foreign Accounts or Entities

Sections 1471 through 1474 of the Code (commonly referred to as FATCA), impose a U.S. federal withholding tax of 30% on certain payments made to a "foreign financial institution" (as specially defined under these rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding certain U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or an exemption applies. FATCA also generally will impose a U.S. federal withholding tax of 30% on certain payments made to a non-financial foreign entity unless such entity provides the withholding agent a certification identifying certain direct and indirect U.S. owners of the entity or an exemption applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. FATCA currently applies to dividends paid on our common stock and subject to the proposed Treasury Regulations described below, also applies to payments of gross proceeds from the sale or other disposition of our common stock. The U.S. Treasury Department has released proposed Treasury Regulations under FATCA, which, if finalized in their present form, would eliminate the federal withholding tax of 30% applicable to gross proceeds of a sale or other disposition of our common stock. In the preamble to such proposed Treasury Regulations, the U.S. Treasury Department stated that taxpayers generally may rely on the proposed Treasury Regulations until final regulations are issued.

Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our common stock.

UNDERWRITERS

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, Jefferies LLC, Cowen and Company, LLC and Piper Sandler & Co. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares of common stock indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	
Jefferies LLC	
Cowen and Company, LLC	
Piper Sandler & Co.	
Total	

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives," respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ per share under the public offering price. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional shares of common stock.

		Total	
	Per Share	No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by us	$	$	$
Proceeds, before expenses, to us	$	$	$

The estimated offering expenses payable by us, exclusive of underwriting discounts and commissions, are approximately $. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to $.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock offered by them.

We have applied to list our common stock on the Nasdaq Global Market under the trading symbol "SLRN."

In connection with this offering, we and all of our directors, officers and the holders of substantially all of our outstanding common stock and securities directly or indirectly convertible into or exchangeable or exercisable for our common stock entered into lock-up agreements with the underwriters agreeing that, subject to certain exceptions, without the prior written consent of the representatives on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus (the restricted period):

(i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, make any short sale, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock and securities directly or indirectly convertible into or exchangeable or exercisable for our common stock;

(ii) enter into any swap, hedging transaction, or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock, whether any such transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise;

(iii) publicly disclose the intention to take any of the actions restricted by clause (i) or (ii) above; or

(iv) make any demand for, or exercise any right with respect to, the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock.

With respect to us, the restrictions described in the immediately preceding paragraph to do not apply to:

(i) the sale of shares of common stock to the underwriters;

(ii) the issuance by the Company of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus; or

(iii) facilitating the establishment of a trading plan on behalf of a stockholder, officer or director of the Company pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that (a) such plan does not provide for the transfer of common stock during the restricted period and (b) to the extent a public announcement or filing under the Exchange Act, if any, is required or voluntarily made regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period.

With respect to our directors, officers and the holders of substantially all of our outstanding common stock and securities directly or indirectly convertible into or exchangeable or exercisable for our common stock, the restrictions described above to do not apply to:

(i) transactions relating to shares of common stock acquired in this offering or in open market transactions after the completion of this offering;

(ii) transfers of shares of common stock or securities directly or indirectly convertible into or exchangeable or exercisable for our common stock (a) as a bona fide gift, (b) to an immediate family member or to any trust for the direct or indirect benefit of the lock-up party or an immediate family member of the lock-up party, (c) to any corporation, partnership, limited liability company, investment fund, trust or other entity of which the lock-up party and the immediate family of the lock-up party are the legal and beneficial owner of all of the outstanding equity securities or similar interests, or (d) by will, other testamentary document or intestate succession to the legal representative, heir, beneficiary or an

immediate family member of the lockup party; provided that in the case of any transfer or distribution pursuant to this clause (ii), (1) such transfer shall not involve a disposition for value, (2) each donee, distributee or transferee shall sign and deliver a lock-up agreement to the underwriters and (3) other than in the case of preceding clause (d), no filing under Section 16(a) of the Exchange Act reporting a reduction in beneficial ownership shall be required or voluntarily made during the restricted period;

(iii) if the lock-up party is a corporation, partnership, limited liability company, trust or other business entity, (a) transfers or distributions of shares of common stock or securities directly or indirectly convertible into or exchangeable or exercisable for our common stock to current or former general or limited partners, managers or members, stockholders, other equity holders or direct or indirect affiliates (within the meaning of Rule 405 under the Securities Act) of the lock-up party, or to the estates of any of the foregoing or (b) transfers or distributions to any investment fund or other entity controlling, controlled by, managing or managed by or under common control with the lock-up party or affiliates of the lock-up party, provided that, in the case of any transfer or distribution pursuant to this clause (iii), (1) each transferee or distributee shall sign and deliver a lock-up agreement to the underwriters, (2) no filing under the Exchange Act reporting a reduction in beneficial ownership shall be required or voluntarily made during the restricted period, and (3) such transfer shall not involve a disposition for value;

(iv) the transfer of shares of common stock and securities directly or indirectly convertible into or exchangeable or exercisable for our common stock to the Company to satisfy any tax, including estimated tax, remittance, or other payment obligations of the lock-up party arising in connection with a vesting event of the Company's securities or the payment due for the exercise of options (including a transfer to the Company for the "net" or "cashless" exercise of options) or other rights to purchase securities of the Company; provided, that any securities received upon such vesting or exercise shall be subject to the terms of the lock-up agreement; and provided further, that to the extent a filing under Section 16(a) of the Exchange Act is required during the restricted period as a result of transfers made pursuant to this clause (iv), such filing shall clearly indicate the circumstances;

(v) the establishment or amendment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act, provided that (a) such plan does not provide for the transfer of common stock during the restricted period, and (b) to the extent a public announcement or filing under the Exchange Act is required of or voluntarily made by or on behalf of the lock-up party or the Company regarding the establishment of such plan during the restricted Period, such announcement or filing shall include a statement to the effect that no transfer of shares may be made under such plan during the restricted period;

(vi) the transfer of shares of common stock or securities directly or indirectly convertible into or exchangeable or exercisable for our common stock that occurs by operation of law pursuant to a qualified domestic order or in connection with a divorce settlement or other court order, provided that (a) the transferee shall sign and deliver a lock-up agreement to the underwriters, and (b) any filing required under Section 16(a) of the Exchange Act during the restricted period shall clearly indicate the circumstances;

(vii) transfers to the Company in connection with the repurchase of securities in connection with the termination of the lock-up party's employment with us; provided that no public disclosure or filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made during the restricted period;

(viii) the transfer of securities pursuant to a bona fide third- party tender offer, merger, consolidation or other similar transaction that is approved by the Board of Directors of the Company, provided that, in the event that the tender offer, merger, consolidation or other such transaction is not completed, the securities owned by the lock-up party shall remain subject to the restrictions set forth above; or

(ix) transfers with the prior written consent of the representatives on behalf of the Underwriters.

The representatives, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings

ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Directed Share Program

At our request, the underwriters have reserved up to 5% of the shares offered by this prospectus for sale at the initial public offering price to certain individuals through a directed share program, including our directors, officers, employees and certain other individuals identified by management. Shares purchased through the directed share program by directors and officers, if any, who sign a lock-up agreement in connection with the offering will be subject to the lock-up period and restrictions as described above. The sales will be made at our direction by Morgan Stanley & Co. LLC, one of the underwriters, and its affiliates through a directed share program. The number of shares of our common stock available for sale to the general public in this offering will be reduced to the extent that such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of common stock offered by this prospectus. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the shares reserved for the directed share program. In addition, we have requested that the underwriters make issuer directed allocations in the aggregate of shares of our common stock to certain investors.

Selling Restrictions

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area, or, each a Member State, no shares of common stock have been offered or will be offered pursuant to the offering to the public in that Member State prior to the publication of a prospectus in relation to the shares of common stock which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except that offers of common stock shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the underwriters; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares of common stock shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the underwriters and us that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation. In the case of any shares of common stock being offered to a financial intermediary as that term is used in the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares of common stock acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares of common stock to the public other than their offer or resale in a Member State to qualified investors as so defined or in circumstances in which the prior consent of the underwriters have been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of common stock, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to Prospective Investors in the United Kingdom

No shares of common stock have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the common stock which has been approved by the Financial Conduct Authority, except that the common stock may be offered to the public in the United Kingdom at any time:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the U.K. Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the U.K. Prospectus Regulation), subject to obtaining the prior consent of the representatives of the underwriters for any such offer; or

(iii) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the common stock shall require our company or any underwriter to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the U.K. Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the common stock in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of common stock and the expression "U.K. Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order, or, all such persons together being referred to as relevant persons, or otherwise in circumstances which have not resulted and will not result in an offer to the public of the shares in the United Kingdom within the meaning of the Financial Services and Markets Act 2000.

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons.

Notice to Prospective Investors in Canada

The common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Switzerland

The common stock may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the common stock or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, us or the common stock have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of common stock will not be supervised by, the Swiss Financial Market Supervisory Authority, or FINMA, and the offer of common stock has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of common stock.

Notice to Prospective Investors in the Dubai International Financial Centre (DIFC)

This document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (DFSA). This document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for this document. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Notice to Prospective Investors in the United Arab Emirates

The shares of common stock have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this prospectus does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

Notice to Prospective Investors in Australia

This prospectus:

- does not constitute a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (Corporations Act);
- has not been, and will not be, lodged with the Australian Securities and Investments Commission (ASIC), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document for the purposes of the Corporations Act; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, available under section 708 of the Corporations Act, Exempt Investors.

The common stock may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the common stock may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the common stock, you represent and warrant to us that you are an Exempt Investor.

As any offer of common stock under this document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the common stock you undertake to us that you will not, for a period of 12 months from the date of issue of the common stock, offer, transfer, assign or otherwise alienate those common stock to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Notice to Prospective Investors in Japan

The shares of common stock have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the common stock nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to Prospective Investors in Hong Kong

The shares of common stock have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or the SFO, of Hong Kong and any rules made thereunder; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong), or the CO, or which do not constitute an offer to the public within the meaning of the CO. No advertisement, invitation or document relating to the common stock has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong

Kong) other than with respect to shares of common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Notice to Prospective Investors in Singapore

Singapore SFA Product Classification — In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of shares of common stock, we have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA), that the shares of common stock are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Each underwriter has acknowledged that this prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each underwriter has represented and agreed that it has not offered or sold any shares of common stock or caused the common stock to be made the subject of an invitation for subscription or purchase and will not offer or sell any shares of common stock or cause the common stock to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the common stock, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time, or the SFA) pursuant to Section 274 of the SFA;

(ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares of common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 276(4)(i)(B) of the SFA,

(b) where no consideration is or will be given for the transfer,

(c) where the transfer is by operation of law,

(d) as specified in Section 276(7) of the SFA, or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notice to Prospective Investors in Bermuda

Shares of common stock may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

Notice to Prospective Investors in Saudi Arabia

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority, or the CMA, pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended, or the CMA Regulations. The CMA does not make any representation as to the accuracy or completeness of this document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorized financial adviser.

Notice to Prospective Investors in the British Virgin Islands

The shares of common stock are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on behalf of us. The common stock may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands), or BVI Companies, but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

Notice to Prospective Investors in China

This prospectus will not be circulated or distributed in the PRC and the common stock will not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to any residents of the PRC except pursuant to any applicable laws and regulations of the PRC. Neither this prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with applicable laws and regulations.

Notice to Prospective Investors in Korea

The shares of common stock have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea, or the FSCMA, and the decrees and regulations thereunder and the shares have been and will be offered in Korea as a private placement under the FSCMA. None of the common stock may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea, or the FETL, and the decrees and regulations thereunder. The common stock has not been listed on any of securities exchanges in the world including, without limitation, the Korea Exchange in Korea. Furthermore, the purchaser of the common stock shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the common stock. By the purchase of the common stock, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the common stock pursuant to the applicable laws and regulations of Korea.

Notice to Prospective Investors in Taiwan

The common stock has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan

through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the common stock in Taiwan.

Notice to Prospective Investors in South Africa

Due to restrictions under the securities laws of South Africa, no "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted), or the South African Companies Act, is being made in connection with the issue of the common stock in South Africa. Accordingly, this document does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. The shares of common stock are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions stipulated in section 96 (1) applies:

Section 96 (1)(a)	the offer, transfer, sale, renunciation or delivery is to: (i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, as principal or agent; (ii) the South African Public Investment Corporation; (iii) persons or entities regulated by the Reserve Bank of South Africa; (iv) authorized financial service providers under South African law; (v) financial institutions recognized as such under South African law; (vi) a wholly-owned subsidiary of any person or entity contemplated in (iii), (iv) or (v), acting as agent in the capacity of an authorized portfolio manager for a pension fund, or as manager for a collective investment scheme (in each case duly registered as such under South African law); or (vii) any combination of the person in (i) to (vi), or
Section 96 (1)(b)	the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000 or such higher amount as may be promulgated by notice in the Government Gazette of South Africa pursuant to section 96(2)(a) of the South African Companies Act.

Information made available in this prospectus should not be considered as "advice" as defined in the South African Financial Advisory and Intermediary.

LEGAL MATTERS

The validity of the shares of our common stock being offered in this prospectus will be passed upon for us by Cooley LLP, San Francisco, California. Certain legal matters in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell LLP, Menlo Park, California.

EXPERTS

The financial statements of ACELYRIN, INC. as of December 31, 2022 and 2021 and for the years then ended included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The financial statements of ValenzaBio, Inc. as of December 31, 2022 and for the year then ended included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The financial statements of ValenzaBio, Inc. as of December 31, 2021 and for the year then ended included in this prospectus have been so included in reliance on the report of Macias Gini & O'Connell LLP, an independent registered public accounting firm, appearing elsewhere herein, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC also maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

On the closing of this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above.

We also maintain a website at www.acelyrin.com. Information contained in, or accessible through, our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is only as an inactive textual reference.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of ACELYRIN, INC.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of ACELYRIN, INC. and its subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related statements of operations and comprehensive loss, of redeemable convertible preferred stock and stockholders' deficit and of cash flows for the years then ended, including the related notes (collectively referred to as the financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
San Diego, California
March 24, 2023

We have served as the Company's auditor since 2022.

ACELYRIN, INC.
Consolidated Financial Statements

Consolidated Balance Sheets
(in thousands, except share and per share data)

	December 31, 2021	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$102,242	$ 267,110
Short-term marketable securities	—	47,510
Prepaid expenses and other current assets	62	1,444
Total current assets	102,304	316,064
Prepaid expenses and other assets, non-current	—	3,859
Total assets	$102,304	$ 319,923
Liabilities, redeemable convertible preferred stock and stockholders' deficit		
Current liabilities		
Accounts payable	$ 1,133	$ 5,947
Accrued research and development expenses	9,697	5,717
Accrued compensation and other current liabilities	910	4,237
Total current liabilities	11,740	15,901
Derivative tranche liability	—	10,291
Total liabilities	11,740	26,192
Commitments and contingencies (Note 7)		
Redeemable convertible preferred stock, par value of $0.00001 per share; 56,230,900 and 104,461,636 shares authorized as of December 31, 2021 and 2022, respectively; 32,115,450 and 80,346,268 shares issued and outstanding as of December 31, 2021 and 2022, respectively; aggregate liquidation preference $133,000 and $408,000 as of December 31, 2021 and 2022, respectively	132,620	396,593
Stockholders' deficit		
Common stock, par value of $0.00001 per share; 123,230,900 and 229,461,636 shares authorized as of December 31, 2021 and 2022, respectively; 5,640,000 and 5,457,244 shares issued and outstanding as of December 31, 2021 and 2022, respectively	—	—
Additional paid-in capital	250	4,302
Accumulated other comprehensive loss	—	(86)
Accumulated deficit	(42,306)	(107,078)
Total stockholders' deficit	(42,056)	(102,862)
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$102,304	$ 319,923

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

ACELYRIN, INC.
Consolidated Financial Statements

Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)

	Year Ended December 31,	
	2021	2022
Operating expenses:		
Research and development	$ 38,230	$ 55,632
General and administrative	3,564	13,547
Total operating expenses	41,794	69,179
Loss from operations	(41,794)	(69,179)
Interest income	—	4,052
Change in fair value of derivative tranche liability	—	487
Other expense, net	(45)	(132)
Net loss	$ (41,839)	$ (64,772)
Other comprehensive loss		
Unrealized loss on short-term marketable securities, net	—	(86)
Total other comprehensive loss	—	(86)
Net loss and other comprehensive loss	$ (41,839)	$ (64,858)
Net loss per share attributable to common stockholders, basic and diluted	$ (30.86)	$ (21.09)
Weighted-average common shares outstanding, basic and diluted	1,355,553	3,071,461

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

ACELYRIN, INC.
Consolidated Financial Statements

Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit
(in thousands, except share data)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance at January 1, 2021	8,000,000	$ 7,916	5,600,000	$ —	$ 1	$ (467)	$ —	$ (466)
Issuance of Series B redeemable convertible preferred stock for cash, net of issuance costs of $296	24,115,450	124,704	—	—	—	—	—	—
Common shares issued upon exercise of options	—	—	40,000	—	16	—	—	16
Stock-based compensation expense	—	—	—	—	233	—	—	233
Net loss	—	—	—	—	—	(41,839)	—	(41,839)
Balance at December 31, 2021	32,115,450	$ 132,620	5,640,000	$ —	$ 250	$ (42,306)	$ —	$ (42,056)
Issuance of restricted stock awards	—	—	983,912	—	—	—	—	—
Issuance of Series B redeemable convertible preferred stock, net of issuance costs of $26	24,115,450	124,974	—	—	—	—	—	—
Issuance of Series C redeemable convertible preferred stock, net of derivative liability of $10,778 and issuance costs of $223	24,115,368	138,999	—	—	—	—	—	—
Repurchase and retirement of unvested founders' common stock	—	—	(1,166,668)	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	4,052	—	—	4,052
Net loss	—	—	—	—	—	(64,772)	—	(64,772)
Unrealized loss on short-term marketable securities, net	—	—	—	—	—	—	(86)	(86)
Balance at December 31, 2022	80,346,268	$ 396,593	5,457,244	$ —	$ 4,302	$ (107,078)	$ (86)	$ (102,862)

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

ACELYRIN, INC.
Consolidated Financial Statements

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31, 2021	2022
Cash flows from operating activities:		
Net loss	$ (41,839)	$ (64,772)
Adjustments to reconcile net loss to net cash used in operations:		
Stock-based compensation expense	233	4,052
Expense related to acquired in-process research and development assets	25,000	—
Net amortization of premiums and accretion of discounts on short-term marketable securities	—	(246)
Change in fair value of derivative tranche liability	—	(487)
Changes in assets and liabilities:		
Prepaid expense and other current assets	(49)	(941)
Prepaid expenses and other assets, non-current	—	(1,964)
Accounts payable	1,119	3,776
Accrued research and development expenses	9,697	(3,980)
Accrued compensation and other current liabilities	860	3,042
Net cash used in operating activities	(4,979)	(61,520)
Cash flows from investing activities		
Cash paid to acquire in-process research and development assets	(25,000)	—
Purchases of short-term marketable securities	—	(175,970)
Proceeds from maturities of short-term marketable securities	—	128,179
Payments for ValenzaBio Acquisition costs	—	(83)
Net cash used in investing activities	(25,000)	(47,874)
Cash flows from financing activities		
Proceeds allocated to the issuance of redeemable convertible preferred stock, net of issuance costs	124,704	263,973
Proceeds allocated to the derivative tranche liability	—	10,778
Payments of initial public offering costs	—	(489)
Proceeds from exercise of common stock options	16	—
Net cash provided by financing activities	124,720	274,262
Net increase in cash and cash equivalents	94,741	164,868
Cash and cash equivalents, at beginning of year	7,501	102,242
Cash and cash equivalents, at end of year	$102,242	$ 267,110
Supplemental disclosure of cash flow information:		
Deferred offering costs included in accrued compensation and other current liabilities and accounts payable	$ —	$ 285
ValenzaBio Acquisition costs included in accounts payable	$ —	$ 1,038

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

ACELYRIN, INC.
Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. Description of Business, Organization and Liquidity

Organization and Business

ACELYRIN, INC. (the "Company") is a late-stage biopharma company focused on identifying, acquiring, and accelerating the development and commercialization of transformative medicines. The Company was incorporated in the State of Delaware on July 27, 2020. Since its inception, the Company has devoted substantially all of its resources to organizing the Company, hiring personnel, business planning, acquiring and developing its product candidates, performing research and development, enabling manufacturing activities in support of its product development efforts, establishing and protecting its intellectual property portfolio, raising capital, and providing general and administrative support for these activities.

The Company did not have any significant operations from the inception date until August 2021. On August 9, 2021, the Company entered into the License and Collaboration Agreement with Affibody AB, a Swedish company, and licensed worldwide development, manufacturing and commercialization rights to a therapeutic candidate, izokibep, for use in the treatment of inflammatory and autoimmune disorders, excluding rights in certain Asian and Nordic countries. See Note 6 for further details.

On December 20, 2022, the Company entered into the Agreement and the Plan of Merger and Reorganization to acquire ValenzaBio, Inc. ("ValenzaBio"). In connection with the planned ValenzaBio acquisition, the Company formed two wholly owned subsidiaries, WH1, INC. and WH2, LLC on November 29, 2022. The Company did not have any subsidiaries prior to November 29, 2022. Through the two-step merger and restructuring, WH1, INC. was merged with and into ValenzaBio with WH1, INC. ceasing to exist, and ValenzaBio was then merged with and into WH2, LLC, with WH2, LLC continuing as the legal successor to ValenzaBio (the "Acquisition"). The Acquisition closed on January 4, 2023, and is anticipated to qualify as a tax-free reorganization for U.S. federal income tax purposes. ValenzaBio was a privately held company developing therapies for autoimmune and inflammatory diseases. The acquisition of ValenzaBio added additional assets to the Company's portfolio, including lonigutamab and SLRN-517. As consideration, at the closing, the Company (i) issued 37,242,709 shares of its Class A Common Stock to ValenzaBio stockholders and paid $7,663 in cash to one non-accredited investor, and (ii) assumed options of ValenzaBio optionholders who entered into consulting agreements with the Company, which became options for the purchase of an aggregate of 2,464,653 shares of the Company's Class A Common Stock. Outstanding shares and options were exchanged at an exchange ratio of 1.5829264-for-one. The assumed options vest in full on the earliest of (i) March 31, 2023, or (ii) the termination of the optionholder's consulting agreement without cause. Each assumed option is exercisable until the earlier of (i) 12 months following the termination of the optionholder's continuous service with the Company, or (ii) the original expiration date of such assumed option.

Liquidity

The Company has incurred significant losses and negative cash flows from operations since its inception. During the years ended December 31, 2021 and 2022, the Company incurred net losses of $41.8 million and $64.8 million, respectively. As of December 31, 2022, the Company had an accumulated deficit of $107.1 million. Cash used in operating activities was $5.0 million and $61.5 million for the years ended December 31, 2021 and 2022, respectively.

The Company has historically financed its operations primarily through the sale of shares of its redeemable convertible preferred stock in private placements. As of December 31, 2022, the Company had cash and cash

equivalents and short-term marketable securities of $314.6 million. The Company does not have any products approved for sale and has not generated any revenue from product sales. The Company expects to continue to incur significant and increasing expenses and substantial losses for the foreseeable future as it continues its development of and seeks regulatory approvals for its product candidates and commercializes any approved products, seeks to expand its product pipeline and invests in its organization. The Company's ability to achieve and sustain profitability will depend on its ability to successfully develop, obtain regulatory approval for and commercialize its product candidates. There can be no assurance that the Company will ever earn revenue or achieve profitability, or if achieved, that the revenue or profitability will be sustained on a continuing basis. Unless and until it does, the Company will need to continue to raise additional capital. The Company has a commitment from its Series C investors to purchase an additional $150.0 million of shares of Series C redeemable convertible preferred stock on June 30, 2023 ("the Series C Second Tranche Closing"), if an initial public offering is not completed by such date. Management expects that existing cash together with the Series C Second Tranche Closing of $150.0 million (Note 9) will be sufficient to fund its current operating plan for at least the next 12 months from the date of issuance of these consolidated financial statements. The commitment for the Series C Second Tranche includes certain conditions. If those conditions are not met on June 30, 2023, the Series C Second Tranche Closing will be terminated and the Company will have to decrease expenditures on current and future development programs if sufficient proceeds from an initial public offering or other financing are not obtained. While the Company has been able to raise multiple rounds of financing, there can be no assurance that additional financing will be available on terms which are favorable or at all. Failure to generate sufficient cash flows from operations, raise additional capital or reduce certain discretionary spending would have a material adverse effect on the Company's ability to achieve its intended business objectives.

Impact of the COVID-19 Pandemic

The COVID-19 pandemic, which is impacting worldwide economic activity, poses risk that the Company or its employees, contractors, suppliers, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. Although the impact of COVID-19 has not been material to the Company and its operations, the extent to which the COVID-19 pandemic could impact the Company's business will depend on future developments that are highly uncertain and cannot be predicted at this time.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include operations of the Company and its wholly owned subsidiaries: WH1, Inc. and WH 2 LLC. These subsidiaries were formed in contemplation of the Acquisition and did not have any operations and any balances from inception to December 31, 2022.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. On an ongoing basis, the Company evaluates estimates and assumptions, including but not limited to those related to the fair value of its derivative tranche liability, the fair value of its common stock, stock-based compensation expense, accruals for research and development expenses, valuation of deferred tax

assets, and uncertain income tax positions. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from those estimates or assumptions.

Segment Information

The Company has one operating segment. The Company's focus is the research, development and commercialization of product candidates. The Company's chief executive officer, who is the chief operating decision maker, reviews financial information on an aggregate basis for allocating and evaluating financial performance. All long-lived assets are maintained in the United States of America.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. As of December 31, 2021 and 2022, the Company's cash was deposited in a checking account. As of December 31, 2022, cash equivalents included $238.2 million in a money market fund account.

Short-Term Marketable Securities

Investments with original maturities of greater than 90 days are classified as available-for-sale marketable securities and consist primarily of U.S. Treasury obligations, corporate debt obligations and federal agency obligations. As the Company's entire investment portfolio is considered available for use in current operations, the Company classifies all investments as available-for-sale and as current assets, even though the stated maturity may be more than one year from the current balance sheet date. Available-for-sale securities are carried at fair value, with unrealized gains and losses reported in accumulated other comprehensive loss, which is a separate component of stockholders' deficit in the consolidated balance sheet.

The amortized cost of securities is adjusted for amortization of premiums and accretion of discounts to maturity, which are both recorded to interest income in the Company's consolidated statement of operations and comprehensive loss.

Changes in the fair value of available-for-sale securities impact the consolidated statement of operations and comprehensive loss only when such securities are sold if an allowance for credit losses is recognized or if an impairment is recognized. Realized gains and losses on the sale of securities are determined by specific identification of each security's cost basis. The Company regularly reviews its investment portfolio to determine if any security is impaired, which would require the Company to record an allowance for credit losses or impairment charge in the period any such determination is made. In making this judgment, the Company evaluates, among other things, the duration and extent to which the fair value of a security is less than its cost, its intent to sell or whether it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis, the financial condition of the issuer and any changes thereto, and, as necessary, the portion of a decline in fair value that is credit-related. This assessment could change in the future due to new developments or changes in assumptions related to any particular security. Realized gains and losses, allowances for credit losses and impairments on available-for-sale securities, if any, are recorded to interest expense, net in the consolidated statement of operations and comprehensive loss.

Fair Value of Financial Instruments

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 at the measurement date. The carrying amounts of cash equivalents, prepaid expenses and other current assets, accounts payable, accrued expenses and other liabilities, approximate fair value due to their short-term maturities. Financial instruments, such as money market funds, short-term marketable securities and derivative tranche liability are measured at fair value at each reporting date (see Note 3).

The Company discloses and recognizes the fair value of its assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1—Observable inputs, such as quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices 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 assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and considers factors specific to the asset or liability. The Company recognizes transfers into and out of levels within the fair value hierarchy in the period in which the actual event or change in circumstances that caused the transfer occurs.

Concentration of Credit Risk

Cash and cash equivalents, and short-term marketable securities are financial instruments that potentially subject the Company to concentrations of credit risk. As of December 31, 2021 and 2022, cash consists of cash deposited with one financial institution and account balances exceed federally insured limits. Management believes that the Company is not exposed to significant credit risk due to the financial strength of this institution.

The Company also has investments in money market funds, U.S. Treasury obligations, corporate debt obligations, and federal agency obligations, which can be subject to certain credit risks. The Company mitigates the risks by investing in high-grade instruments, limiting its exposure to any one issuer and monitoring the ongoing creditworthiness of the financial institutions and issuers. The Company has not experienced any losses on its financial instruments.

Risks and Uncertainties

The Company is subject to certain risks and uncertainties, including, but not limited to, changes in any of the following areas that the Company believes could have a material adverse effect on the future financial position or results of operations: the timing of, and the Company's ability to advance its current and future product candidates into and through clinical development; costs and timelines associated with the manufacturing

of clinical supplies for the Company's product candidates; regulatory approval and market acceptance of, and reimbursement for its product candidates; performance of third-party vendors; competition from companies with greater financial resources or expertise; protection of the intellectual property; litigation or claims made by or against the Company based on intellectual property or other factors; compliance with government regulations; and its ability to attract and retain employees necessary to support its growth.

The Company has expended and will continue to expend substantial funds to complete the research, development and clinical testing of its product candidates. The Company also will be required to expend additional funds to establish commercial-scale manufacturing arrangements and to provide for the marketing and distribution of products that receive regulatory approval. If any of its product candidates are approved, the Company will require additional funds to commercialize its products. The Company is unable to entirely fund these efforts with its current financial resources. If adequate funds are unavailable on a timely basis from additional sources of financing, the Company may have to delay, reduce the scope of or eliminate one or more of its research or development programs, which would materially and adversely affect its business, financial condition and operations.

Patent Costs

All patent-related costs incurred in connection with filing and prosecuting patent applications are expensed as incurred due to the uncertainty of the recovery of the expenditure. Amounts incurred are classified as general and administrative expenses in the consolidated statements of operations and comprehensive loss.

Asset Acquisitions and Acquired In-Process Research and Development Expenses

The Company measures and recognizes asset acquisitions that are not deemed to be business combinations based on the cost to acquire the asset or group of assets, which includes transaction costs. As of December 31, 2022, the Company capitalized $1.1 million of transaction costs as prepaid expenses and other non-current assets, related to the Acquisition, which will be accounted for as an asset acquisition. The Company determined that the Acquisition should be accounted for as an asset acquisition after considering whether substantially all of the fair value of the gross assets acquired was concentrated in a single asset or group of assets and whether the Company acquired a substantive process capable of significantly contributing to the Company's ability to create outputs.

Contingent consideration in asset acquisitions payable in the form of cash is recognized in the period the triggering event is determined to be probable of occurrence and the related amount is reasonably estimable. Such amounts are expensed or capitalized based on the nature of the associated asset at the date the related contingency is resolved.

Deferred Offering Costs

The Company capitalizes certain legal, accounting and other third-party fees that are directly associated with in-process equity financings as deferred offering costs until such financings are consummated. After consummation of the equity financing, these costs are recorded as a reduction of the proceeds from the offering, either as a reduction of the carrying value of preferred stock or in stockholders' deficit as a reduction of additional paid-in capital generated as a result of the offering. Should the in-process equity financing be abandoned, the deferred offering costs would be expensed immediately as a charge to operating expenses in the consolidated statement of operations and comprehensive loss. The Company had no deferred offering costs recorded as of December 31, 2021. The Company had $0.8 million deferred offering costs recorded as prepaid expenses and other non-current assets as of December 31, 2022.

Redeemable Convertible Preferred Stock

The Company records shares of redeemable convertible preferred stock at their respective fair values on the dates of issuance, net of issuance costs. The redeemable convertible preferred stock is recorded outside of permanent equity because while it is not mandatory, redemption is contingent upon the occurrence of certain events considered not solely within the Company's control. The Company has not adjusted the carrying values of the redeemable convertible preferred stock to the liquidation preferences of such shares because a deemed liquidation event obligating the Company to pay the liquidation preferences to holders of shares of redeemable convertible preferred stock is not probable of occurring. Subsequent adjustments to the carrying values to the liquidation preferences will be made only when it becomes probable that such a deemed liquidation event will occur.

Derivative Tranche Liability

In connection with the initial closing of the Series C preferred stock financing in September 2022, the Company has a commitment and Series C investors have an obligation to purchase the Series C Second Tranche at a fixed price, if specified conditions are met on June 30, 2023 (see Note 9). The obligation to issue additional shares of Series C redeemable convertible preferred stock at a future date was determined to be a freestanding derivative instrument and is accounted for as a liability. The derivative tranche liability was accounted for at fair value at the issuance date and remeasured at the end of each reporting period until the shares are issued or the obligation expires. Changes in the fair value of the derivative tranche liability are recognized in the consolidated statement of operations and comprehensive loss.

Research and Development Expenses and Accrued Liabilities

Research and development costs are expensed as incurred. Research and development costs include salaries, stock-based compensation, and benefits for employees performing research and development activities, expenses incurred under agreements with consultants, third parties' organizations and vendors that conduct clinical studies, other supplies and costs associated with product development efforts, preclinical activities, and regulatory operations. Payments associated with licensing agreements to acquire exclusive licenses to develop, use, manufacture and commercialize products that have not reached technological feasibility and do not have alternate future use are also expensed as incurred.

Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are capitalized and recorded in prepaid expenses and other current assets, and then expensed as the related goods are delivered or the services are performed.

The Company records accrued liabilities for estimated costs of its research and development activities conducted by third-party service providers. The Company accrues these costs based on factors such as estimates of the work completed and in accordance with the third-party service agreements. If the Company does not identify costs that has begun to be incurred or if the Company underestimate or overestimate the level of services performed or the costs of these services, actual expenses could differ from the estimates. To date, the Company has not experienced any material differences between accrued costs and actual costs incurred.

The Company makes payments in connection with clinical trials to contract manufacturing organizations ("CMOs") that manufacture the material for its product candidates and to clinical research organizations ("CROs") and clinical trial sites that conduct and manage the Company's clinical trials. The financial terms of these contracts are subject to negotiation, which vary by contract and may result in payments that do not match the periods over which materials or services are provided. Generally, these agreements set forth the scope of work to be performed at a fixed fee, unit price or on a time and materials basis. In the event the Company makes

advance payments for goods or services that will be used or rendered for future research and development activities, the payments are deferred and capitalized as a prepaid expense and recognized as expense as the goods are received or the related services are rendered. These payments are evaluated for current or long-term classification based on when they are expected to be realized.

Stock-Based Compensation Expense

The Company grants stock-based equity awards including restricted stock awards, restricted stock units and stock options to employees, consultants and members of its board of directors (the "Board"). These awards are accounted at fair value on the award grant date. Stock-based compensation expense is recognized over the awards' vesting period on a straight-line basis and recorded as either research and development or general and administrative expenses in the statements of operations and comprehensive loss based on the function to which the related services are provided. The Company recognizes share-based compensation expense for awards with performance conditions when it is probable that the condition will be met, and the award will vest. Forfeitures are accounted for as they occur.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and restricted stock awards if these are similar to early exercised options. The use of the Black-Scholes option pricing model requires the Company to make assumptions with respect to the fair value of the Company's common stock at grant date, expected term of the option, the expected volatility of the common stock consistent with the expected life of the option, risk-free interest rates and expected dividend yields of the common stock. The Company estimates the fair value of restricted stock units based on the fair value of the Company's common stock at a grant date.

Stock-based compensation expense related to stock options granted to non-employees is recognized based on the fair value of the stock options, determined using the Black-Scholes option pricing model. The awards generally vest over the time period the Company expects to receive service from the non-employee.

Foreign Currency Transactions

Transactions denominated in foreign currencies are initially measured in U.S. dollars using the exchange rate on the date of the transaction. Foreign currency denominated monetary assets and liabilities are subsequently remeasured at the end of each reporting period using the exchange rate at that date, with the corresponding foreign currency transaction gain or loss recorded in the statements of operations and comprehensive loss.

Income Taxes

The Company accounts for income taxes using the asset and liability method. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the consolidated financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

In evaluating the ability to recover deferred income tax assets, the Company considers all available positive and negative evidence, including operating results, ongoing tax planning and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In the event the Company determines that it would be able to realize deferred income tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the valuation allowance that would reduce the provision for income taxes. Conversely, in the event that all or part of the net deferred tax assets are determined not to be realizable in the future, an adjustment to the valuation allowance would be charged to earnings in the period when such determination is made. As of December 31, 2021 and 2022, the Company had recorded a full valuation allowance on deferred tax assets.

Tax benefits related to uncertain tax positions are recognized when it is more likely than not that a tax position will be sustained during an audit. The tax benefit recognized is measured as the largest amount of benefit which is more likely than not to be realized upon settlement with the taxing authority. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs. Interest and penalties related to unrecognized tax benefits are included within the provision for income tax.

Net Loss Per Share Attributable to Common Stockholders

Basic net loss per common share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, without consideration of potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock and potentially dilutive securities outstanding for the period. For purposes of the diluted net loss per share calculation, the redeemable convertible preferred stock, common stock subject to repurchase, unvested restricted stock units and stock options are considered to be potentially dilutive securities.

Basic and diluted net loss attributable to common stockholders per share is presented in conformity with the two-class method required for participating securities as the redeemable convertible preferred stock and common stock subject to repurchase are considered participating securities The Company's participating securities do not have a contractual obligation to share in the Company's losses. As such, the net loss is attributed entirely to common stockholders. Because the Company has reported a net loss for the reporting periods presented, the diluted net loss per common share is the same as basic net loss per common share for those periods.

Comprehensive Loss

Comprehensive loss includes net loss as well as other changes in stockholders' deficit that result from transactions and economic events other than those with stockholders. The Company's other comprehensive income (loss) is comprised solely of unrealized gains (losses) on available-for-sale marketable securities. The Company has not recorded any reclassifications from other comprehensive income (loss) to net loss during the period presented.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (the "FASB") or other standard setting bodies and adopted by the Company as of the specified effective date. The Company qualifies as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended (the "JOBS Act"), and has elected not to "opt out" of the extended transition related to complying with new or revised accounting standards, which means that when a standard is issued or revised and it has different application dates for public and nonpublic companies, the Company will adopt the new or revised standard at the time nonpublic companies adopt the new or revised standard and will do so until such time that the Company either (i) irrevocably elects to "opt out" of such extended transition period or (ii) no longer qualifies as an emerging growth company. The Company may choose to early adopt any new or revised accounting standards whenever such early adoption is permitted for nonpublic companies.

Recently Adopted Accounting Pronouncements

On January 1, 2021, the Company adopted Accounting Standards Update ("ASU") No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* (ASU 2020-06), which simplifies the accounting for convertible instruments by reducing the number of accounting models

available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. The adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

On January 1, 2022, the Company adopted ASU 2016-02, *Leases*, which was subsequently amended by various accounting standard updates (collectively, "ASC 842"). The new standard requires lessees to recognize leases with terms greater than 12 months on the balance sheet and disclose key information about leasing arrangements. The new standard was effective for the Company beginning January 1, 2022, with early adoption permitted. The adoption did not have any impact on the Company's consolidated financial statements as the Company did not have any leases as of December 31, 2022.

On January 1, 2022, the Company adopted ASU 2016-13, *Credit Losses*. The FASB also issued amendments and the initial ASU, and all updates are included herein as the Credit Losses standard or Topic 326. The new standard generally applies to financial assets and requires those assets to be reported at the amount expected to be realized. The ASU was effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years, with early adoption permitted. The adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

3. Fair Value Measurements

The Company's financial instruments measured at fair value on a recurring basis consist of Level 1, Level 2, and Level 3 financial instruments. Usually, short-term marketable securities are considered Level 2 when their fair values are determined using inputs that are observable in the market or can be derived principally from or corroborated by observable market data such as pricing for similar securities, recently executed transactions, cash flow models with yield curves, and benchmark securities. In addition, Level 2 financial instruments are valued using comparisons to like-kind financial instruments and models that use readily observable market data as their basis. Corporate debt obligations, commercial paper, government agency obligations and asset-backed securities are valued primarily using market prices of comparable securities, bid/ask quotes, interest rate yields and prepayment spreads and are included in Level 2.

Financial assets and liabilities are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies, or similar techniques, and at least one significant model assumption or input is unobservable. The derivative tranche liability is a Level 3 financial liability as of December 31, 2022.

The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis by level within the fair value hierarchy (in thousands):

	Fair Value Measurements as of December 31, 2022			
	Total	Level 1	Level 2	Level 3
Assets:				
Money market funds (included in cash and cash equivalents)	$ 238,223	$ 238,223	$ —	$ —
U.S. Government bonds	25,459	—	25,459	—
U.S. Treasury bills	11,404	11,404	—	—
Corporate debt obligations	2,141	—	2,141	—
Federal agency obligations	8,506	—	8,506	—
Total fair value of assets	$ 285,733	$ 249,627	$ 36,106	$ —
Liabilities:				
Derivative tranche liability	$ 10,291	$ —	$ —	$ 10,291
Total fair value of liabilities	$ 10,291	$ —	$ —	$ 10,291

The Company had no financial instruments measured at fair value on a recurring basis as of December 31, 2021.

The following table sets forth the changes in the fair value of Level 3 liabilities (in thousands):

	Derivative Tranche Liability
Balance as of January 1, 2022	$ —
Fair value of derivative tranche liability upon issuance	10,778
Change in fair value	(487)
Balance as of December 31, 2022	$ 10,291

The fair value of the derivative tranche liability has been estimated using a probability weighted model. The following significant assumptions were used to estimate fair value of the derivative tranche liability as of December 31, 2022:

Probability of achieving specified conditions	80%
Fair value of Series C preferred stock share	$6.2201
Discount rate	25%

4. Available-For-Sale Marketable Securities

The following tables summarizes the estimated fair value of the Company's available-for-sale marketable securities as of December 31, 2022 (in thousands):

	Total Amortized Cost	Total Unrealized Loss(1)	Total Estimated Fair Value
Money market funds (included in cash and cash equivalents)	$238,223	$ —	$238,223
U.S. Government bonds	25,506	(47)	25,459
U.S. Treasury obligations	11,430	(26)	11,404
Corporate debt obligations	2,145	(4)	2,141
Federal agency obligations	8,515	(9)	8,506
Total available for sale marketable securities	$285,819	$ (86)	$285,733

(1) The Company did not have any gross unrealized gains as of December 31, 2022.

As of December 31, 2022, no significant facts or circumstances were present to indicate a deterioration in the creditworthiness of the issuers of the marketable securities, and the Company has no requirement or intention to sell these securities before maturity or recovery of their amortized cost basis. The Company considered the current and expected future economic and market conditions and determined that its investments were not significantly impacted. For all securities with a fair value less than its amortized cost basis, the Company determined the decline in fair value below amortized cost basis to be immaterial and non-credit related, and therefore no allowance for losses has been recorded. During the year ended December 31, 2022, the Company did not recognize any impairment losses on its investments.

The Company presents accrued interest receivable related to the available-for-sale marketable securities in prepaid expenses and other current assets, separate from short-term investments in the consolidated balance sheet. As of December 31, 2022, accrued interest receivable was $0.1 million. The Company's accounting policy

is to not measure an allowance for credit losses for accrued interest receivables and to write-off any uncollectible accrued interest receivable as a reversal of interest income in a timely manner, which it considers to be in the period in which the Company determines the accrued interest will not be collected. The Company has not written off any accrued interest receivables for the year ended December 31, 2022.

As of December 31, 2022, all available-for-sale marketable securities mature within one year.

5. Consolidated Balance Sheet Components

Prepaid expenses and other current assets

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

	As of December 31,	
	2021	2022
Prepaid research and development expenses	$ 4	$ 682
Prepaid other services	42	288
Research and development credit receivable	—	250
Interest receivable	—	138
Prepaid insurance and other current assets	16	86
	$ 62	$ 1,444

Prepaid expenses and other assets, non-current

Other non-current assets consist of the following (in thousands):

	As of December 31,	
	2021	2022
Prepaid research and development expenses, non-current	$ —	$ 1,964
ValenzaBio Acquisition transaction costs	—	1,121
Deferred IPO offering costs	—	774
	$ —	$ 3,859

Accrued compensation and other current liabilities

Accrued compensation and other current liabilities are comprised of the following (in thousands):

	As of December 31,	
	2021	2022
Accrued compensation	$ 910	$ 3,068
Accrued professional services fees	—	808
Other accrued expenses and current liabilities	—	361
	$ 910	$ 4,237

6. Significant Agreements

Affibody License and Collaboration Agreement

On August 9, 2021, the Company entered into a license agreement with Affibody AB (“Affibody”) (the “Affibody Agreement”) under which Affibody granted the Company exclusive, sublicensable licenses to

develop, commercialize and manufacture products containing izokibep for all human therapeutic uses on a worldwide basis, subject to a pre-existing agreement with Inmagene Biopharmaceuticals (Inmagene) with respect to certain Asian countries.

The Company chairs a global joint steering committee composed of designees from Affibody, Inmagene and the Company and retains final decision-making authority for izokibep global development. In doing so, the Company is obligated to use commercially reasonable efforts (i) to develop products containing izokibep worldwide, excluding certain defined territories, (ii) for the conduct and finalization of certain ongoing clinical trials, and (iii) to commercialize products containing izokibep for all human therapeutic uses worldwide, excluding certain defined territories, after obtaining the applicable marketing authorization. The Company is responsible for manufacturing both the clinical and commercial supply of licensed product globally.

In connection with the Affibody Agreement, the Company paid a non-refundable upfront license fee in the aggregate amount of $3.0 million in August 2021 and September 2021, and $22.0 million in October 2021. The Company is also obligated to pay Affibody (i) an aggregate of up to $280.0 million, $30.0 million of which would be due prior to the first approval in the United States, upon the achievement of various development, regulatory and commercialization milestones and (ii) high single-digit to low-teens royalties on net sales of licensed products in the territory where the Company has commercialization rights, subject to certain reductions. Royalties will be due on a licensed product-by-licensed product and country-by-country basis beginning after the first commercial sale of the licensed product, except in Mainland China, Hong Kong, Macau, Taiwan and South Korea, and lasting until the later of (a) the expiration of all valid patent claims or regulatory exclusivity covering the licensed product in that country and (b) ten years after such first commercial sale.

In the event the FDA grants the Company (or its affiliates or sublicensees) a priority review voucher for a licensed product, the Company will pay Affibody either: (a) if the Company sells or transfer such priority review voucher to a third-party, approximately one third of the proceeds received from the sale, net of taxes, or (b) if the Company uses the priority review voucher for an indication or product outside the scope of the Affibody Agreement, approximately one third of the fair market value of the priority review voucher as determined in accordance with the Affibody Agreement.

Unless earlier terminated, the Affibody Agreement will continue on a licensed product-by-licensed product basis and country-by-country basis until there are no more royalty payments owed to Affibody on any licensed product thereunder.

The acquisition of the exclusive license was accounted for as an in-process research and development asset acquisition and as the acquired technology did not have an alternative use, the total consideration of $25.0 million was recorded as research and development expense in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2021. Milestone payments are contingent consideration and are accrued when contingent events occur and achievement of milestones is probable. Royalties will be recognized as cost of sales when products are sold and royalties are payable. No milestone or royalties were probable and estimable as of December 31, 2021 and 2022.

7. Commitments and Contingent Liabilities

License Agreement

The Company entered into the Affibody Agreement in 2021 (Note 6), pursuant to which the Company is required to pay certain milestones contingent upon the achievement of specific development and regulatory events. No such milestones were achieved or probable as of December 31, 2021 and 2022. The Company is required to pay royalties on sales of products developed under this agreement. Izokibep was in clinical trials as of December 31, 2021 and 2022 and no such royalties were due.

Legal Contingencies

From time to time, the Company may become involved in legal proceedings arising from the ordinary course of business. The Company records a liability for such matters when it is probable that future losses will be incurred and that such losses can be reasonably estimated. Significant judgment by the Company is required to determine both probability and the estimated amount. Management is not aware of any legal matters that could have a material adverse effect on the financial position, results of operations or cash flows.

Guarantees and Indemnifications

In the normal course of business, the Company enters into agreements that contain a variety of representations and provide for general indemnification. Its exposure under these agreements is unknown because it involves claims that may be made against the Company in the future. To the extent permitted under Delaware law, the Company has agreed to indemnify its directors and officers for certain events or occurrences while the director or officer is, or was serving, at a request in such capacity. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. As of December 31, 2022, the Company did not have any material indemnification claims that were probable or reasonably possible and consequently has not recorded related liabilities.

8. Redeemable Convertible Preferred Stock

In October 2020, the Company issued 8,000,000 shares of its Series A redeemable convertible preferred stock (the "Series A Stock") at a price of $1.00 per share for aggregate gross cash proceeds of $8.0 million, and incurred issuance costs of $0.1 million.

In October 2021, the Company entered into a Series B stock purchase agreement and issued 24,115,450 shares of its Series B redeemable convertible preferred stock (the "Series B Stock") at a price of $5.1834 per share for aggregate gross cash proceeds of $125.0 million, and incurred issuance costs of $0.3 million. The Company also agreed to issue and the investors also agreed to purchase additional 24,115,450 shares of the Series B Stock at the same price per share within 15 days of the earliest to occur: (i) January 30, 2022; (ii) the Company filing a Form S-1 with the Securities and Exchange Commission; or (iii) a date determined by the majority of the Board when the Company has a critical need for additional capital (the "Series B Second Tranche"). The Company closed the Series B Second Tranche and received $125.0 million in aggregate gross proceeds in February 2022. The obligation to issue and purchase shares was concluded to be a tranche right liability. The fair value of the liability was estimated to be *de minimis* at the issuance date and at the closing date, as the expected term was three months, and there were no significant changes in the estimated fair value of the Series B Stock at the Series B Second Tranche closing date.

In February 2022, the Company closed the Series B Second Tranche and issued 24,115,450 shares of Series B Stock at a price of $5.1834 per share for gross cash proceeds of $125.0 million and incurred less than $0.1 million issuance costs.

In September 2022, the Company entered into a Series C stock purchase agreement and issued 24,115,368 shares of Series C redeemable convertible preferred stock (the "Series C Stock") at a price of $6.2201 per share for gross cash proceeds of $150.0 million (the "Series C First Tranche Closing") and incurred issuance costs of $0.2 million.

Pursuant to the Series C Preferred Stock Purchase Agreement, the Company and investors agreed to issue and purchase an additional 24,115,368 shares of Series C Stock at the same purchase price of $6.2201 per share on June 30, 2023, subject to meeting certain conditions (the "Series C Second Tranche Closing") (see Note 9). If

a Series C stockholder does not purchase the full number of the Series C Second Tranche shares required to be purchased by it on the Series C Second Tranche Closing date and this holder becomes a defaulting purchaser, then each 10 shares of Series C Stock held by such holder will automatically convert into 1 share of Class A Common Stock, as adjusted for any stock dividends, splits, recapitalizations and the like in accordance with the certificate of incorporation.

Redeemable convertible preferred stock consisted of the following (in thousands, except share data):

	December 31, 2022			
	Shares Authorized	Shares Issued and Outstanding	Aggregate Liquidation Preference	Net Carrying Value
Series A redeemable convertible preferred stock	8,000,000	8,000,000	$ 8,000	$ 7,916
Series B redeemable convertible preferred stock	48,230,900	48,230,900	250,000	249,678
Series C redeemable convertible preferred stock	48,230,736	24,115,368	150,000	138,999
Total redeemable convertible preferred stock	104,461,636	80,346,268	$ 408,000	$ 396,593

	December 31, 2021			
	Shares Authorized	Shares Issued and Outstanding	Aggregate Liquidation Preference	Net Carrying Value
Series A redeemable convertible preferred stock	8,000,000	8,000,000	$ 8,000	$ 7,916
Series B redeemable convertible preferred stock	48,230,900	24,115,450	125,000	124,704
Total redeemable convertible preferred stock	56,230,900	32,115,450	$ 133,000	$ 132,620

The significant rights, preferences and privileges of the Company's redeemable convertible preferred stock are as follows:

Dividends—The holders of Series A Stock, Series B Stock and Series C Stock are entitled to receive noncumulative dividends at the rate of 8% of the original issue price per share, when, as and if declared by the Board. No dividends were declared and payable for the years ended December 31, 2021 and 2022.

Liquidation Rights—In the event of the liquidation, dissolution, or winding up of the Company, or a deemed liquidation event, including a merger or consolidation, or a sale or other disposition of all or substantially all of the Company's assets, the holders of shares of Series C Stock and Series B Stock are entitled to receive, before any payments are made to the holders of Series A Stock or common stock, an amount per share equal to the greater of: (i) Series C Stock and the Series B Stock original issuance price of $6.2201 and $5.1834, respectively, plus any dividends declared but unpaid; or (ii) such amount per share as would have been payable had all shares of Series C Stock and B Stock been converted into common stock immediately prior to such liquidation, dissolution, winding up or deemed liquidation. Should the Company's legally available assets be insufficient to satisfy the Series C Stock and Series B liquidation preference, the funds will be distributed with equal priority and pro rata among the holders of the Series C Stock and Series B Stock in proportion to the preferential amount each holder is otherwise entitled to receive.

After full payment to holders of the Series C Stock and Series B Stock, a payment would be made to the holders of Series A Stock, in preference to the holders of the common stock, in an amount per share equal to the greater of: (i) the Series A Stock original issuance price of $1.00, plus any dividends declared but unpaid; or (ii) such amount per share as would have been payable had all shares of Series A Stock been converted into common stock immediately prior to such liquidation, dissolution, winding up or deemed liquidation. Should the

Company's legally available assets be insufficient to satisfy the Series A Stock liquidation preference, the funds will be distributed with equal priority and pro rata among the holders of the Series A Stock in proportion to the preferential amount each holder is otherwise entitled to receive.

After the payment to the holders of Series C Stock, Series B Stock and Series A Stock of the full preferential amounts, the entire remaining assets of the Company legally available for distribution shall be distributed with equal priority and pro rata among the holders of the common stock in proportion to the number of shares of common stock held by them.

Conversion—Each share of Series A Stock, Series B Stock and Series C Stock is convertible at the option of a holder at any time into a number of shares of the Company's common stock at a conversion rate, which is the Series A Stock, Series B Stock and Series C Stock original issuance price, $1.00, $5.1834 and $6.2201, respectively, divided by the Series A Stock, Series B Stock and Series C Stock conversion price in effect at the time of conversion. If, after the issuance date of the Series A Stock, Series B Stock and Series C Stock, the Company issues or sells, or is deemed to have sold, additional shares of common stock at a price lower than the original issuance price of the Series A Stock or Series B Stock or Series C Stock, except for certain exceptions, allowed the conversion price of the Series A Stock and/or the Series B Stock and Series C Stock would be adjusted. The Series A Stock, Series B Stock and Series C Stock conversion prices are initially equal to the Series A Stock, Series B Stock and Series C Stock original issue prices, and are subject to recapitalization and other adjustments, as provided in the Company's certificate of incorporation. As of December 31, 2022, the conversion rates are one-for-one.

All outstanding shares of Series A Stock, Series B Stock and Series C Stock are automatically converted into shares of the Company's common stock, at the then effective Series A Stock, Series B Stock and Series C Stock conversion prices upon earlier of: (i) the closing of the sale of shares of common stock to the public, in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), resulting in at least $75.0 million of gross proceeds to the Company approved by the Board, including the approval of at least one Series A Director and at least one Series B director (an "IPO"); or (ii) upon a vote or a written consent for such conversion from the holders of a majority of the outstanding shares of Series A Stock, Series B Stock and Series C Stock voting together on an as-converted to common stock basis.

A holder of Series B Stock or Series C Stock that owns directly or indirectly more than 9.9% of the Company's outstanding shares (excluding Class B Common Stock) immediately following an IPO, a non-IPO registration of a SPAC transaction or a deemed liquidation event, have the right to elect to receive shares of capital stock of the Company that would be issued upon conversion of this investor's shares held in excess of 9.9% in the form of Class B non-voting common stock.

Voting Rights—The holders of redeemable convertible preferred stock and the holders of common stock vote together and not as separate classes. Each holder of Series A Stock, Series B Stock and Series C Stock is entitled to the number of votes equal to the number of shares of common stock into which the shares of Series A Stock, Series B Stock and Series C Stock could be converted as of the record date.

For as long shares of redeemable convertible preferred stock remain outstanding, Series A stockholders, Series B stockholders and Series C stockholders, voting as a separate class, are entitled to elect Series A, Series B and Series C members of the Board and have certain protective provisions, as defined in the certificate of incorporation. The holders of redeemable convertible preferred stock and Class A Common Stock, voting together as a single class on an as-converted basis, are entitled to elect three mutual directors.

Redemption—The redeemable convertible preferred stock is recorded in mezzanine equity because while it is not mandatorily redeemable, it will become redeemable at the option of the preferred stockholders upon the occurrence of certain deemed liquidation events that are considered not solely within the Company's control.

9. Derivative Tranche Liability

In connection with the Series C First Tranche Closing, the Company has an obligation to sell and investors of the Series C First Tranche Closing have an obligation to purchase an additional 24,115,368 shares of Series C redeemable convertible preferred stock at $6.2201 per share on June 30, 2023. The obligation of each investor to purchase shares at the Series C Second Tranche Closing are subject to the fulfillment, on or before such closing, of each of the following conditions: (i) no deemed liquidation event, as defined in the Company's certificate of incorporation, took place; (ii) no closing of the Company's first underwritten public offering of its Class A Common Stock under the Securities Act or a direct listing took place; (iii) the Company has not filed for bankruptcy; (iv) the Company's existing chief executive officer is employed full time; (v) a majority of the board of directors including at least one independent director has not resolved to (a) discontinue the development of izokibep or (b) remove the Phase 3 development of axial spondyloarthritis from the Company's long-range plan; and (vi) a majority of the board's independent directors has not determined that a material adverse change, as defined in the Series C purchase agreement, has occurred since the Series C First Tranche Closing. If on June 30, 2023 any of the conditions specified above have not been met, the Series C Second Tranche Closing will be terminated.

The obligation to issue and purchase shares was concluded to be a forward contract derivative liability and was measured at fair value using a probability weighted model at the issuance date. The initial fair value of the forward contract was $10.8 million and was recorded as a derivative tranche liability. The Company used the following assumptions to estimate the liability as of the issuance date: probability of achieving milestone of 90%; expected term equals the contractual term from September 2022 until June 2023; Series C preferred stock fair value of $6.2201; and a discount rate of 25%.

On December 31, 2022, the derivative tranche liability was remeasured to $10.3 million (see Note 3), and the Company recognized a gain of $0.5 million recorded in the consolidated statements of operations and comprehensive loss for the year then ended.

10. Common Stock

As of December 31, 2022, the Company was authorized to issue 133,000,000 and 96,461,636 shares of its Class A Common Stock and Class B Common Stock with $0.00001 par value per share, respectively. Under the Company's amended and restated certificate of incorporation filed on October 19, 2021, each share of the Company's common stock issued and outstanding prior to this date, was reclassified and became one share of Class A Common Stock.

The rights, preferences and privileges of the holders of the Company's Class A Common Stock and Class B Common Stock are subject to and qualified by the rights, preferences and privileges of the holders of the Company's redeemable convertible preferred stock. Each share of the Company's Class A Common Stock is entitled to one vote. Holders of Class B Common Stock shall not be entitled to vote on any matter on which the holders of Class A Common Stock or redeemable convertible preferred stockholders shall be entitled to vote. Shares of Class B Common Stock are not included in determining the number of shares of common stock voting or entitled to vote on any such matters. Shares of Class B Common Stock are convertible into Class A Common Stock upon written notice of the holder, subject to a maximum of 9.9% total beneficial ownership in Class A Common Stock upon such conversion.

The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board, subject to prior rights of holders of redeemable convertible preferred stock outstanding. Dividend rights for Classes A and B Common Stockholders are the same. As of December 31, 2022, no dividends had been declared to date. As of December 31, 2021 and 2022, there were no shares of Class B Common Stock outstanding.

As of December 31, 2021 and 2022, the Company's Class A Common Stock reserved for future issuance was as follows:

	As of December 31,	
	2021	2022
Redeemable convertible preferred stock	56,230,900	80,346,268
Outstanding stock options	950,500	9,932,988
Outstanding restricted stock units	—	2,183,426
Shares available for future grants under Equity Inceptive Plan	9,525,037	3,096,599
Total shares reserved for future issuance	66,706,437	95,559,281

Founders' Common Stock

In July 2020, the Company issued 5,600,000 shares of its common stock to founders at a price of $0.00001 per share. The issuance price was the estimated fair value of the shares as shares were issued at inception and no intellectual property was contributed by the founders. The founders have voting rights and rights to receive dividends regardless of the vesting of the shares. Issued shares vest monthly over 48 months, as founders continue providing services to the Company. The Company has the right to repurchase unvested shares at the price paid by the founders if services are terminated. Stock-based compensation expense was minimal for these shares. In December 2022, the Company repurchased 1,166,668 restricted common shares at the original purchase price that were unvested as of the date of repurchase in connection with a founder resignation. As of December 31, 2021, 3,500,000 shares were unvested and 1,224,999 founders' shares vested during the year ended December 31, 2022. As of December 31, 2022, 1,108,333 shares are unvested.

11. Equity Incentive Plan

The Company grants stock-based awards under the 2020 Stock Option Plan, as amended on October 19, 2021 and September 9, 2022 (the "2020 Plan"). The Company may grant incentive stock options, nonstatutory stock options, restricted stock units ("RSUs") and restricted stock awards ("RSAs") to the Company's officers, employees, directors and consultants. Options granted under the Plan may be incentive stock options ("ISOs") or non-qualified stock options ("NSOs"). ISOs may be granted only to employees. At December 31, 2022, 16,236,925 shares of the Company's common stock were reserved for issuance under the 2020 Plan.

The table below presents a summary of activities and a reconciliation of common shares authorized and remaining for grant under the 2020 Plan as of December 31, 2022:

Share available for issuance at December 31, 2021	9,525,037
Additional shares authorized	5,721,388
Options granted	(9,887,388)
RSAs granted	(983,912)
RSUs granted	(2,183,426)
Options forfeited and expired	904,900
Shares available for grant at December 31, 2022	3,096,599

Stock Options

Stock options issued under the 2020 Plan generally vest over a four-year period and expire ten years from the date of grant. Certain options provide for accelerated vesting if there is a change in control, as defined in the individual award agreements.

The terms of the 2020 Plan permit the exercise of options prior to vesting, subject to required approvals. The shares are subject to the Company's lapsing repurchase right upon termination of employment at an amount equal to the lower of: (i) the original purchase price and (ii) the fair market value at the time the Company's right of repurchase is exercised. The Company's right to repurchase these shares lapses as those shares vest over the requisite service period. Shares purchased pursuant to the early exercise of stock options are not deemed, for accounting purposes, to be issued until those shares vest according to their respective vesting schedules. Cash received for early exercised stock options is recorded as accrued liabilities and other current liabilities on the balance sheet and is reclassified to additional paid-in capital as such shares vest. Shares issued upon the early exercise of options are included in outstanding common stock shares and participate in voting and dividends rights. There were no early exercises of options during the years ended December 31, 2021 and 2022.

A summary of option activity under the 2020 Plan is as follows:

	Number of Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2021	950,500	$ 0.39	9.6	$ 1,578
Options granted	9,887,388	$ 2.57		
Options cancelled, forfeited and expired	(904,900)	$ 1.84		
Outstanding at December 31, 2022	9,932,988	$ 2.43	9.5	$ 5,488
Exercisable at December 31, 2022	703,587	$ 1.31	8.9	$ 1,177
Vested and expected to vest at December 31, 2022	9,932,988	$ 2.43	9.5	$ 5,488

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying stock options and the estimated fair value of the Company's common stock for those stock options that had exercise prices lower than the estimated fair value of the Company's common stock at December 31, 2021 or 2022. Fair value of shares vested during 2021 and 2022 totaled less than $0.1 million and $1.1 million, respectively. The weighted-average grant date fair value of options granted in 2021 and in 2022 was $1.51 and

$2.07, respectively. For the year ended December 31, 2021, the intrinsic value and cash received for the stock options exercised were $64,000 and $16,000, respectively. No options were exercised during the year ended December 31, 2022.

Restricted Stock Awards

In January 2022, the Company issued to an executive and a co-founder 347,263 restricted common stock shares as RSAs under the 2020 Plan. Shares vest on or before December 31, 2022 if the Company executes a definitive agreement to acquire a licensed technology to develop and commercialize a preclinical- or later-stage drug candidate and the executive continues to provide services to the Company through the execution date of such agreement. If the performance condition is not satisfied by December 31, 2022, RSAs will be forfeited. All shares vested on December 20, 2022, upon the signing of the agreement to acquire ValenzaBio (see Note 1).

In March 2022, the Company issued 636,649 fully vested common shares as RSAs under the 2020 Plan to its chief executive officer ("CEO") and a co-founder. The fair value of the grant was estimated using the intrinsic value of the vested shares and a total amount of $1.3 million was recognized as general and administrative expense in March 2022.

The weighted-average estimated fair value of RSAs granted was $2.05 and the total fair value of RSAs vested was $2.0 million for the year ended December 31, 2022.

Restricted Stock Units

In March and November 2022, the Company granted the CEO an RSU award for 542,598 shares and 820,414 shares with vesting commencement dates of January 1, 2022 and November 17, 2022, respectively, and the expiration date of the seventh anniversary from the grant date. The RSUs vest as follows: 1) 25% on the first anniversary of the vesting commencement date and the remaining shares vest in equal 12 quarterly installments and 2) the occurrence of a liquidity event, defined as the first to occur of: (a) a sale event (as defined in the Company's 2020 Plan) (b) the completion of an IPO or (c) the direct listing or direct placement of the Company's equity securities in a publicly traded exchange. If the CEO is involuntarily terminated, as defined in the restricted stock agreement, within 12 months after a sale event, then 100% of the then-outstanding RSUs will be deemed to satisfy the service condition at the time of the involuntary termination. To the extent the RSUs have not satisfied both the service condition and the liquidity condition prior to the expiration date, such RSUs will expire.

In November 2022, the Company granted the CEO an additional RSU award for 820,414 shares, which fully vests upon the occurrence of a liquidity event. Any unvested RSUs expire on the seven year anniversary of the grant date.

The Company estimated fair value of the RSU awards as $6.0 million based on the fair value of its Class A Common Stock share at the grant dates. No stock-based compensation expense was recognized for the year ended December 31, 2022, because the liquidity vesting condition was not probable to be achieved.

The weighted average estimated fair value of RSUs granted was $2.75 and no RSUs vested for the year ended December 31, 2022. RSUs are included in the consolidated statement of redeemable convertible preferred stock and stockholders' deficit as they vest.

Stock-Based Compensation Expense

The Black-Scholes option pricing model, used to estimate fair value of stock-based awards, requires the use of the following assumptions:

- *Fair value of common stock*. The fair market value of the Company's common stock is determined by the Board with assistance from management and external valuation experts. The approach to estimating the fair market value of common stock is consistent with the methods outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide*, Valuation of Privately-Held Company Equity Securities Issued as Compensation (*the "Practice Aid").

  For valuations performed prior to December 31, 2021, the Company utilized an Option Pricing Method ("OPM") based analysis, primarily the OPM backsolve methodology, to determine the estimated fair value of the common stock. Within the OPM framework, the backsolve method for inferring the total equity value implied by a recent financing transaction involves the construction of an allocation model that takes into account the Company's capital structure and the rights, preferences and privileges of each class of stock, then assumes reasonable inputs for the other OPM variables (expected time to liquidity, volatility, and risk-free rate). The total equity value is then iterated in the model until the model output value for the equity class sold in a recent financing round equals the price paid in that round. The OPM is generally utilized when specific future liquidity events are difficult to forecast (i.e., the enterprise has many choices and options available), and the enterprise's value depends on how well it follows an uncharted path through the various possible opportunities and challenges. In determining the estimated fair value of the common stock, the Board also considered the fact that the stockholders could not freely trade the common stock in the public markets. Accordingly, the Company applied discounts to reflect the lack of marketability of its common stock based on the weighted-average expected time to liquidity. The estimated fair value of the common stock at each grant date reflected a non-marketability discount partially based on the anticipated likelihood and timing of a future liquidity event.

  For valuations performed after December 31, 2021 in accordance with the Practice Aid the Company utilized the hybrid method for determining the fair value of our Class A Common Stock based on the Company's stage of development and other relevant factors. The hybrid method is a probability-weighted expected return method (PWERM), where the equity value in one or more scenarios is calculated using an OPM. The PWERM is a scenario-based methodology that estimates the fair value of Class A Common Stock based upon an analysis of future values for the company, assuming various outcomes. The Class A Common Stock value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available as well as the rights of each class of stock. The future value of the Class A Common Stock under each outcome is discounted back to the valuation date at an appropriate risk-adjusted discount rate and probability weighted to arrive at an indication of value for the Class A Common Stock. A discount for lack of marketability of the Class A Common Stock is then applied to arrive at an indication of value for the Class A Common Stock.

  The Company also considers the amount of time between the independent third-party valuation dates and the grant date of an award. The Company interpolates the common stock fair value between the two valuation dates, if there are any significant internal or external events occurred during this period. The incremental stock-based compensation expense recorded as a result of the retrospective review was insignificant.

- *Expected term*. The expected term represents the period that the stock-based awards are expected to be outstanding. The expected term for the Company's stock options was calculated based on the weighted-average vesting term of the awards and the contract period, or simplified method.

- *Expected volatility*. Since the Company is not yet a public company and does not have any trading history for its common stock, the expected volatility was estimated based on the average historical volatilities of common stock of comparable publicly traded entities over a period equal to the expected term of the stock option grants. The comparable companies were chosen based on their size, stage of their life cycle or area of specialty. The Company will continue to apply this process until enough historical information regarding the volatility of its stock price becomes available.
- *Risk-free interest rate*. The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term of the awards.
- *Expected dividend yield*. The Company has never paid dividends on the common stock and has no plans to pay dividends on the common stock. Therefore, the Company used an expected dividend yield of zero.

The Company used the following assumptions to estimate fair value of each option at the grant date for the years ended December 31, 2021 and 2022:

	Year Ended December 31,	
	2021	2022
Expected volatility	99.97% - 100.78%	96.33% - 102.81%
Expected dividend yield	0%	0%
Expected term (in years)	5.93 - 6.06	5.88 - 6.08
Risk-free interest rate	0.87% - 0.97%	1.69% - 3.96%

The following table presents the classification of stock-based compensation expense related to awards granted to employees and non-employees (in thousands):

	Year Ended December 31,	
	2021	2022
Research and development expenses	$ 214	$ 1,373
General and administrative expenses	19	2,679
Total stock-based compensation expense	$ 233	$ 4,052

The stock-based compensation expense relates to the following equity-based awards:

	Year Ended December 31,	
	2021	2022
Stock options	$ 233	$ 2,035
Restricted stock awards	—	2,017
Total stock-based compensation expense	$ 233	$ 4,052

As of December 31, 2022, there was $18.2 million of unrecognized stock-based compensation expense related to the employee and non-employee options, which is expected to be recognized over a weighted-average period of 3.6 years.

12. Related Party Transactions

In the year ended December 31, 2022, the Company reimbursed to certain investors less than $0.1 million of Series C financing costs. In the year ended December 31, 2021, the Company paid $7,869 to one of the stockholders as a reimbursement of consulting and due diligence fees.

13. Net Loss Per Share Attributable to Common Stockholders

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders (in thousands, except share and per share data):

	Year Ended December 31,	
	2021	2022
Numerator:		
Net loss	$ (41,839)	$ (64,772)
Denominator:		
Weighted average common shares outstanding	5,607,014	6,452,359
Less: Weighted-average common shares subject to repurchase	(4,251,461)	(3,380,898)
Weighted-average common shares outstanding, basic and diluted	1,355,553	3,071,461
Net loss per share attributable to common stockholders, basic and diluted	$ (30.86)	$ (21.09)

The following outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been antidilutive:

	As of December 31,	
	2021	2022
Redeemable convertible preferred stock	32,115,450	80,346,268
Common stock subject to repurchase	3,500,000	1,108,333
Outstanding options to purchase common stock	950,500	9,932,988
Unvested RSUs outstanding	—	2,183,426
Total	36,565,950	93,571,015

14. Income Taxes

No provision for income taxes was recorded for the year ended December 31, 2021 and 2022 as the Company operated with taxable losses. The Company has incurred net operating losses only in the United States since its inception.

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate was as follows:

	Year Ended December 31,	
	2021	2022
Income tax computed at federal statutory rate	21.00%	21.00%
State taxes	0.26	0.71
Other permanent differences	(0.11)	(0.43)
Research credits	0.19	1.40
Change in valuation allowance	(21.34)	(22.68)
Effective income tax rate	—%	—%

Significant components of the deferred tax assets for federal and state income taxes were as follows (in thousands):

	Year Ended December 31, 2021	2022
Deferred Tax Assets:		
Net operating loss carry forwards	$ 3,561	$ 6,203
Capitalized R&E expenditures	—	10,814
Intangibles	5,133	4.785
Research credits	136	1,259
Other	197	676
Total deferred tax assets	9,027	23,737
Less: Valuation allowance	(9,027)	(23,737)
Net deferred tax assets	$ —	$ —

A valuation allowance is required to be established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain. The Company believes that, based on a number of factors such as the history of operating losses, it is more likely than not that the deferred tax assets will not be fully realized, such that a full valuation allowance has been recorded. The valuation allowance increased by $8.9 million and by $14.7 million for the years ended December 31, 2021 and December 31, 2022, respectively, primarily due to the net operating losses carryforwards and research and development credits.

The following table sets forth the Company's federal and state net operating loss carryforwards and tax credits as of December 31, 2022 (dollars in thousands):

	Amount	Begin to Expire
Net operating losses, Federal	$ 28,885	Do not expire
Net operating losses, California	$ 2,920	2041
Tax credits, Federal	$ 1,425	2042
Tax credits, California	$ 426	N/A

Utilization of some of the federal and state net operating loss and credit carryforwards may be subject to annual limitations due to the change in ownership provisions of the Internal Revenue Code of 1986, as amended ("Internal Revenue Code"), and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization. The Company has not performed a study under Section 382 of the Internal Revenue Code to determine if a change in control did occur and, as such, is not able to determine the impact on the net operating loss carryforwards, if any, as of the date of the consolidated financial statements.

Uncertain Tax Positions

A reconciliation of the beginning and ending balances of the unrecognized tax benefits during the year ended December 31, 2022 is as follows (in thousands)

	Year Ended December 31, 2021	2022
Beginning balance	$ —	$ 48
Increase in tax positions in the current period	48	468
Ending balance	$ 48	$ 516

The entire amount of the unrecognized tax benefits would not impact the Company's effective tax rate if recognized. The Company has elected to include interest and penalties as a component of tax expense. During the years ended December 31, 2021 and 2022, the Company did not recognize accrued interest and penalties related to unrecognized tax benefits. The Company does not anticipate that the amount of existing unrecognized tax benefits will significantly increase or decrease during the next 12 months.

The Company is subject to examination by the U.S. federal and state tax authorities from inception to December 31, 2022. State income tax returns are generally subject to examination for a period of four years after filing of the respective return. To the extent the Company has tax attribute carryforwards, the tax years in which the attribute was generated may still be adjusted upon examination by the Internal Revenue Service and state tax authorities to the extent utilized in a future period.

In accordance with the Tax Cuts and Jobs Act of 2017, research and experimental (R&E) expenses under Internal Revenue Code Section 174 are required to be capitalized beginning in 2022. R&E expenses are required to be amortized over a period of 5 years for domestic expenses and 15 years for foreign expenses.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022, which includes an Alternative Minimum Tax based on the Adjusted Financial Statement Income of Applicable Corporations. Based on an initial evaluation, the Company does not believe the Inflation Reduction Act will have a material impact on the income tax provision and cash taxes. The Company will continue to monitor the changes in tax laws and regulations to evaluate their potential impact on the business.

15. Subsequent Events

The Company has reviewed and evaluated subsequent events as of December 31, 2022 through March 24, 2023, the date that the consolidated financial statements were available to be issued.

Acquisition of ValenzaBio (see Note 1)

On December 20, 2022, in connection with the acquisition of ValenzaBio, the Company became the successor to and negotiated an amendment to a pre-existing license and commercialization agreement between ValenzaBio and Pierre Fabre Medicament SAS ("Pierre Fabre") (the "Pierre Fabre Agreement"). In connection with the Pierre Fabre Agreement, the Company received certain exclusive worldwide licenses with the right to sublicense to certain patents, know-how and other intellectual property to develop, manufacture, use and commercialize lonigutamab for non-oncology therapeutic indications. In connection with the amendment to the Pierre Fabre Agreement, the Company paid Pierre Fabre an additional license payment of $10.0 million. In connection with the acquisition of ValenzaBio, the Company issued Pierre Fabre 1,667,326 shares of the Company's Class A Common Stock in exchange for 1,053,319 shares of ValenzaBio's Series A preferred stock. The Company is obligated to (i) make payments of up to $99.5 million upon the achievement of various development and regulatory milestones, (ii) make milestone payments of up to $390.0 million upon the achievement of certain commercial milestones and (iii) pay tiered royalties in the high single-digit to low-teens percentages to Pierre Fabre on worldwide net sales in a given calendar year.

On January 4, 2023, in connection with the acquisition of ValenzaBio, the Company became the successor to an exclusive license agreement between ValenzaBio and Novelty Nobility (the "Novelty License Agreement") and obtained a worldwide exclusive license for the development and commercialization of SLRN-517, an unmodified IgG1 monoclonal antibody, as a therapeutic treatment. Under the terms of the assumed Novelty License Agreement, the Company has exclusive rights to develop and commercialize products containing SLRN-517. In connection with the arrangement, the Company is obligated to (i) make development and

regulatory milestones of up to $44.3 million, (ii) make commercial sales milestone payments of up to $682.0 million and (iii) pay tiered royalties of a low single-digit to high-single-digit percentage on future worldwide net sales.

Lease Agreement

On January 6, 2023, the Company entered into an agreement to lease 10,012 square feet of office space located in Agoura Hills, California. The term of the lease is 65 months with an option to extend the term by additional three-year period. Monthly rent payments are approximately $30,500, subject to an annual 3.0% increase and six months rental abatement during the first year.

16. Events Subsequent to Original Issuance of Financial Statements (Unaudited)

In connection with the reissuance of the financial statements, the Company has evaluated subsequent events through April 13, 2023, the date the financial statements were available to be reissued.

Acceleration of Vesting of RSUs

On March 23, 2023, the Board of Directors approved the acceleration of vesting of 272,928 RSUs previously awarded to the Company's Chief Executive Officer, such that any portion of the RSUs that would vest under their original terms on July 1, 2023, October 1, 2023 and November 17, 2023 will instead vest upon the successful completion of an initial public offering.

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and Board of Directors of ValenzaBio, Inc.

Opinion

We have audited the financial statements of ValenzaBio, Inc. (the "Company"), which comprise the balance sheet as of December 31, 2021, the related statements of operations and comprehensive loss, convertible preferred stock and stockholders' deficit, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

In our report dated April 29, 2022, we expressed an unmodified opinion on the 2021 financial statements of the Company. As described in Note 2, the Company has revised its presentation of the convertible preferred stock and common stock in the financial statements for the year ended December 31, 2021.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

San Jose, California
April 29, 2022, except for Note 2 as to
which the date is February 10, 2023

VALENZABIO, INC.
Balance Sheet
As of December 31, 2021
(*Amounts expressed in thousands, except shares*)

	December 31, 2021
ASSETS	
Current assets:	
Cash and cash equivalents	$ 9,865
Investments at fair value, current	21,972
Prepaid expenses and other current assets	2,612
Total current assets	34,449
Investments at fair value	22,484
Total assets	$ 56,933
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable	$ 3,381
Accrued expenses and other current liabilities	4,898
Total liabilities	8,279
Commitments and Contingencies	
Series Seed convertible preferred stock, $0.0001 par value; 7,453,129 shares authorized, issued and outstanding at December 31, 2021, liquidation preference of $14,834	14,834
Series A convertible preferred stock, $0.0001 par value; 8,918,106 shares authorized, issued and outstanding at December 31, 2021, liquidation preference of $79,375	79,115
Stockholders' Deficit:	
Common stock, $0.0001 par value; 26,838,582 shares authorized; 7,444,684 issued and outstanding at December 31, 2021	—
Additional paid-in capital	759
Accumulated deficit	(45,915)
Accumulated comprehensive loss	(139)
Total stockholders' deficit	(45,295)
Total liabilities, convertible preferred stock and stockholders' deficit	$ 56,933

VALENZABIO, INC.
Statement of Operations and Comprehensive Loss
For the Year Ended December 31, 2021
(*Amounts expressed in thousands, except shares*)

	Year Ended December 31, 2021
Operating expenses:	
Research and development	$ 35,233
General and administrative	2,737
Total operating expenses	37,970
Loss from operations	(37,970)
Other income:	
Interest income	70
Net loss	$ (37,900)
Other comprehensive loss:	
Unrealized loss on investments	(139)
Total comprehensive loss	$ (38,039)

VALENZABIO, INC.
Statement of Convertible Preferred Stock and Stockholders' Deficit
(*Amounts expressed in thousands, except shares*)

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance at January 1, 2021	7,453,129	$14,834	7,506,015	$ —	$ 114	$ (8,015)	$ —	$ (7,901)
Other comprehensive loss	—	—	—	—	—	—	(139)	(139)
Issuance of common stock upon exercise of stock options	—	—	14,327	—	5	—	—	5
Forfeiture of unvested restricted shares	—	—	(75,658)	—	—	—	—	—
Issuance of Series A convertible preferred stock for cash, net of issuance costs	7,864,787	69,740	—	—	—	—	—	—
Issuance of Series A convertible preferred stock as a payment for Pierre Fabre license fee	1,053,319	9,375	—	—		—	—	—
Stock-based compensation	—	—	—	—	640	—	—	640
Net loss	—	—	—	—	—	(37,900)	—	(37,900)
Balance at December 31, 2021	16,371,235	$93,949	7,444,684	$ —	$ 759	$ (45,915)	$ (139)	$ (45,295)

VALENZABIO, INC.
Statement of Cash Flows
For the Year Ended December 31, 2021
(*Amounts expressed in thousands, except shares*)

	Year Ended December 31, 2021
Cash flows from operating activities	
Net loss	$ (37,900)
Adjustments to reconcile net loss to net cash used in operations:	
Stock-based compensation expense	640
Amortization of premium on marketable securities	584
Preferred shares issued as payment for license agreement	9,375
Changes in assets and liabilities:	
Prepaid expenses and other current assets	(2,604)
Accounts payable	2,891
Accrued expenses and other current liabilities	3,780
Net cash used in operating activities	(23,234)
Cash flows from investing activities	
Purchase of investments	(57,227)
Proceeds from maturities of investments	12,048
Net cash used in investing activities	(45,179)
Cash flows from financing activities	
Proceeds from issuance of convertible preferred stock	69,740
Proceeds from exercise of stock options	5
Net cash provided by financing activities	69,745
Net increase in cash and cash equivalents	1,332
Cash, and cash equivalents at beginning of year	8,533
Cash, and cash equivalents at end of year	$ 9,865

VALENZABIO, INC.
Notes to Financial Statements
For the Year Ended December 31, 2021
(*Amounts expressed in thousands, except shares*)

1. Nature of the Business

ValenzaBio, Inc. (the "Company") is a biopharmaceutical company focused on the identification, acquisition, and development of therapies for serious orphan autoimmune and inflammatory diseases. The Company is developing a pipeline of differentiated monoclonal antibodies with clinically validated mechanisms of action targeting diseases where the biology for treatment is clear but the approved therapies are few and suboptimal. The Company was incorporated on December 6, 2019, in Delaware. The Company is devoting substantially all of its efforts towards product research and development.

Liquidity

The Company has incurred significant losses from its inception. During the year ended December 31, 2021, the Company incurred a net loss of $37.9 million. As of December 31, 2021, the Company had an accumulated deficit of $45.9 million. The Company expects to continue to generate operating losses and negative cash flows for the foreseeable future.

The Company has funded its operations primarily through the sale of equity securities. Additional funding will be needed to finance future clinical, preclinical, manufacturing and commercial activities. There is no assurance the Company will be successful in obtaining such additional financing on terms acceptable to it, if at all, and it may not be able to enter into other arrangements. If the Company is unable to obtain funding, it could be forced to delay, reduce or eliminate our research and development programs, portfolio expansion or commercialization efforts, which could adversely affect its business prospects and ability to continue operations.

The Company is subject to risks common to companies in the biopharmaceutical industry. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for its intellectual property will be maintained, that any products developed will obtain required regulatory approval, or that any approved products will be commercially viable. Even if the development efforts are successful, it is uncertain when, if ever, the Company will generate significant product sales and ultimately net income.

Coronavirus Pandemic

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The worldwide COVID-19 pandemic has affected and may affect in the future the Company's ability to initiate and complete preclinical studies, delay the initiation and completion of its current and planned clinical trials, disrupt regulatory activities or have other adverse effects on its business, results of operations, financial condition and prospects. In addition, the pandemic has caused substantial disruption in the financial markets and may adversely impact economies worldwide, both of which could adversely affect the Company's business, operations and ability to raise funds to support its operations.

The Company cannot be certain what the overall impact of the COVID-19 pandemic will be on its business, and it has the potential to adversely affect its business, financial condition, results of operations and prospects.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP").

2. Summary of Significant Accounting Policies (Continued)

Presentation of the Convertible Preferred Stock and Common Stock

Convertible preferred stock is presented in the financial statements at their respective fair values on the dates of issuance, net of issuance costs. The convertible preferred stock is recorded outside of permanent equity because while it is not mandatory, redemption is contingent upon the occurrence of certain events considered not solely within the Company's control. The Company has not adjusted the carrying values of the redeemable convertible preferred stock to the liquidation preferences of such shares because it is uncertain whether or when a deemed liquidation event would occur that would obligate the Company to pay the liquidation preferences to holders of shares of redeemable convertible preferred stock. Subsequent adjustments to the carrying values to the liquidation preferences will be made only when it becomes probable that such a deemed liquidation event will occur.

Common stock issued and outstanding include the following: (1) 5,187,500 founders' shares, of which 2,555,922 shares have the Company's right of repurchase as of December 31, 2021; and (2) 2,242,857 issued restricted stock awards, of which 1,207,938 shares have the Company's right of repurchase as of December 31, 2021. As these are legally issued and outstanding shares and have voting and dividends rights, these are fully included in the statement of convertible preferred stock and stockholders' deficit.

Use of Estimates

The preparation of financial statements in conformity US GAAP requires management to make estimates, judgements and assumptions that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. These estimates are based on information available as of the date of the financial statements; therefore, actual results could differ from those estimates.

Stock-Based Compensation—Employee Stock-Based Awards

The Company applies the provisions of Accounting Standards Codification ("ASC") 718, *Compensation— Stock Compensation*, which requires measurement and recognition of compensation expense for all stock-based awards made to employees, directors, and consultants based on estimated fair values and recognizes stock-based compensation expense of those awards over the requisite service period, which is generally the vesting period of the respective award. Generally, the Company issues stock option awards with only service-based vesting conditions and records the expense for these awards using the straight-line method. The Company's policy is to account for forfeitures when they occur by reversing compensation costs when the award is forfeited.

The Company utilizes the Black-Scholes option pricing model for determining the estimated fair value for stock-based awards. The Black-Scholes model requires the use of assumptions which determine the fair value of the stock-based awards. Determining the fair value of stock-based awards at the grant date requires significant judgment, including estimating the expected term of stock options, the expected volatility of the Company's stock and expected dividends.

The Company does not have a history of market prices of its common stock and, as such, volatility is estimated using historical volatilities of similar public companies. The expected term of the employee awards is estimated based on the simplified method, which calculates the expected term based upon the midpoint of the term of the award and the vesting period. The Company uses the simplified method because it does not have

2. Summary of Significant Accounting Policies (Continued)

sufficient option exercise data to provide a reasonable basis upon which to estimate the expected term. The expected dividend yield is 0% as the Company has no history of paying dividends nor does management expect to pay dividends over the contractual terms of these options. The risk-free interest rates are based on the United States Treasury yield curve in effect at the time of grant, with maturities approximating the expected term of the stock options.

The Company classifies stock-based compensation expense in its statement of operations and comprehensive loss in the same manner in which the award recipient's payroll costs are classified or in which the award recipients' service payments are classified.

Accrued Expenses and Other Current Liabilities

As part of the process of preparing financial statements, the Company is required to estimate accrued expenses. This process involves identifying services which have been performed on its behalf and estimating the level of service performed and the associated cost incurred for such service as of each balance sheet date in its financial statements.

In accruing service fees, the Company estimates the time period over which services will be provided and the level of effort in each period. If the actual timing of the provision of services or the level of effort varies from the estimate, the Company will adjust the accrual accordingly. The majority of service providers invoice the Company monthly in arrears for services performed. Some service providers require upfront or milestone payments. If the estimate of services performed is less than the upfront or milestone payments, the difference is accounted for as a prepaid expense. In the event that the Company does not identify costs that have begun to be incurred or the Company underestimates or overestimates the level of services performed or the costs of such services, actual expenses could differ from such estimates. The date on which some services commence, the level of services performed on or before a given date and the cost of such services are often subjective determinations. The Company makes judgments based upon facts and circumstances known to it in accordance with US GAAP.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents held at financial institutions may at times exceed federally insured amounts. The Company believes it mitigates such risk by investing in or through major financial institutions.

Fair Value of Financial Instruments

The Company applies the provisions of ASC 820, *Fair Value Measurements and Disclosures,* for financial assets and liabilities measured on a recurring basis which requires disclosure that establishes a framework for measuring fair value. The guidance requires that fair value measurements be classified and disclosed in one of three categories:

Level 1: Quoted prices in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date;

Level 2: Inputs other than quoted prices in active markets, that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted in markets that are not active, or other inputs that are observable; or

2. Summary of Significant Accounting Policies (Continued)

Level 3: Unobservable inputs.

The fair value of the Company's investments as of December 31, 2021, was valued based on Level 2 inputs. The Company's investments consist mainly of corporate debt securities. Fair value is determined by taking into consideration valuations obtained from third-party pricing services. The third-party pricing services utilize industry standard valuation models, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include reported trades of and broker/dealer quotes on the same or similar securities; issuer credit spreads; benchmark securities; and other observable inputs.

The Company has assessed these as Level 2 within the fair value hierarchy of ASC 820. The Company classifies its entire investment portfolio as available for sale as defined in ASC 320, *Debt and Equity Securities*. Securities are carried at fair value with the unrealized gains (losses) reported as a separate component of convertible preferred stock and stockholders' deficit within accumulated other comprehensive loss. Realized gains and losses on available for sale securities are included in net loss in the period earned or incurred.

The carrying amount of cash, cash equivalents, other receivables, and accounts payable approximates their fair value due to the short-term maturity of these instruments.

Concentration of Risk

Concentration of credit risk exists with respect to cash and cash equivalents and investments. The Company maintains its cash and cash equivalents and investments with high quality financial institutions. At times, amounts may exceed federally insured deposit limits.

Research and Development Expenses

All costs associated with internal research and development, research and development services for which the Company has externally contracted and licensed are expensed as incurred. Research and development expense includes direct and indirect costs for salaries, employee benefits, subcontractors, including clinical research organizations ("CROs"), license and milestone fees and operating supplies.

The Company records accrued expenses for estimated costs incurred for research and development activities conducted by third-party service providers based upon the estimated amount of services performed. The Company estimates the amount of work completed through discussions with internal personnel and external service providers as to the progress or stage of completion of the services and the agreed-upon fee to be paid for such services. The Company records advance payments made to service providers as prepaid assets, which are expensed over the contract term based on the estimate of services performed.

Patent Costs

The Company expenses the costs of obtaining and maintaining patents as general and administrative expense.

Comprehensive Loss

Comprehensive loss represents net loss for the period plus the results of certain other changes in the stockholders' deficit. The Company's comprehensive loss included unrealized losses related to investments for the year ended December 31, 2021.

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company uses the asset and liability approach for financial accounting and reporting of income taxes. Deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax basis of assets and liabilities and are measured by applying enacted rates and laws to taxable years in which differences are expected to be recovered or settled. Further, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the rate change is enacted. A valuation allowance is required when it is "more likely than not" that all or a portion of deferred tax assets will not be realized.

The Company applies the provisions of ASC 740, *Income Taxes*, which prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return (including a decision whether to file or not file a return in a particular jurisdiction). The financial statements reflect expected future tax consequences of such positions presuming the taxing authorities' full knowledge of the position and all relevant facts.

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12, *Simplifying the Accounting for Income Taxes,* which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, *Income Taxes*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The adoption of this guidance did not have a material impact on the Company's financial statements and accompanying disclosures.

The Company recognizes a valuation allowance against its net deferred tax assets unless it is more likely than not that such deferred tax assets will be realized. This assessment requires judgement as to the likelihood and amounts of future taxable income by tax jurisdiction. The Company reviews all tax positions to ensure the tax treatment selected is sustainable based on its technical merits and that the position would be sustained if challenged.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), and subsequently has issued additional guidance (collectively, "ASC 842"), which requires companies to generally recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet. ASC 842 will be effective for the Company on January 1, 2022, with early adoption permitted. The Company does not believe the adoption of ASC 842 will have a material impact on the Company's financial statements.

Segment Information

Operating segments are defined as components of an entity for which separate financial information is made available and is regularly evaluated by the chief operating decision maker ("CODM") in making decisions regarding resource allocation and assessing performance. The Company's CODM is its chief executive officer and operations are managed as a single segment for the purposes of assessing performance and making operating decisions.

3. License Agreements

Pierre Fabre License and Commercialization Agreement

In March 2021, the Company entered into a license and commercialization agreement (the "Pierre Fabre License Agreement") with Pierre Fabre Medicament SAS ("Pierre Fabre") relating to the Company's non-oncology therapeutic initiatives. Under the Pierre Fabre License Agreement, the Company was granted a worldwide exclusive license (the "Pierre Fabre License") to research, develop, manufacture, use and commercialize therapeutic products. In consideration for the Pierre Fabre License, the Company paid Pierre Fabre an upfront license fee of $7.5 million and also entered into a Stock Purchase Agreement (the "SPA") with Pierre Fabre in contemplation of the license agreement. Pursuant to the SPA, the Company issued to Pierre Fabre 1,053,319 shares of the Company's Series A Preferred Stock. The upfront cash payment of $7.5 million and the fair value of the preferred stock issued of $9.4 million, totaling $16.9 million, was recognized as research and development expense during the year ended December 31, 2021, as the acquired in-process research and development was determined to have no alternative future use at the time of the acquisition.

In addition, the Company is obligated to pay tiered royalties ranging from low- to high-teen percentages based on net sales of products licensed under the agreement. If the Company receives revenue from sublicensing any of its right under the agreement, the Company is also obligated to pay a portion of that revenue, ranging from mid-single to mid-double-digit percentages to Pierre Fabre. The Company is also obligated to make milestone payments aggregating up to $82.8 million for the first two indications for each licensed product upon the achievement of certain clinical or regulatory milestones and up to $195.0 million in sales-based milestones upon the achievement of certain sales-based events.

The Company has the right to terminate the Pierre Fabre License Agreement for any reason upon a 90-day notice, or if Pierre Fabre becomes insolvent. Pierre Fabre has the right to terminate the agreement if the Company fails to achieve any near-term milestones timely or participates in any action challenging the validity of Pierre Fabre's patents. Both parties have the right to terminate the agreement if the other party materially breaches the agreement and fails to remedy any such default within the specified cure periods. The Pierre Fabre License Agreement will remain in effect until terminated by the parties according to their rights.

ProBioGen Development, Manufacturing Services and License Agreement

In February 2021, the Company entered into a cell line development, manufacturing services and license agreement (the "ProBioGen Agreement") with ProBioGen AG ("ProBioGen") to research, develop and commercialize innovative therapies using ProBioGen's proprietary technology. Upon signing the ProBioGen Agreement, the Company made an upfront payment of $0.6 million as consideration for the license. In addition, the Company is obligated to make milestone payments aggregating up to €18.3 million upon the achievement of certain clinical or regulatory and sales-based milestones. If the Company chooses to contract ProBioGen to perform manufacturing services, the milestone payments will be reduced by €0.9 million. In addition, if the Company receives revenue from sublicensing any of its rights under the agreement, the Company is obligated to pay a portion of that revenue to ProBioGen.

Under the ProBioGen Agreement, the Company also contracted ProBioGen to perform certain research and development services. In July 2021, August 2021 and December 2021, the ProBioGen Agreement was amended to include additional contracted services to be provided by ProBioGen.

Both parties have the right to terminate the agreement if the other party becomes insolvent, or materially breaches the agreement and fails to remedy any such default within the specified cure periods. The ProBioGen

3. License Agreements (Continued)

Agreement, as amended, will remain in effect until the services are completed for the service-related component and until the payment obligations expire in connection with the ProBioGen License component, unless terminated by the parties according to their rights.

During the year ended December 31, 2021, the Company recognized $2.2 million in research and development expense in connection with the ProBioGen Agreement of which $1.0 million related to milestone payments and $1.2 million related to contracted research and development services provided by ProBioGen.

Cancer Technology Research License Agreement

In February 2020, the Company entered into a license agreement (the "CRT License Agreement") with Cancer Research Technology Limited ("CRT") under which the Company was granted a non-exclusive license to research, develop, commercialize and manufacture up to three non-oncology and one oncology drug candidates using certain intellectual property that CRT owns or controls. The Company paid an upfront license fee of $0.4 million to CRT and is also required to pay annual license maintenance fees of £50,000 over the term of the agreement. In addition, the Company is obligated to pay tiered royalties ranging in single-digit percentage based on net sales of products licensed under the agreement. If the Company receives revenue from sublicensing any of its right under the agreement, the Company is obligated to pay a portion of that revenue, ranging from mid-single to teen percentage to CRT. The Company is also obligated to make milestone payments aggregating up to £67.3 million for the first three indications upon the achievement of certain clinical or regulatory milestones and up to £40.0 million in sales-based milestones upon the achievement of certain sales-based events.

Both parties have the right to terminate the agreement if the other party becomes insolvent, or materially breaches the agreement and fails to remedy any such default within the specified cure periods. CRT has the right to terminate the agreement if the Company fails to operate and perform research and development activities as intended in the development plan, seeks to challenge the validity of the licensed patent, becomes insolvent or undergoes a change of control event where the new controlling party is prohibited by CRT. The CRT License Agreement will remain in effect until terminated by the parties according to their rights. In the event there is a termination due to a material breach by the Company, CRT has the right to exercise an assignment option under which the Company will grant CRT rights to certain product-specific intellectual property controlled or owned by the Company that exists as of the date of the termination and allows CRT to develop and commercialize the licensed product worldwide under those rights. CRT is obligated to pay the Company a share of net revenue for any licensed products that have generated sale revenue under the assignment option.

During the year ended December 31, 2021, the Company recognized $0.9 million in research and development expense in connection with the CRT license agreement.

4. Investments

The fair value of the Company's investments of $44,456 as of December 31, 2021 is valued based on Level 2 inputs. The Company's investments consist mainly of corporate debt securities. Fair value is determined by taking into consideration valuations obtained from third-party pricing services. The third-party pricing services utilize industry standard valuation models, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include reported trades of and broker/dealer quotes on the same or similar securities; issuer credit spreads; benchmark securities; and other observable inputs. There were no

(Amounts expressed in thousands, except shares)

4. Investments (Continued)

transfers between levels within the hierarchy during the year ended December 31, 2021. The Company has assessed these as Level 2 within the fair value hierarchy of ASC 820. The Company classifies its entire investment portfolio available for sale as defined in ASC 320, *Debt and Equity Securities*. Securities are carried at fair value with the unrealized gains (losses) reported in other comprehensive income.

The unrealized loss from investments was $139 at December 31, 2021.

As of December 31, 2021, none of the Company's investments were determined to be other than temporarily impaired. The following table summarizes the Company's investments:

	December 31, 2021			
	Amortized Cost	Unrealized Gain	Unrealized (Loss)	Estimated Fair Value
Corporate Debt Securities	$ 44,595	$ —	(139)	$ 44,456
Total	$ 44,595	$ —	(139)	$ 44,456

The following table summarizes the contractual maturities of the Company's investments:

	December 31, 2021
Mature in less than one year	$ 21,972
Mature in one to five years	22,484
Total	$ 44,456

5. Prepaid Expenses and Other Current Assets

A summary of prepaid expenses and other current assets is as follows:

	December 31, 2021
Prepaid research and development costs	$ 649
Interest receivable	325
Other receivable	1,565
Other prepaid expenses	73
Total	$ 2,612

(Amounts expressed in thousands, except shares)

6. Accrued Expenses and Other Current Liabilities

Accrued expenses consist of the following:

	December 31, 2021
Accrued compensation	$ 862
Accrued research and development expenses	3,935
Accrued professional expenses	61
Other current liabilities	40
Total	$ 4,898

Accrued research and development expenses are comprised of amounts owed to third-party CROs, clinical investigators, laboratories and data managers for research and development work performed on behalf of the Company.

7. Convertible Preferred Stock and Stockholders' Deficit

Common Stock

At December 31, 2021, the Company had 26,838,582 authorized shares common stock of which 7,444,684 shares were issued and outstanding.

Convertible Preferred Stock

At December 31, 2021, the Company had 7,453,129 shares of Series Seed convertible preferred stock authorized, issued and outstanding ("Series Seed Preferred Stock") and 8,918,106 shares of Series A convertible preferred stock authorized, issued and outstanding ("Series A Preferred Stock").

In March 2021, the Company issued a total of 8,918,106 shares of Series A Preferred Stock. The Company received gross proceeds of $70.0 million. The total Series A Preferred Stock shares issued included 7,864,787 shares issued at a purchase price of $8.90 per share and 1,053,319 shares of Series A Preferred Stock issued to Pierre Fabre Medicament SAS for consideration of a one-time non-refundable license fee in connection with a license and commercialization agreement. The fair value attributable to the shares issued to Pierre Fabre was $9.4 million (see Note 3).

In February and May 2020, the Company issued a total of 7,453,129 shares of Series Seed Preferred Stock at a purchase price of $1.99 per share. The Company received gross proceeds of $14.8 million.

Rights, Preferences and Privileges of Preferred Stock: The rights, preferences and privileges of the Series Seed Preferred Stock and the Series A Preferred Stock (collectively, "Preferred Stock") are as follows:

Voting Rights: On any matter presented to stockholders of the Company for consideration, each holder of outstanding shares of Preferred Stock will be entitled to cast the number of votes equal to the whole number of shares of common stock into which the Preferred Stock held by such holder is convertible into. Holders of Preferred Stock will vote together with the holders of common stock as a single class on an as-converted to common stock basis.

VALENZABIO, INC.
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2021
(*Amounts expressed in thousands, except shares*)

7. Convertible Preferred Stock and Stockholders' Deficit (Continued)

Dividends: Holders of outstanding shares of Series A Preferred Stock shall be entitled to receive dividends (when and if) declared by the Company's board of directors (the "Board of Directors") in preference and prior to the holders of any other series of Preferred Stock and common stock at the rate of eight percent (8.0%) of the original issue price for such series of Preferred Stock per annum ("Preferred Dividend"). Preferred Dividends will not be cumulative. The Company will not declare, pay or set aside dividends to any class of stock (except for dividends payable in shares of common stock to holders of common stock) unless holders of each series of Preferred Stock first receives or simultaneously receive any declared and unpaid Preferred Dividends.

Holders of Preferred Stock are entitled to receive dividends in an amount at least equal to (1) in the case of dividends on common stock or any class or series that is convertible into common stock, that dividend amount per share of Preferred Stock will be determined by multiplying (A) the dividend payable on each share of such class or series as if all shares of such class or series had been converted into common stock and (B) the number of shares of common stock issuable upon conversion of a share of the applicable series of Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (2) in the case of a dividend payable on any class or series that is not convertible into common stock, at a rate per share of Preferred Stock determined by (A) dividing the amount of dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series (subject to adjustments in the event of stock split, stock dividends, combination, etc.) and (B) multiplying the fraction by an amount equal to the original issue price for the Preferred Stock. If the Company declares, pays, or sets aside dividends on the same date on more than one class or series of capital stock, the dividends payable to Preferred Stockholders shall be calculated based on the dividends on the class or series of capital stock that results in the highest Preferred Stock dividend for the applicable series of Preferred Stock.

Liquidation Preference: In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, holders of Preferred Stock will be entitled to be paid out of the assets of the Company available for distribution to its stockholders on a pari passu basis. In the event of a deemed liquidation event ("DLE"), of the Company, holders of Preferred Stock will be entitled to be paid out of the consideration payable to stockholders in such DLE or out of the available proceeds of the Company on a pari passu basis before any payment is made to the holders of common stock. The amount to be paid will be the greater of (1) the original issue price for the applicable series of Preferred Stock plus any dividends declared but unpaid, or (2) the amount that would have been payable had all shares of the applicable series Preferred Stock been converted into common stock immediately before such event (i.e., liquidation, dissolution, winding up, deemed liquidation event, etc.) ("Applicable Liquidation Amount").

If upon the occurrence of a DLE, the assets of the Company available for distribution to its stockholders shall be insufficient to pay the holders of the Preferred Stock in full, the holders of shares of Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. In the event of a voluntary or involuntary liquidation, dissolution or winding up of the Company or DLE, after payment of liquidation amounts required to be paid to the holders of Preferred Stock, the remaining assets of the Company available for distribution to its stockholders, or in the case of a DLE, the consideration not payable to the holders of shares of Preferred Stock or the remaining available proceeds, shall be distributed among the holders of the shares of common stock on a pro rata basis.

Conversion Ratio: Each share of Preferred Stock is convertible at the option of the holder at any time into fully paid shares of common stock. The number of shares of common stock convertible into is determined by

7. Convertible Preferred Stock and Stockholders' Deficit (Continued)

dividing the applicable original issue price of the Preferred Stock by the applicable conversion price in effect. Conversion rights terminate in the event of a liquidation, dissolution or winding up of the Company or a DLE. The conversion price will initially be equal to each respective issuance price of $1.99 per share and $8.90 per share for the Series Seed and Series A holders, respectively.

Mandatory Conversion: All outstanding shares of Preferred Stock will automatically convert into shares of common stock, as applicable, at the then-effective conversion price upon the earliest of the following events: (1) The closing of the sale of shares of common stock to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933 (the "Securities Act") and in connection with such offering the Common stock is listed for trading on the Nasdaq Stock Market's National Market, the New York Stock Exchange or another exchange or marketplace approved by a majority of the Board of Directors then serving, including approval of any then servicing Series Seed Director (a "Qualified IPO"); (2) the settlement of the initial trade of shares of common stock by means of an effective registration statement under the Securities Act that registers shares of existing capital stock of the Company for resale on the Nasdaq Stock Market's National Market, the New York Stock Exchange or another exchange or marketplace approved a majority of the Board of Directors then serving, including approval of any then serving Series Seed Director (a "Direct Listing"), or (3) the date and time, or the occurrence of an event, specified by vote or written consent of the Requisite Holders (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "Mandatory Conversion Time"), then (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of common stock, and (ii) such shares may not be reissued by the Company.

8. Stock-Based Compensation

2020 Equity Incentive Plan

The Company's 2020 Equity Incentive Plan (the "2020 Plan") was adopted by the Company's board of directors, approved by the Company's stockholder's and became effective in February 2020.

As of December 31, 2021, the Board reserved 3,926,161 shares for issuance under the 2020 Plan.

The 2020 Plan is administered by the Board of Directors. The 2020 Plan provides for the grant of incentive stock options and nonstatutory stock options (collectively, an "Option"), stock appreciation rights ("SARs"), restricted stock awards, restricted stock unit awards and other stock awards (the "Stock Awards"). The Company's employees, directors and consultants are eligible to receive Stock Awards under the 2020 Plan; however, incentive stock options may only be granted to employees.

With the exception of Stock Awards granted to ten percent stockholders, the exercise price of each Option or SAR will not be less than 100% of the fair market value of the common stock subject to the Option or SAR on the date the Stock Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the fair market value of the common stock subject to the Stock Award if such Stock Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a corporate transaction and in a manner consistent with the provisions of Section 409A of the Code and, if applicable, Section 424(a) of the Code. Each SAR will be denominated in shares of common stock equivalents. Options and SARs granted under the Company's 2020 Plan are exercisable for a period determined by the Company, but in no event longer than ten years from the date of the grant. A ten

(Amounts expressed in thousands, except shares)

8. Stock-Based Compensation (Continued)

percent stockholder will not be granted an incentive stock option unless the exercise price of such Option is at least 110% of the fair market value on the date of grant and the Option is not exercisable after the expiration of five years from the date of grant.

Under the provisions of ASC 718, stock-based compensation cost is based on the fair value of the portion of stock-based awards that is ultimately expected to vest during the period. The Company utilizes the Black-Scholes option pricing model for determining the estimated fair value for stock-based awards. The Black-Scholes option pricing model requires the use of assumptions which determine the fair value of the stock-based awards. Determining the fair value of stock-based awards at the grant date requires significant judgment, including estimating the expected term of stock options, the expected volatility of the Company's stock and expected dividends. The Company's policy is to account for forfeitures when they occur by reversing compensation costs when the award is forfeited.

The Company does not have a history of market prices of its common stock and, as such, volatility is estimated using historical volatilities of similar public companies. The expected term of awards is estimated based on the simplified method, which calculates the expected term based upon the midpoint of the term of the award and the vesting period.

As of December 31, 2021, there were 321,396 shares available to be granted under the 2020 Plan.

A summary of the status of the Company's stock option activity for the year ended December 31, 2021 is presented in the table and narrative below:

	2021	
	Options	Weighted-Average Exercise Price
Outstanding at January 1, 2021	183,842	$ 0.34
Granted	1,194,737	2.51
Exercised	(14,327)	0.34
Forfeited	(9,145)	0.34
Cancelled	(7,526)	2.26
Outstanding at December 31, 2021	1,347,581	$ 2.26
Options exercisable at December 31, 2021	409,363	$ 1.63
Options vested and expected to vest at December 31, 2021	1,337,581	$ 2.26

The weighted-average grant-date fair value of options granted during the year ended December 31, 2021 was $1.77.

The weighted-average remaining contractual life is 8.7 years for options exercisable and 9.2 years for options vested and expected to vest as of December 31, 2021.

As of December 31, 2021, the total compensation cost related to options not yet recognized in the financial statements is approximately $1.6 million, and the weighted-average period over which it is expected to be recognized is 2.0 years.

(Amounts expressed in thousands, except shares)

8. Stock-Based Compensation (Continued)

The assumptions used to value options granted are as follows:

	For the Year Ended December 31, 2021
Expected term of option	5.3 – 5.8 years
Expected volatility	84% – 88%
Risk free interest rate	0.6% – 1.3%
Expected dividend yield	0%

A summary of the status of the Company's nonvested restricted common stock awards at December 31, 2021 and changes during the year ended December 31, 2021 was as follows:

	Shares	Weighted - Average Grant Date Fair Value
Unvested restricted stock awards outstanding at January 1, 2021	6,164,203	$ 0.00
Shares granted	—	—
Shares vested	2,324,685	0.00
Unvested restricted stock awards outstanding at December 31, 2021	3,763,860	$ 0.00

As of December 31, 2021, there was unrecognized stock-based compensation expense related to unvested restricted stock units of $0.3 million, which the Company expects to recognize over a weighted-average period of approximately 2.2 years.

Total stock-based compensation expense recorded in the accompanying statement of comprehensive loss for the year ended December 31, 2021 was $0.6 million.

The Company recorded no tax benefit related to these options as the Company is currently in a net operating loss position and maintains a full valuation allowance.

Stock-based compensation expense is included in research and development and general and administrative expense as follows:

	For the Year Ended December 31, 2021
Research and development	$ 369
General and administrative	271
Total	$ 640

9. Commitments and Contingencies

From time to time, in the ordinary course of business, the Company may be subject to litigation and regulatory examinations as well as information gathering requests, inquiries and/or investigations. The Company

(Amounts expressed in thousands, except shares)

9. Commitments and Contingencies (Continued)

does not believe it is currently subject to any material matters where there is at least a reasonable possibility that a material loss may be incurred.

10. Income Taxes

There is no provision for income taxes because the Company has historically incurred operating losses and maintains a full valuation allowance against its net deferred tax assets. The significant components of the Company's tax provision on December 31, 2021 are shown below.

	December 31, 2021
Provision/(Benefit):	
Federal	$ (8,184)
State	(2,552)
Valuation allowance	10,736
Total provision/(benefit)	$ —

A reconciliation of the statutory tax rates to the effective tax rates is as follows:

	Year Ended December 31, 2021
Federal statutory rate	21.0%
State tax, net of federal benefit	6.6%
Tax credits	0.7%
Stock-based compensation	(0.1)%
Valuation allowance	(28.2)%
	0.0%

Future tax benefits (deferred tax assets) related to temporary differences are as follows:

	December 31, 2021
Gross deferred tax assets:	
Net operating losses	$ 8,244
Tax credits (federal and state)	256
Stock-based compensation	136
Capitalized license agreements	4,435
Other	40
	$ 13,111
Less—Valuation allowance	(13,111)
Net deferred tax asset	$ —

The Company has a full valuation allowance against its deferred tax assets, since, in the opinion of management, based upon the history of losses by the Company and insufficient future federal and state taxable

(Amounts expressed in thousands, except shares)

10. Income Taxes (Continued)

income; it is more likely than not that the benefits will not be realized. All or a portion of the remaining valuation allowance may be reduced in future years based on an assessment of earnings sufficient to fully utilize these potential tax benefits.

At December 31, 2021, the Company had the following net operating loss ("NOL") and credit carryforwards available:

	As of December 31, 2021
Federal net operating loss carryforwards	$ 26,899
State net operating loss carryforwards	31,759
Federal research and development credit carryforwards	256
State research and development credit carryforwards	—

Utilization of the NOL's and research tax credit carryforwards may be subject to a substantial annual limitation due to ownership limitations that have occurred or that could occur in the future, as required under Section 382 of the Internal Revenue Code of 1986, as well as similar state provisions. These ownership changes may limit the amount of the NOL and research credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an "ownership change" as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a by certain stockholders or public groups. If the Company has experienced a change of control at any time since the Company's formation, utilization of its net operating losses or research and development credit carryforwards would be subject to an annual limitation. Any limitation may result in expiration of a portion of the net operating loss or research and development credit carryforwards before utilization which would reduce the Company's gross deferred tax assets. Accordingly, even if we attain profitability, we may not be able to utilize a material portion of our NOLs or credits. Under the Tax Cuts and Jobs Act of 2017 the treatment of NOL's arising on or after January 1, 2018, and beyond may only be used to offset 80% of taxable income. This change may require us to pay federal income taxes in future years despite generating a loss for federal income tax purposes in prior years.

ASC 740 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely that not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company has no material uncertain tax positions that qualify for either recognition or disclosure in its financial statements.

It is the Company's policy to recognize interest and/or penalties related to income tax matters in income tax expense. As of December 31, 2021, the Company has not accrued any interest and penalties related to uncertain tax positions. The Company does not have any outstanding U.S. federal income tax or material state and local tax matters for periods through December 31, 2021. There are no federal or state and local income tax returns currently under examination. The Company's tax returns from inception to date are subject to examination by the taxing authorities.

12. Subsequent Events

The Company has evaluated all events subsequent to December 31, 2021, through April 29, 2022, which represents the date these financial statements were available to be issued. The Company is not aware of any subsequent events that would require recognition or disclosure to the financial statements other than as described below.

Novelty Nobility License and Commercialization Agreement

In February 2022, the Company entered into an exclusive license agreement with Novelty Nobility (the "Novelty License Agreement") to obtain a worldwide exclusive license for the development and commercialization of NN2802, an unmodified immunoglobulin G1 (IgG1) monoclonal antibody, as a therapeutic treatment.

Under the terms of the Novelty License Agreement, the Company will have exclusive rights to develop and commercialize products containing NN2802. The Company will undertake all development, regulatory and commercialization activities. In consideration of the exclusive license, the Company made an upfront payment of $7.0 million. Additional payments related to development and regulatory milestones may be up to $44.3 million and commercial sales milestones may be up to $682.0 million. Further, tiered, low- to high-single digit royalties on future net sales may be made.

Report of Independent Registered Public Accounting Firm

To the Management and the Board of Directors of ACELYRIN, INC.

Opinion

We have audited the accompanying financial statements of ValenzaBio, Inc. (the "Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of operations and comprehensive loss, of convertible preferred stock and stockholders' deficit, and of cash flows, for the year then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Company was acquired by ACELYRIN, INC. on January 4, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ PricewaterhouseCoopers LLP
San Diego, California
March 24, 2023

VALENZABIO, INC.
Balance Sheet
(*Amounts expressed in thousands, except share and per share data*)

	December 31, 2022
Assets	
Current assets:	
Cash and cash equivalents	$ 11,446
Prepaid expenses and other current assets	2,728
Total assets	$ 14,174
Liabilities, Convertible Preferred Stock and Stockholders' Deficit	
Current liabilities:	
Accounts payable	$ 1,335
Accrued research and development expenses	5,038
Other accrued expenses and current liabilities	54
Total liabilities	6,427
Commitments and Contingencies (Note 5)	
Series Seed convertible preferred stock, $0.0001 par value; 7,453,129 shares authorized, issued and outstanding at December 31, 2022, liquidation preference of $14,834	14,834
Series A convertible preferred stock, $0.0001 par value; 8,918,106 shares authorized, issued and outstanding at December 31, 2022, liquidation preference of $79,375	79,115
Stockholders' Deficit:	
Common stock, $0.0001 par value; 29,076,653 shares authorized; 7,633,434 shares issued and outstanding at December 31, 2022	—
Additional paid-in capital	2,173
Accumulated deficit	(88,375)
Total stockholders' deficit	(86,202)
Total liabilities, convertible preferred stock and stockholders' deficit	$ 14,174

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

VALENZABIO, INC.
Statement of Operations and Comprehensive Loss
(*Amounts expressed in thousands*)

	Year Ended December 31, 2022
Operating expenses:	
Research and development	$ 36,988
General and administrative	5,285
Total operating expenses	42,273
Loss from operations	(42,273)
Other income (expense):	
Interest income	118
Realized loss on sale of investments	(305)
Net loss	$ (42,460)
Other comprehensive loss:	
Unrealized gain on investments	139
Total comprehensive loss	$ (42,321)

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

VALENZABIO, INC.
Statement of Convertible Preferred Stock and Stockholders' Deficit
(*Amounts expressed in thousands, except shares*)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance at January 1, 2022	16,371,235	$93,949	7,444,684	$ —	$ 759	$ (45,915)	$ (139)	$ (45,295)
Other comprehensive loss	—	—	—	—	—	—	139	139
Issuance of common stock upon exercise of stock options	—	—	188,750	—	68	—	—	68
Stock-based compensation expense	—	—	—	—	1,346	—	—	1,346
Net loss	—	—	—	—	—	(42,460)	—	(42,460)
Balance at December 31, 2022	16,371,235	$93,949	7,633,434	$ —	$ 2,173	$ (88,375)	$ —	$ (86,202)

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

VALENZABIO, INC.
Statement of Cash Flows
(*Amounts expressed in thousands*)

	Year Ended December 31, 2022
Cash flows from operating activities	
Net loss	$ (42,460)
Adjustments to reconcile net loss to net cash used in operations:	
Stock-based compensation expense	1,346
Amortization of premium on marketable securities	561
Loss on sale of marketable securities	305
Changes in assets and liabilities:	
Prepaid expenses and other current assets	(116)
Accounts payable	(2,046)
Accrued expenses and other current liabilities	194
Net cash used in operating activities	(42,216)
Cash flows from investing activities	
Proceeds from maturities and sales of investments	43,729
Net cash provided by investing activities	43,729
Cash flows from financing activities	
Proceeds from exercise of stock options	68
Net cash provided by financing activities	68
Net increase in cash and cash equivalents	1,581
Cash and cash equivalents, beginning of year	9,865
Cash and cash equivalents, end of year	$ 11,446

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

VALENZABIO, INC.
Notes to Financial Statements
For the Year Ended December 31, 2022

1. Nature of the Business and Liquidity

ValenzaBio, Inc. (the "Company") is a biopharmaceutical company focused on the identification, acquisition, and development of therapies for serious orphan autoimmune and inflammatory diseases. The Company is developing a pipeline of differentiated monoclonal antibodies with clinically validated mechanisms of action targeting diseases where the biology for treatment is clear but the approved therapies are few and suboptimal. The Company was incorporated on December 6, 2019, in Delaware. The Company is devoting substantially all of its efforts towards product research and development.

Acquisition by ACELYRIN

On December 20, 2022, the Company entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement") with ACELYRIN, INC. ("ACELYRIN"), WH1, INC. and WH2, LLC (two wholly owned subsidiaries of ACELYRIN) and Seller Representatives LLC. As a result of a series of mergers, ACELYRIN acquired all outstanding equity of the Company (the "Acquisition"). The Acquisition closed on January 4, 2023. On the closing date, ACELYRIN (i) issued 37,242,709 shares of its Class A Common Stock and paid $7,663 in cash to one non-accredited investor in exchange for 100% of the outstanding equity of the Company and (ii) assumed options of the Company's optionholders, who entered into consulting agreements with ACELYRIN, which became options for the purchase of an aggregate of 2,464,653 shares of the ACELYRIN's Class A Common Stock. Outstanding shares and options were exchanged at an exchange ratio of 1.5829264-for-one. The assumed options vest in full on the earliest of (i) March 31, 2023, or (ii) the termination of the optionholder's consulting agreement without cause. Each assumed option is exercisable until the earlier of (i) 12 months following the termination of the optionholder's continuous service with ACELYRIN, or (ii) the original expiration date of such assumed option. The Company incurred $1.6 million of Acquisition related costs, which are recorded in general and administrative expenses in the statement of operations and comprehensive loss for the year ended December 31, 2022. The Company paid retention bonuses of $0.7 million to all its employees as approved by the Board of Directors prior to the Acquisition. ACELYRIN is also required to pay severance payments to all Company's employees of approximately $4.8 million for the period from three months to up to 18 months in accordance with the severance plan approved by the Company's Board in September 2022.

Liquidity

The Company has incurred significant losses and negative cash flows from operations since its inception. During the year ended December 31, 2022, the Company incurred a net loss of $42.5 million. As of December 31, 2022, the Company had an accumulated deficit of $88.4 million. For the year ended December 31, 2022, the Company had negative cash flows from operations of $42.2 million. The Company has funded its operations primarily through the sale of equity securities. The Company expects to continue to incur substantial losses, and its ability to achieve and sustain profitability will depend on the successful development, approval, and commercialization of product candidates and on the achievement of sufficient revenues to support the Company's cost structure. Additional funds are necessary to maintain current operations and to continue research and development activities. The Company's management plans to monitor expenses and raise additional capital through a combination of equity, debt financings, strategic alliances, and licensing arrangements. The Company's ability to access capital when needed is not assured and, if capital is not available to the Company when, and in the amounts, needed, the Company could be required to delay, scale back or abandon some or all of its development programs and other operations, which could materially harm the Company's business, financial condition and results of operations.

In January 2023, the Company was acquired by ACELYRIN.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The accompanying financial statements do not reflect any adjustments relating to the recoverability and reclassifications of assets and liabilities that might be necessary if the Company is unable to continue as a going concern.

Coronavirus Pandemic

The COVID-19 pandemic, which is impacting worldwide economic activity, poses risk that the Company or its employees, contractors, suppliers, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. While conditions related to the COVID-19 pandemic improved in 2022 compared to 2021, the pandemic continues to be dynamic, and near-term challenges across the economy remain. While the Company's operations to date have not been significantly impacted by the continuing COVID-19 pandemic, it cannot at this time predict the specific extent, duration, or full impact that the COVID-19 pandemic will have on its business, financial condition and operations, as the ongoing effects of COVID-19 remain difficult to predict due to numerous uncertainties, including the severity, duration and resurgence of the outbreak, new variants and the contagiousness of these new variants, the effectiveness of health and safety measures, including vaccines and therapies, government and community responses, the pace and strength of the economic recovery, supply chain pressures, and potential delays in enrollment in clinical trials, among others.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP").

Use of Estimates

The preparation of financial statements in conformity US GAAP requires management to make estimates, judgements and assumptions that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. These estimates are based on information available as of the date of the financial statements; therefore, actual results could differ from those estimates. On an ongoing basis, the Company evaluates estimates and assumptions, including those related to common stock valuation, stock-based compensation expense, accrued expenses related to research and development activities, and income taxes. The management bases its estimates on historical experience and on various other assumptions that they believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from those estimates.

Segment Information

The Company has determined it operates as a single operating and reportable segment. The Company's chief operating decision maker, its Chief Executive Officer, manages the Company's operations on a consolidated basis for the purposes of allocating resources.

Concentrations of Credit Risk and Other Risks and Uncertainties

The Company's cash and cash equivalents are maintained with financial institutions in the United States of America. Cash and cash equivalents held at financial institutions may at times exceed federally insured amounts. The Company believes it mitigates such risk by investing in or through major financial institutions. The Company has not experienced any losses on its cash and cash equivalents.

The Company is subject to risks common to companies in the development stage, including, but not limited to, development and regulatory approval of new product candidates, development of markets and distribution channels, dependence on key personnel, and the ability to obtain additional capital as needed to fund its product plans. To achieve profitable operations, the Company must successfully develop and obtain requisite regulatory approvals for, manufacture, and market its product candidates. There can be no assurance that any such product candidate can be developed and approved or manufactured at an acceptable cost and with appropriate performance characteristics, or that such product will be successfully marketed. These factors could have a material adverse effect on the Company's future financial results.

Products developed by the Company require approval from the U.S. Food and Drug Administration ("FDA") or other international regulatory agencies prior to commercial sales. There can be no assurance that the Company's future products will receive the necessary clearances. If the Company were denied such clearances or such clearances were delayed, it could have a materially adverse impact on the Company.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. As of December 31, 2022, the Company had cash in one operating checking account and in the money market fund account.

Fair Value of Financial Instruments

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

Level 1—Observable inputs, such as quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices 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 assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and considers factors specific to the asset or liability.

The carrying amounts of prepaid expenses and other current assets, accounts payable, accrued expenses, and other liabilities, approximate fair value due to their short-term maturities. As of December 31, 2022, the Company had $7.0 million in the money market account, which is a Level 1 investment.

Acquisition of In-Process Research and Development Assets

The Company measures and recognizes acquired in-process research and development assets, which include licenses, know-how, patents, and transaction fees, at cost. Goodwill is not recognized in asset acquisitions. If acquired in-process technology is determined to not have an alternative future use, the cost is charged to research and development expenses at the acquisition date.

Convertible Preferred Stock

The Company records shares of convertible preferred stock at their respective fair values on the dates of issuance, net of issuance costs. The convertible preferred stock is recorded outside of permanent equity because while it is not mandatory, redemption is contingent upon the occurrence of certain events considered not solely within the Company's control. The Company has not adjusted the carrying values of the convertible preferred stock to the liquidation preferences of such shares because a deemed liquidation event obligating the Company to pay the liquidation preferences to holders of shares of convertible preferred stock is not probable of occurring. Subsequent adjustments to the carrying values to the liquidation preferences will be made only when it becomes probable that such deemed liquidation event will occur.

Accrued Research and Development Expenses

All costs associated with internal research and development, research and development services for which the Company has externally contracted and licensed are expensed as incurred. Research and development expenses include direct and indirect costs for salaries, employee benefits, subcontractors, including clinical research organizations ("CROs"), license and milestone fees and operating supplies.

The Company records accrued expenses for estimated costs incurred for research and development activities conducted by third-party service providers based upon the estimated amount of services performed, progress of the studies, including the phase or completion of events, and contracted costs. The Company estimates the amount of work completed through discussions with internal personnel and external service providers as to the progress or stage of completion of the services and the agreed-upon fee to be paid for such services. The estimated costs of research and development services provided, but not yet invoiced, are included in accrued research and development expenses on the balance sheet. The Company records advance payments made to service providers as prepaid assets, which are expensed over the contract term based on the estimate of services performed.

Patent Costs

The Company expenses the costs of obtaining and maintaining patents as general and administrative expense in the statement of operations and comprehensive loss.

Stock-Based Compensation Expense

The Company grants stock options and restricted stock awards ("RSAs") to employees, consultants, and members of its board of directors (the "Board"). These awards are accounted at fair value on the award grant

date. Stock-based compensation expense is recognized over the awards' vesting period on a straight-line basis and recorded as either research and development or general and administrative expenses in the statements of operations and comprehensive loss based on the function to which the related services are provided. Forfeitures are accounted for as they occur.

The Company utilizes the Black-Scholes option pricing model for determining the estimated fair value for stock option awards. The use of the Black-Scholes option pricing model requires the Company to make assumptions with respect to the fair value of the Company's common stock at grant date, expected term of the option, the expected volatility of the common stock consistent with the expected term of the option, risk-free interest rates and expected dividend yields of the common stock. The Company estimates fair value of RSAs using the intrinsic value, as a difference between the common stock fair value and the purchase price of an award, at the grant date.

Comprehensive Loss

Comprehensive loss represents net loss for the period plus the results of certain other changes in the stockholders' deficit. The Company's comprehensive loss included unrealized gains related to investments in marketable securities for the year ended December 31, 2022.

Income Taxes

The Company uses the asset and liability approach for financial accounting and reporting of income taxes. Deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax basis of assets and liabilities and are measured by applying enacted rates and laws to taxable years in which differences are expected to be recovered or settled. Further, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the rate change is enacted. A valuation allowance is required when it is "more likely than not" that all or a portion of deferred tax assets will not be realized.

In evaluating the ability to recover its deferred income tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning, and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In the event the Company determines that it would be able to realize its deferred income tax assets in the future in excess of their net recorded amount, it would make an adjustment to the valuation allowance that would reduce the provision for income taxes. Conversely, if all or part of the net deferred tax assets are determined not to be realizable in the future, an adjustment to the valuation allowance would be charged to the provision of income taxes in the period when such determination is made. As of December 31, 2022, the Company has recorded a full valuation allowance on its deferred tax assets.

Tax benefits related to uncertain tax positions are recognized when it is more likely than not that a tax position will be sustained during an audit. Interest and penalties related to unrecognized tax benefits are included within the provision for income tax. To date, there have been no interest or penalties recorded in relation to unrecognized tax benefits.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842),* and subsequently has issued additional guidance, which requires companies to generally recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet. This ASU is effective for the Company's fiscal years beginning after December 15,

2021, and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. The Company early adopted this ASU on January 1, 2022, and the adoption did not have any impact on the Company's financial statements. The Company only has one immaterial short-term operating lease, and it elected not to recognize the right-of-use assets and lease liabilities for leases with lease terms of 12 months or less.

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity (ASU 2020-06)*, which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company adopted this standard of January 1, 2022, and the adoption did not have a material impact on the Company's financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Credit Losses*. The FASB also issued amendments and the initial ASU, and all updates are included herein as the Credit Losses standard or Topic 326. The new standard generally applies to financial assets and requires those assets to be reported at the amount expected to be realized. The ASU will become effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The Company early adopted this ASU on January 1, 2022, and the adoption did not have a material impact on the Company's financial statements or disclosures. All of the Company's marketable securities accounted as available for sale financial instruments matured or were sold during the year ended December 31, 2022. The Company realized $0.3 million loss on the sale of these securities. As of December 31, 2022, the Company does not have any investments in marketable securities.

3. Significant Agreements

Novelty Nobility License and Commercialization Agreement

In February 2022, the Company entered into an exclusive license agreement with Novelty Nobility, Inc. (the "Novelty License Agreement") to obtain a worldwide exclusive license for the development and commercialization of SLRN-517, an unmodified immunoglobulin G1 (IgG1) monoclonal antibody, as a therapeutic treatment for non-oncology and non-ophthalmology therapeutic indications.

As a consideration for the exclusive license, the Company made an upfront payment of $7.0 million. The Company is also obligated to pay additional development and regulatory milestones of up to $44.3 million and commercial sales milestones of up to $682.0 million. The Company will pay tiered, mid- to high-single digit royalties on future net worldwide products sales that include licensed technology. The Company's license also includes the right to sublicense through multiple tiers. The Company's sublicensing fee, payable based on a percentage of cash received from the sublicensees, decreases as the licensed product candidate moves through development, from a mid-double-digit percentage prior to the initiation of a Phase 1 clinical study to a low-single-digit percentage after the initiation of a Phase 2 clinical study.

The Novelty License Agreement is effective on a licensed product-by-licensed product and country-by-country basis until the expiration of the latest to expire royalty term, unless early terminated. The royalty term, with respect to a licensed product and a country is the period commencing on the first commercial sale of such product in such country, and ending upon the latest to occur of: a) there being no patent right in such country that had at least one valid claim covering the licensed product in whole or in part, or the manufacture or

use thereof; b) 10 years from the first commercial sale of such product worldwide; or c) expiration of regulatory exclusivity for such product in such country. The agreement can be early terminated upon (i) a material breach, (ii) abandonment of development by the Company, in which the Company ceases all development activities for the licensed product, (iii) termination by patent challenge, and (iv) insolvency. The Company may terminate the contract at any point, upon 30 days prior written notice to Novelty Nobility, Inc.

The acquisition of the exclusive license, including patent rights and know-how, and clinical supplies was accounted for as an asset acquisition and as the acquired technology did not have an alternative use, the total consideration of $7.0 million was recorded as research and development expense in the statements of operations and comprehensive loss for the year ended December 31, 2022.

Pierre Fabre License and Commercialization Agreement

In March 2021, the Company entered into a license and commercialization agreement (the "Pierre Fabre License Agreement") with Pierre Fabre's Medicament SAS ("Pierre Fabre"). The Company acquired certain exclusive worldwide licenses with the right to sublicense to certain patents, know-how and other intellectual property to develop, manufacture, use and commercialize lonigutamab for non-oncology therapeutic indications. The license from Pierre Fabre extends to any product containing lonigutamab (excluding any fragments or derivatives) as its sole active ingredient (each, a licensed product). The Pierre Fabre License Agreement prohibits the Company from using the licensed intellectual property in any antibody drug conjugate, multi-specific antibodies or any other derivatives of lonigutamab.

The agreement also includes Pierre Fabre rights to exercise the reversion option in the event the Company decides to sublicense the rights to develop or commercialize a licensed product in any territory outside of the United States and Canada. Subject to validation of certain clinical trial criteria by a joint steering committee Pierre Fabre has the reversion option to reclaim all exclusive rights to develop, commercialize and exploit the licensed product in such territories and to obtain an exclusive sublicensable license in such territories for any improvements and trademarks to such licensed product, and to exploit such licensed product for non-oncology therapeutic indications, subject to certain payment obligations. The agreement also includes change of control provisions. The reversion option and change of control provisions of the agreement were amended on December 20, 2022 in connection with the Acquisition when ACELYRIN became the successor to and negotiated an amendment No. 1 to the Pierre Fabre License Agreement (the "Amendment to the Pierre Fabre Agreement" or the "Amendment"). The effective date of the Amendment to the Pierre Fabre Agreement was the Acquisition closing date, January 4, 2023. In connection with the Amendment, ACELYRIN was obligated to pay Pierre Fabre a $10.0 million non-refundable license fee within five days of the closing of the Acquisition.

As consideration for the exclusive license, the Company made an upfront payment of $7.5 million and issued 1,053,319 shares of ValenzaBio's Series A convertible preferred stock. Pierre Fabre paid the same price per share as other Series A investors and the fair value of stock consideration was estimated as $9.4 million. The Company is also obligated to pay additional development and regulatory milestones of up to $82.8 million for the first and the second indications and commercial sales milestones of up to $195.0 million. The Company will pay tiered, high-single-digit to low-double-digit royalties on future net worldwide licensed products sales. The Company's license also includes the right to sublicense through multiple tiers. The Company's sublicensing fees, payable based on a percentage of cash received from the sublicensees, decrease as a licensed product candidate moves through development, from mid-double-digit percentage prior to the initiation of a Phase 1/2 clinical study to high-single-digit percentage after the initiation of a pivotal study. Milestone provisions of the agreement were amended on December 20, 2022 in connection with the Amendment to the Pierre Fabre Agreement. In connection with the Amendment, ACELYRIN is obligated to (i) make payments of up to $99.5 million upon the

achievement of various development and regulatory milestones, (ii) make milestone payments of up to $390.0 million upon the achievement of certain commercial milestones and (iii) pay tiered royalties in the high single-digit to low-teens percentages to Pierre Fabre on worldwide net sales in a given calendar year.

The Agreement is effective as of the effective date and will continue until the expiration of the latest to expire royalty term, unless early terminated. The royalty term starts when first commercial sale occurs and will end on the latest to occur of: (a) the 10th anniversary of the first commercial sale, (b) the expiration of the last-to-expire valid claim of a licensed patent and (c) the expiration of regulatory exclusivity. The Company has the right to terminate the Pierre Fabre License Agreement for any reason upon nine months' written notice, or if Pierre Fabre becomes insolvent. Pierre Fabre has the right to terminate the agreement if the Company fails to achieve any near-term milestones timely or participates in any action challenging the validity of Pierre Fabre's patents. Both parties have the right to terminate the agreement if the other party materially breaches the agreement and fails to remedy any such default within the specified cure periods.

During the year ended December 31, 2022, the Company recognized $1.0 million related to the first milestone reached as research and development expense in the statement of operations and comprehensive loss.

ProBioGen Development, Manufacturing Services and License Agreement

In February 2021, the Company entered into a cell line development, manufacturing services and license agreement (the "ProBioGen Agreement") with ProBioGen AG ("ProBioGen") to research, develop and commercialize innovative therapies using ProBioGen's proprietary technology, subject to certain restrictions on the Company developing new producer cell lines using the licensed cell line. Upon signing the ProBioGen Agreement, the Company made an upfront payment of $0.6 million as consideration for the non-exclusive license, with a right to sublicense. In addition, the Company is obligated to make milestone payments up to €18.3 million upon the achievement of certain manufacturing development and sales-based milestones. If the Company chooses to contract ProBioGen to perform manufacturing services, the milestone payments will be reduced by €0.9 million. Through December 31, 2022, the Company has paid ProBioGen €0.6 million for manufacturing development milestones achieved under the ProBioGen Agreement.

Both parties have the right to terminate the agreement if the other party becomes insolvent, or materially breaches the agreement and fails to remedy any such default within the specified cure periods. The ProBioGen Agreement, as amended, will remain in effect until the services are completed for the service-related component and until the payment obligations expire in connection with the license component, unless terminated by the parties according to their rights.

Under the ProBioGen Agreement, the Company also contracted ProBioGen to perform certain manufacturing and development services.

During the year ended December 31, 2022, the Company recognized $0.6 million in research and development expense in connection with the ProBioGen Agreement of which $0.2 million related to milestone payments and $0.4 million related to manufacturing and development services.

Cancer Research Technology License Agreement

In February 2020, the Company entered into a license agreement (the "CRT License Agreement") with Cancer Research Technology Limited ("CRT") under which the Company was granted a non-exclusive license to research, develop, commercialize and manufacture up to three non-oncology and one oncology drug candidates using certain intellectual property that CRT owns or controls. The Company paid an upfront license fee of

$0.4 million to CRT and is also required to pay annual license maintenance fees of £50,000 over the term of the agreement. In addition, the Company is obligated to pay tiered royalties ranging in from mid- to high-single-digit percentages based on net sales of products licensed under the agreement. If the Company receives revenue from sublicensing any of its rights under the agreement, the Company is obligated to pay a portion of that revenue, ranging from mid-single to mid-teen percentages to CRT. The Company is also obligated to make milestone payments up to £67.3 million for the first three indications upon the achievement of certain clinical or regulatory milestones and up to £40.0 million in sales-based milestones upon the achievement of certain sales-based events.

Both parties have the right to terminate the agreement if the other party becomes insolvent, or materially breaches the agreement and fails to remedy any such default within the specified cure periods. CRT has the right to terminate the agreement if the Company fails to operate and perform research and development activities as intended in the development plan, seeks to challenge the validity of the licensed patent, becomes insolvent or undergoes a change of control event where the new controlling party is prohibited by CRT. The CRT License Agreement will remain in effect until terminated by the parties according to their rights. In the event there is a termination due to a material breach by the Company, CRT has the right to exercise an assignment option under which the Company will grant CRT rights to certain product-specific intellectual property controlled or owned by the Company that exists as of the date of the termination and allows CRT to develop and commercialize the licensed product worldwide under those rights. CRT is obligated to pay the Company a share of net revenue for any licensed products that have generated sale revenue under the assignment option.

During the year ended December 31, 2022, the Company recognized $0.1 million related to annual license fees as research and development expense in connection with the CRT license agreement.

4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	December 31, 2022
Prepaid research and development costs	$ 1,583
Prepaid compensation	805
Interest receivable	18
Other receivables	219
Other prepaid expenses	103
Total	$ 2,728

In December 2022, the Company processed the final payroll for all its employees, which included a payment of $0.7 million of retention bonuses. The Company recorded these payments as prepaid compensation, which was expensed in January 2023, upon the closing of the Acquisition and payment to employees.

5. Commitments and Contingencies

Research and Development Agreements

The Company enters into various agreements in the ordinary course of business, such as those with suppliers, CROs, contract manufacturing organizations, and clinical trial sites. These contracts generally provide for termination on notice or may have a potential termination fee if a purchase order is cancelled within a specified time. As of December 31, 2022, there were no amounts accrued related to termination and cancellation charges as the Company has not determined cancellation to be probable.

License Agreements

The Company entered into the exclusive and non-exclusive license agreements, pursuant to which the Company is required to pay certain milestones contingent upon the achievement of specific events (Note 3). No such milestones were achieved or probable as of December 31, 2022 except as discussed in Note 3. The Company is required to pay royalties on sales of products developed under these agreements. All products are in development as of December 31, 2022 and no such royalties were due.

Legal Contingencies

From time to time, the Company may become involved in legal proceedings arising from the ordinary course of business. The Company records a liability for such matters when it is probable that future losses will be incurred and that such losses can be reasonably estimated. Significant judgment by the Company is required to determine both probability and the estimated amount. Management is not aware of any legal matters that could have a material adverse effect on financial position, results of operations or cash flows.

Guarantees and Indemnifications

In the normal course of business, the Company enters into agreements that contain a variety of representations and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. As of December 31, 2022, the Company does not have any material indemnification claims that were probable or reasonably possible and consequently has not recorded related liabilities.

6. Convertible Preferred Stock

Convertible preferred stock as of December 31, 2022, consisted of the following (in thousands, except share data):

	December 31, 2022			
	Shares Authorized	Shares Issued and Outstanding	Aggregate Liquidation Preference	Net Carrying Value
Series Seed	7,453,129	7,453,129	$ 14,834	$ 14,834
Series A	8,918,106	8,918,106	79,375	79,115
Total convertible preferred stock	16,371,235	16,371,235	$ 94,209	$ 93,949

The significant rights, preferences and privileges of the Company's convertible preferred stock (collectively, "Preferred Stock") are as follows:

Voting Rights: On any matter presented to stockholders of the Company for consideration, each holder of outstanding share of Preferred Stock is entitled to cast the number of votes equal to the whole number of shares of common stock into which the Preferred Stock held by such holder is convertible into. Holders of Preferred Stock will vote together with the holders of common stock as a single class on an as-converted to common stock basis.

The holders of Series Seed Preferred Stock, exclusively and as a separate class, are entitled to elect one director of the Company. The holders of common stock, exclusively and as a separate class, are entitled to elect two directors of the Corporation. The remaining members of the Board are elected by the holders of Preferred Stock and common stock, voting together as a single class on an as-converted basis.

Dividends: The holders of outstanding shares of Series A Preferred Stock are entitled to receive dividends when and if declared by the Board in preference and prior to the holders of any other series of Preferred Stock and common stock at the rate of 8.0% of the Series A original issue price per annum on a non-cumulative basis.

The Company will not declare, pay or set aside dividends to any class of stock (except for dividends payable in shares of common stock to holders of common stock) unless (in addition to the obtaining of any consents required in accordance with the certificate of incorporation) the holders of the Preferred Stock then outstanding will first receive, or simultaneously receive, in addition to the dividends payable to Series A Preferred Stockholders, an amount per share based 1) on as-converted to common stock basis or 2) on the rate, determined by the Board multiplied the Preferred Stock original issuance price. Original issue price for Series Seed Preferred stock is $1.99027 per share and for Series A Preferred Stock is $8.90043 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization. If the Company declares, pays, or sets aside dividends on the same date on more than one class or series of capital stock, the dividends payable to Preferred Stockholders shall be calculated based on the dividends on the class or series of capital stock that results in the highest Preferred Stock dividend for the applicable series of Preferred Stock. No dividends were declared and payable for the year ended December 31, 2022.

Liquidation Preference: In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, or deemed liquidation event, as defined in the certificate of incorporation, the holders of shares of Preferred Stock then outstanding are entitled to be paid out of the assets of the available for distribution to its stockholders, before any payment shall be made to the holders of common stock, an amount per share equal to the greater of (i) the original issue price, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of the applicable series of Preferred Stock been converted into common stock immediately prior to such liquidation, dissolution, winding up or deemed liquidation event. If upon any such liquidation, dissolution or winding up or deemed liquidation event, the assets of the Company available for distribution are insufficient to pay the holders of shares of Preferred Stock the full amount to which they shall be entitled, the holders of shares of Preferred Stock will share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. After payment of liquidation amounts to the holders of Preferred Stock, the remaining assets of the Company available for distribution will be distributed among the holders of the shares of common stock on a pro rata basis.

Conversion: Each share of Series Seed Preferred Stock and Series A Preferred Stock is convertible at the option of a holder at any time into a number of shares of the Company's common stock at a conversion rate, which is the Series Seed Preferred Stock and Series A Preferred Stock original issuance price, divided by the Series Seed Preferred Stock and Series A Preferred Stock conversion price in effect at the time of conversion. The Series Seed Preferred Stock and Series A Preferred Stock conversion prices are initially equal to the Preferred Stock original issue prices, and are subject to recapitalization and other adjustments, as provided in the Company's certificate of incorporation. As of December 31, 2022, the conversion rates were one-for-one.

All outstanding shares of Series Seed Preferred Stock and Series A Preferred Stock are automatically converted into shares of the Company's common stock, at the then effective conversion rates upon earlier of: (i) the closing of the sale of shares of common stock to the public, in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act") approved by the Board, including the approval of any then serving Series Seed Director (an "IPO"); (ii) the settlement of the initial trade of shares of common stock by means of an effective registration statement under the Securities Act that registers shares of existing capital stock of the Company for resale on the

Nasdaq Stock Market's National Market, the New York Stock Exchange or another exchange or marketplace approved a majority of the Board, including approval of any then serving Series Seed Director (a "Direct Listing"), or (iii) upon a vote or a written consent for such conversion from the holders of a majority of the outstanding shares of Preferred Stock.

Redemption: The convertible preferred stock is recorded in mezzanine equity because while it is not mandatorily redeemable, it will become redeemable at the option of the holders of Preferred Stock upon the occurrence of certain deemed liquidation events that are considered not solely within the Company's control.

7. Common Stock

At December 31, 2022, the Company had 29,076,653 authorized shares of common stock of which 7,633,434 shares were issued and outstanding.

	December 31, 2022
Convertible preferred stock	16,371,235
Outstanding stock options	2,617,076
Shares available for future grants under Equity Incentive Plan	1,070,305
Total shares reserved for future issuance	20,058,616

Founders' Common Stock

In December 2019, the Company entered into common shares purchase agreements with four founders of the Company. The individuals purchased a total of 5,263,158 common shares for a total purchase price of $526. The founders have voting rights and rights to receive dividends regardless of the vesting of the shares. Issued shares vest monthly over 48 months with one-year cliff, as founders continue providing services to the Company. The Company has the right to repurchase unvested shares at the price paid by the founders if services are terminated. All founders' shares have accelerated vesting provision and will vest immediately upon the change of control, as defined in the agreements. As of December 31, 2022, there were 1,266,448 shares unvested. 1,289,474 founders' shares vested during the year ended December 31, 2022. No shares were cancelled or repurchased during the year ended December 31, 2022.

On January 4, 2023, all unvested founders' shares vesting was accelerated as per the terms of the agreements at the closing of the Acquisition.

8. Equity Incentive Plans

The Company grants stock-based awards under the 2020 Stock Option Plan, as amended on June 14, 2022 (the "2020 Plan"). The Company may grant incentive stock options, nonstatutory stock options and restricted stock awards to the Company's officers, employees, directors and consultants. Options granted under the Plan may be either incentive stock options (''ISOs''), non-qualified stock options (''NSOs''), restricted stock awards ("RSAs"), restricted stock units ("RSUs") or stock appreciation rights ("SARs"). The Company's employees, directors and consultants are eligible to receive stock awards under the 2020 Plan; however, incentive stock options may only be granted to employees. As of December 31, 2022, 6,133,315 shares of the Company's common stock were reserved for issuance under the 2020 Plan and 1,070,305 shares were available for future grants.

Options under the 2020 Plan may be granted for periods of up to 10 years and at prices no less than 100.0% of the estimated fair value of the shares on the date of grant as determined by the Board, provided, however, that the exercise price of an incentive stock option granted to a 10.0% stockholder shall not be less than 110.0% of the estimated fair value of the shares on the date of grant. Options generally vest monthly over four years with or without one-year cliff vesting. Certain option grants provide for accelerated vesting if there is a change in control, as defined in the individual award agreements.

Early Exercise of Stock Options

The terms of the 2020 Plan permit the exercise of options prior to vesting, subject to required approvals. The shares are subject to the Company's lapsing repurchase right upon termination of employment at an amount equal to the lower of: (i) the original purchase price and (ii) the fair market value at the time the Company's right of repurchase is exercised. The Company's right to repurchase these shares lapses as those shares vest over the requisite service period. Shares purchased pursuant to the early exercise of stock options are not deemed, for accounting purposes, to be issued until those shares vest according to their respective vesting schedules. Cash received for early exercised stock options is recorded as accrued liabilities and other current liabilities on the balance sheet and is reclassified to additional paid-in capital as such shares vest. Shares issued upon the early exercise of options are included in outstanding common stock shares and participate in voting and dividends rights. There were no early exercises of options through December 31, 2022.

Restricted Stock Awards

The Company issued 2,242,857 shares as restricted stock awards under the 2020 Plan. The purchase price of the restricted common stock awards was fair value as determined by the Board at the issuance date. The shares vest monthly over a period of three or four years from the vesting commencement date, subject to continuing services to be provided to the Company. Upon termination of employment, the Company has the right to repurchase any unvested restricted shares. The repurchase price for unvested shares of common stock will be the lower of (i) the fair market value on the date of repurchase or (ii) their original purchase price.

A summary of the status of the Company's unvested restricted common stock awards at December 31, 2022 and changes during the year ended December 31, 2022 were as follows:

	Shares	Weighted-Average Grant Date Fair Value
Unvested restricted stock awards outstanding at January 1, 2022	1,207,938	$ 0.34
Shares granted	—	—
Shares vested	(569,049)	0.34
Unvested restricted stock awards outstanding at December 31, 2022	638,889	$ 0.34

As of December 31, 2022, there was unrecognized stock-based compensation expense related to unvested restricted stock units of $0.1 million, which the Company expects to recognize over a weighted-average period of approximately 1.1 years.

Stock Options

A summary of the status of the Company's stock option activity for the year ended December 31, 2022 is presented in the table and narrative below:

	Options	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2022	1,347,581	$ 2.26	9.2	$ 1,517
Granted	1,516,162	3.48		
Exercised	(188,750)	0.37		
Forfeited	(51,667)	3.39		
Cancelled	(6,250)	3.39		
Outstanding at December 31, 2022	2,617,076	$ 3.08	9.1	$ 1,053
Options exercisable at December 31, 2022	781,912	$ 2.46	8.4	$ 796
Options vested and expected to vest at December 31, 2022	2,617,076	$ 3.08	9.1	$ 1,053

Aggregate intrinsic value represents the difference between the fair value of the underlying common stock and the exercise price as of December 31, 2022. The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying stock options and the estimated fair value of the Company's common stock for those stock options that had exercise prices lower than the estimated fair value of the Company's common stock at December 31, 2022. The weighted average grant date fair value of stock options vested during 2022 was $2.10. The weighted-average grant-date fair value of options granted during the year ended December 31, 2022 was $2.50. For the year ended December 31, 2022, the intrinsic value and cash received for the stock options exercised were $0.6 million and $0.1 million, respectively.

Stock-Based Compensation Expense

The Black-Scholes option pricing model, used to estimate fair value of stock-based awards, requires the use of the following assumptions:

- *Fair value of common stock*. The fair value of the shares of common stock underlying the stock options has historically been determined by the Company's Board of Directors. Because there has been no public market for the common stock, the Board of Directors has determined the fair value of the common stock at the time of grant of the option by considering a valuation performed by an unrelated third-party valuation firm as well as a number of objective and subjective factors including valuation of comparable companies, sales of convertible preferred stock to unrelated third parties, operating and financial performance, the lack of liquidity of capital stock and general and industry specific economic outlook, among other factors.
- *Expected term*. The expected term of stock options represents the weighted-average period the stock options are expected to remain outstanding. The Company does not have sufficient historical exercise and post-vesting termination activity to provide accurate data for estimating the expected term of options and has opted to use the "simplified method," whereby the expected term equals the arithmetic average of the vesting term and the original contractual term of the option.

- *Expected Volatility*. As the Company is not publicly traded, the expected volatility for the Company's stock options was determined by using an average of historical volatilities of selected industry peers deemed to be comparable to the Company's business corresponding to the expected term of the awards.
- *Risk-free interest rate*. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities corresponding to the expected term of the awards.
- *Expected dividend yield*. The expected dividend rate is zero as the Company currently has no history or expectation of declaring dividends on its common stock.

The assumptions used to value options granted for the year ended December 31, 2022 are as follows:

Expected term of option	5.5 – 6.1 years
Expected volatility	82% – 83%
Risk free interest rate	1.7% – 3.6%
Expected dividend yield	0%

The following table presents the classification of stock-based compensation expense related to awards granted to employees and non-employees for the year ended December 31, 2022 (in thousands):

Research and development	$ 701
General and administrative	645
Total	$ 1,346

As of December 31, 2022, the total compensation cost related to options not yet recognized in the financial statements is approximately $4.1 million, and the weighted-average period over which it is expected to be recognized is 2.8 years.

On January 4, 2023, at the closing of the Acquisition, all outstanding options and restricted stock awards held by terminated and non-continuing employees were accelerated in vesting and net exercised for Class A Common Stock shares of ACELYRIN. Outstanding options held by terminated employees who continued providing consulting services to ACELYRIN were assumed by ACELYRIN (see Note 1).

Shareholder Promissory Note

In May 2020, the Company issued a promissory note for $0.7 million with a 1.44% annual interest rate to one of its executives and stockholders. All outstanding principal, together with accrued and unpaid interest thereon, is due and payable on the earliest to occur of (i) May 8, 2027, (ii) 30 calendar days following the date of termination of the executive's continuous service, (iii) a corporate transaction, as defined in the 2020 Plan, or (iv) immediately prior to the Company's initial filing of a registration statement under the Securities Act of 1933, as amended, covering the offer and sale by the Company of its debt or equity securities.

The proceeds of the promissory note were used to purchase shares of restricted stock award granted to the executive in May 2020. The note is secured by a security interest in the common stock purchased by the executive under the restricted award, (the "Securities Collateral") and the executive's right, title and interest in and to all of the following: (i) all interest, dividends and distributions of every kind that become due and payable or distributable on or in respect of any Securities Collateral; (ii) all distributions and payments of every kind,

including without limitation cash and securities of other issuers, that become due and payable or distributable on account of the Company's purchase, redemption, repurchase or other retirement of any securities or investment property that are Securities Collateral at the time of such distribution or payment; (iii) all other distributions of every kind that become due and payable or distributable on or in respect of any of the foregoing; and (iv) all proceeds of any of the foregoing, including, without limitation, the rolled over or reinvested proceeds thereof.

The promissory note was determined to be non-recourse for accounting purposes and as such it is not recorded in the financial statements. The RSA shares acquired via the promissory note considered an early stock option exercise for accounting purposes. The Company measured compensation cost for this stock option-like award based on the fair value on the grant date using the Black-Scholes option pricing model. During the year ended the Company recognized $0.1 million as stock-based compensation expense in the statement of operations and comprehensive loss. As of December 31, 2022, the unrecognized stock- based compensation expense is $0.1 million and expected to be recognized over the remaining vesting term through February 2024. The promissory note and accrued interest balance were $0.7 million as of December 31, 2022.

On January 4, 2023, the balance of the outstanding promissory note was settled in full by forfeiture of the number of shares in accordance with the Merger Agreement.

9. Income Taxes

There is no provision for income taxes because the Company has historically incurred operating losses and maintains a full valuation allowance against its net deferred tax assets. All Company's operating losses are generated in the United States.

A reconciliation of the statutory tax rates to the effective tax rates is as follows:

	Year Ended December 31, 2022
Federal statutory rate	21.0%
State tax, net of federal benefit	(2.6)%
Tax credits	1.99%
Permanent adjustments and other	(1.38)%
Valuation allowance	(19.01)%
	—%

Significant components of the deferred tax assets for federal and state income taxes were as follows (in thousands):

	December 31, 2022
Gross deferred tax assets:	
Net operating losses	$ 8,745
Tax credits (federal and state)	825
Stock-based compensation	297
Capitalized license agreements	5,314
Capitalized research and development (IRC 174)	5,951
Other	47
	$ 21,179
Less—Valuation allowance	(21,179)
Net deferred tax asset	$ —

The Company has a full valuation allowance against its deferred tax assets, since, in the opinion of management, based upon the history of losses by the Company and insufficient future federal and state taxable income; it is more likely than not that the benefits will not be realized. All or a portion of the remaining valuation allowance may be reduced in future years based on an assessment of earnings sufficient to fully utilize these potential tax benefits. The valuation allowance increased by $8.1 million for the year ended December 31, 2022, primarily due to the net operating losses carryforwards.

At December 31, 2022, the Company had the following net operating loss and credit carryforwards available:

	As of December 31, 2022	Expiration Years
Federal net operating loss carryforwards	$ 32,510	Do not expire
State net operating loss carryforwards	3,447	2041-2042
Federal research and development credit carryforwards	1,100	2041-2042

Utilization of the net operating loss (NOL) and research tax credit carryforwards may be subject to a substantial annual limitation due to ownership limitations that have occurred or that could occur in the future, as required under Section 382 of the Internal Revenue Code of 1986, as well as similar state provisions. These ownership changes may limit the amount of the NOL and research credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an “ownership change” as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a by certain stockholders or public groups. If the Company has experienced a change of control at any time since the Company’s formation, utilization of its net operating losses or research and development credit carryforwards would be subject to an annual limitation. Any limitation may result in expiration of a portion of the net operating loss or research and development credit carryforwards before utilization which would reduce the Company’s gross deferred tax assets. Accordingly, even if we attain profitability, we may not be able to utilize a material portion of our NOLs or credits. Under the Tax Cuts and Jobs Act of 2017 the treatment of NOL’s arising on or after January 1, 2018, and beyond may only be used to offset 80% of taxable income. This change may require us to pay federal income taxes in future years despite generating a loss for federal income tax purposes in prior years.

ASC 740 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely that not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. Uncertain tax positions prior to the year ended December 31, 2022, were minimal. As of December 31, 2022, uncertain tax positions of $0.2 million, if recognized, would not affect the Company's effective tax rate. The Company recognizes interest accrued related to unrecognized tax benefits and penalties as income tax expense. Related to the unrecognized tax benefits noted above, the Company did not accrue any penalties or interest during tax year 2022 due to available tax losses. The Company does not have any outstanding U.S. federal income tax or material state and local tax matters for periods through December 31, 2022. There are no federal or state and local income tax returns currently under examination. The Company's tax returns from inception to date are subject to examination by the taxing authorities.

10. Subsequent Events

The Company has evaluated all events subsequent to December 31, 2022, through March 24, 2023, which represents the date these financial statements were available to be issued. The Company is not aware of any subsequent events that would require recognition or disclosure to the financial statements other than the Acquisition by ACELYRIN closed on January 4, 2023, as disclosed in Note 1.

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Shares

Common Stock

PROSPECTUS

Morgan Stanley *Jefferies* *TD Cowen* *Piper Sandler*

Through and including , 2023 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

, 2023

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Unless otherwise indicated, all references to "ACELYRIN," the "company," "we," "our," "us" or similar terms refer to ACELYRIN, INC.

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, in connection with this offering. All amounts shown are estimates except for the Securities and Exchange Commission (the SEC) registration fee, the Financial Industry Regulatory Authority, Inc. (FINRA) filing fee and The Nasdaq Global Market (Nasdaq) listing fee.

	Amount Paid or to Be Paid
SEC registration fee	$ 11,020
FINRA filing fee	15,500
Nasdaq listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Custodian transfer agent and registrar fees	*
Miscellaneous expenses	*
Total	$ *

* To be provided by amendment.

Item 14. Indemnification of Directors and Executive Officers.

Section 145 of the DGCL, authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and executive officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act. Our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering permits indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the DGCL, and our amended and restated bylaws that will be in effect on the closing of this offering provide that we will indemnify our directors and executive officers and permit us to indemnify our employees and other agents, in each case to the maximum extent permitted by the DGCL.

We have entered into indemnification agreements with our directors and executive officers, whereby we have agreed to indemnify our directors and executive officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or executive officer was, or is threatened to be made, a party by reason of the fact that such director or executive officer is or was a director, executive officer, employee, or agent of ACELYRIN, provided that such director or executive officer acted in good faith and in a manner that the director or executive officer reasonably believed to be in, or not opposed to, the best interest of ACELYRIN.

At present, there is no pending litigation or proceeding involving a director or executive officer of ACELYRIN regarding which indemnification is sought, nor is the registrant aware of any threatened litigation that may result in claims for indemnification.

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Securities Exchange Act of 1934, as amended, that might be incurred by any director or officer in his capacity as such.

The underwriters are obligated, under certain circumstances, under the underwriting agreement to be filed as Exhibit 1.1 to this Registration Statement, to indemnify us and our officers and directors against liabilities under the Securities Act.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding unregistered securities issued by us since our inception in July 2020.

Equity Plan-Related Issuances

1. From December 9, 2020 to April 7, 2023, we granted to certain of our directors, employees and consultants options to purchase 12,529,537 shares of our common stock with per share exercise prices ranging from $0.3896 to $4.10 under the 2020 Plan.
2. From March 8, 2022 to November 21, 2022, we granted to certain of our directors and officers restricted stock units (RSUs) for an aggregate of 2,183,426 shares of our common stock under the 2020 Plan.
3. From January 20, 2022 to March 8, 2022, we granted to certain of our directors and officers an aggregate of 983,912 shares of our common stock in connection with restricted stock awards granted under the 2020 Plan.
4. On October 29, 2021 we issued to certain of our employees an aggregate of 40,000 shares of our common stock at a per share purchase prices ranging of $0.3896 pursuant to exercises of options under the 2020 Plan for an aggregate purchase price of $15,584.00.
5. On January 4, 2023, in connection with the Acquisition, we assumed options of ValenzaBio optionholders who entered into consulting agreements with us, which became options for the purchase of an aggregate of 2,464,653 shares of our common stock as of such date.

Other Issuances of Capital Stock

6. On July 31, 2020, we issued to certain of our directors and officers 5,600,000 shares of common stock for an aggregate purchase price of $60.40.
7. In a closing held on October 9, 2020, we issued and sold an aggregate of 8,000,000 shares of our Series A redeemable convertible preferred stock at a purchase price of $1.00 per share for an aggregate purchase price of $8,000,000.00.
8. In multiple closings held between October 19, 2021 and February 4, 2022, we issued and sold an aggregate of 48,230,900 shares of our Series B redeemable convertible preferred stock at a purchase price of $5.1834 per share for an aggregate purchase price of $250,000,047.06.
9. In a closing held on September 9, 2022, we issued and sold an aggregate of 24,115,368 shares of our Series C redeemable convertible preferred stock at a purchase price of $6.2201 per share for an aggregate purchase price of $150,000,000.50.
10. On January 4, 2023, we issued 37,242,709 shares of our common stock in connection with the Acquisition.

The offers, sales and issuances of the securities described in paragraphs (1) through (5) were deemed to be exempt from registration under Rule 701 promulgated under the Securities Act as transactions under compensatory benefit plans and contracts relating to compensation, or under Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering. The recipients of such securities were our directors, employees or bona fide consultants and received the securities under our equity incentive plans. Appropriate

legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us.

The offers, sales and issuances of the securities described in paragraphs (6) through (10) were deemed to be exempt under Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D under the Securities Act as a transaction by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act and had adequate access, through employment, business or other relationships, to information about us. No underwriters were involved in these transactions.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description
1.1+	Form of Underwriting Agreement.
2.1*¥	Agreement and Plan of Merger and Reorganization by and among the Registrant, ValenzaBio, Inc., WH1, INC., WH2, LLC and Seller Representatives LLC dated December 20, 2022.
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended and as currently in effect.
3.2+	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be in effect immediately prior to the closing of the offering.
3.3	Bylaws of the Registrant, as currently in effect.
3.4+	Form of Amended and Restated Bylaws of the Registrant, to be in effect immediately after the closing of the offering.
4.1+	Form of Common Stock Certificate of the Registrant.
4.2¥	Amended and Restated Investors' Rights Agreement, by and among the Registrant and certain of its stockholders, dated September 9, 2022.
5.1+	Opinion of Cooley LLP.
10.1#	ACELYRIN, INC. 2020 Stock Option and Grant Plan, as amended.
10.2#	Forms of Non-Qualified Stock Option Grant Notice, Non-Qualified Stock Option Grant Notice-Non-U.S., Early Exercise Non-Qualified Stock Option Grant Notice, Incentive Stock Option Grant Notice, Restricted Stock Award Notice, Stock Option Agreement and Notice of Exercise and Early Exercise Stock Purchase Agreement under the ACELYRIN, INC. 2020 Stock Option and Grant Plan.
10.3+#	ACELYRIN, INC. 2023 Equity Incentive Plan.
10.4+#	Forms of Stock Option Grant Notice, Stock Option Agreement and Notice of Exercise under the ACELYRIN, INC. 2023 Equity Incentive Plan.
10.5+#	Forms of Restricted Stock Unit Grant Notice and Award Agreement under the ACELYRIN, INC. 2023 Equity Incentive Plan.
10.6+#	ACELYRIN, INC. 2023 Employee Stock Purchase Plan.
10.7#	ValenzaBio, Inc. Stock Plan and forms thereunder.

Exhibit Number	Description
10.8+#	ACELYRIN, INC. 2023 Non-Employee Director Compensation Policy.
10.9+#	ACELYRIN, INC. Severance Plan.
10.10+#	Form of Indemnification Agreement by and between the Registrant and its directors and executive officers.
10.11+#	Form of Employment Agreement for Executive Officers.
10.12*¥	License and Collaboration Agreement by and between the Registrant and Affibody AB, dated August 9, 2021, as amended.
10.13*¥	License and Commercialization Agreement by and between ValenzaBio Inc. and Pierre Fabre Medicament SAS, dated March 25, 2021, as amended.
21.1	List of Subsidiaries.
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm of ACELYRIN, INC.
23.2	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm of ValenzaBio, Inc.
23.3	Consent of Macias Gini & O'Connell LLP, independent auditor of ValenzaBio, Inc.
23.4+	Consent of Cooley LLP (included in Exhibit 5.1).
23.5	Consent of Skysis.
24.1	Power of Attorney (included on signature page).
107	Filing Fee Table.

+ To be filed by amendment.
* Portions of this exhibit (indicated by [***]) have been omitted because the registrant has determined that the information is both not material and is the type that the Registrant treats as private or confidential.
¥ Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant undertakes to furnish supplemental copies of any of the omitted schedules upon request by the SEC.
Indicates management contract or compensatory plan.
† Previously filed.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or the notes thereto.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for

indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance on Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act will be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus will be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Agoura Hills, California on April 13, 2023.

ACELYRIN, INC.

By: /s/ Shao-Lee Lin
Name: Shao-Lee Lin, M.D., Ph.D.
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Shao-Lee Lin, Mardi C. Dier and Mina Kim and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective on filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Shao-Lee Lin Shao-Lee Lin, M.D., Ph.D.	Founder, Chief Executive Officer and Director (*Principal Executive Officer*)	April 13, 2023
/s/ Mardi C. Dier Mardi C. Dier	Chief Financial Officer and Chief Business Officer (*Principal Financial and Accounting Officer*)	April 13, 2023
/s/ Bruce C. Cozadd Bruce C. Cozadd	Director	April 13, 2023
/s/ Dan Becker Dan Becker, M.D., Ph.D.	Director	April 13, 2023
/s/ Alan B. Colowick Alan B. Colowick, M.D., M.P.H.	Director	April 13, 2023
/s/ Henry O. Gosebruch Henry O. Gosebruch	Director	April 13, 2023

Signature	Title	Date
/s/ Patrick Machado Patrick Machado, J.D.	Director	April 13, 2023
/s/ Beth Seidenberg Beth Seidenberg, M.D.	Director	April 13, 2023
/s/ Dawn Svoronos Dawn Svoronos	Director	April 13, 2023

Exhibit 2.1

[***] Certain information in this document has been omitted from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

BY AND AMONG

ACELYRIN, INC.,

WH1, INC.,

WH2, LLC,

VALENZABIO, INC.,

AND

SHAREHOLDER REPRESENTATIVE SERVICES LLC

Dated as of December 20, 2022

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AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

This AGREEMENT AND PLAN OF MERGER AND REORGANIZATION (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms herewith, this "Agreement") is made and entered into as of December 20, 2022 (the "Agreement Date"), by and among: (i) ACELYRIN, INC., a Delaware corporation ("Parent"); (ii) WH1, Inc., a Delaware corporation and a wholly owned, direct subsidiary of Parent ("First Merger Sub"); (iii) WH2, LLC, a Delaware limited liability company and a wholly owned, direct subsidiary of Parent ("Second Merger Sub" and with First Merger Sub, each a "Merger Sub" and together, the "Merger Subs"); (iv) ValenzaBio, Inc., a Delaware corporation (the "Company"); and (v) solely in its capacity as the representative of the Sellers, Shareholder Representative Services LLC, a Colorado limited liability company (the "Seller Representative"). Capitalized terms used herein have the meanings ascribed thereto in Article I or elsewhere in this Agreement as identified in Article I.

RECITALS

A. The Company, Parent and First Merger Sub intend to effect a merger of First Merger Sub with and into the Company (the "First Merger") in accordance with this Agreement and the General Corporation Law of the State of Delaware (the "DGCL"), whereupon consummation of the First Merger, First Merger Sub shall cease to exist and the Company shall become a wholly owned subsidiary of Parent.

B. As part of the same overall transaction, promptly following the First Merger, the Company, Parent and Second Merger Sub intend to effect a merger of the First-Step Surviving Corporation (as defined herein) with and into Second Merger Sub (the "Second Merger" and, together with the First Merger, the "Mergers") in accordance with this Agreement, the DGCL and the Delaware Limited Liability Company Act (the "DLLCA"), whereupon consummation of the Second Merger, the First-Step Surviving Corporation shall cease to exist and Second Merger Sub shall survive the Second Merger as a continuing wholly owned subsidiary of Parent.

C. For U.S. federal and applicable state and local income tax purposes, it is intended that the Mergers contemplated herein shall constitute an integrated transaction that qualifies as a "reorganization" within the meaning of Section 368(a) of the Code, and that this Agreement be, and hereby is, adopted as a "plan of reorganization" for the purposes of Section 368 of the Code and Treasury Regulations Sections 1.368-2(g) and 1.368-3.

D. A special committee of the board of directors of the Company (the "Company Committee"), has: (i) determined that this Agreement and the Transactions are fair to, and in the best interests of, the Company and its stockholders; (ii) approved and declared advisable this Agreement and the Transactions; (iii) resolved to recommend that the stockholders of the Company adopt this Agreement; and (iv) directed that this Agreement be submitted to the stockholders of the Company for adoption.

E. The board of directors of Parent (the "Parent Board"), has: (i) determined that this Agreement and the Transactions are fair to, and in the best interests of, Parent and its stockholders; (ii) approved and declared advisable this Agreement and the Transactions; (iii) resolved to recommend that the stockholders of Parent adopt this Agreement to the extent required by Parent's organizational documents; and (iv) directed that this Agreement be submitted to the stockholders of Parent for adoption to the extent required by Parent's organizational documents.

F. The respective boards of directors of Parent and First Merger Sub, the Company Committee, and the sole member of Second Merger Sub, have each approved, adopted and declared advisable this Agreement and the Mergers, upon the terms and subject to the conditions of this Agreement and in accordance with the DGCL and the DLLCA.

G. As promptly as practicable, but in no event later than 24 hours after the execution of this Agreement, Company Stockholders representing the Electing Holders (as defined in the Company Voting Agreement) will deliver to Parent and the Company (i) a duly executed irrevocable written consent in the form attached hereto as Exhibit A (each, a "Stockholder Written Consent"), which written consent constitutes the receipt of the Requisite Stockholder Approvals and (ii) a duly executed Support Agreement.

H. The parties hereto desire to make certain representations, warranties, covenants, and agreements in connection with the Mergers and the other Transactions and also to prescribe certain terms and conditions to the Mergers.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 General. Each term defined in the first paragraph of this Agreement and in the Recitals shall have the meaning set forth above whenever used herein, unless otherwise expressly provided.

1.2 Definitions. As used herein, the following terms shall have the meanings ascribed to them in this Section 1.2:

"280G Covenant" has the meaning set forth in Section 5.8.

"401(k) Plan" has the meaning set forth in Section 5.7.

"Act" has the meaning set forth in Section 5.13(c).

"Acquisition Proposal" means, with respect to the Company, any agreement, offer, discussion, proposal or bona fide indication of interest (other than this Agreement or any other offer, proposal or indication of interest by Parent), or any public announcement of intention to enter into any such agreement or of (or intention to make) any offer, proposal or bona fide indication of interest, relating to, or involving an Acquisition Transaction.

"Acquisition Transaction" means (i) the purchase, issuance, grant (other than pursuant to the exercise of Company Options), or disposition of any capital stock or other securities of the Company (other than pursuant to the Equity Forfeiture Agreements), or of all or any part of the assets of the (other than non-exclusive licenses to customers of the Company in the Ordinary Course) or (ii) any merger, consolidation, business combination or similar transaction involving the Company, in each case other than with Parent or its Affiliates.

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person whether through the ownership of voting securities, by contract or otherwise.

"Affordable Care Act" means the Patient Protection and Affordable Care Act of 2010.

"Agreement" has the meaning set forth in the introductory paragraph.

"Agreement Date" has the meaning set forth in the introductory paragraph.

"Anti-Money Laundering, Export Control and Sanctions Laws" has the meaning set forth in Section 3.24(b).

"Anticipated Consultants" has the meaning set forth in Section 6.2(t).

"Base Consideration" means an amount equal to Two Hundred Forty-Seven Million Three and 06/100 Dollars ($247,000,003.06).

"Business" means the development, research, manufacturing, testing and commercialization of therapies for autoimmune and inflammatory diseases, as currently conducted and proposed to be conducted, including the research, development, manufacture, and where applicable, the commercialization of any Company Product.

"Business Day" means any day other than a Saturday, Sunday or other day on which banking institutions located in Los Angeles, California are authorized or obligated by law or executive order to close.

"Cancelled Shares" has the meaning set forth in Section 2.6(b).

"CARES Act" means the U.S. Coronavirus Aid, Relief and Economic Security Act (Public Law 116-136) and all rules, any regulations issued by any Governmental Authority with respect thereto, in each case as in effect from time to time.

"Certificates of Merger" has the meaning set forth in Section 2.2.

"Claim Notice" has the meaning set forth in Section 7.3.

"Closing" has the meaning set forth in Section 2.2.

"Closing Cash" means the fair market value of all cash and cash equivalents (including short-term marketable securities) held by the Company as of the Closing (before taking into account the consummation of the Transactions), determined in accordance with GAAP (including, for the avoidance of doubt, inbound wire transfers of deposits in transit), excluding, to the extent applicable, (i) outstanding (uncleared) checks, drafts and outbound wire transfers or deposits in transit, (ii) restricted balances, and (iii) amounts held in escrow.

"Closing Company Debt" means the Company Debt of the Company as of the Closing.

"Closing Date" has the meaning set forth in Section 2.2.

"Closing Net Working Capital" means the Net Working Capital of the Company as of the Closing (before taking into account the consummation of the Transactions), determined in accordance with GAAP.

"Closing Pay-Off Indebtedness Documentation" has the meaning set forth in Section 6.1(k).

"Closing Stock Consideration Amount" means an amount equal to the sum of (a) Base Consideration, minus (b) the Indemnity Holdback, minus (c) the Expense Fund.

"Closing Transaction Expenses" means the Company Transaction Expenses as of the Closing.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Company" has the meaning set forth in the introductory paragraph.

"Company Balance Sheet" has the meaning set forth in Section 3.7(a).

"Company Balance Sheet Date" has the meaning set forth in Section 3.7(a).

"Company Bylaws" means the bylaws of the Company, as amended.

"Company Capital Stock" means the Company Preferred Stock and the Company Common Stock.

"Company Capital Stock Certificate" means a certificate representing shares of Company Capital Stock that are issued and outstanding as of immediately prior to the First Effective Time, or an electronic book entry on the Company's electronic stock ledger. For the avoidance of doubt, if and to the extent outstanding shares of Company Capital Stock are represented by certificates held in electronic form, then references herein to "Company Capital Stock Certificate" shall refer to such certificate in electronic form.

"Company Charter" means the amended and restated certificate of incorporation of the Company, as amended.

"Company Committee" has the meaning set forth in the Recitals.

"Company Common Stock" means shares of the Company's common stock, par value $0.0001 per share.

"Company Contractor" means any current or former independent contractor, vendor, consultant, contractor, sub-contractor, temporary employee, leased employee, advisory board member, or other agent used by the Company and classified by the Company as other than an employee, or compensated other than through Form W-2 wages paid by the Company through the Company's payroll function.

"Company Data" means all confidential or proprietary data collected, generated, or received by the Company in connection with the development, research, manufacturing, testing, marketing, delivery, or use of any Company Product or the Business, including Personal Information, and within the possession or control of the Company.

"Company Debt" means as at any time with respect to the Company, without duplication: (i) all Liabilities for borrowed money, whether current or funded, secured or unsecured, all obligations evidenced by bonds, debentures, notes or similar instruments, and all Liabilities in respect of mandatorily redeemable or purchasable share capital or securities convertible into share capital; (ii) all Liabilities of the Company under or in connection with drawn letters of credit, bankers' acceptances, performance bonds, surety bonds, fidelity bonds or similar items; (iii) all Liabilities for the deferred purchase price of property or services, contingent or otherwise, as obligor or otherwise, including any earnout or other deferred purchase price obligations (other than trade payables or accruals incurred in the Ordinary Course); (iv) all Liabilities arising from cash/book overdrafts; (v) all Liabilities in respect of any capital lease or financing lease under GAAP and Liabilities arising under conditional sales Contracts or other similar title retention agreements; (vi) all Liabilities with respect to vendor advances or any other advances made to the Company, (vii) all Liabilities secured by a Lien upon any property or assets owned by the Company, (viii) all Liabilities under any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, hedging or other similar agreement designed to protect the Company against fluctuations in interest rates; (ix) all defined benefit pension, multiemployer pension, post-retirement health and welfare benefit obligations; (x) any unpaid Pre-Closing Taxes calculated in accordance with Section 5.5(i); (xi) any Liability for deferred revenue (calculated in accordance with GAAP); (xii) any Liability relating to any unpaid contributions or other obligations owed in respect of any Company Employee Plan; (xiii) deferred rent; (xiv) guarantees of the obligations described in clauses (i) through (xiii) above of any other Person, in each case, outstanding as of the Closing; and (xv) fees, premiums, penalties, indemnities, costs, expenses and/or other amounts due with respect to the indebtedness referred to in clauses (i) through (xiv) above.

"Company Disclosure Schedule" means a document delivered by the Company to Parent referring to the representations and warranties in Article III.

"Company Employee" means any current or former employee of the Company.

"Company Employee Plan" means (A) an employee benefit plan within the meaning of Section 3(3) of ERISA whether or not subject to ERISA; (B) stock option plans, stock purchase plans, bonus or incentive plans, severance pay plans, programs or arrangements, retention plans, programs or arrangements, deferred compensation arrangements or agreements, employment agreements, compensation plans, programs, agreements or arrangements, change in control plans, programs or arrangements, supplemental income arrangements, vacation plans, and all other employee benefit plans, agreements, and arrangements, not described in (A) above; and (C) plans, agreements or arrangements providing compensation to employee and non-employee directors, in each case in which the Company or any Subsidiary of the Company sponsors, contributes to, or provides benefits under or through such plan, or has any obligation to contribute to or provide benefits under or through such plan, or if such plan provides benefits to or otherwise covers any current employee, officer or director of the Company or any Subsidiary of the Company (or their spouses, dependents, or beneficiaries), or under which the Company has or would reasonably be expected to have any liability.

"Company Equity Plan" means the Company's 2020 Equity Incentive Plan.

"Company Governing Documents" means, collectively, the Company Charter and the Company Bylaws.

"Company Intellectual Property" means the Company Owned Intellectual Property and the Licensed Intellectual Property.

"Company's Knowledge" (or any similar formulation) means the actual knowledge of [***], assuming reasonable inquiry of direct reports.

"Company Leases" has the meaning set forth in Section 3.6.

"Company Material Adverse Effect" means a Material Adverse Effect with respect to the Company.

"Company Option" means an option to acquire shares of Company Common Stock granted pursuant to the Company Equity Plan.

"Company Optionholder" means a holder of a Company Option as set forth on the Payout Spreadsheet, immediately prior to the First Effective Time.

"Company Owned Intellectual Property" means all Intellectual Property that is owned or purported to be owned solely or jointly by the Company or any of its Affiliates.

"Company Preferred Stock" means the Company Series A Preferred Stock and the Company Series Seed Preferred Stock.

"Company Products" means all product candidates, products or services developed, researched, manufactured, tested, produced, offered, marketed, licensed, sold, distributed or performed by or on behalf of the Company.

"Company's Representatives" has the meaning set forth in Section 5.4(a).

"Company Restricted Stock" means unvested (or otherwise subject to a substantial risk of forfeiture) shares of Company Common Stock as of immediately prior to the First Effective Time, after taking into account any acceleration of vesting.

"Company Restricted Stockholder" means a holder of shares of Company Restricted Stock as set forth in the Payout Spreadsheet, immediately prior to the First Effective Time.

"Company Series A Preferred Stock" means shares of the Company's Series A preferred stock, par value $0.0001 per share.

"Company Series Seed Preferred Stock" means shares of the Company's Series Seed preferred stock, par value $0.0001 per share.

"Company Severance Plan" means the ValenzaBio, Inc. Severance Plan and Summary Plan Description, dated as of September 2, 2022.

"Company Software" all computer programs (including any software implementations of algorithms, models and methodologies, whether in source code or object code) that have been authored by or for the Company, embody Company Owned Intellectual Property, and the confidential and proprietary nature of the source code to which is material to the Business as currently conducted.

"Company Source Code" means, collectively, any Software source code or database specifications or designs, or any material proprietary information or algorithm contained in or relating to any Software source code or database specifications or designs, of any Company Software.

"Company Stockholders" means holders of all of the issued and outstanding Company Capital Stock.

"Company Systems" has the meaning set forth in Section 3.12(i).

"Company Technology" means the (i) Company Products, (ii) Enabled Products, (iii) Company Intellectual Property, (iv) Company Data, or (v) Company Source Code.

"Company Transaction Expenses" means an amount equal to (i) the aggregate fees and expenses incurred at or prior to the Closing payable or reimbursable by the Company to third parties, whether or not, billed or accrued prior to the Closing, in connection with the negotiation, entering into and consummation of this Agreement and the Transactions, including the fees and expenses of investment bankers, finders, consultants, attorneys, accountants and other advisors engaged by the Company in connection with the Transactions, plus (ii) (A) any cash bonus, severance or other payment obligation that is created, accelerated, accrues or becomes payable as a result of or in connection with the Transactions, at or before the Closing and not contingent upon the occurrence of any subsequent event (other than execution of a release of claims or similar agreement or other ministerial events), by the Company to any present or former director, stockholder, optionholder, employee or consultant, including pursuant to an employment agreement, Company Employee Plan or policy or any other Contract, and (B) without duplication of any other amounts included within this definition, any other payment, expense or fee that

accrues or becomes payable by the Company to any Governmental Authority or other Person under any Law or Contract, including in connection with the making of any filings, the giving of any notices or the obtaining of any consents, authorizations or approvals, in each case of (A) and (B), as a result of the consummation of the Transactions (including the Mergers) or in connection with the execution and delivery of the Agreement or any other Transaction Document, plus (iii) the employer's share of any employment or payroll Taxes that are accrued or payable as of the Closing Date in connection with any amounts described in (ii)(A) or (B) of this definition of Company Transaction Expenses to the extent not already taken into account in connection with calculating the Merger Consideration, in each case (i) through (iii) above, to the extent such amount is unpaid as of the Closing plus (iv) all of the costs and expenses incurred in connection with obtaining the D&O Tail Insurance, plus (v) fifty percent (50%) of the costs and expenses incurred in connection with the Exchange Agent Agreement.

"Company Voting Agreement" means that certain Voting Agreement, dated as of March 25, 2021, by and among the Company and other parties signatory thereto, as amended.

"Confidential Information" means confidential or proprietary information concerning the Company, including such information relating to customers, clients, suppliers, vendors, subscribers, distributors, investors, lenders, Company Employees, Company Contractors, price lists and pricing policies, financial statements and information, budgets and projections, business plans, production costs, market research, marketing, sales and distribution strategies, manufacturing techniques, processes and business methods, technical information, pending projects and proposals, new business plans and initiatives, research and development projects, discovery, preclinical and clinical data, inventions, discoveries, ideas, technologies, trade secrets, know-how, formulae, designs, patterns, marks, names, improvements, industrial designs, mask works, works of authorship and other Intellectual Property, devices, samples, plans, drawings and specifications, photographs and digital images, computer software and programming, any other confidential information and confidential materials relating to the business or affairs of the Company, and all notes, analyses, compilations, studies, summaries, reports, manuals, documents and other materials prepared by or for the Company containing or based in whole or in part on any of the foregoing, whether in verbal, written, graphic, electronic or any other form and whether or not conceived, developed or prepared in whole or in part by the Company. For the avoidance of doubt, "Confidential Information" shall include the terms of this Agreement and the other Transaction Documents.

"Confidentiality Agreement" has the meaning set forth in Section 5.15.

"Consulting Agreement" means a consulting agreement in a form reasonably satisfactory to Parent.

"Contract" means any binding written or oral contract, agreement, instrument, commitment, arrangement or undertaking of any nature (including leases, subleases, licenses, mortgages, notes, guarantees, sublicenses, subcontracts, letters of intent and purchase orders), including all amendments, supplements, exhibits and schedules thereto.

"Cooley" has the meaning set forth in Section 9.14.

"Copyleft License" means any license that requires, as a condition of use, that any Software or content subject to such license that is distributed or modified (or any other Software or content incorporated into, derived from, used, or distributed with any such Software or content): (i) in the case of Software, be made available to any third party recipient in a form other than binary form (e.g., in source code form), (ii) be made available to any third party recipient for purposes of making derivative works, or (iii) be redistributable at no license fee. For the avoidance of doubt, "Copyleft Licenses" include the GNU General Public License, the GNU Lesser General Public License, the GNU Affero General Public License, the Mozilla Public License, the Common Development and Distribution License, the Eclipse Public License and all Creative Commons "sharealike" licenses.

"COVID-19" means generally the novel coronavirus commonly referred to as COVID-19 (and all derivations or mutations thereof) and any medical conditions arising as a result of exposure thereto.

"COVID-19 Measures" means any quarantine, "shelter in place", "stay at home", social distancing, shut down, closure, sequester or other Laws, Orders, or directives by any Governmental Authority applicable to the Company in connection with, or in response to, COVID-19.

"D&O Indemnified Persons" has the meaning set forth in Section 5.9.

"D&O Tail Insurance" has the meaning set forth in Section 5.9.

"Damages" means, with respect to any Person, without duplication, all claims, losses, liabilities, damages, fees, Taxes, interest, costs and expenses, including costs of investigation and defense and reasonable and fees and expenses of counsel, experts and other professionals, directly or indirectly, whether or not due to a Third Party Claim, that are incurred by such Person.

"DGCL" has the meaning set forth in the Recitals.

"Dissenting Share" means any share of Company Capital Stock that is issued and outstanding immediately prior to the First Effective Time and in respect of which appraisal rights have been perfected in accordance with Section 262 of the DGCL in connection with the Merger.

"DLLCA" has the meaning set forth in the Recitals.

"Enabled Product" means any biological target, composition, antibody, antigen, peptide, protein or other amino acid sequence identified, generated or validated in or by Company Technology, or created or reduced to practice through the use of Company Technology, or any product incorporating, comprising or derived from any of the foregoing.

"End Date" has the meaning set forth in Section 8.1(b).

"Enforceability Exceptions" has the meaning set forth in Section 3.2.

"Environmental Laws" has the meaning set forth in Section 3.19.

"Equity Forfeiture Agreement" means the equity forfeiture agreement in the form attached hereto as Exhibit I.

"Equity Interests" means, with respect to any Person, any share capital of, or other ownership, membership, partnership, joint venture or equity interest in, such Person or any indebtedness, securities, options, warrants, call, subscription or other rights of, or granted by, such Person or any of its Affiliates that are convertible into, or are exercisable or exchangeable for, or giving any Person any right to acquire any such share capital or other ownership, partnership, joint venture or equity interest, in all cases, whether vested or unvested.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any entity, trade or business that is, or at any applicable time was, a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes the Company.

"Exchange Agent" has the meaning set forth in Section 2.19(a).

"Exchange Agent Agreement" means that certain exchange agent agreement between Parent, the Seller Representative and the Exchange Agent in a form reasonably acceptable to Parent, the Seller Representative and the Exchange Agent.

"Exchange Ratio" means a fraction, (x) the numerator of which equals the Per Share Option Consideration and (y) the denominator of which equals Parent Common Stock Per Share Price.

"Expense Fund" shall have the meaning set forth in Section 9.13(c).

"FCPA" has the meaning set forth in Section 3.24(a).

"FD&C Permits" has the meaning set forth in Section 3.15(c).

"FDA" means the U.S. Food and Drug Administration or any successor agency.

"FDA Laws and Regulations" has the meaning set forth in Section 3.15(a).

"Financial Statements" has the meaning set forth in Section 3.7(a).

"First Certificate of Merger" has the meaning set forth in Section 2.2.

"First Effective Time" has the meaning set forth in Section 2.2.

"First Merger" has the meaning set forth in the Recitals.

"First Merger Sub" has the meaning set forth in the introductory paragraph.

"First-Step Surviving Corporation" has the meaning set forth in Section 2.1(a).

"Forfeited Equity" has the meaning set forth in the Equity Forfeiture Agreement.

"Fraud" means a claim for common law fraud under Delaware law.

"Fully Diluted Shares of Company Stock" means the sum, without duplication, of (a) the aggregate number of shares of Company Capital Stock that are issued and outstanding immediately prior to the First Effective Time, plus (b) the aggregate number of shares of Company Common Stock issuable upon exercise of all Company Options that are issued and outstanding immediately prior to the First Effective Time (excluding Company Options that will be terminated and cancelled pursuant to Section 2.7, but for the avoidance of doubt, including the Company Assumed Options).

"Fundamental Representations" means with respect to the Company, the representations and warranties set forth in Section 3.1 (Organization and Good Standing), Section 3.2 (Authority Relative to this Agreement), Section 3.3 (Capitalization), Section 3.4 (Non-contravention), Section 3.5 (Brokers' Fees), Section 3.6 (Title to Assets) and Section 3.11 (Tax Matters).

"GAAP" means United States generally accepted accounting principles as in effect on the Agreement Date.

"General Indemnity Cap" means an amount of shares of the Share Consideration with a value equal to the Indemnity Holdback.

"Governmental Authority" means any governmental, regulatory or administrative body, agency, commission or authority, any court, tribunal or judicial authority, any arbitrator or any other public authority, or any department, division, branch or other instrumentality of the foregoing, whether foreign, federal, state or local.

"Hazardous Substance" has the meaning set forth in Section 3.19.

"Health Care Laws" means all Laws, as amended from time to time, pertaining to the development, research (including preclinical, nonclinical, and clinical research or studies), testing, production, manufacture, transfer, storing, distribution, approval, labeling, marketing, pricing, third-party reimbursement or sale of drugs, biological products and medical devices, including, (i) the FDA Laws and Regulations; (ii) applicable self-referral or fraud and abuse laws promulgated by any Governmental Authority, HIPAA, and all regulations promulgated thereunder, including the Privacy Standards (45 C.F.R. Parts 160 and 164), the Electronic Transactions Standards (45 C.F.R. Parts 160 and 162), the 21st Century Cures Act (Pub. L. 114-255), Section 543 of the Federal Public Health Services Act, and any state or federal law or regulation governing the privacy of individually-identifiable patient information; (iii) all related rules and regulations of (i) and (ii) and equivalent applicable Laws of other Governmental Authorities; and (iv) any other requirements of Laws relating to the Business.

"HIPAA" means collectively the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations at 45 C.F.R. Parts 160, 162 and 164 et seq., as amended and supplemented by the HITECH Act, when each is effective and as each is amended from time to time.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"In-the-Money Company Option" means any Company Option (whether vested or unvested) that is outstanding and unexercised as of immediately prior to the First Effective Time and that has a per share exercise price that is less than the Per Share Option Consideration.

"Income Tax" means, with respect to the Company, any Tax that is imposed on or measured by net income or gross income, however determined.

"Indemnification Demand" has the meaning set forth in Section 7.4(a).

"Indemnification Dispute Notice" has the meaning set forth in Section 7.4(a).

"Indemnified Party" has the meaning set forth in Section 7.3.

"Indemnifying Party" has the meaning set forth in Section 7.3.

"Indemnifying Sellers" has the meaning set forth in Section 7.2(a).

"Indemnity Basket" has the meaning set forth in Section 7.5(a).

"Indemnity Holdback" means 3,970,997 shares of the Share Consideration.

"Indemnity Holdback Amount" means an amount equal to the Indemnity Holdback multiplied by the Parent Common Stock Per Share Price.

"Insurance Policy" has the meaning set forth in Section 3.20.

"Intellectual Property" means (i) inventions (whether patentable or unpatentable and whether or not reduced to practice), improvements thereto, and patents, patent applications and patent disclosures, together with any reissuances, provisionals, divisionals, substitutions, continuations, continuations-in-part, revisions, extensions and reexaminations thereof; (ii) trademarks, service marks, trade dress, logos, trade names, company names, doing business as names and fictitious names, together with translations, adaptations, derivations and combinations thereof and including goodwill associated therewith, and applications, registrations and renewals in connection therewith; (iii) copyrightable works, copyrights, and applications, registrations and renewals in connection therewith; (iv) mask works and applications, registrations and renewals in connection therewith; and (v) Trade Secrets; (vi) Software; (vii) rights and interests in and to any websites, domain names, social media handles, URLs and similar items, taglines, social media identifiers (such as a Twitter® Handle) and related accounts; (viii) other proprietary rights; (ix) copies and tangible embodiments and expressions (in whatever form or medium), all improvements and modifications and derivative works of any of the foregoing; and (x) all rights to sue at law or in equity for any past or future infringement or other impairment of any of the foregoing, including the right to receive all proceeds and damages therefrom.

"Intellectual Property License" has the meaning set forth in Section 3.12(b).

"Intended Tax-Free Treatment" has the meaning set forth in Section 2.17(a).

"IRS" means the U.S. Internal Revenue Service.

"IT System" means computer systems, hardware, servers, databases, software, networks, telecommunications systems and related infrastructure, owned or used by the Company that are within its custody, possession or control.

"Labor Agreement" has the meaning set forth in Section 3.16(a)(xiv).

"Law" means all applicable statutes, acts, awards, common laws, laws, ordinances, codes, notices, constitutions, rules, regulations, decisions, treaties, common law, judgments, decrees, rulings or other orders, approvals, directives, guidance, decrees, requirements or rules of or issued by any Governmental Authority, including, without limitation, Health Care Laws.

"Leased Real Property" means all leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures or other interests in real property that is used in the business of the Company.

"Leases" means all leases, subleases, licenses, concessions and other agreements or written understandings, including all exhibits, amendments, extensions, renewals, guaranties or other agreements with respect thereto, pursuant to which the Company holds any Leased Real Property or to which the Company is a party.

"Legal Proceeding" means any judicial, administrative or arbitral action, claim, litigation, charge, complaint, demand, grievance, mediation, inquiry, audit, hearing, investigation, suit or other proceeding (public or private), whether at law or equity, brought, conducted or heard by or before, or otherwise involving, a Governmental Authority.

"Liabilities" means all debts, liabilities, commitments, deficiency, interest, Tax, penalty, fine, sanction and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, determined or determinable, liquidated or unliquidated, asserted or unasserted, known or unknown, whenever or however arising, including those arising under applicable Law or any Legal Proceeding or Order of a Governmental Authority and those arising under any Contract, regardless of whether such debt, liability, commitment, deficiency, interest, Tax, penalty, fine, sanction or obligation would be required to be reflected on a balance sheet prepared in accordance with GAAP or disclosed in the notes thereto.

"Licensed Intellectual Property" has the meaning set forth in Section 3.12(b).

"Lien" means any mortgage, pledge, lien, charge, hypothecation, encumbrance, security interest (including any right to acquire, option or right of preemption or conversion), adverse claim, restriction on transfer or other similar encumbrance or item or any agreement to create any of the foregoing.

"Material Adverse Effect" with respect to any Person means any change, event, violation, inaccuracy, circumstance, condition or effect (each, an "Effect") that, individually or taken together with all other Effects that have occurred prior to the date of determination of the occurrence of a Material Adverse Effect is, or would reasonably be likely to be or become, materially adverse in relation to (a) the financial condition, assets (including intangible assets), business, or operations of such entity and its Subsidiaries (if any), taken as a whole, or (b) such Person's ability to perform or comply with the material covenants, agreements or obligations of

such Person herein or to consummate the Merger in accordance with this Agreement and applicable Law; provided, however, that any Effect to the extent resulting or arising from any of the following shall not be deemed, either alone or in combination, to constitute or be considered in determining a Material Adverse Effect: (i) any change or development in general economic conditions in the industries or markets in which the applicable Person operates, (ii) any change in financing, banking or securities markets generally, (iii) any act of war, armed hostilities or terrorism, change in political environment or other force majeure events, or the escalation thereof, or any worsening thereof or actions taken in response thereto, (iv) any changes in applicable Law or the enforcement, implementation or interpretation thereof, and (v) any natural disaster or acts of God, including the occurrence, continuing or worsening of, and government or other response or reaction to, any epidemic or pandemic, provided, in the case of subsections (i) – (v), that such Effects do not, have a materially disproportionate adverse impact on the applicable Person, taken as a whole, relative to other similarly situated Persons in the industries or markets in which such Person operates.

"Material Contract" has the meaning set forth in Section 3.16(a).

"Material Vendor" has the meaning set forth in Section 3.26.

"Materiality Scrape Exclusions" means the "Material Adverse Effect" and other materiality qualifications included in (a) the defined terms "Material Adverse Effect", "Material Contract" and "Material Vendor" and (b) Sections 3.7(a) and 3.9(a).

"Merger Consideration" means the aggregate consideration to which the Sellers are entitled pursuant to Article II of this Agreement after consummation of the Mergers.

"Merger Sub" and "Merger Subs" have the respective meanings set forth in the introductory paragraph.

"Mergers" has the meaning set forth in the Recitals.

"Most Recent FYE Financial Statements" means the audited consolidated balance sheet of the Company as of December 31, 2021, and the related statements of income, cash flows and stockholders' equity for the 12-month period then ended.

"Multiemployer Plan" has the meaning set forth in ERISA Sections 3(37) and 4001(a)(3).

"Notice Period" has the meaning set forth in Section 7.3.

"OFAC" has the meaning set forth in Section 3.24(b).

"Off-the-Shelf Software" means Software and cloud services generally available on standard terms and obtained from a third party in the Ordinary Course.

"OIG" had the meaning set forth in Section 3.14(b).

"Open Source License" means any license meeting the Open Source Definition (as promulgated by the Open Source Initiative) or the Free Software Definition (as promulgated by the Free Software Foundation), or any substantially similar license, including any license approved by the Open Source Initiative, or any Creative Commons License. For the avoidance of doubt, "Open Source Licenses" include Copyleft Licenses.

"Open Source Materials" means any Software or content subject to an Open Source License, coding and other materials that are distributed as "free software" (as defined by the Free Software Foundation), "open source software" (meaning software distributed under any license approved by the Open Source Initiative as set forth at www.opensource.org) or under a similar licensing or distribution model (including under a GNU General Public License (GPL), a GNU Lesser General Public License (LGPL), GNU Affero General Public License (AGPL), a Mozilla Public License (MPL), a BSD license, an Artistic License, a Netscape Public License, a Sun Community Source License (SCSL), a Sun Industry Standards License (SISL) and an Apache License).

"Order" means any decree, order, judgment, writ, award, injunction, stipulation or consent of or by a Governmental Authority.

"Ordinary Course" means the ordinary course of business of the Company consistent with past custom and practice.

"OSS Triggering Manner" means use of any Open Source Materials in a manner that has subjected any Company Software to the terms of a Copyleft License requiring that any (i) source code of the Company Software be disclosed or distributed, (ii) Company Software be licensed for the purpose of making derivative works, or (iii) Company Software be redistributable at no charge.

"Out-of-the-Money Company Options" has the meaning set forth in Section 2.7(a).

"Parent" has the meaning set forth in the introductory paragraph.

"Parent Balance Sheet" has the meaning set forth in Section 4.9.

"Parent Balance Sheet Date" has the meaning set forth in Section 4.9.

"Parent Board" has the meaning set forth in the Recitals.

"Parent Common Stock" means shares of Parent's Class A Common Stock, $0.00001 par value per share.

"Parent Common Stock Per Share Price" means $6.2201 (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to Parent Common Stock after the Agreement Date).

"Parent Disclosure Schedule" means a document delivered by the Parent and the Merger Subs to Company referring to the representations and warranties in Article IV.

"Parent Financial Statements" has the meaning set forth in Section 4.9.

"Parent Indemnified Party" has the meaning set forth in Section 7.2(a).

"Parent Intellectual Property" has same meaning given to "Company Intellectual Property" in the Parent Series C SPA.

"Parent Investor Agreements" means (i) that certain Amended and Restated Right of First Refusal Agreement, dated September 9, 2022, by and among Parent and the parties signatory thereto and (ii) the Parent Voting Agreement.

"Parent Material Adverse Effect" means a Material Adverse Effect with respect to Parent and its Subsidiaries, except with respect to Section 4.10, where "Parent Material Adverse Effect" has the meaning set forth in the Parent Series C SPA.

"Parent Most Recent FYE Financial Statements" has the meaning set forth in Section 4.9.

"Parent Prepared Return" has the meaning set forth in Section 5.5(a).

"Parent's knowledge" or "to Parent's knowledge" has the same meaning given to "Knowledge" in the Parent Series C SPA.

"Parent's Representatives" has the meaning set forth in Section 5.2.

"Parent Series C SPA" has the meaning set forth in Section 4.10.

"Parent Voting Agreement" means that certain Amended and Restated Voting Agreement, dated September 9, 2022, by and among Parent and the parties signatory thereto.

"Payout Spreadsheet" has the meaning set forth in Section 2.10.

"PCBs" has the meaning set forth in Section 3.19.

"Per Share Expense Fund Amount" means an amount of cash of the Expense Fund equal to (a)(i) the Expense Fund minus (ii) an amount of cash utilized by the Seller Representative pursuant to Section 9.13(c), (b) divided by the number of shares of Company Capital Stock outstanding on an as-converted basis as of immediately prior to the First Effective Time.

"Per Share Indemnity Holdback Release" means an amount of shares of the Indemnity Holdback equal to (a) (i) the Indemnity Holdback minus (ii) an amount of shares of the Indemnity Holdback either forfeited or subject to a claim for indemnity pursuant to Article VII, (b) divided by the number of shares of Company Capital Stock outstanding on an as-converted basis as of immediately prior to the First Effective Time.

"Per Share Option Consideration" means the quotient of (i) the Base Consideration, divided by (ii) the Fully Diluted Shares of Company Stock.

"Per Share Stock Consideration" means the quotient of (i) the Base Consideration, divided by (ii) the Fully Diluted Shares of Company Stock.

"Permits" has the meaning set forth in Section 3.23.

"Permitted Liens" means: (i) Taxes, assessments and other governmental levies, fees or charges that are (a) not due and payable or (b) being contested in good faith by appropriate proceedings and for which adequate reserves have been maintained in accordance with GAAP; (ii) mechanics liens and similar liens for labor, materials or supplies incurred in the Ordinary Course for amounts that do not detract from the value of the assets subject thereto or impair the operation of the Business; (iii) with respect to Leased Real Property, easements, covenants, conditions, restrictions and other similar matters affecting title to such Leased Real Property and other title defects which do not materially impair the use or occupancy of such Leased Real Property in the operation of the Business; (iv) deposits or pledges made in connection with, or to secure payment of, workers' compensation, unemployment insurance or similar programs mandated by applicable Law or governmental Regulations; and (v) non-exclusive licenses to Company Owned Intellectual Property granted in the Ordinary Course.

"Person" means any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization or other business entity or a Governmental Authority.

"Personal Information" means any information that (i) relates to an identifiable individual, including any key-coded or otherwise pseudonymized data, or (ii) is defined as "personal data," "personal information," "personally identifiable information," or "protected health information" under applicable Laws.

"PNO" has the meaning set forth in Section 3.27.

"Pre-Closing Taxes" means (i) Taxes imposed on the Company for any and all Pre-Closing Tax Periods (for the avoidance of doubt, without regard to the due date for payment), (ii) any and all Taxes of another Person imposed on the Company, the First-Step Surviving Corporation or the Surviving Entity under Treasury Regulations Section 1.1502-6 (or any corresponding or similar provision of state, local or foreign Tax Law), as a transferee or successor, by contract or pursuant to applicable Law, in each case, which Taxes relate to an event or transaction occurring before the Closing, (iii) any payroll Taxes with respect to any Pre-Closing Tax Period deferred by the Company to a period that is not a Pre-Closing Tax Period under Section 2302 of the CARES Act or IRS Notice 2020-65, or any similar state or local Law and (iv) the share of any Transfer Taxes borne by the Sellers pursuant to Section 5.5(e).

"Pre-Closing Tax Period" means (i) any Taxable period or portion thereof ending on or prior to the Closing Date and (ii) the portion of any Straddle Period ending on, and including, the Closing Date.

"Privacy Laws" means, collectively, (i) all applicable Laws relating to the privacy, protection, security, trans-border flow, loss, theft, breach notification, or the collection, use, storage, disclosure, transfer, or other processing of Personal Information; and (ii) any applicable rules relating to privacy, protection, security, trans-border flow, loss, theft, breach notification, or the collection, use, storage, disclosure, transfer, or other processing of Personal Information or Company Data of any applicable self-regulatory organizations with which the Company is or has been contractually obligated to comply.

"Privacy Policy" means any past or current public privacy policy, notice or other statement of the Company applicable to the collection, use, storage, disclosure, transfer, or other processing of Personal Information.

"Pro Rata Portion" means, with respect to any Company Stockholder, a percentage equal to the quotient of (i) the number of shares of Company Capital Stock held by such Company Stockholder as of immediately prior to the First Effective Time, *divided* by (ii) the total number of outstanding shares of Company Capital Stock of all Company Stockholders. For purposes of clarity, the sum of all "Pro Rata Portions" shall at all times equal one (1).

"Protected Communications" has the meaning set forth in Section 9.15(a).

"Public Official" means any (i) employee or officer of a Governmental Authority; (ii) person acting in an official capacity for or on behalf of any such Governmental Authority; (iii) federal, state, regional, county or municipal working person or functionary; (iv) employee or officer of an organization authorized by the local government to perform government functions; (v) personnel of federal, state, regional, county or municipality - owned or -controlled commercial corporations, enterprises, institutions or organizations (whether partially or wholly owned); (vi) outside directors of federal, state, regional, county or municipality-owned entities; (vii) legislators (whether full or part-time); (viii) person holding an honorary or ceremonial government position; (ix) royal family members; (x) political parties, political party officials and candidates for political office; and (xi) officers or employees of public international organizations.

"R&W Survival Date" has the meaning set forth in Section 7.1(b).

"Registered Intellectual Property" has the meaning set forth in Section 3.12(a).

"Representative Losses" has the meaning set forth in Section 9.13(b).

"Requisite Stockholder Approvals" means the adoption of this Agreement and approval of the Transactions by the affirmative vote of, or the execution and delivery to the Company of a written consent by the Company Stockholders holding at least (a) a majority of the shares of Company Common Stock then issued or issuable upon conversion of the shares of Company Preferred Stock and (b) a majority of the then outstanding shares of Common Stock (other than those issued or issuable upon conversion of the shares of Company Preferred Stock) held by Key Holders (as defined in the Company Voting Agreement) who are then providing services to the Company as officers, employees or consultants voting as a separate class.

"Restrictive Covenant Agreement" means the restrictive covenant agreement in the form attached hereto as Exhibit B.

"Rights Agreements" has the meaning set forth in Section 3.3(c).

"Sales Tax" has the meaning set forth in Section 3.11(o).

"Scheduled Permits" has the meaning set forth in Section 3.14(e).

"Second Certificate of Merger" has the meaning set forth in Section 2.2.

"Second Effective Time" has the meaning set forth in Section 2.2.

"Second Merger" has the meaning set forth in the Recitals.

"Second Merger Sub" has the meaning set forth in the introductory paragraph.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Security Incident" has the meaning set forth in Section 3.13(b).

"Sellers" means the Company Stockholders and the Company Optionholders immediately prior to the First Effective Time.

"Seller Representative" has the meaning set forth in the introductory paragraph.

"Severance Obligations" means the liabilities of the Company pursuant to the Company Severance Plan.

"Share Consideration" means an amount of shares of Parent Common Stock equal to the Base Consideration divided by the Parent Common Stock Per Share Price.

"Software" means any computer programs and software code, including any (i) software validations and implementations of algorithms, models and methodologies, whether in source code or object code, (ii) databases and compilations, including any data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow charts and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons and (iv) all documentation, including user manuals and other training documentation, related to any of the foregoing.

"Stock Consideration Shares" means an amount of shares of Parent Common Stock equal to the Closing Stock Consideration Amount divided by the Parent Common Stock Per Share Price.

"Stockholder Notice" has the meaning set forth in Section 5.13.

"Stockholder Written Consent" has the meaning set forth in the Recitals.

"Straddle Period" means any taxable period that begins on or before the Closing Date and ends after the Closing Date.

"Subsidiary" means with respect to any Person, means (i) any corporation fifty percent (50%) or more of the stock of any class or classes of which having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is owned by such Person directly or indirectly through one or more subsidiaries of such Person and (ii) any partnership, association, joint venture, limited liability company or other entity in which such Person directly or indirectly through one or more subsidiaries of such Person has a fifty percent (50%) or more equity interest. The term "Subsidiary" shall include all Subsidiaries of such Subsidiary.

"Support Agreement" means a support agreement in the form attached hereto as Exhibit C.

"Surviving Entity" has the meaning set forth in Section 2.1(b).

"Tax" (and, with correlative meaning, "Taxes" and "Taxable") means any net income, alternative or add-on minimum tax, gross income, estimated, gross receipts, sales, use, ad valorem, value added, transfer, franchise, fringe benefit, share capital, profits, license, registration, withholding, payroll, social security (or equivalent), employment, unemployment, disability, excise, severance, stamp, occupation, premium, property (real, tangible or intangible), environmental or windfall profit tax, custom duty, or other tax, governmental fee or other like assessment or charge (direct or reverse) of any kind whatsoever in the nature of a tax, together with any interest or any penalty, addition to tax or additional amount in relation to such tax (whether disputed or not) imposed by any Governmental Authority responsible for the imposition of any such tax (domestic or foreign).

"Tax Claim" has the meaning set forth in Section 5.5(d).

"Tax Return" means any return, declaration, statement, report, claim for refund, form (including estimated Tax returns and reports, withholding Tax returns and reports, any schedule or attachment, and information returns and reports) or other similar document, including any amendment thereof, filed or required to be filed with, or required to be supplied in copy to, a Governmental Authority with respect to Taxes.

"Third Party Claim" means any action, lawsuit, proceeding, investigation, audit or other claim against or involving an Indemnified Party by a third party.

"Trade Secrets" means trade secrets and confidential business information, comprising formulas, patterns, compilations, programs, devices, methods, techniques or processes, that derive independent economic value because they are not generally known or readily ascertainable by others, and which the owner takes reasonable measures to keep secret.

"Transaction Deductions" means all items of loss or deduction for applicable Income Tax purposes resulting from or attributable to (a) payments made with respect to Company Options pursuant to this Agreement and the payment of any bonuses, incentive equity, retention awards, or other compensatory payments made in connection with the Transactions on or about the Closing Date, (b) Company Transaction Expenses, provided, however, that with respect to any "success-based fee" (as defined in IRS Revenue Procedure 2011-29), the portion of such fee that will be treated as a "Transaction Deduction" shall be determined pursuant to the safe harbor election provided in Section 4 of IRS Revenue Procedure 2011-29, or (c) any fees, expenses, premiums and penalties with respect to the prepayment of debt and the write-off of the amortization of deferred financing.

"Transaction Documents" means this Agreement, the Certificates of Merger, the Stockholder Written Consent, the Support Agreement, the Restrictive Covenant Agreements, the Exchange Agent Agreement, Equity Forfeiture Agreement, the Consulting Agreements and such other documents and agreements entered into in connection with the Transactions.

"Transactions" means any transaction or arrangement contemplated by this Agreement, including (i) the Mergers and the other transactions and arrangements described in the Recitals and (ii) the execution, delivery and performance of the Transaction Documents other than this Agreement.

"Transfer Taxes" has the meaning set forth in Section 5.5(e).

"Treasury Regulations" means regulations promulgated by the IRS under the Code.

"Unaccredited Investor" has the meaning set forth in Section 2.7(b).

"Waived 280G Benefits" has the meaning set forth in Section 5.8.

"Withholding Agent" has the meaning set forth in Section 2.14.

1.3 Interpretation. Unless otherwise expressly provided or unless the context requires otherwise: (a) all references in this Agreement to Articles, Sections, Annexes, Schedules and Exhibits shall mean and refer to Articles, Sections, Annexes, Schedules and Exhibits of this Agreement; (b) any reference to any Law shall be deemed also to refer to all amendments and successor provisions thereto and all rules and regulations promulgated thereunder, in each case, at the time such reference is made; (c) words using the singular or plural number also shall include the plural and singular number, respectively; (d) references to "hereof," "herein," "hereby" and similar terms shall refer to this entire Agreement (including the Schedules, Exhibits and Annexes hereto); (e) references to any Person shall be deemed to mean and include the successors and permitted assigns of such Person (or, in the case of a Governmental Authority, Persons succeeding to the relevant functions of such Person); (f) the term "including" or any variation thereof shall be deemed to be followed by "without limitation"; (g) words of any gender include each other gender; (h) all references to days or months shall be deemed references to calendar days or months; (i) whenever this Agreement refers to a number of days, such number shall refer to calendar days, unless such reference is specifically to "Business Days"; (j) any time period set forth in this Agreement that ends on a calendar day that is not a Business Day shall be deemed to mean the next succeeding Business Day; and (k) all references to "$" and "dollars" shall be deemed references to United States dollars. The use of the word "including" or any variation thereof shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it. The use of the words "or," "either," "and/or" and "any" shall not be exclusive. The phrases "provided to," "furnished to," "made available" and phrases of similar import when used herein, unless the context otherwise requires, means an electronic copy of the document or information referred to, which has been provided to the party to whom such information or material is to be provided; provided, however, for all documents or information to be provided to, furnished to or made available to Parent hereunder, such document or information shall be deemed to have been provided to, furnished to or made available to Parent only if placed in the virtual data room made available to Parent and/or its external counsel no less than one (1) day prior to the Agreement Date, and which shall not have been modified or removed from such virtual data room prior to Closing. The recitals to this Agreement and the exhibits, schedules and annexes identified in this Agreement are incorporated herein by reference and made a part hereof as if set forth in full herein. The parties hereto agree that they have been represented by legal counsel during the negotiation and execution of this Agreement and, therefore, waive the

application of any Law, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document. Further, prior drafts of this Agreement or prior drafts of any documents executed and delivered in connection herewith or the fact that any clauses have been added, deleted or otherwise modified from any prior drafts of this Agreement or prior drafts of any of the documents executed and delivered in connection herewith shall not be used as a rule of construction or otherwise constitute evidence of the intent of the parties hereto or thereto, and no presumption or burden of proof shall arise favoring or disfavoring any such party by virtue of the authorship of any provision in this Agreement. In interpreting and enforcing this Agreement, each representation and warranty shall be given independent significance of fact and shall not be deemed superseded or modified by any other such representation or warranty.

ARTICLE II

THE CONTEMPLATED TRANSACTIONS

2.1 The Mergers.

(a) Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the applicable provisions of the DGCL, at the First Effective Time, First Merger Sub shall be merged with and into the Company. As a result of the First Merger, the separate corporate existence of First Merger Sub shall cease, and the Company shall continue as the surviving corporation and as a wholly owned subsidiary of Parent following the First Merger. The Company, as the surviving corporation after the First Merger, is sometimes referred to herein as the "First-Step Surviving Corporation."

(b) As part of a single integrated plan, at the Second Effective Time, upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the applicable provisions of the DGCL and the DLLCA, the First-Step Surviving Corporation shall be merged with and into Second Merger Sub. As a result of the Second Merger, the separate corporate existence of the First-Step Surviving Corporation shall cease, and Second Merger Sub shall continue as the surviving entity and as a wholly owned subsidiary of Parent following the Second Merger. The surviving entity after the Second Merger is sometimes referred to herein as the "Surviving Entity."

2.2 Closing; Effective Times. Unless this Agreement is earlier terminated pursuant to Article VIII, subject to the satisfaction or written waiver (where permissible) of the conditions set forth in Article VI, the closing of the Mergers (the "Closing") shall take place on the third (3rd) Business Day following the satisfaction or waiver of the conditions set forth in Article VI hereof (other than those conditions that by nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), unless another date is agreed to in writing by Parent and the Company. The Closing shall be effected by the electronic exchange of documents and signatures by electronic transmission, or by such other means or at such other place as the parties shall agree. The date on which the Closing actually takes place is referred to in this Agreement as the "Closing Date." Subject to the terms and conditions of this Agreement, on the Closing Date, the Company shall cause the First Merger to be effected by filing a certificate of merger (the "First Certificate of Merger") with the Secretary of State of the State of Delaware, in such form and

containing such information as is required by, and executed in accordance with, the relevant provisions of the DGCL. The First Merger shall become effective at the date and time of such filing of the First Certificate of Merger, or such later time as may be agreed by each of the parties hereto and specified in the First Certificate of Merger (such time being the "First Effective Time"). As soon as practicable following the First Effective Time and in any case on the same day as the First Effective Time, Parent and Second Merger Sub shall cause the Second Merger to be effected by filing a certificate of merger (the "Second Certificate of Merger" and, together with the First Certificate of Merger, the "Certificates of Merger") with the Secretary of State of the State of Delaware, in such form and containing such information as is required by, and executed in accordance with, the relevant provisions of the DGCL and the DLLCA. The Second Merger shall become effective at the date and time of such filing of the Second Certificate of Merger, or such later time as may be agreed by each of the parties hereto and specified in the Second Certificate of Merger (such time being the "Second Effective Time").

2.3 Effects of the Mergers.

(a) At the First Effective Time, the effect of the First Merger shall be as provided in this Agreement, the First Certificate of Merger and in the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the First Effective Time, all the property, rights, privileges, agreements, powers and franchises, debts, liabilities, duties and obligations of First Merger Sub and the Company shall become the property, rights, privileges, agreements, powers and franchises, debts, liabilities, duties and obligations of the First-Step Surviving Corporation, which shall include the assumption by the First-Step Surviving Corporation of any and all agreements, covenants, duties and obligations of First Merger Sub and the Company set forth in this Agreement to be performed after the First Effective Time.

(b) At the Second Effective Time, the effect of the Second Merger shall be as provided in this Agreement, the Second Certificate of Merger and in the applicable provisions of the DGCL and the DLLCA. Without limiting the generality of the foregoing, and subject thereto, at the Second Effective Time, all the property, rights, privileges, agreements, powers and franchises, debts, liabilities, duties and obligations of Second Merger Sub and the First-Step Surviving Corporation shall become the property, rights, privileges, agreements, powers and franchises, debts, liabilities, duties and obligations of the Surviving Entity, which shall include the assumption by the Surviving Entity of any and all agreements, covenants, duties and obligations of the Surviving Entity and the First-Step Surviving Corporation set forth in this Agreement to be performed after the Second Effective Time.

2.4 Organizational Documents.

(a) First-Step Surviving Corporation Certificate of Incorporation and Bylaws. At the First Effective Time, the certificate of incorporation of the First-Step Surviving Corporation shall be amended and restated in its entirety as set forth in Exhibit D hereto, and, as so amended and restated, shall be the certificate of incorporation of the First-Step Surviving Corporation until thereafter amended in accordance with its terms and as provided by applicable Law. At the First Effective Time, the bylaws of the First-Step Surviving Corporation shall be amended and restated to read in their entirety as set forth in Exhibit E hereto, and, as so amended and restated, shall be the bylaws of the First-Step Surviving Corporation until thereafter amended in accordance with their terms, the certificate of incorporation of the First-Step Surviving Corporation and as provided by applicable Law.

(b) Surviving Entity Certificate of Formation and Limited Liability Company Agreement. At the Second Effective Time, the certificate of formation and the limited liability company agreement of Second Merger Sub, in each case as in effect immediately prior to the Second Effective Time, shall be amended as set forth in the forms attached hereto as Exhibit F and Exhibit G, respectively.

2.5 Management of the First-Step Surviving Corporation and the Surviving Entity.

(a) Directors and Officers of First-Step Surviving Corporation. Unless otherwise determined by Parent prior to the First Effective Time, the parties shall take all requisite action so that, from and after the First Effective Time: (i) the directors of First Merger Sub immediately prior to the First Effective Time shall be the directors of the First-Step Surviving Corporation, each to hold office in accordance with the certificate of incorporation and bylaws of the First-Step Surviving Corporation and until their respective successors are duly elected and qualified or until such director's earlier death, resignation or removal; and (ii) the officers of First Merger Sub immediately prior to the First Effective Time shall be the officers of the First-Step Surviving Corporation, each until their respective successors are duly elected and qualified or until such officer's earlier death, resignation or removal.

(b) Managers and Officers of Surviving Entity. Unless otherwise determined by Parent prior to the Second Effective Time, the parties shall take all requisite action so that, from and after the Second Effective Time: (i) the managers of Second Merger Sub immediately prior to the Second Effective Time shall be the managers of the Surviving Entity, to hold office in accordance with the provisions of the DLLCA and the certificate of formation and limited liability company agreement of the Surviving Entity until their respective successors are duly elected and qualified or until such manager's earlier death, resignation or removal; and (ii) the officers of Second Merger Sub immediately prior to the Second Effective Time shall be the officers of the Surviving Entity, each until their respective successors are duly elected and qualified or until such officer's earlier death, resignation or removal in accordance with the limited liability company agreement of the Surviving Entity.

2.6 Effect of First Merger on Capital Stock. At the First Effective Time, by virtue of the First Merger and without any action to be taken on the part of the holder of any shares of Company Capital Stock or any shares of capital stock of First Merger Sub, or on the part of the Company, Parent, First Merger Sub or any other Person, the following shall occur:

(a) Capital Stock of First Merger Sub. Each share of capital stock of First Merger Sub issued and outstanding immediately prior to the First Effective Time shall be converted automatically into and become one validly issued, fully paid and non-assessable share of common stock, par value $0.001 per share, of the First-Step Surviving Corporation and collectively shall constitute the only outstanding shares of capital stock of the First-Step Surviving Corporation immediately following the First Merger and each stock certificate of First Merger Sub evidencing ownership of any such shares shall evidence ownership of such shares of common stock of the First-Step Surviving Corporation.

(b) Cancellation of Securities Held by the Company and Parent. Any shares of Company Capital Stock that are owned by the Company (as treasury stock or otherwise), Parent or any direct or indirect wholly owned subsidiary of Parent or the Company, in each case, immediately prior to the First Effective Time (the "Cancelled Shares"), shall be automatically cancelled and shall cease to exist and no consideration shall be delivered in exchange therefor.

(c) Conversion of Company Capital Stock. Each share of Company Capital Stock that is issued and outstanding immediately prior to the First Effective Time (other than Cancelled Shares) shall, subject to the terms and conditions of this Agreement, be converted into the right to receive (without interest) the following consideration, payable as set forth herein:

(i) a certificate or book entry reflecting, for each share of Company Capital Stock, a number of shares of Parent Common Stock equal to the Per Share Stock Consideration, less the Per Share Expense Fund Amount and the Per Share Indemnity Holdback Release;

(ii) a contingent right to receive, subject to Section 2.15, an amount of cash equal to the Per Share Expense Fund Amount; and

(iii) a contingent right to receive a certificate or book entry reflecting a number of shares of Parent Common Stock equal to the Per Share Indemnity Holdback Release.

2.7 Effect of First Merger on Company Options and Company Restricted Stock. At the First Effective Time, by virtue of the First Merger and without any further action on the part of Parent, the Merger Sub, the Company or any Seller, subject to the terms of this Agreement:

(a) Each Company Option that is outstanding and unexercised as of immediately prior to the First Effective Time and that is not an In-the-Money Company Option (each an "Out-of-the-Money Company Option") shall automatically be terminated and cancelled immediately prior to the First Effective Time without any payment therefor.

(b) Each vested Company Option (including any Company Option that vests on an accelerated basis as a result of the First Merger) that is not an Out-of-the-Money Company Option and that (i) is unexpired, unexercised and outstanding immediately prior to the First Effective Time (ii) the Company has identified on Exhibit J and determined, in its reasonable judgment, is held by an individual that is not an "accredited investor" within the meaning of Rule 501 of the Securities Act (an "Unaccredited Investor"), and (iii) is held by an individual who has not, as of the First Effective Time, entered into a Consulting Agreement with Parent, shall be automatically terminated and cancelled immediately prior to the First Effective Time in exchange for a right to receive a cash payment per share subject to such vested Company Option in an amount equal to the Per Share Option Consideration minus the per share exercise price of such vested Company Option. All cash amounts payable pursuant to this Section 2.7(b) shall be paid pursuant to the Company's or Surviving Entity's (as applicable) standard payroll procedures.

(c) Each vested Company Option (including any Company Option that vests on an accelerated basis as a result of the Merger) that is not an Out-of-the-Money Company Option and that (i) is unexpired, unexercised and outstanding immediately prior to the First Effective Time (ii) the Company has identified on Exhibit K and determined, in its reasonable judgment, is held

by an individual that is an "accredited investor" within the meaning of Rule 501 of the Securities Act (an "Accredited Investor"), and (iii) is held by an individual who has not, as of the First Effective Time, entered into a Consulting Agreement with Parent, shall be automatically terminated and cancelled immediately prior to the First Effective Time and the holder thereof shall be issued a number of whole shares of Company Common Stock equal to (i) (A) the number of shares of Company Common Stock subject to the vested Company Option immediately prior to the First Effective Time, multiplied by (B) the amount by which the Per Share Option Consideration exceeds the exercise price per share of such Company Vested Option, divided by (ii) the Per Share Option Consideration. As of the First Effective Time, each outstanding share of Company Common Stock issued in accordance with the foregoing shall be cancelled and shall be exchanged for the right of the holder to receive the consideration set forth in Section 2.6(c).

(d) At the First Effective Time, by virtue of the Merger, without any action on the part of any party hereto or any holder thereof, each Company Option that is not an Out-of-the-Money Company Option, that is outstanding immediately prior to the First Effective Time and that is not covered by Section 2.7(a), Section 2.7(b) or Section 2.7(c) shall be assumed at the First Effective Time, and be converted into an option denominated in shares of Parent Common Stock (each such option a "Company Assumed Option"). The number of shares of Parent Common Stock subject to each Company Assumed Option shall be determined by multiplying the number of shares of Company Common Stock subject to such option immediately prior to the First Effective Time by the Exchange Ratio (with the aggregate number of shares rounded down to a whole number of shares on a holder-by-holder basis) and the exercise price per share of Parent Common Stock subject to each Company Assumed Option shall equal the quotient of the exercise price per share of such Company Assumed Option divided by the Exchange Ratio, rounded up to the nearest cent. The assumption and adjustment of the Company Assumed Options in accordance with this Section 2.7(d) shall preserve the compensation element of each Company Assumed Option as of the First Effective Time and is intended to satisfy the requirements of Treasury Regulations Section 1.424-1 (to the extent such Company Assumed Options were intended to be incentive stock options) and of Treasury Regulations Section 1.409A-1(b)(5)(v)(D).

(e) Each Company Assumed Option that is held by an individual that has, as of the First Effective Time, entered into a Consulting Agreement with Parent, shall be deemed vested immediately following the First Effective Time as to the same percentage of the total number of shares subject thereto as it was vested immediately prior to the First Effective Time, and shall vest on the same schedule as the vesting schedule in the respective Company Assumed Option. Notwithstanding the foregoing, each Company Assumed Option shall vest in full on an accelerated basis on the earliest to occur of (i) March 31, 2023, and (ii) a termination of the Company Assumed Option holder's service relationship with Parent without Cause (as defined in the Consulting Agreement).

(f) Each Company Assumed Option that is held by an individual that has, as of the First Effective Time, not entered into a Consulting Agreement with Parent, shall be deemed fully vested immediately following the First Effective Time. The holder of each such Company Assumed Option shall have until the expiration of the ninety (90) day post-termination exercise period in which to exercise his or her Company Assumed Option.

(g) In connection with the assumption of each Company Assumed Option held by an individual that has, as of the First Effective Time, entered into a Consulting Agreement with Parent, no later than ten Business Days following the first Effective Time, Parent shall amend each such option to provide that the company Assumed Option shall be exercisable on or before the earlier of (i) twelve (12) months following the holder's termination of continuous service with Parent, or (ii) the applicable expiration date of the Company Assumed Option.

(h) As of the First Effective Time, each outstanding share of Company Restricted Stock shall be canceled and shall be exchanged for the right of the holder to receive the consideration set forth in Section 2.6(c).

(i) The Company shall, prior to the First Effective Time, take all actions reasonably necessary in order to effect the provisions of this Section 2.7, including, without limitation, seeking all necessary approvals and providing any notice required under the terms of the applicable Company Equity Plan or agreements, and terminate all Company Equity Plans or agreement and the shares reserved thereunder as of the First Effective Time, in each case after consultation with, and subject to the reasonable approval of, Parent.

2.8 Effect of First Merger on Outstanding Employee Loan. At the First Effective Time, by virtue of the First Merger and without any further action on the part of Parent, the Merger Sub, the Company or any Seller, subject to the terms of this Agreement, any outstanding and unpaid loan balance, including any principal and accrued interest thereon, under the Promissory Note, dated as of May 15, 2020, by and between the Company and Stephen Thomas, shall be settled in full by the forfeiture of a number of shares of Company Common Stock held by Stephen Thomas, in accordance with the terms of the Restricted Stock Award Grant Notice and Agreement, dated May 8, 2020, by and between the Company and Stephen Thomas, as amended. For the avoidance of doubt, such forfeited shares shall be in addition to any shares of Company Common Stock forfeited by Stephen Thomas in accordance with Section 6.2(q) and the Equity Forfeiture Agreement.

2.9 Rights Cease to Exist. As of the First Effective Time, all shares of Company Capital Stock shall no longer be outstanding, shall automatically be cancelled and shall cease to exist and each holder of any shares of Company Capital Stock shall cease to have any rights with respect thereto, except the rights set forth in this Article II.

2.10 No Fractional Shares. Notwithstanding any provision herein to the contrary, no fractional shares of Parent Common Stock shall be issued pursuant to this Article II (with the intended effect that any shares of Parent Common Stock issuable to a single Seller on a particular date shall be aggregated and then rounded up to the nearest whole number).

2.11 Payout Spreadsheet. Attached as Exhibit H hereto is a spreadsheet (the "Payout Spreadsheet"), to be updated and certified by the Chief Executive Officer of the Company and setting forth, as of a date no later than five (5) Business Days prior to the Closing: (i) with respect to the Sellers: (A) the name and address of each Seller immediately prior to the Closing; (B) the Pro Rata Portion of each Seller, including the Pro Rata Portion of each Seller of the Indemnity Holdback Amount and Expense Fund; (C) the number of shares of the Share Consideration that each such Seller is eligible to receive and the number of shares of the Stock Consideration Shares

that each such Seller is eligible to receive; (D) any amounts required to be withheld; (E) with respect to each Company Stockholder, the number and type of shares of Company Capital Stock held by such Company Stockholder immediately prior to the Closing; (F) with respect to each Company Optionholder or Company Restricted Stockholder, the number of Company Options or shares of Company Restricted Stock held by each Company Optionholder or Company Restricted Stock holder, as applicable, immediately prior to the Closing and the grant date, exercise price and vesting schedule thereof; (G) the amount of Merger Consideration payable to each such Company Optionholder and Company Restricted Stock holder; and (ii) the Sellers' good faith calculation of the Closing Stock Consideration Amount, the Per Share Stock Consideration, the Per Share Indemnity Holdback Release, the Per Share Expense Fund Amount and the projected closing balance sheet of the Company. The parties agree that Parent, First Merger Sub, Second Merger Sub and the Surviving Entity will have the right to rely on the Payout Spreadsheet as setting forth an accurate listing of all amounts due to be paid by Parent, First Merger Sub, Second Merger Sub and the Company to the Sellers in exchange for all outstanding shares of Company Common Stock. Parent, First Merger Sub, Second Merger Sub and the Surviving Entity will not have any liability with respect to the allocation of any shares of Parent Common Stock or cash made to the Sellers in accordance with the Payout Spreadsheet and this Agreement other than performance of its obligations as set forth herein.

2.12 Payments at Closing.

(a) At the Closing, Parent or the Company (as applicable) shall make, or cause to be made, payments as follows:

(i) Company shall make payments to the applicable Persons, by wire transfer of immediately available funds, the Company Debt and the Company Transaction Expenses (other than the Severance Obligations, which will be paid out in accordance with the Company Severance Plan), in each case as set forth on the Payout Spreadsheet prior to the Closing pursuant to invoices or other evidence reasonably satisfactory to Parent, except that Company shall cause any compensatory Company Transaction Expenses payable to Company Employees to be paid through the Surviving Entity's payroll system; and

(ii) Parent shall (A) make book-entry shares or issue stock certificates representing the aggregate number of shares of Parent Common Stock issuable to the Sellers as of immediately following the Closing in accordance with the Payout Spreadsheet and pursuant to Section 2.6(c)(i) and (B) with respect to the aggregate number of shares of Parent Common Stock that comprise the Indemnity Holdback, make book-entry shares (but not issue stock certificates) which indicate that such shares are subject to forfeiture pursuant to Article VII hereof.

2.13 Transfer Books; No Further Ownership Rights in Company Capital Stock. The right to receive the applicable portion of the consideration provided for herein, in accordance with the terms of this Article II shall be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Company Capital Stock previously represented by such Company Capital Stock Certificates, and at the close of business on the day on which the First Effective Time occurs, the stock transfer books of the Company shall be closed and thereafter there shall be no further registration of transfers on the stock transfer books of the Surviving Entity of the shares of Company Capital Stock that were outstanding immediately prior to the First Effective Time. If, at any time after the First Effective Time, Company Capital Stock Certificates are presented to Parent or the Surviving Entity for any reason, they shall be cancelled and exchanged as provided in this Article II.

2.14 No Liability. Notwithstanding anything in this Agreement to the contrary, none of the parties hereto shall be liable to any Person for any portion of the payments contemplated by this Article II delivered to a Public Official pursuant to any applicable abandoned property, escheat or similar Law.

2.15 Withholding Taxes. Parent, the Company, the Merger Subs, the First-Step Surviving Corporation, the Surviving Entity and the Exchange Agent (each, a "Withholding Agent"), shall be entitled to deduct and withhold from that portion of any payments contemplated by this Article II or any other amount payable to a Seller pursuant to this Agreement, and shall pay to the appropriate Governmental Authority, such amounts that are required to be deducted and withheld with respect to the making of such payments under any Tax Law. To the extent amounts are so deducted and withheld and paid to the appropriate Governmental Authority in accordance with applicable Law, such amounts shall be treated for purposes of this Agreement as having been paid to the Seller in respect of which such deduction and withholding were made. Notwithstanding anything to the contrary, any compensatory payments for Tax purposes payable to Company Employees pursuant to or as contemplated by this Agreement shall be paid through the standard payroll procedures of the Surviving Entity (or any Affiliate thereof or successor thereto) and subject to applicable Tax withholding. In the event any amount (other than in respect of compensatory payments) is required to be withheld or deducted pursuant to this Agreement, the parties agree to and shall cooperate in good faith to reduce such amount to be withheld or deducted to the maximum extent permitted under applicable law (including but not limited to requesting IRS Form W-9 or the appropriate series of IRS Form W-8, as applicable, from each payee and giving each such payee a reasonable period of time to provide such form). Each party shall use commercially reasonable efforts to notify the other parties at least five (5) Business Days in advance before any amount is to be withheld or deducted (other than with respect to compensatory payments).

2.16 Effect of the Second Merger on Capital Stock. At the Second Effective Time, by virtue of the Second Merger and without any action to be taken on the part of the holder of any shares of Company Capital Stock or any units of membership interest in Second Merger Sub, or on the part of the Company, Parent, the Merger Subs or any other Person:

(a) each share of capital stock of the First-Step Surviving Corporation outstanding immediately prior to the Second Effective Time shall be cancelled and shall cease to exist and no consideration shall be delivered in exchange therefor; and

(b) each unit of membership interest in Second Merger Sub outstanding immediately prior to the Second Effective Time shall remain unchanged and continue to remain outstanding as a unit of membership interest in the Surviving Entity. At the Second Effective Time, Parent shall continue as the sole, direct holder of membership interests in the Surviving Entity.

2.17 Tax Treatment.

(a) Each of Parent, the Merger Subs and the Company intends that for U.S. federal and applicable state and local income tax purposes the Mergers, taken together, shall constitute integrated steps in a single transaction and together shall constitute a "reorganization" within the meaning of Section 368(a) of the Code and the Treasury Regulations promulgated thereunder, in accordance with IRS Revenue Ruling 2001-46, 2001-2 CB 321 (the "Intended Tax-Free Treatment"). Each of Parent, the Merger Subs and the Company and its respective Affiliates and representatives (including the Seller Representative) shall, unless otherwise required by a determination within the meaning of Section 1313(a) of the Code, (A) file all Tax Returns in a manner consistent with the Intended Tax-Free Treatment (including attaching the statement described in Treasury Regulations Section 1.368-3(a) on or with the U.S. federal income Tax Returns of the Company and Parent for the taxable year that includes the Mergers), and (B) take no Tax position inconsistent with the Intended Tax-Free Treatment (whether in audits, Tax proceedings, Tax Returns or otherwise).

(b) This Agreement is intended to constitute, and the parties hereby adopt this Agreement as, a "plan of reorganization" within the meaning Treasury Regulation Sections 1.368-2(g) and 1.368-3(a) for U.S. federal and applicable state and local income tax purposes.

(c) Each of Parent, the Merger Subs and the Company and its respective Affiliates and representatives shall reasonably cooperate and use respective commercially reasonable efforts to cause the Mergers to qualify for the Intended Tax-Free Treatment, and, except for the performance of this Agreement in accordance with its terms, agree not to take any action or fail to take any action, in either case, that could reasonably be expected to prevent or impede the Mergers from qualifying for the Intended Tax-Free Treatment.

(d) Notwithstanding any provision herein to the contrary, (i) no party or its respective Affiliates shall have any liability to the other party, or any Seller, with respect to the Tax treatment or the Tax consequences of the Mergers (other than, for the avoidance of doubt, any liability resulting from any breach of or failure to perform any covenant or agreement of such party provided for in this Agreement including pursuant to Section 2.17(c) (if applicable)), and (ii) each Seller shall be solely responsible with respect to the Tax treatment of the Mergers as to such Seller as well as the Tax consequences thereof.

(e) The parties acknowledge and agree that the intended fair market value of the Parent Common Stock payable to the Sellers as Merger Consideration is the Parent Common Stock Per Share Price.

2.18 [Intentionally Omitted.].

2.19 Exchange Agent.

(a) Acquiom Financial LLC will act as Exchange Agent hereunder (in such capacity, the "Exchange Agent") for the delivery and collection, pursuant to the terms of the Exchange Agent Agreement and the terms of this Agreement, of the Support Agreement to the Company Stockholders.

(b) Letter of Transmittal. Promptly following the First Effective Time, Parent shall cause the Exchange Agent to send to the Company Stockholders of record a Letter of Transmittal. Upon receipt by the Exchange Agent of the Letter of Transmittal, duly completed and validly executed in accordance with the instructions (and such other customary documents as may reasonably be required by the Exchange Agent), the Company Stockholder shall be entitled to receive in exchange therefor the consideration provided for herein. Parent shall make book-entry shares or issue stock certificates representing the aggregate number of shares of Parent Common Stock issuable to each Company Stockholder promptly following receipt by the Exchange Agent of such duly completed Letter of Transmittal, including any portion of the Indemnity Holdback, in all cases dated as of the Closing Date. If payment of any portion of the consideration provided for herein is to be made to any Person other than the Person in whose name the Company Capital Stock Certificate or Company Option, as applicable, is registered, it shall be a condition of payment that the Person requesting such payment shall have paid any transfer and other Taxes required by reason of the payment of the applicable portion of the consideration provided for herein to a Person other than the registered holder of such Company Capital Stock Certificate or Company Option, as applicable, or shall have established to the reasonable satisfaction of Parent that such Tax either has been paid or is not applicable. After the First Effective Time, each Company Capital Stock Certificate or Company Option, as applicable, shall represent only the right to receive the applicable portion of the Merger Consideration provided for herein as contemplated by this Article II.

2.20 Unaccredited Investors. Notwithstanding anything to the contrary set forth herein, if Parent or the Exchange Agent determines, in their respective reasonable judgments, that any Company Stockholder is an Unaccredited Investor, such Unaccredited Investor shall receive, in lieu of shares of Parent Common Stock, a cash payment equal to the Per Share Stock Consideration multiplied by the number of shares of Company Capital Stock held by such Unaccredited Investor.

2.21 Further Action. If, at any time after the First Effective Time, any further action is determined by Parent to be necessary or desirable to carry out the purposes of this Agreement or to vest the Surviving Entity or Parent with full right, title and possession of and to all rights and property of the Merger Subs and the Company, the officers and directors or managers, as applicable, of the Surviving Entity, Parent shall be fully authorized (in the name of each of the Merger Subs, in the name of the Company, in the name of the Sellers or otherwise) to take such action.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as expressly set forth in the applicable section of the Company Disclosure Schedule (as interpreted in accordance with Section 9.12), the Company represents and warrants to Parent, First Merger Sub and Second Merger Sub as follows, provided, that for purposes of these representations and warranties (other than those in Sections 3.1, 3.2, 3.3, 3.4 and 3.7), the term "Company" shall include any and all of the Subsidiaries of the Company, unless noted otherwise herein:

3.1 Organization and Good Standing.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has the corporate power and authority to own, lease and license its assets and properties and to carry on its business as currently conducted. The Company is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction in which the character of the assets or properties owned, leased or licensed by it or the nature of its business makes such qualification or license necessary, except where the Company's failure to be so qualified, licensed or in good standing, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. The Company is not in violation of any of the provisions of the Company Governing Documents.

(b) Section 3.1(b) of the Company Disclosure Schedule sets forth the name of each Subsidiary of the Company, such Subsidiary's jurisdiction of incorporation or formation and the record ownership as of the Agreement Date of all Equity Interests issued by such Subsidiary. All of the Company's Subsidiaries are wholly owned by the Company, duly organized, validly existing and in good standing under the laws of the jurisdiction in which such Subsidiary is formed (to the extent such concept in recognized in such jurisdiction) and are duly qualified to conduct business under the applicable Laws of such jurisdiction. Each of the Subsidiaries is qualified to do business as a foreign corporation (or equivalent) under the laws of all jurisdictions where the nature of its business requires such qualification, except where the failure to so qualify would not constitute a Material Adverse Effect. No Subsidiary of the Company is in default under or in violation of any provision of the Company Governing Documents.

(c) The Company has made available to Parent true, accurate and complete copies of the Company Governing Documents.

3.2 Authority Relative to this Agreement. The Company has all requisite corporate power and authority to enter into this Agreement and, with receipt of the Requisite Stockholder Approvals in the form of the Stockholder Written Consent to consummate the Mergers and the other Transactions to which the Company is a party. The execution and delivery of this Agreement and, upon receipt of the Stockholder Written Consents immediately following the execution of this Agreement, the consummation of the Mergers and the other Transactions to which the Company is a party have been duly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly executed and delivered by the Company and, assuming the due execution and delivery of this Agreement by the other parties hereto, constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms subject only to the effect, if any, of (i) applicable bankruptcy and other similar applicable Law affecting the rights of creditors generally and (ii) rules of law governing specific performance, injunctive relief and other equitable remedies (the "Enforceability Exceptions"). The Company Committee, by resolutions duly adopted (and not thereafter modified or rescinded) by the unanimous vote of the Company Committee, has (i) approved this Agreement, the Mergers and the other Transactions to which the Company is a party and determined that this Agreement, the Mergers and the other Transactions, including the Mergers, upon the terms and subject to the conditions set forth herein, is advisable and in the best interests of the Company and the holders of Company Capital Stock and in accordance with the provisions of applicable Laws and the Company Governing Documents and (ii) has submitted this Agreement to the holders of Company

Capital Stock for the purpose of adoption and unanimously recommended that the holders of Company Capital Stock adopt this Agreement. Except for the Requisite Stockholder Approvals, no other vote or approval of the holders of any class or series of capital stock or other Equity Interests of the Company is necessary to approve or adopt this Agreement, the Mergers and the other Transactions to which the Company is a party. The Company and the Sellers have the right to duly, validly and irrevocably invoke the drag-along right set forth in Section 3 of the Company Voting Agreement and have complied with and satisfied all requirements set forth therein, including, without limitation, the approval of the Electing Holders.

3.3 Capitalization.

(a) Section 3.3(a) of the Company Disclosure Schedule sets forth the number and type of authorized, issued and outstanding shares of Company Capital Stock (and any other Equity Interests of the Company), the names of the record owners thereof, and the number, type, class and series of Equity Interests held by each such owner (including, in respect of any Company Options, Company Restricted Stock or other convertible securities, the number of shares of Company Capital Stock (and the class and series of such Company Capital Stock) into which such Equity Interest is convertible as of the Agreement Date). Each Company Option and all Company Restricted Stock was granted in compliance in all material respects with all applicable Laws and all of the terms and conditions of the Company Equity Plan. All of the issued and outstanding shares of Company Capital Stock have been, and all shares which may be issued pursuant to the exercise of the Company's other Equity Interests, when issued in accordance with the applicable security, will be (i) duly authorized, validly issued, fully paid and non-assessable; (ii) not subject to any preemptive rights; and (iii) free of any Liens.

(b) Except as set forth on Section 3.3(a) of the Company Disclosure Schedule, there are no outstanding or authorized Equity Interests, options, stock appreciation rights, warrants, Contracts, calls, puts, rights to subscribe, conversion rights or other similar rights to which the Company is a party or which are binding upon any of them providing for the issuance, disposition or acquisition of any Equity Interests, and the Company does not have any contractual or legal requirement to provide any notice or disclosure to any holder in respect of any such items in connection with the consummation of the Transactions. There are no commitments or agreements to provide any equity-based or equity-linked compensation that has not been granted other than pursuant to the exercise of Company Options under the Company Equity Plan. Except as set forth on Section 3.3(a) of the Company Disclosure Schedule, there are no outstanding or authorized phantom stock, profits interests or similar rights with respect to the Company. The Company is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its Equity Interests. No former direct or indirect holder of any Equity Interests of the Company has any claim or rights against the Company that remains unresolved. The Company does not have any obligation to make any investment (in the form of a loan, capital contribution or otherwise) in any Person. There are no declared or unpaid dividends with respect to any shares of Company Capital Stock.

(c) Except as set forth on Section 3.3(c) of the Company Disclosure Schedule, (i) there are no voting trusts, proxies, or other agreements or understandings with respect to the voting stock of the Company to which the Company is a party or by which the Company is bound; and (ii) there are no agreements or understandings relating to the registration, sale or transfer

(including agreements relating to rights of first refusal, "co-sale" rights, "drag-along" rights or registration rights) of any Company Capital Stock, or any other investor rights, including rights of participation (i.e., pre-emptive rights), co-sale, voting, first refusal, board observation, visitation or information or operational covenants (the items described in the foregoing clauses (i) and (ii), collectively, the "Rights Agreements"). On or prior to the First Effective Time, all Rights Agreements shall have been terminated and of no further force or effect.

3.4 Non-Contravention.

(a) Except as described in Section 3.4(a) of the Company Disclosure Schedule and assuming that all filings and notifications described in Section 3.4(b) have been made, neither the execution and delivery of this Agreement, nor the consummation of the Transactions, will: (i) result in the creation of any Lien, other than Permitted Liens, on any of the properties or assets of the Company or any of the shares of Company Capital Stock, (ii) conflict with, or result in any violation of or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation or acceleration of any obligation or automatic loss of any benefit under, (A) any provision of the Company Governing Documents or any resolution adopted by stockholders of the Company or the Company's board of directors, (B) any Material Contract of the Company or any Contract applicable to its material properties or material assets, or (C) any applicable Law, or (iii) give any Governmental Authority or other Person the right to challenge any of the Transactions or to exercise any remedy or obtain any relief under, any applicable Law or any Order to which the Company or any of the assets owned or used by the Company is subject.

(b) Except for the filing of the Certificates of Merger with the Secretary of State of the State of Delaware, no consent, approval, Order or authorization of, or registration, declaration or filing with, or notice to, any Governmental Authority or any other Person is required by or with respect to the Company in connection with the execution and delivery of this Agreement or the consummation of the Transactions. The execution and delivery of this Agreement by the Company does not, and the consummation of the Transactions will not contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify, any authorization, approval, regulation, permit or other similar instrument from a Governmental Authority that is held by the Company or that otherwise relates to the Business as currently conducted or to any of the assets owned or used by the Company.

3.5 Brokers' Fees. The Company has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the Transactions.

3.6 Title to Assets. Except as set forth in Section 3.6 of the Company Disclosure Schedule, the Company does not hold title to or leasehold interest in any real property and has never owned or leased any real property. The Company is not a party to any Contract to purchase or sell any real property. The Company has good title to, or valid leasehold interest in, all of the tangible properties, and interests in tangible properties and assets, reflected on the Company Balance Sheet or acquired after the Company Balance Sheet Date (except properties and assets, or interests in properties and assets, sold or otherwise disposed of since the Company Balance Sheet Date in the Ordinary Course), or, with respect to leased properties and tangible assets, valid leasehold interests in such properties and tangible assets that afford the Company valid leasehold

possession of the properties and tangible assets that are the subject of such leases, in each case, free and clear of all Liens, except Permitted Liens. All machinery, equipment and other tangible personal property owned or leased by the Company is in all material respects structurally sound, and in good operating condition (normal wear and tear excepted) and adequate for the uses to which it is put. Section 3.6 of the Company Disclosure Schedule sets forth a list of all Leases and other Contracts in respect of all Leased Real Property, including all exhibits, addenda, modifications, amendments, renewals, terminations and supplements thereto ("Company Leases"). To the Company's Knowledge, the Company is not violating, and since the Company's formation, has not violated, any Law relating to any Leased Real Property or operations thereon. To the Company's Knowledge, the Company has performed all of its obligations under any termination agreements pursuant to which it has terminated any Lease of real property that is no longer in effect and has no continuing liability with respect to such terminated real property Leases. To the Company's Knowledge, the Leased Real Property is not subject to any rights of way, building use restrictions, title exceptions, variances, reservations or limitations of any kind or nature, except (i) those that in the aggregate do not impair the current use, occupancy, value or marketability of title to the Leased Real Property, (ii) as set forth on Section 3.6 of the Company Disclosure Schedule and (iii) to the extent expressly set forth in the Lease relating to such Leased Real Property. To the Company's Knowledge, all buildings, plants, structures and other improvements used by any Company lie wholly within the boundaries of the Leased Real Property and do not encroach upon the property, or otherwise conflict with the property rights, of any other Person. Except as set forth on Section 3.6 of the Company Disclosure Schedule and to the Company's Knowledge, the Leased Real Property complies in all material respects with all applicable Laws, and, to the Company's Knowledge, the Company has not received any written notifications from any Governmental Authority or insurance company recommending improvements to the Leased Real Property or any other actions relative to the Leased Real Property outside of Ordinary Course. The Company has not entered into (or been granted) any extension, amendment, waiver or other accommodation in connection with the economic conditions relating to COVID-19 that would have the result of decreasing, delaying or otherwise modifying its payment obligations with respect to the Company Leases.

3.7 Financial Statements.

(a) Section 3.7(a) of the Company Disclosure Schedule sets forth (i) the Most Recent FYE Financial Statements and (ii) the unaudited consolidated balance sheet of the Company as of October 31, 2022 (the "Company Balance Sheet"; such date, the "Company Balance Sheet Date") and the related consolidated statement of operations for the ten-month period then ended (collectively, the "Financial Statements") The Financial Statements (A) are derived from and in accordance with the books and records of the Company, (B) except as set forth on Section 3.7(a) of the Company Disclosure Schedule, were prepared in accordance with GAAP, consistently applied throughout the periods covered thereby, and (C) present fairly in all material respects the financial condition and results of operation of the Company at the dates and for the periods therein indicated (subject, in the case of unaudited interim period financial statements, to (1) the absence of notes, which, if included, would not materially differ from the notes to the audited Financial Statements and (2) normal recurring year-end audit adjustments, none of which individually or in the aggregate are expected to be material in amount or nature).

(b) Section 3.7(b) of the Company Disclosure Schedule sets forth a true, correct and complete list of all Company Debt (other than accrued Pre-Closing Taxes), including, for each item of such Company Debt, the agreement governing such indebtedness and the interest rate, maturity date, any assets securing such Company Debt and a description of any prepayment penalties associated with such indebtedness.

3.8 Undisclosed Liabilities. The Company does not have any Liabilities required to be reflected on the Company Balance Sheet under GAAP other than (i) those set forth or adequately provided for on the Company Balance Sheet, (ii) those incurred in the Ordinary Course since the Company Balance Sheet Date, (iii) those arising out of the Material Contracts that do not result from any breach of Contract or warranty and (iv) those incurred pursuant to or in connection with the execution, delivery or performance of this Agreement and the Transactions.

3.9 Absence of Certain Changes. Except as set forth in Section 3.9 of the Company Disclosure Schedule and as expressly contemplated by this Agreement and the Transaction Documents, since the Company Balance Sheet Date, the Company has conducted the business of the Company in the Ordinary Course and has not:

(a) suffered a Company Material Adverse Effect or suffered any material theft, damage, destruction or casualty loss to its material assets, whether or not covered by insurance;

(b) redeemed or repurchased, directly or indirectly, or declared, set aside or paid any dividends on, or made any other distributions (whether in cash or in kind) with respect to, any Equity Interests in the Company;

(c) issued, sold or transferred any notes, bonds or other debt securities, any equity securities, or any securities convertible, exchangeable or exercisable into, directly or indirectly, any Equity Interests in the Company;

(d) borrowed any amount or incurred or become subject to any Company Debt (including contingently as a guarantor or otherwise) or other Liabilities, except current Liabilities incurred in the Ordinary Course;

(e) discharged or satisfied any Lien or paid any Liability related to the Company (other than (i) Permitted Liens or minor liens that will not, in any case or in the aggregate, materially detract from the value of the assets subject thereto or impair the operations of the Company or (ii) Liabilities paid in the Ordinary Course), or prepaid any amount of indebtedness or subjected any portion of its properties or assets to any Lien or other encumbrance (other than (i) Permitted Liens and (ii) Liens that will be released at or prior to the Closing);

(f) sold, leased, subleased, licensed, assigned, transferred or otherwise disposed of (including transfers to any Sellers or officers) any of its material tangible or intangible assets (including Company Intellectual Property) other than non-exclusive licenses to service providers solely to the extent necessary to enable such service providers to perform services for the Company under their applicable agreements with the Company entered in the Ordinary Course;

(g) failed to pay any creditor an amount when due, or waived, canceled, compromised or released any rights or claims of material value, whether or not in the Ordinary Course;

(h) entered into any Material Contract or materially amended or terminated the rights of the Company thereunder;

(i) (i) made, granted or promised any bonus or any material wage, salary or material compensation increase to, or made any other material change in employment terms for, any director, officer, Company Employee, sales representative or Company Contractor that is an individual, (ii) granted or promised any increase or acceleration of vesting for any arrangements under any Company Employee Plan or arrangement, (iii) amended or terminated any existing Company Employee Plan or arrangement (other than an amendment required by Law), or (iv) adopted any new Company Employee Plan or arrangement;

(j) made any material change in accounting methods or practices;

(k) made any capital expenditures that aggregate in excess of $20,000 or any charitable contributions outside of the Ordinary Course;

(l) made any loans or advances to, or guarantees for the benefit of, any Persons (other than advances to employees for travel and business expenses incurred in the Ordinary Course that do not exceed $10,000 in the aggregate);

(m) instituted or settled any claim or lawsuit or was subject to any investigation brought by any third party, including, but not limited to, any Governmental Authority;

(n) acquired any other business or Person (or any significant portion or division thereof), whether by merger, consolidation or reorganization or by purchase of its assets or stock, or acquired any other material assets;

(o) made or changed any material Tax election, changed any method of accounting in respect of material Taxes, entered into any agreement in respect of material Taxes (other than as set forth in this Agreement), amended or filed any income Tax Return, unless a copy of such Tax Return had been made available to Parent, entered into any closing agreement with respect to material Taxes, settled any claim or assessment in respect of material Taxes, affirmatively surrendered any right to claim a material Tax refund, made or requested any material Tax ruling, or consented to any extension or waiver of the limitations period applicable to any material Tax claim or assessment (other than pursuant to an extension of the filing date for any Tax Return obtained in the Ordinary Course);

(p) disclosed any material and proprietary confidential information to any Person that is not subject to a reasonable confidentiality agreement or obligation of confidentiality;

(q) been involved in any employment dispute with or concerning any Company Employee or Company Contractor, including claims or matters raised by any individual, Governmental Authority, or any workers' representative organization, bargaining unit or union regarding, claiming or alleging any labor issue or claim of breach of contract, policy, or past practice, misrepresentation, wrongful or unlawful discharge or any unlawful employment or labor-related practice, breach or action;

(r) entered into any agreement or modification of any Contract pursuant to which any other party is or was granted marketing, distribution, development, delivery, manufacturing or similar rights with regard to any Company Intellectual Property or Company Product, including Company Products or services currently under development by the Company as of the Closing, other than in the Ordinary Course;

(s) accelerated or delayed the payment of, or agreed to any change in the payment terms of, any accounts payable or other Liabilities or accounts receivable or notes payable; or

(t) committed or agreed, in writing or otherwise, to any of the foregoing, except as expressly contemplated by this Agreement and the Transaction Documents.

3.10 Litigation; Compliance with Laws.

(a) There are no, and since the Company's formation, there have not been any Legal Proceedings pending against or involving the Company, Company Products or any of its assets or properties (or, to the Company's Knowledge, any of its directors, officers, or Company Employees (in their capacities as such or relating to their employment, services or relationship with the Company)). To the Company's Knowledge, no such Legal Proceeding has been threatened. There is no material Order outstanding against the Company or any of its assets or properties (or, to the Company's Knowledge, any of its directors, officers, or Company Employees (in their capacities as such or relating to their employment, services or relationship with the Company)). To the Company's Knowledge, there are no presently existing facts or circumstances that would constitute any reasonable basis for any such Legal Proceeding or Order.

(b) Except as would not have a Company Material Adverse Effect, the Company has complied in all material respects with all, is not in violation in any material respect of any, and has not received any written notices (or to the Company's Knowledge, other notices) of violation with respect to, applicable Law (including all COVID-19 Measures and the CARES Act).

3.11 Tax Matters.

(a) The Company has filed, or will file, all income and other material Tax Returns required to be filed by it on or before the Closing Date and has paid, or will pay, all material Taxes required to be paid by it on or before the Closing Date (whether or not shown on any Tax Return). All income and other material Tax Returns that have been, or will be, filed by the Company have been or will be prepared in accordance with applicable Law and are true, accurate and complete in all material respects. There are no Liens for material Taxes against any of the assets of the Company other than Permitted Liens.

(b) The Company has delivered or made available to Parent (i) true, correct and complete copies of all income and other material Tax Returns for all Tax years since the Company's date of incorporation (December 6, 2019) and (ii) examination reports and statements of deficiencies, adjustments, and proposed deficiencies and adjustments in respect of the Company, if any, for all taxable periods for which the statute of limitations on assessment has not yet expired.

(c) The Company Balance Sheet and the Financial Statements reflect all Liabilities for material unpaid Taxes of the Company for periods (or portions of periods) covered thereon. The Company does not have any Liability for material unpaid Taxes accruing after the Company Balance Sheet Date except for Taxes arising in the Ordinary Course subsequent to the Company Balance Sheet Date, adjusted for changes in Ordinary Course operating results. The Company maintains reserves adequate for the payment of material unpaid Taxes, arising in the Ordinary Course, from the Company Balance Sheet Date through the Closing Date.

(d) The Company has not received (i) any written notice of any adjustment, examination, audit, dispute or claim pending or threatened with respect to any income or other material Tax Return of the Company, (ii) any written notice of any procedure, proceeding or contest of any refund or deficiency in respect of Taxes that is pending with any Governmental Authority, (iii) any extension or waiver of any statute of limitations on the assessment of any Taxes of the Company that will remain in effect after the Closing Date (other than pursuant to an extension of the filing date for any Tax Return obtained in the Ordinary Course), (iv) any extension of time for filing any income or other material Tax Return that has not been filed (other than pursuant to an extension of the filing date for any Tax Return obtained in the Ordinary Course), and (v) any written claim from any Governmental Authority in a jurisdiction where the Company does not file Tax Returns (or a particular type of Tax Return) that the Company is or may be subject to taxation (or subject to a particular type of taxation) by that jurisdiction.

(e) The Company is not a party to or bound by any Tax sharing, Tax indemnity, or Tax allocation agreement, and the Company does not have any Liability or potential Liability to another party under any such agreement, in each case, other than any commercial agreement entered into in the Ordinary Course, the primary purpose of which does not relate to Taxes (an "Ordinary Commercial Agreement").

(f) The Company has not taken on any Tax Return any reporting position that could result in the imposition of penalties under Section 6662 of the Code or any comparable provisions of state, local or foreign Law.

(g) The Company has not participated in, and is not currently participating in, any "listed transaction" within the meaning of Section 6707A(c) of the Code or Treasury Regulation Section 1.6011-4(b)(2) or any transaction requiring disclosure under a corresponding or similar provision of state, local, or foreign Law.

(h) Neither the Company nor any predecessor of the Company has (i) ever been a member of a consolidated, combined, unitary or aggregate group of which the Company or any predecessor of the Company was not the ultimate parent corporation, (ii) any Liability for the Taxes of any other Person under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Law, including any arrangement for group or consortium relief or similar arrangement), as a transferee or successor, by contract (other than any Ordinary Commercial Agreement), or otherwise by operation of law or (iii) ever been a party to any joint venture, partnership or other agreement that is treated as a partnership for Tax purposes.

(i) The Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any Tax period (or portion thereof) beginning after the Closing Date as a result of any (i) voluntary or required change in method of accounting for a Tax period ending on or prior to the Closing Date made prior to the Closing, (ii) "closing agreement" described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or foreign Tax Law) executed prior to the Closing, (iii) intercompany transactions or any excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local, or foreign Tax Law) with respect to a transaction occurring prior to the Closing, (iv) installment sale or open transaction disposition made prior to the Closing, or (v) prepaid amount or deferred revenue received prior to the Closing Date outside the Ordinary Course.

(j) The Company is not, and has not at any time been, a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(l)(A)(ii) of the Code.

(k) The Company is a resident for Tax purposes solely in its country of incorporation, and is not subject to material Tax in any jurisdiction other than its country of incorporation.

(l) The Company has not constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock qualifying for Tax-free treatment under Section 355 of the Code (i) in the two (2) years prior to the Agreement Date or (ii) in a distribution that could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the Mergers.

(m) The Company has (i) complied in all material respects with all applicable Law relating to the payment, reporting and withholding of Taxes (including withholding of Taxes pursuant to Sections 1441, 1442, 1445 and 1446 of the Code or similar provisions under any foreign Law), (ii) withheld (within the time and in the manner prescribed by applicable Law) in connection with any amounts paid or owing to any Company Employee, Company Contractor, customer, creditor, stockholder or other Person, and paid over to the proper Governmental Authorities (or is properly holding for such timely payment) all material amounts required to be so withheld and paid over under all applicable Law, and (iii) filed all withholding Tax Returns, for all periods through and including the Closing Date that were required to be filed prior to the Closing Date.

(n) No closing agreements, private letter rulings, technical advice memoranda or similar agreements or rulings relating to Taxes have been entered into or issued by any Governmental Authority with or in respect of the Company. The Company has not requested or received a ruling from any Tax authority.

(o) The Company has (i) complied in all material respects with its obligations under any Law relating to all sales, use, value added, goods and services and similar Taxes ("Sales Tax"), (ii) collected all material Sales Tax required to be collected and (iii) remitted such Sales Taxes to the appropriate Governmental Authority in accordance with applicable Laws.

(p) The Company has not deferred any payroll Taxes or claimed any payroll Tax credits permitted by or created pursuant to the CARES Act or pursuant to any other Laws implementing any Order or directive of a Governmental Authority or Public Official (including any other COVID-19 Measure).

(q) No power of attorney has been executed by, or on behalf of, the Company with respect to any matter primarily relating to Taxes which will remain in force after the Closing Date.

(r) The Company has not taken or agreed to take any action, or is aware of any facts or circumstances, in each case, that would prevent or impede, or would reasonably be likely to prevent or impede, the Mergers from qualifying for the Intended Tax-Free Treatment.

(s) Nothing in this Section 3.11 or otherwise in this Agreement shall be construed as a representation or warranty with respect to the amount or availability of any net operating loss, capital loss, Tax credits, Tax basis or other Tax asset or attribute of the Company in any taxable period (or portion thereof) beginning after the Closing Date. Except for the representations under Section 3.11(e), Section 3.11(i) and Section 3.11(n), nothing in this Section 3.11 or in this Agreement shall be construed as a representation or warranty with respect to any taxable period (or portion thereof) beginning after the Closing Date.

3.12 Intellectual Property.

(a) Section 3.12(a) of the Company Disclosure Schedule identifies each item of Company Owned Intellectual Property which is issued or registered to the Company (or any of its Affiliates) or for which the Company (or any of its Affiliates) has applied for issuance or registration, with a Governmental Authority (the "Registered Intellectual Property"), in each case, enumerating specifically the applicable filing or registration number, title, jurisdiction in which the filing was made or from which registration was issued, date of filing and issuance and names of all current applicant(s) and registered owner(s), as applicable. The Company has made available to Parent true, correct and complete copies of each item of Registered Intellectual Property, as well as all applications, correspondence, and written documentation evidencing ownership thereof and other material documents related to each such item of Registered Intellectual Property. Each item of Registered Intellectual Property is subsisting, and to the Company's Knowledge, is valid, and enforceable. Except for any non-compliance that, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect, with respect to each item of Registered Intellectual Property, all registration, issuance, renewal, maintenance and other payments that are or have become due with respect thereto have been timely paid by or on behalf of the Company, and all required documents (including any assignments from inventors or authors) have been timely filed with the relevant Governmental Authorities and authorized registrars. The Company (or an Affiliate of the Company) is the sole and exclusive owner of and possesses all ownership right, title and interest in and to each item of Registered Intellectual Property, free and clear of any Lien other than Permitted Liens.

(b) Section 3.12(b) of the Company Disclosure Schedule identifies (i) each Contract pursuant to which the Company or any of its Affiliates licenses or otherwise has the right to use any item of Intellectual Property material to the Business that is owned by a Person other than the Company or any of its Affiliates (other than (A) agreements between the Company and its employees, in the Company's standard form thereof entered into in the Ordinary Course and pursuant to which such employees assign to the Company all right, title and interest in and to all Intellectual Property developed by such employees, (B) Off-the-Shelf Software, (C) confidentiality or nondisclosure agreements entered into by the Company in the Ordinary Course, (D) Open Source Licenses, (E) licenses of Intellectual Property on a non-exclusive basis that are not material to the Business,) (the Intellectual Property licensed pursuant to any such Contract, the "Licensed Intellectual Property") and (ii) each Contract pursuant to which the Company has granted to any Person any license under any Company Owned Intellectual Property (other than non-exclusive licenses of Intellectual Property granted in the Ordinary Course, including any non-exclusive license to a service provider or consultant to use confidential information or Intellectual Property of the Company on a time-limited basis solely for the purpose of providing the applicable services to the Company thereunder and confidentiality or nondisclosure agreements entered into by the Company in the Ordinary Course) (any Contract described in the clause (i) or clause (ii), an "Intellectual Property License"). To the Company's Knowledge, all Intellectual Property Licenses are valid and enforceable. None of the execution and delivery of any Transaction Document or the performance of the Transactions, will directly or indirectly, with or without notice or lapse of time or both: (A) have a Material Adverse Effect on the continuity, validity or enforceability of any Intellectual Property License or cause a breach, modification, cancellation, termination or suspension of any Intellectual Property License; (B) bind or subject the Company or any of its Affiliates, pursuant to any Intellectual Property License, to any noncompete or other restriction on the operation or scope of the Business that the Company or any of its Affiliates was not bound by or subject to prior to the Closing; (C) obligate the Company pursuant to any Intellectual Property License to pay any royalties, commissions, honorarias, fees or other payments or provide any discounts or reduced payment obligations, in each case, to any Person in excess of those that would have been payable or provided to such Person had the Transactions not taken place; (D) grant any Person pursuant to any Intellectual Property License any right or access to, or place in or release from escrow, any source code of any Registered Intellectual Property; or (E) grant any Person pursuant to any Intellectual Property License any right in any Company Intellectual Property.

(c) The Company and its Affiliates have possession of, or access to, the source code for each material version of Company Software, as well as all documentation related thereto. Section 3.12(c) of the Company Disclosure Schedule identifies all escrow agreements pertaining to source code for any Company Software. Neither the Company nor any of its Affiliates, nor, to the Company's Knowledge, any Company Employee or Company Contractor, has licensed, distributed, divulged, deposited, delivered or otherwise disclosed to any Person any source code for any Company Software or agreed to or permitted the deposit, disclosure or delivery of any such source code to any Person, excluding distribution and/or disclosure of such source code by the Company or its Affiliates to any Company Employee or Company Contractor that is bound by a written agreement containing customary confidentiality obligations. No license, lease or similar Contract relating to any Company Software includes any obligation to provide any Person access to, or permit any Person to distribute or create derivative works of, the source code for any Company Software, excluding Contracts with Company Employees or Company Contractors that contain customary confidentiality obligations.

(d) The Company and its Affiliates own or have valid right or license to use, possess, reproduce, modify, display, market, perform, publish, transmit, broadcast, sell, license, distribute or otherwise exploit, in the manner currently used or contemplated to be used by the Company or its Affiliates, all Company Intellectual Property. None of the Company Intellectual Property is owned by (or purported to be owned by, including through assignment by Company Employees and Company Contractors) or licensed to an Affiliate of the Company that is not a Subsidiary of the Company. Each item of Company Intellectual Property owned or licensed to the Company or its Affiliates immediately prior to the Closing will be owned or licensed for use by the Company or its Affiliates on substantially the same terms and conditions immediately following the Closing. The Company and its Affiliates have taken reasonable steps consistent with industry standards to maintain and protect each item of Company Owned Intellectual Property or Company's interest in any Licensed Intellectual Property. With respect to each item of Company Owned Intellectual Property, (i) such item is not subject to any Order and that materially impairs the right of the Company to use, sell or license or enforce such Company Owned Intellectual Property, (ii) the Company has the exclusive right to bring infringement actions with respect to such item, (iii) no Legal Proceeding is pending or, to the Company's Knowledge , threatened in writing, that challenges the legality, validity, enforceability or, as applicable, ownership or use of such item, (iv) neither the Company nor any Affiliate thereof has agreed to indemnify any Person for or against any interference, infringement, or misappropriation or similar proceedings with respect to such item (other than indemnification provided in the Ordinary Course). The Company has not: (A) transferred full or partial ownership of, or granted any exclusive license with respect to, any Company Owned Intellectual Property that is or, as of the time of such transfer or exclusive license was, owned or purported to be owned by the Company and material to the Business, as currently conducted, to any other Person; or (B) permitted Company Owned Intellectual Property that is or, was at the time, owned or purported to be owned by the Company and material to the Business as currently conducted to enter into the public domain.

(e) Section 3.12(e) of the Company Disclosure Schedule identifies all Open Source Materials (including the name of or link to such Open Source Materials and release number, if any) included in or integrated with (including as a programming dependency) the current version of the Company Software that the Company uses to discover antibodies, compounds, or any Company Product. The Company has not used any Open Source Materials subject to a Copyleft License in an OSS Triggering Manner. The Company is in compliance in all material respects with the terms of all relevant licenses (including all requirements related to notices and making source code available to third parties) for all Open Source Materials used by the Company, including all copyright notice and attribution requirements and all requirements to offer access to source code. The Company has not distributed any Company Source Code pursuant to an Open Source License.

(f) To the Company's Knowledge, neither the operation of the Business of the Company as currently conducted nor the use of Company Intellectual Property in connection therewith has infringed, violated or misappropriated or does infringe, violate or misappropriate any Intellectual Property of any Person. The Company has not received any notice, charge, complaint, claim, demand or other initiation of any Legal Proceeding alleging infringement, violation, misuse, abuse, interference with, misappropriation or other violation of the Intellectual Property of any Person by the Company or any of its Affiliates.

(g) To the Company's Knowledge, no Person has committed or is currently engaging in, the infringement, violation, misuse, abuse, interference with, misappropriation or other violation of the Company Intellectual Property. There has not been any notice, charge, complaint, claim, demand or other initiation of any Legal Proceeding by the Company or any of its Affiliates alleging any such infringement, violation, misuse, abuse, interference with, misappropriation or other violation of the Company Owned Intellectual Property.

(h) The Company has taken reasonable measures consistent with industry standards to protect the secrecy and value of all Trade Secrets of the Company (including the enforcement by the Company of a policy requiring each Company Employee and Company Contractor with access to such Trade Secrets to execute proprietary information and confidentiality agreements for the protection of such Trade Secrets and any proprietary Company Intellectual Property, and all Company Employees and Company Contractors with access to such Trade Secrets have executed such agreements). To the Company's Knowledge, the Trade Secrets of the Company and all other proprietary Company Intellectual Property are not part of the public knowledge or literature and have not been used, divulged or appropriated either to the detriment of the Company or, other than subject to a reasonable and customary confidentiality agreement or obligation of confidentiality, for the benefit of any other Person (including any Affiliate of the Company or any officer, director, stockholder, representative of the Company or any Affiliate of any of the foregoing).

(i) Except as would not be reasonably be expected to have a Company Material Adverse Effect, (A) the Company owns, leases or is provided, as a service from a third party contractor, all computer systems, network connectivity, communication equipment and other technology necessary for the operations of the Company (the "Company Systems"); and (B) the Company Systems owned or controlled by the Company are in good working condition and sufficient for the operation of the Business as currently conducted, including having sufficient capacity to comply with any applicable Laws or Orders, including all COVID-19 Measures, that require remote work by some or all Company Employees or Company Contractors. In the two (2) years prior to the date of this Agreement, there has been no error, breakdown, failure or other material substandard performance of any Company System that are owned or controlled by the Company which has caused any material disruption or damage to the Company or that was, is or will be reportable to any Governmental Authority. In the two (2) years prior to the date of this Agreement, to the Company's Knowledge, there have been no material unauthorized intrusions or breaches of the security of the Company Systems owned or controlled by the Company.

(j) No funding, resources, personnel or facilities of any Governmental Authority or any public or private university, college or other educational institution or research center was used in the development of any Company Owned Intellectual Property. To the Company's Knowledge, no Company Employee, Company Contractor or current or former director or officer of the Company who has participated in, been involved in or who contributed to the creation or development of any Company Owned Intellectual Property has performed services for any Governmental Authority, university, college or other educational institution or research center during a period of time during which such Person was also performing services for the Company. The Company is not a member of, or party to, any patent pool, industry standards body, trade association or other organization pursuant to the rules of which it is obligated to license any existing or future Company Owned Intellectual Property to any Person.

(k) Each Company Employee, Company Contractor, and current and former director and officer of the Company (other than those employed by a university, college or other educational institution or research center and disclosed in Section 3.12(k) of the Company Disclosure Schedule) who has participated in, been involved in or who contributed to the creation or development of any Company Owned Intellectual Property has executed valid and enforceable written Intellectual Property assignment and confidentiality agreements assigning such Company Owned Intellectual Property to the Company or its Affiliates in the Company's standard form, and the Company has provided true, correct and complete copies of such standard forms to Parent. To the Company's Knowledge, no Company Employee, Company Contractor, or current or former director or officer of the Company (A) has any ownership right, license, claim, moral right or similar interest in or with respect to any of the Company Owned Intellectual Property, (B) has assigned or attempted to assign any right, title or interest in or to any Company Owned Intellectual Property to any Person other than the Company or its Affiliates, (C) is in violation of any provision or covenant of any contractual obligation with any Person by virtue of such Person's being employed by or performing services for the Company, (D) is obligated pursuant to any provision or covenant of any obligation under any Contract with any Person other than the Company or its Affiliates to assign or convey any right, title or interest in or to any Company Owned Intellectual Property to such Person, or (E) has used equipment, facilities or resources, other than equipment, facilities or resources owned, licensed or controlled exclusively by the Company or the applicable Company Employee, Company Contractor, director or officer, in connection with any services or work performed for or on behalf of the Company.

3.13 Privacy and Information Security.

(a) The Company is, and since the Company's formation has been, in material compliance with all Privacy Laws, all Privacy Policies, and all Contracts relating to the Company's collection, use, storage, disclosure, transfer, or other processing of Personal Information.

(b) There has been no material compromise to the security of any IT System or Personal Information in the Company's possession or control, including without limitation, any security incident in which any Person gained, or is reasonable suspected of having gained, unauthorized access to or engaged in unauthorized collecting, using, disclosing, or other processing of any Personal Information held by the Company or any other Person on its behalf (each, a "Security Incident"). The Company has not provided or been required to provide notice to any Person or Governmental Authority concerning any actual, alleged, or suspected Security Incident.

(c) To the extent required by applicable Privacy Laws, the Company implements, follows and clearly and conspicuously posts Privacy Policies providing complete and accurate notice of the data privacy, data protection and information security practices of the Company regarding the collecting, using, disclosing, and other processing of Personal Information.

(d) The Company contractually obligates and has obligated all subcontractors who collect, use, store, disclose, or otherwise process Personal Information on the Company's behalf to terms regarding compliance with applicable Privacy Laws and, as applicable with respect to subcontractors with access to the Company's IT Systems, relating to the protection of the Company's IT Systems, and any Personal Information thereon.

(e) The Company has implemented and continues to maintain and enforce reasonable security measures, and controls, technologies, policies and safeguards designed to protect Company Data from a Security Incident. The Company's security measures include comprehensive written information security policies, incident response policies and procedures, and monitoring, auditing, and testing at reasonable intervals.

(f) Each Company Employee who has access to Company Data receives training regarding information security that is relevant to each such Company Employee's role and responsibility within the Business and such Company Employee's access to Company Data.

(g) The Company has implemented and maintains commercially reasonable organizational, administrative, physical and technical safeguards designed to ensure the continued, uninterrupted and error free operation of the Company's IT Systems, including employing commercially reasonable security, maintenance, disaster recovery, redundancy, backup, archiving and virus or malicious device scanning/protection measures.

(h) There is no Legal Proceeding initiated by any Person pending or threatened in writing against the Company or, to the Company's Knowledge, its agents or subcontractors alleging a violation of Privacy Laws or any Person's data privacy, data protection or data security rights, nor has there been any Order affecting the Company's or, to the Company's Knowledge, its agents' or subcontractors' use, collection, disclosure or other processing of any Company Data. To the Company's Knowledge, no event has occurred or circumstance exists that would reasonably be expected to constitute a reasonable basis for such Legal Proceeding relating to privacy or data protection. The Company has not received any written communications from or, to the Company's Knowledge, been the subject of any investigation by, any Governmental Authority regarding any actual or alleged violation of Privacy Laws.

(i) Neither the execution and delivery of any Transaction Document nor the consummation of the Transactions by the Company, including any transfer of Personal Information in the Transactions by the Company, will violate in any material respect: (i) any Privacy Law; (ii) any Privacy Policy as it currently exists or as it existed at any time during which any Personal Information was collected or obtained by or on behalf of the Company to the extent such Personal Information is still subject to such Privacy Policy; or (iii) any other privacy and data security requirements imposed on the Company under any Contracts to which the Company is a party. Immediately following the Closing, the Company (or the Surviving Entity, as applicable) will have the right to use such Personal Information on terms and conditions substantially similar to those on which the Company had the right to use such Personal Information immediately prior to the Closing. To the extent required by Law, the Company and its Affiliates have: (i) implemented all security management processes required by HIPAA, including a risk analysis, risk management activities, a sanction policy and information system activity review, as described at 45 C.F.R. § 164.308(a)(1)(ii); (ii) implemented all required implementation specifications and all addressable implementation specifications that are reasonable and appropriate, as required by HIPAA; (iii) implemented appropriate corrective actions to address all material vulnerabilities in the respective Company's or Affiliate's HIPAA safeguards and controls identified through periodic assessments; (iv) created and maintained written policies and procedures required by HIPAA and reasonably implemented such policies and procedures; (v) trained its Workforce (as defined under HIPAA) with respect to the applicable Company's or Affiliate's obligations under HIPAA; and (vi) executed HIPAA-compliant Business Associate Agreements (as defined under HIPAA) when such agreements are required under HIPAA and complied with such agreements.

3.14 Health Care Matters.

(a) The Company and each of its Affiliates, Company Employees, to the Company's Knowledge, Company Contractors and any other Person who provides products or services for or on behalf of the Company are and have been in material compliance with all Health Care Laws.

(b) No lawsuits, arbitrations, enforcement, regulatory or administrative Legal Proceeding or adverse action, demand, or cease and desist order has been filed, commenced, threatened in writing or, to the Company's Knowledge, threatened orally involving the Company or any of the Company's Affiliates alleging any failure to comply with Health Care Laws. No subpoena, demand, civil investigative demand, or other written notice from any Governmental Authority investigating, inquiring into or otherwise relating to any actual or alleged violation of any applicable Laws, including any Health Care Law, has been filed or received in writing by the Company or any of its Affiliates. Neither the Company nor any of its Affiliates has made a voluntary disclosure to the Department of Health and Human Services Office of Inspector General (the "OIG") pursuant to the OIG's self-disclosure protocol or otherwise.

(c) There is no act, omission, event or circumstance of which the Company or its Affiliates, has knowledge that would reasonably be expected to give rise to or lead to any enforcement, regulatory or administrative Legal Proceeding against the Company or any of the Company's Affiliates related to compliance with Health Care Laws. The Company and its Affiliates, or any other Persons acting for or on behalf of any of the foregoing, are not party to or subject to, nor is any product subject to, any corporate integrity agreements, monitoring agreements, consent decrees, deferred prosecution agreements, settlements, Orders or similar Contracts with or imposed by any Governmental Authority related to any Health Care Law, and, to the Company's Knowledge, no such Contract is currently pending or threatened. Neither the Company, nor to the Company's Knowledge, the Company's Affiliates, or other Persons acting for or on behalf of any of the foregoing, are a defendant or named party in any unsealed qui tam/False Claims Act litigation.

(d) Neither the Company, its Affiliates, nor their respective current or former owners, members, officers, partners, directors, managing employees, contractors and vendors (including Company Contractors), or agents: (i) has been disqualified, debarred, suspended or excluded from participation in clinical research or the Medicare, Medicaid or any other state or federal healthcare program; (ii) is currently listed on the General Services Administration published list of parties excluded from federal procurement programs and non-procurement programs or the OIG List of Excluded Individuals and Entities; or (iii) to the Company's Knowledge, (A) has been charged with or convicted of an offense related to any Health Care Law, or been convicted of a criminal offense relating to fraud, theft, embezzlement, breach of fiduciary responsibility, or other financial misconduct in connection with the delivery of a health care item, service, or a program operated by or financed in whole or in part by any Governmental Authority, or engaged in any conduct that has or would reasonably be expected to result in any such debarment, exclusion, disqualification, suspension, or ineligibility, including, without limitation,

(i) debarment under 21 U.S.C. Section 335a or any similar law; (ii) exclusion under 42 U.S.C. Section 1320a-7 or any similar law or regulation; (iii) exclusion under 48 C.F.R. Subpart Section 9.4, the System for Award Management Nonprocurement Common Rule; or (iv) disqualification under any FDA Laws or Regulations; (v) has had a civil monetary penalty threatened or assessed against it, him or her under Section 1128A of the Social Security Act; or (B) is the target or subject of any current or threatened investigation relating to disqualification, debarment, suspension, or exclusion, or any offense related to Medicare, Medicaid or any other state or federal health care program.

(e) Since the Company's formation, neither the Company, its Subsidiaries, or, to the Company's Knowledge, any other Persons acting for or on behalf of the Company has (i) made, paid or received any unlawful bribes, kickbacks or other similar payments to or from any Person (including any customer or supplier) or Governmental Authority; (ii) made or paid any contributions, directly or indirectly, to a domestic or foreign political party or candidate; or (iii) otherwise engaged in any violations of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or any other applicable anti-corruption laws. In addition to the FD&C Permits, the Company holds all required licenses, certificates, approvals, permits, exemptions, authorizations or registrations set forth in Section 3.14(e) of the Company Disclosure Schedule (the "Scheduled Permits"), as required for the Company under applicable Health Care Laws in its performance of the Business as currently conducted. No loss, revocation, cancellation, rescission, suspension, restriction, material modification, refusal to renew or expiration of any Scheduled Permit is pending or, to the Company's Knowledge, threatened (including as a result of the Transactions). No Governmental Authority has alleged or threatened that a license, certificate, approval, permit, exemption, authorization or registration is required for the operation of the business of the Company (or the ownership of their respective assets) that has not otherwise been obtained by the Company.

3.15 Other Regulatory Compliance.

(a) To the extent the Company's Business as currently conducted, is directly subject to the Federal Food, Drug, and Cosmetic Act (21 U.S.C. §301 et. seq.) or the United States Public Health Service Act (42 U.S.C. §201 et seq.) or the regulations promulgated thereunder, including without limitation good clinical practices, good laboratory practices and good manufacturing practices regulations and any similar foreign laws and regulations (collectively, "FDA Laws and Regulations"), the Company and its Affiliates have complied with FDA Laws and Regulations in all material respects. The Company and its Affiliates have made available complete and correct copies of all material reports, documents, claims, permits and notices required to be filed, maintained or furnished to the FDA or any other regulatory authority by the Company or its Affiliates which have been so filed, maintained or furnished. All such reports, documents, claims, permits and notices were complete and accurate on the date filed (or were corrected or supplemented by a subsequent filing). The Company and its Affiliates have not committed any act, made any statement or failed to make any statement that would reasonably be expected to provide a basis for the FDA or any other Governmental Authority to invoke its policy with respect to "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" set forth in 56 Fed. Reg. 46191 (September 10, 1991), or similar policies set forth in any Laws or by any other Governmental Authority.

(b) The Company and its Affiliates have not received any written notice or written communication alleging noncompliance with any applicable FDA Laws and Regulations. The Company is not subject to any enforcement, regulatory, or administrative proceedings involving any FDA Laws and Regulations and, to the Company's Knowledge, no such proceedings have been threatened. There is no civil, criminal, or administrative action, suit, demand, claim, complaint, hearing, investigation, demand letter, warning letter, untitled letter, Form FDA 483s, proceeding, or request for information pending against the Company and its Affiliates alleging violation of FDA Laws and Regulations.

(c) Except as provided in Section 3.14, there are no material permits, licenses, registrations, authorizations, clearances, approvals that are pending or have not been issued under FDA Laws and Regulations ("FD&C Permits") that are required for the Company and its Affiliates to conduct its business operations in or outside the United States as presently conducted or contemplated.

(d) The Company and its Affiliates have neither sponsored nor conducted any nonclinical, preclinical or clinical studies, tests or trials subject to FDA good laboratory practices or good clinical practices.

3.16 Contracts.

(a) Section 3.16(a) of the Company Disclosure Schedule sets forth a list of each of the following Contracts (other than with respect to Company Employee Plans) to which the Company is a party or by which it or any of its assets are bound (together with all Insurance Policies, the "Material Contracts" and each a "Material Contract"); provided, that for purposes of this Section 3.16(a), "Contract" shall be deemed to include any single Contract or any group of related Contracts:

(i) any Contract providing for payments by or to the Company after the date of this Agreement in an aggregate amount of $100,000 or more on an annualized basis, with the exception of any employment agreements, offer letters, or independent contractor or consulting agreements;

(ii) any exclusive dealer, distributor, reseller or similar agreement, or any Contract providing for the exclusive grant of rights to reproduce, license, market or sell Company's Products or services to any other Person;

(iii) (A) any joint venture Contract, (B) any Contract involving any strategic alliance, strategic partnership or other similar arrangement, (C) any Contract that involves a sharing of revenues, profits, cash flows, expenses or losses with any other Person and (D) any Contract that involves the payment of royalties to any other Person;

(iv) any Contract (A) with any of the Company's officers, directors, current Company Employees, or Company Contractors that are individuals, in each case providing for annual compensation in excess of $150,000 other than (1) any employment agreements, offer letters, independent contractor or consulting agreements that are (I) on the Company's standard forms of each such agreement, and (II) terminable without penalty on fewer than thirty (30) days' notice, without severance, change of control or similar payments or benefits, (2) employee invention assignment and confidentiality agreements on the Company's standard form and (3) Company Option or Company Restricted Stock grant and exercise agreements on the Company's standard form, or (B) with any Person with whom the Company does not deal at arm's length;

(v) any Contract (A) pursuant to which any other party is granted exclusive rights or "most favored party" rights of any type or scope with respect to any of the Company Products or Company Intellectual Property, (B) containing any non-competition covenants that impose restrictions on the Company relating its exploitation of to the Company Products or Company Intellectual Property, (C) that limits or would limit the freedom of the Company or any of its successors or assigns or their respective Affiliates to engage or participate, or compete with any other Person, in any line of business, market or geographic area with respect to the Company Products or the Company Intellectual Property, or to make use of any Company Intellectual Property, including any grants by the Company of exclusive rights or licenses to Company Owned Intellectual Property, (D) imposes any minimum sales or other requirements on the Company or otherwise permits the counterparty to claw back amounts previously paid to the Company, or (E) otherwise prohibits, limits or otherwise restricts in any way the Company from soliciting customers or suppliers, or soliciting or hiring employees of any other Person;

(vi) any standstill or similar agreement containing provisions prohibiting a third party from purchasing Equity Interests of the Company or assets of the Company or otherwise seeking to influence or exercise control over the Company;

(vii) any Intellectual Property License that are material to the Business; any license, sublicense or other Contract pursuant to which the Company has agreed to any restriction on the right of the Company to use or enforce any Company Owned Intellectual Property or pursuant to which the Company agrees to encumber, transfer or sell ownership rights in or with respect to any Company Owned Intellectual Property;

(viii) any Contract providing for the development of any Software, technology or Intellectual Property rights, independently or jointly, either by or for the Company (other than employee invention assignment agreements and consulting agreements with Company Employees or Company Contractors on the Company's standard form of agreement, copies of which have been provided to Parent);

(ix) any Contract to license or authorize any third party to manufacture or reproduce any of the Company Products, including Company Products or services currently under development by the Company as of the Closing, or Company Owned Intellectual Property;

(x) any Contract containing any indemnification, warranty, support, maintenance or service obligation or cost on the part of the Company and entered into outside the Ordinary Course;

(xi) any settlement agreement;

(xii) any Contract pursuant to which rights of any third party are triggered or become exercisable, or under which any other consequence, result or effect arises, in connection with or as a result of the execution of this Agreement or the consummation of the Mergers or the other Transactions, either alone or in combination with any other event;

(xiii) any Contract or plan (including any share option, merger and/or share bonus plan) relating to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Interests of the Company other than on the Company's standard form;

(xiv) any Contract with any labor organization and any collective bargaining agreement, neutrality agreement, or similar Contract relating to any Company Employees (each a "Labor Agreement");

(xv) any Contract (A) evidencing Company Debt, (B) for capital expenditures in excess of $100,000 or (C) requiring the Company to post or provide any credit support or security of any variety (including bonds or letters of credit);

(xvi) any Contract pursuant to which the Company is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property involving individual lease payments of more than $100,000 in any annual period;

(xvii) any Contract pursuant to which the Company has (A) acquired a business or entity, or assets of a business or entity, whether by way of merger, consolidation, purchase of stock, purchase of assets, license or otherwise, (B) any material ownership interest in any other Person or (C) granted to any Person any preferential rights to purchase any assets or properties of the Company;

(xviii) any Contract with any Governmental Authority;

(xix) any Contract with a professional employer organization or other employee staffing agency (excluding Contracts with recruiting agencies, in each case, (A) that are terminable by the Company at any time without further cost or other Liability and (B) under which the Company has no Liabilities as of the First Effective Time);

(xx) any Contract for studies, tests, preclinical trials and clinical trials sponsored or conducted by or on behalf of the Company or any of its Affiliates; and

(xxi) any power of attorney.

(b) The Company has (and, to the Company's Knowledge, each other party thereto has) performed all of the obligations required to be performed by it and is entitled to all benefits under, and is not in material default or alleged in writing to be in material default in respect of, any Material Contract. Each Material Contract is in full force and effect, subject only to the effect, if any, of the Enforceability Exceptions. To the Company's Knowledge, there exists no default or event that, with or without the giving of notice, the lapse of time or the happening of any other event or condition, would reasonably be expected to (i) become a default or event of default under any Material Contract that would (ii) give any third party (A) the right to accelerate the maturity or performance of any obligation of the Company under any Material Contract; (B) the right to cancel, terminate or modify any Material Contract; or (C) the right to indemnification or other recourse against the Company or any of its Affiliates. The Company has not received any written notice or written communication regarding any actual or possible violation or breach of, default under, or intention to cancel or modify any Material Contract. Neither the Company, nor, to the Company's Knowledge, any other party to any Material Contract has declared, stated or

threatened in writing to declare or state, (x) any defense to performance under or (y) any legal theory or other reason to cease or delay performance under, any Material Contract (including impossibility, frustration of purpose, force majeure or any other legal doctrine or concept). The Company has made available to Parent copies of each Material Contract that are, in each case, true, complete and accurate.

3.17 Company Employee Plans.

(a) Section 3.17(a) of the Company Disclosure Schedule sets forth a true, complete and correct list of every material Company Employee Plan (excluding for listing purposes any offer letters or employment agreements where employment is "at will" (in the case of offer letters or employment agreements governed by U.S. Law) and that do not contain any change in control pay provisions or severance beyond any applicable statutory severance pay or provide for written notice prior to termination beyond statutory notice).

(b) True, complete and correct copies of the following documents, with respect to each Company Employee Plan, where applicable, have been made available to Parent: (i) all documents embodying or governing such Company Employee Plan (or for unwritten Company Employee Plans a written description of the material terms of such Company Employee Plan) and any funding medium for the Company Employee Plan; (ii) the most recent IRS determination or opinion letter; (iii) the most recently filed Form 5500; (iv) the most recent actuarial valuation report; (v) the most recent summary plan description (or other descriptions provided to employees) and all modifications thereto; (vi) the last three years of non-discrimination testing results; and (vii) all material and non-routine correspondence to and from any governmental agency.

(c) Each Company Employee Plan that is intended to qualify under Section 401(a) of the Code is so qualified and has received a favorable determination or approval letter from the IRS with respect to such qualification, or may rely on an opinion letter issued by the IRS with respect to a prototype plan adopted in accordance with the requirements for such reliance, or has time remaining for application to the IRS for a determination of the qualified status of such Company Employee Plan for any period for which such Company Employee Plan would not otherwise be covered by an IRS determination and, to the Company's Knowledge, no event or omission has occurred that would cause any Company Employee Plan to lose such qualification or require corrective action to the IRS or Company Employee Plan Compliance Resolution System to maintain such qualification.

(d) (i) Each Company Employee Plan is and has been established, operated, and administered in all material respects in accordance with applicable laws and regulations and with its terms, including without limitation ERISA, the Code, and the Affordable Care Act. (ii) No Company Employee Plan is, or since the Company's formation has been, the subject of an application or filing under a government sponsored amnesty, voluntary compliance, or similar program, or been the subject of any self-correction under any such program. (iii) No litigation or governmental administrative proceeding, audit or other proceeding (other than those relating to routine claims for benefits) is pending or, to the Company's Knowledge, threatened with respect to any Company Employee Plan or any fiduciary or service provider thereof, and, to the Company's Knowledge, there is no reasonable basis for any such litigation or proceeding. (iv) All payments and/or contributions required to have been timely made with respect to all Company

Employee Plans either have been made or have been accrued in accordance with the terms of the applicable Company Employee Plan and applicable law. (v) Neither the Company nor any current or former employee or manager thereof, nor, to the Company's Knowledge, any other Person, has been engaged in any non-exempt prohibited transaction (as defined in Section 406 of ERISA or Section 4975 of the Code) with respect to any Company Employee Plan.

(e) Neither the Company nor any ERISA Affiliate has ever maintained, contributed to, or been required to contribute to or had any liability or obligation (including on account of any ERISA Affiliate) with respect to (whether contingent or otherwise) (i) any employee benefit plan that is or was subject to Title IV of ERISA, Section 412 of the Code, Section 302 of ERISA, (ii) a Multiemployer Plan, (iii) any funded welfare benefit plan within the meaning of Section 419 of the Code, (iv) any "multiple employer plan" (within the meaning of Section 210 of ERISA or Section 413(c) of the Code), or (v) any "multiple employer welfare arrangement" (as such term is defined in Section 3(40) of ERISA), and neither the Company nor any ERISA Affiliate has ever incurred any liability under Title IV of ERISA.

(f) Neither the Company nor any ERISA Affiliate provides or has any obligation to provide health care or any other non-pension benefits to any employees or service providers after their employment or service is terminated (other than as required by Part 6 of Subtitle B of Title I of ERISA or similar state law) and the Company has never promised to provide such benefits.

(g) Each Company Employee Plan that constitutes in any part a nonqualified deferred compensation plan within the meaning of Section 409A of the Code has been operated and maintained in all material respects in operational and documentary compliance with Section 409A of the Code and applicable guidance thereunder. No payment to be made under any Company Employee Plan is, or to the Company's Knowledge, will be, subject to the penalties of Section 409A(a)(1) of the Code.

(h) Any transfer of property which was subject to a substantial risk of forfeiture and which would otherwise have been subject to taxation under Section 83(a) of the Code is covered by a valid and timely filed election under Section 83(b) of the Code, and a copy of such election has been provided to the Company and made available to Parent.

(i) With respect to each Company Option, (i) each Company Option that is designated as an "incentive stock option" qualifies as an "incentive stock option" under Section 422 of the Code, (ii) each grant of a Company Option was duly authorized no later than the date on which the grant of such Company Option was by its terms to be effective (the "Grant Date") by all reasonably necessary corporate action, including, as applicable, approval by the Board of Directors of the Company (or a duly constituted and authorized committee thereof) and any required stockholder approval by the necessary number of votes or written consents, and the award agreement governing such grant (if any) was duly executed and delivered by each party thereto, (iii) the per share exercise price of each Company Option was no less than the fair market value (within the meaning of Section 422 of the Code, in the case of each Company Option intended to qualify as an "incentive stock option", and within the meaning of Section 409A of the Code, in the case of each other Company Option granted to holders of Company Options who are subject to U.S. taxes) of a share of Company Common Stock on the applicable Grant Date and (iv) each such grant was properly accounted for in accordance with GAAP in the financial statements (including the related notes) of the Company.

(j) No Company Employee Plan is subject to the laws of any jurisdiction outside the United States.

(k) No Company Employee Plan provides for any tax "gross-up" or similar "make-whole" payments.

(l) The Company has never maintained, established, sponsored, participated in or contributed to any self-insured plan that provides benefits to employees (including any such plan pursuant to which a stop-loss policy or contract applies).

(m) Neither the execution and delivery of this Agreement, the approval of this Agreement by the Sellers, nor the consummation of the Transactions could (either alone or in conjunction with any other event, such as a termination of employment) (i) result in, or cause the accelerated vesting payment, funding or delivery of, or increase the amount or value of, any payment or benefit to any employee, officer, director or other service provider of the Company or any of Subsidiary of the Company (ii) restrict any rights of the Company to amend or terminate any Company Employee Plan, (iii) result in any excess "parachute payment" as defined in Section 280G(b)(2) of the Code (whether or not such payment is considered to be reasonable compensation for services rendered); or (iv) entitle any current or former director or employee of the Company or any Subsidiary of the Company to severance pay or any other payment from the Company or any Subsidiary of the Company.

3.18 Employees; Labor Relations.

(a) The Company has provided or made available to Parent true, correct and complete copies of each of the following: (i) all forms of offer letters currently used by the Company, (ii) all employment agreements with current Company Employees and severance agreements with Company Employees, but only to the extent that the Company has outstanding obligations under such severance agreements (excluding non-disparagement and confidentiality obligations), (iii) all forms of services agreements and agreements with Company Contractors, (iv) all forms of confidentiality, restrictive covenant and/or invention assignment agreements between current Company Employees or Company Contractors and the Company, (v) a schedule of bonus commitments made to current Company Employees applicable to the current or any future performance period and (vi) accurate and complete copies of the Company's employee handbook. All current Company Employees and Company Contractors have signed an offer letter or employment agreement and a proprietary information agreement on the Company's standard form.

(b) Section 3.18(b) of the Company Disclosure Schedule contains a complete and accurate list of all Company Employees as of the date of this Agreement, setting forth for each employee: (i) the employee's position or title; (ii) whether classified as exempt or non-exempt for wage and hour purposes; (iii) whether paid on a salary, hourly or commission basis; (iv) the employee's actual annual base salary (if paid on a salary basis), hourly rate (if paid on an hourly basis), or commission rate (if paid on a commission-only basis), as applicable; (v) bonus and commission potential; (vi) average scheduled hours per week; (vii) date of hire; (viii) business location (e.g., city and state); (ix) status (i.e., active or inactive and if inactive, the type of leave and estimated duration); and (x) any visa or work permit status and the date of expiration, if applicable.

(c) Section 3.18(c) of the Company Disclosure Schedule contains a complete and accurate list of all Company Contractors that are individuals engaged as of the date of this Agreement, showing for each Company Contractor: (i) a description of services performed by each such Company Contractor; (ii) fee and other compensation arrangements, as applicable; and (iii) fees and other compensation accrued and/or paid, whichever is greater, to such Company Contractor as of the Company Balance Sheet Date.

(d) No labor organization represents, or to the Company's Knowledge has made any attempt to organize or represent, any Company Employees. The Company is not a party to or bound by any Labor Agreements. There are no, and for the past five (5) years there have been no, strikes, lockouts, work stoppages or slowdowns, or other material labor disputes pending or, to the Company's Knowledge, threatened against or involving the Company.

(e) Except as would not result in material Liabilities for the Company, presently and for the three (3) year period prior to the Closing Date: (i) the Company has fully and timely paid all wages, wage premiums, salaries, bonuses, commissions, severance payments, and other compensation that has come due and payable to Company Employees pursuant to applicable Law, Contract or Company policy; and (ii) each Company Contractor has been properly classified and treated as a non-employee service provider for all applicable purposes. The Company does not have any unsatisfied obligations due to any of its former employees or Company Contractors (excluding confidentiality or non-disparagement obligations), and except as would have a Company Material Adverse Effect, the Company does not have any material liability arising from the termination of its relationship with such employees or Company Contractors.

(f) No current Company Employee has given notice to the Company of and, to the Company's Knowledge, no current Company Employee presently has, any intention to terminate his or her employment with the Company. The employment of each of the current Company Employees is "at will" and the Company does not have any obligation to provide a written notice prior to terminating the employment of any current Company Employee. Except as set forth on Section 3.18(f) of the Company Disclosure Schedule, the Company has not promised, or to the Company's Knowledge, otherwise provided any assurances to any current Company Employee or Company Contractor of the Company regarding, any terms or conditions of employment with Parent, the First-Step Surviving Corporation, the Surviving Entity or any of their respective Affiliates following the Closing.

(g) To the Company's Knowledge, no officer or director of the Company or any current Company Employee is a party to or bound by any Contract that prohibits the employee, officer or director from working for the Company or limits such employee's, officer's or director's ability to perform his or her job.

(h) There are no pending claims against the Company under any workers' compensation plan or policy or for long-term disability. There are no claims pending or, to the Company's Knowledge, threatened, between the Company, on the one hand, and any Company Employee or Company Contractor, on the other hand.

(i) None of the execution, delivery and performance of this Agreement, the consummation of the Transactions, any termination of employment or service of any current Company Employee or Company Contractor will, individually or together or with the occurrence of some other event (whether contingent or otherwise), (i) result in any payment or benefit (including severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due or payable, or required to be provided, to any Company Employee, director, or Company Contractor (other than payment of Merger Consideration to any such director, Company Employee or Company Contractor with respect to shares of Company Capital Stock held by them as of the Closing), (ii) materially increase the amount or value of any benefit or compensation otherwise payable or required to be provided to any Company Employee, Company Contractor or current or former director, (iii) result in the acceleration of the time of payment, vesting or funding of any such benefit or compensation, (iv) increase the amount of compensation due to any Company Employee or Company Contractor or (v) result in the forgiveness in whole or in part of any outstanding loans made by the Company to any Person.

(j) Since the Company's formation, to the Company's Knowledge, there have been no allegations of sexual harassment or sexual misconduct made to the Company against any Company Employee or any Company Contractor and the Company has not otherwise become aware of any such allegations. Since the Company's formation, there have not been any internal investigations by or on behalf of the Company with respect to any claims or allegations of sexual harassment, misconduct or abuse nor have there been any settlements or out-of-court or pre-charge or pre-litigation arrangements relating to such matters.

3.19 Environmental and Safety Laws. Except as could not reasonably be expected to have a Company Material Adverse Effect, (a) the Company is and has been in compliance with all Environmental Laws; (b) there has been no release, or to the Company's Knowledge any threatened release of any pollutant, contaminant or toxic or hazardous material, substance or waste or petroleum or any fraction thereof (each, a "Hazardous Substance"), on, upon, into or from any site currently or heretofore owned, leased or otherwise used by the Company; (c) there have been no Hazardous Substances generated by the Company that have been disposed of or come to rest at any site that has been included in any published U.S. federal, state or local "superfund" site list or any other similar list of hazardous or toxic waste sites published by any governmental authority in the United States; and (d) there are no underground storage tanks located on, no polychlorinated biphenyls ("PCBs") or PCB-containing equipment used or stored on, and no hazardous waste as defined by the Resource Conservation and Recovery Act, as amended, stored on, any site owned or operated by the Company, except for the storage of hazardous waste in compliance with Environmental Laws.

For purposes of this Section 3.19, "Environmental Laws" means any law, regulation, or other applicable requirement relating to (a) releases or threatened release of Hazardous Substance; (b) pollution or protection of employee health or safety, public health or the environment; or (c) the manufacture, handling, transport, use, treatment, storage, or disposal of Hazardous Substances.

3.20 Insurance. Section 3.20 of the Company Disclosure Schedule lists each insurance policy and bond maintained by or on behalf of the Company (the "Insurance Policies"), the name of the insurer under each such Insurance Policy, the type of Insurance Policy, the term and termination date of such Insurance Policy, the coverage and premium amounts, and any applicable deductible as of the Agreement Date. A copy of each such Insurance Policy has been made available to Parent. All of such Insurance Policies are in full force and effect, subject to the Enforceability Exceptions, and the Company is not in material default with respect to any of its obligations under any of such Insurance Policies. All premiums due and payable under all such policies and bonds have been timely paid and the Company is otherwise in material compliance with the terms of such policies and bonds. To the Company's Knowledge, there is no threatened termination of, or material premium increase with respect to, any Insurance Policy. Since the Company's formation, there have been no material claims made on any insurance policies of the Company.

3.21 Certain Business Relationships. Except as set forth on Section 3.21 of the Company Disclosure Schedule, none of the officers or directors of the Company or the Company Stockholders and, to the Company's Knowledge, none of the immediate family members or Affiliates of any of the foregoing, (i) has any direct or indirect ownership, participation, royalty or other interest in, or is an officer, director, employee of or consultant or contractor for any Person that, directly or indirectly, competes with, or does business with, or has any contractual arrangement with, the Company or any of its Affiliates (except with respect to any interest in less than five percent (5%) of the stock of any corporation whose stock is publicly traded), (ii) is or has ever been a party to, or is or has ever been otherwise directly or indirectly interested in, any Contract to which the Company is or was a party or by which the Company or any of its assets is or was bound, except for normal compensation for services as an officer, director or employee thereof, Contracts relating to the grant of Company Options or Company Restricted Stock and employment agreements, offer letters, independent contractor or consulting agreements, and employee invention assignment and confidentiality agreements on the Company's standard form, (iii) has or has ever had any interest in any property, real or personal, tangible or intangible (including any Intellectual Property) that is or has been used in, or that relates to, the business of the Company, except for the rights of stockholders of the Company under applicable Law, (iv) has any claim or right against the Company, in each case, except for normal compensation for services as an officer, director or Company Employee incurred in the Ordinary Course or (v) has any indebtedness owing to the Company. The Company does not have any claim or right against, or owe any indebtedness to, any of its officers, directors or Company Employees, any Seller or any immediate family member or Affiliate of any of the foregoing.

3.22 Books and Records. The Company has made available to Parent true, correct and complete copies of (a) all documents identified on the Company Disclosure Schedule, (b) the Company Governing Documents, (c) the minute books containing records of the proceedings, consents, actions and meetings of the Company's board of directors, committees of the Company's board of directors and stockholders of the Company, and (d) all currently effective Permits.

3.23 Permits. The Company and its Affiliates possess, and are in compliance in all material respects with all terms and conditions of, all required licenses, approvals, permits, registrations, clearances, exemptions, and authorizations of any Governmental Authority that are material to the operation of the Business as currently conducted (collectively "Permits"). To the

Company's Knowledge, the Company and its Affiliates are not in default or violation in any material respect under any of its Permits and no event, circumstances or state of facts has occurred which, with notice or the lapse of time or both, would constitute a default or violation in any material respect under any of the Permits. There are no Legal Proceedings pending or, to the Company's Knowledge, threatened relating to the suspension, revocation, failed renewal, rescission, restriction, material modification or termination of any of the Company's or its Affiliate's Permits. The Company and its Affiliates have made all required material declarations or filings with applicable Governmental Authorities in each case that are necessary to enable it to lawfully carry on its Business as currently conducted. All Permits held by the Company and its Affiliates are set forth on Section 3.23 of the Company Disclosure Schedule.

3.24 Anti-Bribery and Anti-Corruption, Anti-Money Laundering, Export Control and Sanctions Laws.

(a) Since the Company's formation, neither the Company nor any of the officers, directors, stockholders, Company Employees, or, to the Company's Knowledge, Company Contractors, agents or representatives of the Company while acting for or on behalf of the Company, has directly or indirectly made or attempted to make any contribution, gift, bribe, rebate, payoff, influence payment, kickback or other payment to any Person, private or public, regardless of form, whether in money, property, or services, (i) to obtain favorable treatment for business or Contracts secured, (ii) to pay for favorable treatment for business or Contracts secured, (iii) to obtain special concessions or for special concessions already obtained, or (iv) otherwise in violation of any requirement of applicable Law in each jurisdiction where the Company is conducting or has conducted business (including the United States Foreign Corrupt Practices Act of 1977, as amended, ("FCPA") and the UK Bribery Act). The Company further represents that it has maintained systems of internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) and policies to ensure compliance with the FCPA, the UK Bribery Act, and any other applicable anti-bribery or anti-corruption Law, and to ensure that all books and records of the Company accurately and fairly reflect, in reasonable detail, all transactions and dispositions of funds and assets.

(b) The Company and its officers, directors, and, to the Company's Knowledge, stockholders, Company Employees, Company Contractors, or, to the Company's Knowledge, agents or representatives of the Company while acting for or on behalf of the Company, are and have been since the Company's formation in compliance with all applicable Laws concerning the trade of any products, technology, technical data and services and trade sanctions ("Anti-Money Laundering, Export Control and Sanctions Laws") to the extent applicable to the Company, including: (i) the Export Administration Regulations, (including the anti-boycott regulations contained therein) and Foreign Trade Regulations administered by the U.S. Department of Commerce; (ii) the International Traffic in Arms Regulations administered by the U.S. Department of State; (iii) the Laws administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"); (iv) the Laws administered by the Bureau of Customs and Border Protection of the U.S. Department of Homeland Security; (v) the U.S. Bank Secrecy Act and implementing regulations; (vi) the USA PATRIOT ACT; and (vii) the applicable anti-money laundering, export control and sanctions Laws of any other relevant jurisdiction. Without limiting the foregoing: (A) the Company has obtained all requisite import and export licenses and other approvals and, timely filed all filings required under applicable Anti-Money Laundering, Export

Control and Sanctions Laws, in each case as required for its imports, exports, and reexports of products, software and technologies from the United States and any other applicable jurisdiction and for releases of technologies and software to foreign nationals; (B) the Company is in material compliance with the terms of all applicable export licenses, filing requirements or other approvals required under applicable Anti-Money Laundering, Export Control and Sanctions Laws; (C) there are no pending or threatened Legal Proceedings against the Company with respect to compliance with applicable Anti-Money Laundering, Export Control and Sanctions Laws; and (D) there are no pending Legal Proceedings with respect to compliance with applicable Anti-Money Laundering, Export Control and Sanctions Laws.

(c) Except as set forth in Section 3.24(c) of the Company Disclosure Schedule, all items exported from the United States by the Company over the last five years have been classified as EAR99 under the U.S. Export Administration Regulations. For items other than EAR99, Section 3.24(c) of the Company Disclosure Schedule contains the Export Control Classification Number (under the Commerce Control List of the U.S. Export Administration Regulations) or United States Munitions List Category (of the International Traffic in Arms Regulations), and an indication whether the item was self-classified or was the result of an agency determination.

(d) Neither the Company, any of its respective directors, officers, or employees, nor, to the Company's Knowledge, any agents or other Persons acting on behalf of the Company (i) has been or is designated on, or is directly or indirectly, individually or in the aggregate, 50% or more owned or controlled by any Person that has been or is designated on, any list of any Governmental Authority as Persons with whom U.S. Persons cannot transact business, including OFAC's Specially Designated Nationals and Blocked Persons List, or (ii) is organized under the Laws of, or resident in any country or territory which is itself the subject of any comprehensive economic sanctions or trade embargo by any Governmental Authority (currently, Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, and the so-called Donetsk People's Republic and Luhansk People's Republic regions of Ukraine).

(e) There are no pending or threatened claims against the Company with respect to compliance with applicable Anti-Money Laundering, Export Control and Sanctions Laws and there are otherwise no actions, conditions, or circumstances pertaining to the Business that would reasonably be expected to give rise to any material future claims of violation of Anti-Money Laundering, Export Control and Sanctions Laws.

(f) Neither the Company, nor any of its respective directors, officers, or employees, or, to the Company's Knowledge, representatives, have been convicted of violating any Anti-Money Laundering, Export Control and Sanctions Laws or, to the Company's Knowledge, has been, or is currently, subject to any investigation or Legal Proceeding by a Governmental Authority for potential violation of any applicable Anti-Money Laundering, Export Control and Sanctions Laws.

(g) The Company is and has at all times been in compliance with the Tariff Act of 1930, as amended, and with all Laws administered by the U.S. Bureau of Customs and Border Protection.

3.25 No PPP Loans. The Company has not applied for or received any currently outstanding loan, exclusion, forgiveness or other item pursuant to any measure related to the COVID-19 Pandemic, including but not limited to any "Paycheck Protection Program" loan, "Economic Stabilization Fund" loan or United States Small Business Administration loan.

3.26 Vendors. Section 3.26 of the Company Disclosure Schedule sets forth each of the vendors of the Company representing at least $25,000 of annualized expenditures, determined by consolidated disbursements for the years ended December 31, 2021 and the ten (10) month period ended October 31, 2022 (each, a "Material Vendor"), together with the applicable dollar amount paid to each such vendor for each such period. The Company has not received any written notice from any Material Vendor that such Material Vendor is considering or intends, anticipates or otherwise expects to stop, decrease the volume of, or change, adjust, alter or otherwise modify any of the terms (whether related to payment, price or otherwise) with respect to supplying materials, products or services for or to the Company.

3.27 HSR Act. As of the Closing, all of the following conditions relating to the HSR Act and the ultimate parent entity (as such term is defined in 16 C.F.R. § 801.1(a)(3) and is interpreted by the Premerger Notification Office of the United States Federal Trade Commission (the "PNO")) of the Company will be true:

(a) The annual net sales (as such term is defined in 16 C.F.R. § 801.11 and as interpreted by the PNO) for the most recent fiscal year prior to the Closing was below $202 million;

(b) The total assets (as such term is defined in 16 C.F.R. § 801.11 and as interpreted by the PNO) as of the Closing are below $20.2 million; and

(c) The ultimate parent entity is not engaged in manufacturing (as such term is defined in 16 C.F.R. § 801.1(j) and as interpreted by the PNO).

3.28 Disclaimer. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS ARTICLE III OF THIS AGREEMENT (INCLUDING THE RELATED PORTIONS OF THE COMPANY DISCLOSURE SCHEDULE) (A) NEITHER THE COMPANY NOR ANY OTHER PERSON HAS MADE OR MAKES ANY OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY, EITHER WRITTEN OR ORAL, ON BEHALF OF THE COMPANY, INCLUDING ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION REGARDING THE COMPANY FURNISHED OR MADE AVAILABLE TO PARENT AND ITS REPRESENTATIVES AND AFFILIATES OR AS TO THE FUTURE REVENUE, PROFITABILITY OR SUCCESS OF THE COMPANY AND (B) THE COMPANY AND SELLERS EXPRESSLY DISCLAIM ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, STATUTORY, EXPRESS OR IMPLIED, INCLUDING AS TO THE CONDITION, VALUE OR QUALITY OF THE COMPANY CAPITAL STOCK, THE COMPANY OR THE BUSINESS OR THE ASSETS OF THE COMPANY, OR ANY PART THEREOF, AND EACH OF THE SELLERS AND THE COMPANY SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUBS

Except as expressly set forth in the applicable section of the Parent Disclosure Schedule (as interpreted in accordance with Section 9.12), Parent, First Merger Sub and Second Merger Sub represent and warrant to the Company and the Company Stockholders as follows:

4.1 Organization and Good Standing. Each of Parent and First Merger Sub is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Second Merger Sub is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware. Since the date of its incorporation or formation, as applicable, neither First Merger Sub nor Second Merger Sub has engaged in any activities other than in connection with or as contemplated by this Agreement. Since the date of its formation, Second Merger Sub has been classified for all U.S. federal and applicable state and local income tax purposes as an entity which is disregarded as an entity separate from its owner (within the meaning of Treasury Regulations Section 301.7701-3).

4.2 Authority Relative to this Agreement. Each of Parent, First Merger Sub and Second Merger Sub has the requisite power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party and, subject to the adoption of this Agreement by Parent as the sole stockholder of First Merger Sub and the sole member of Second Merger Sub, to perform its obligations hereunder and thereunder, including the issuance of the Share Consideration[1]. The execution and delivery of this Agreement and the other Transaction Documents to which Parent, First Merger Sub and Second Merger Sub are a party and the performance by Parent, First Merger Sub and Second Merger Sub of their obligations hereunder and thereunder have been duly authorized by all necessary corporate action, and no other corporate proceedings on the part of Parent, First Merger Sub or Second Merger Sub are necessary to authorize this Agreement or to consummate the Mergers and the other Transactions to which Parent, First Merger Sub or Second Merger Sub are a party, including the issuance of the Share Consideration, other than the filing and recordation of the Certificates of Merger and the adoption of this Agreement by Parent as the sole stockholder of First Merger Sub and the sole member of Second Merger Sub. This Agreement and the other Transaction Documents to which Parent, First Merger Sub and Second Merger Sub are a party constitute the valid and legally binding obligations of Parent and Merger Sub, enforceable against them in accordance with their terms and conditions, subject to the Enforceability Exceptions.

4.3 Non-Contravention. No consent, approval or authorization of, or registration, qualification, notice to or filing with, any Governmental Authority or any other Person is required for the valid execution, delivery and performance of this Agreement or the other Transaction Documents by Parent, First Merger Sub and Second Merger Sub or the consummation by Parent, First Merger Sub and Second Merger Sub of the Transactions, except for the filing of the Certificates of Merger with the Secretary of State of the State of Delaware pursuant to the DGCL and the DLLCA.

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[1] Note to Parent: Parent should be authorized to issue (and should issue in book-entry) the holdback shares as well.

4.4 Capitalization. Section 4.4 of the Parent Disclosure Schedule sets forth the number of authorized, issued and outstanding shares of Equity Interests of Parent by class and series of Equity Interest, including securities exercisable for or convertible into Equity Interests of Parent. All of the issued and outstanding shares of Equity Interests of Parent have been, and all shares which may be issued pursuant to the exercise or conversion of Equity Interests of Parent, when issued in accordance with the applicable security, will be (i) duly authorized, validly issued, fully paid and non-assessable; (ii) not subject to any preemptive rights; and (iii) free of any Liens. Except as set forth on Section 4.4 of the Parent Disclosure Schedule, there are no outstanding or authorized Equity Interests, options, warrants, Contracts, calls, puts, rights to subscribe, conversion rights or other similar rights to which Parent is a party or which are binding upon any of them providing for the issuance, disposition or acquisition of any Equity Interests, or any outstanding or authorized stock appreciation, phantom stock, profits interests or similar rights with respect to Parent. Parent is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its Equity Interests.

4.5 Valid Issuance of Shares. The Share Consideration, when issued, sold and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer hereunder and under the applicable restricted stock agreement, applicable state and federal securities laws and liens or encumbrances created by or imposed by Parent or a stockholder. Assuming the accuracy of the representations of the Company in Article III of this Agreement and subject to any filings pursuant to Regulation D of the Securities Act and applicable state securities laws, which have been made or will be made in a timely manner, the Share Consideration will be issued in compliance with all applicable federal and state securities laws and Parent's governing documents and stockholder agreements, copies of which have been made available to the Company and the Company Stockholder.

4.6 Litigation; Compliance with Laws.

(a) There are no Legal Proceedings pending or involving Parent or any of its material assets or properties that could reasonably be expected to have a Parent Material Adverse Effect. To Parent's knowledge, no such Legal Proceeding has been threatened. There is no Order outstanding against the Parent or any of its material assets or properties that could reasonably be expected to have a Parent Material Adverse Effect. To Parent's knowledge, there are no presently existing facts or circumstances that would constitute any reasonable basis for any such Legal Proceeding or Order.

(b) Parent has complied in all material respects with, is not in violation in any material respect of, and has not received any written notices of violation with respect to, applicable Law (including all COVID-19 Measures).

(c) There is no Contract or Order (excluding any COVID-19 Measure) binding upon Parent or to which Parent or any of its assets is subject that restricts or prohibits, purports to restrict or prohibit, or has or would reasonably be expected to have (whether before or immediately after and giving effect to the Mergers) the effect of prohibiting, restricting or impairing any current or presently proposed business practice of Parent, any acquisition of property by Parent or the conduct or operation of Parent's business or limiting the freedom of Parent.

4.7 Brokers' Fees. None of Parent, First Merger Sub or Second Merger Sub has any liability or obligation to pay any fees or commissions to any broker, finder, investment banker or agent with respect to the Transactions to which it is a party.

4.8 Tax Treatment. Neither Parent nor Merger Subs has taken or agreed to take any action, or is aware of any facts or circumstances, in each case, that would prevent or impede, or would reasonably be likely to prevent or impede, the Mergers from qualifying for the Intended Tax-Free Treatment.

4.9 Financial Statements. Section 4.9 of the Parent Disclosure Schedule sets forth (i) the audited consolidated balance sheet of Parent as of December 31, 2021, and the related statements of income, cash flows and stockholders' equity for the 12-month period then ended (the "Parent Most Recent FYE Financial Statements") and (ii) the unaudited consolidated balance sheet of Parent as of September 30, 2022 (the "Parent Balance Sheet"; such date, the "Parent Balance Sheet Date") and the related consolidated statement of operations for the nine-month period then ended (collectively, the "Parent Financial Statements"). The Parent Financial Statements (A) are derived from and in accordance with the books and records of Parent, (B) except as set forth on Section 4.9 of the Parent Disclosure Schedule, were prepared in accordance with GAAP, consistently applied throughout the periods covered thereby, (C) present fairly in all material respects the financial condition and results of operation of Parent at the dates and for the periods therein indicated (subject, in the case of unaudited interim period financial statements, to (1) the absence of notes, which, if included, would not materially differ from the notes to the audited Parent Financial Statements and (2) normal recurring year-end audit adjustments).

4.10 Series C Bringdown. Except as set forth in Section 4.10 of the Parent Disclosure Schedule, the following representations and warranties made by Parent in that certain Series C Preferred Stock Purchase Agreement, dated as of September 9, 2022 by and among Parent and the Purchasers named therein (the "Parent Series C SPA") are true and correct in all material respects as of the Closing. Capitalized terms used in this Section 4.10 but not otherwise defined in this Agreement shall have the respective meanings given to such terms in the Parent Series C SPA.

(a) Subsidiaries. Other than Merger Subs, Parent does not currently own or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, limited liability company, association, or other business entity. Parent is not a participant in any joint venture, partnership or similar arrangement.

(b) Intellectual Property. Parent owns, possesses or, with respect to its business as proposed to be conducted only, reasonably believes it can acquire on commercially reasonable terms sufficient legal rights to all Parent Intellectual Property without any known conflict with, or infringement of, the rights of others, including prior employees or consultants, or academic or medical institutions with which any of them may be affiliated now or may have been affiliated in the past. To Parent's knowledge with respect to third party patents and trademarks only, no product or service marketed or sold (or proposed to be marketed or sold) by Parent violates or will violate any license or infringes or will infringe any intellectual property rights of any other party. Other than with respect to commercially available software products under standard end-user object code license agreements, there are no outstanding options, licenses, agreements, claims, encumbrances or shared ownership interests of any kind relating to the Parent Intellectual Property, nor is Parent

bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, proprietary rights and processes of any other Person. Parent has not received any communications alleging that Parent has violated, or by conducting its business, would violate any of the patents, trademarks, service marks, tradenames, copyrights, trade secrets, mask works or other proprietary rights or processes of any other Person, and Parent does not have any specific reason to believe that such an allegation is forthcoming. Parent has obtained and possesses valid licenses to use all of the software programs present on the computers and other software-enabled electronic devices that it owns or leases or that it has otherwise provided to its employees for their use in connection with Parent's business. It will not be necessary to use any inventions of any of its employees, contractors or consultants (or Persons it currently intends to hire) made prior to their employment, contract or consulting engagement (as applicable) by Parent, including prior employees, contractors or consultants, or academic or medical institutions with which any of them may be affiliated now or may have been affiliated in the past. Each employee, contractor and consultant has assigned to Parent all intellectual property rights it, he or she owns that are related to Parent's business as now conducted and as presently proposed to be conducted and all intellectual property rights that he, she or it solely or jointly conceived, reduced to practice, developed or made during the period of his, her or its employment, contract or consulting relationship with Parent that (i) relate, at the time of conception, reduction to practice, development, or making of such intellectual property right, to Parent's business as then conducted or as then proposed to be conducted, (ii) were developed on any amount of Parent's time or with the use of any of Parent's equipment, supplies, facilities or information or (iii) resulted from the performance of services for Parent. Subsection 4.10(b) of the Parent Disclosure Schedule lists all domain names, patents and patent applications as of September 9, 2022, registered trademarks, trademark applications, service marks, service mark applications, tradenames, registered copyrights, and licenses to and under any of the foregoing, in each case owned by or licensed to Parent. For purposes of Subsection 4.10(b) of the Parent Disclosure Schedule, Parent shall be deemed to have knowledge of a patent right if Parent has actual knowledge of the patent right or would be found to be on notice of such patent right as determined by reference to United States patent laws. No government funding, facilities of a university, college, other educational institution or research center, or funding from third parties was used in the development of any Parent Intellectual Property. No Person who was involved in, or who contributed to, the creation or development of any Parent Intellectual Property, has performed services for the government, university, college, or other educational institution or research center in a manner that would affect Parent's rights in the Parent Intellectual Property. There are no options, licenses or agreements between Parent and any other Person with respect to Parent Intellectual Property under which there is any dispute regarding the scope of such agreement, or performance under such agreement, including, without limitation, with respect to any payments to be made or received by Parent thereunder. Parent is not a party to any non-competition or other similar restrictive agreement or arrangement relating to any business or service anywhere in the world.

(c) Agreements; Actions.

(i) Except for the Transaction Documents (as defined herein) or as set forth in Subsection 4.10(c) of the Parent Disclosure Schedule, there are no agreements, understandings, instruments, contracts or proposed transactions to which Parent a party or by which it is bound that involve (A) obligations (contingent or otherwise) of, or payments to, Parent

in excess of $500,000, (B) the license of any patent, copyright, trademark, trade secret or other proprietary right to or from Parent, (C) the grant of rights to manufacture, produce, assemble, license, market, or sell its products to any other Person that limit Parent's exclusive right to develop, manufacture, assemble, distribute, market or sell its products, or (D) indemnification by Parent with respect to infringements of proprietary rights.

(ii) Except as set forth in Subsection 4.10(c)(ii) of the Parent Disclosure Schedule, Parent has not (A) declared or paid any dividends, or authorized or made any distribution upon or with respect to any class or series of its capital stock, (B) incurred any indebtedness for money borrowed or incurred any other liabilities individually in excess of $100,000 or in excess of $250,000 in the aggregate, (C) made any loans or advances to any Person, other than ordinary advances for travel expenses, or (D) sold, exchanged or otherwise disposed of any of its assets or rights, other than in the ordinary course of business. For the purposes of (i) and (ii) of this Section 4.10(c), all indebtedness, liabilities, agreements, understandings, instruments, contracts and proposed transactions involving the same Person (including Persons Parent has reason to believe are affiliated with each other) shall be aggregated for the purpose of meeting the individual minimum dollar amounts of such subsection.

(iii) Parent is not a guarantor or indemnitor of any indebtedness of any other Person.

(d) Certain Transactions.

(i) Other than (A) standard employee benefits generally made available to all employees, standard employee offer letters and Confidential Information Agreements (as defined below), (B) standard director and officer indemnification agreements approved by the Board of Directors, (C) the purchase of shares of Parent's capital stock and the issuance of options to purchase shares of Parent Common Stock, in each instance, approved in the written minutes of the Board of Directors and (D) the Transaction Agreements, there are no agreements, understandings or proposed transactions between Parent and any of its officers, directors, consultants or Key Employees, or any Affiliate thereof.

(ii) Parent is not indebted, directly or indirectly, to any of its directors, officers or employees or to their respective spouses or children or to any Affiliate of any of the foregoing, other than in connection with expenses or advances of expenses incurred in the ordinary course of business or employee relocation expenses and for other customary employee benefits made generally available to all employees. None of Parent's directors, officers or employees, or any members of their immediate families, or any Affiliate of the foregoing are, directly or indirectly, indebted to Parent or, to Parent's knowledge, have any (A) material commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationship with any of Parent's customers, suppliers, service providers, joint venture partners, licensees and competitors, (B) direct or indirect ownership interest in any firm or corporation with which the Parent is affiliated or with which Parent has a business relationship, or any firm or corporation which competes with Parent except that directors, officers, employees or stockholders of Parent may own stock in (but not exceeding two percent (2%) of the outstanding capital stock of) publicly traded companies that may compete with Parent; or (C) financial interest in any material contract with Parent.

(e) Rights of Registration and Voting Rights. Except as provided in the Investors' Rights Agreement, Parent is not under any obligation to register under the Securities Act any of its currently outstanding securities or any securities issuable upon exercise or conversion of its currently outstanding securities. To Parent's knowledge, except as contemplated in the Voting Agreement, no stockholder of Parent has entered into any agreements with respect to the voting of capital shares of Parent.

(f) Property. The property and assets that Parent owns are free and clear of all mortgages, deeds of trust, liens, loans and encumbrances, except for statutory liens for the payment of current taxes that are not yet delinquent and encumbrances and liens that arise in the ordinary course of business and do not materially impair Parent's ownership or use of such property or assets. With respect to the property and assets it leases, Parent is in compliance with such leases and holds a valid leasehold interest free of any liens, claims or encumbrances other than those of the lessors of such property or assets. Parent does not own any real property.

(g) Changes. Since the Balance Sheet Date there has not been:

(i) any change in the assets, liabilities, financial condition or operating results of Parent from that reflected in the Financial Statements, except changes in the ordinary course of business that have not caused, in the aggregate, a Parent Material Adverse Effect;

(ii) any damage, destruction or loss, whether or not covered by insurance, that would have a Parent Material Adverse Effect;

(iii) any waiver or compromise by Parent of a valuable right or of a material debt owed to it;

(iv) any satisfaction or discharge of any lien, claim, or encumbrance or payment of any obligation by Parent, except in the ordinary course of business and the satisfaction or discharge of which would not have a Parent Material Adverse Effect;

(v) any material change to a material contract or agreement by which Parent or any of its assets is bound or subject;

(vi) any material change in any compensation arrangement or agreement with any employee, officer, director or stockholder;

(vii) any resignation or termination of employment of any officer or Key Employee of Parent;

(viii) any mortgage, pledge, transfer of a security interest in, or lien, created by Parent, with respect to any of its material properties or assets, except liens for taxes not yet due or payable and liens that arise in the ordinary course of business and do not materially impair Parent's ownership or use of such property or assets;

(ix) any loans or guarantees made by Parent to or for the benefit of its employees, officers or directors, or any members of their immediate families, other than travel advances and other advances made in the ordinary course of its business;

(x) any declaration, setting aside or payment or other distribution in respect of any of Parent's capital stock, or any direct or indirect redemption, purchase, or other acquisition of any of such stock by Parent;

(xi) any sale, assignment or transfer of any Parent Intellectual Property that could reasonably be expected to result in a Parent Material Adverse Effect;

(xii) receipt of notice that there has been a loss of, or material order cancellation by, any major customer of Parent;

(xiii) to Parent's knowledge, any other event or condition of any character, other than events affecting the economy or Parent's industry generally, that could reasonably be expected to result in a Parent Material Adverse Effect; or

(xiv) any arrangement or commitment by Parent to do any of the things described in this Section 4.10(h).

(h) Employee Matters.

(i) None of Parent's employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would materially interfere with such employee's ability to promote the interest of Parent or that would conflict with Parent's business.

(ii) Parent is not delinquent in payments to any of its employees, consultants, or independent contractors for any wages, salaries, commissions, bonuses, or other direct compensation for any service performed for it to the date hereof or amounts required to be reimbursed to such employees, consultants or independent contractors. Parent has complied in all material respects with all applicable state and federal equal employment opportunity laws and with other laws related to employment, including those related to wages, hours, worker classification and collective bargaining. Parent has withheld and paid to the appropriate governmental entity or is holding for payment not yet due to such governmental entity all amounts required to be withheld from employees of Parent and is not liable for any arrears of wages, taxes, penalties or other sums for failure to comply with any of the foregoing.

(iii) To Parent's knowledge, no Key Employee intends to terminate employment with Parent or is otherwise likely to become unavailable to continue as a Key Employee. Parent does not have a present intention to terminate the employment of any of the foregoing. The employment of each employee of Parent is terminable at the will of Parent. Except as set forth in Subsection 4.10(h)(iii) of the Parent Disclosure Schedule or as required by law, upon termination of the employment of any such employees, no severance or other payments will become due. Except as set forth in Subsection 4.10(h)(iii) of the Parent Disclosure Schedule, Parent has no policy, practice, plan or program of paying severance pay or any form of severance compensation in connection with the termination of employment services.

(iv) Subsection 4.10(h)(iv) of the Parent Disclosure Schedule sets forth each employee benefit plan maintained, established or sponsored by Parent, or which Parent participates in or contributes to, which is subject ERISA. Parent has made all required contributions and has no liability to any such employee benefit plan, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of ERISA, and has complied in all material respects with all applicable laws for any such employee benefit plan.

(v) Parent is not bound by or subject to (and none of its assets or properties is bound by or subject to) any written or oral, express or implied, contract, commitment or arrangement with any labor union, and no labor union has requested or, to the knowledge of Parent, has sought to represent any of the employees, representatives or agents of Parent. There is no strike or other labor dispute involving Parent pending, or to Parent's knowledge, threatened, which could have a Parent Material Adverse Effect, nor is Parent aware of any labor organization activity involving its employees.

(vi) To Parent's knowledge, none of the Key Employees or directors of Parent have been (i) subject to voluntary or involuntary petition under the federal bankruptcy laws or any state insolvency law or the appointment of a receiver, fiscal agent or similar officer by a court for his or her business or property; (ii) convicted in a criminal proceeding or named as a subject of a pending criminal proceeding (excluding traffic violations and other minor offenses); (iii) subject to any order, judgment or decree (not subsequently reversed, suspended, or vacated) of any court of competent jurisdiction permanently or temporarily enjoining him or her from engaging, or otherwise imposing limits or conditions on his or her engagement in any securities, investment advisory, banking, insurance, or other type of business or acting as an officer or director of a public company; or (iv) found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated any federal or state securities, commodities, or unfair trade practices law, which such judgment or finding has not been subsequently reversed, suspended, or vacated.

(vii) Each former Key Employee whose employment was terminated by Parent has entered into an agreement with Parent providing for the full release of any claims against Parent or any related party arising out of such employment.

(i) Tax Returns and Payments. There are no federal, state, county, local or foreign taxes due and payable by Parent which have not been timely paid. There are no accrued and unpaid federal, state, country, local or foreign taxes of Parent which are due, whether or not assessed or disputed. There have been no examinations or audits of any tax returns or reports by any applicable federal, state, local or foreign governmental agency. Parent has duly and timely filed all federal, state, county, local and foreign tax returns required to have been filed by it and there are in effect no waivers of applicable statutes of limitations with respect to taxes for any year.

(j) Insurance. Parent has in full force and effect insurance policies concerning such casualties as would be reasonable and customary for companies like Parent with extended coverage, sufficient in amount (subject to reasonable deductions) to allow it to replace any of its properties that might be damaged or destroyed.

(k) Employee Agreements. Each current and former employee, consultant and officer of Parent has executed an agreement with Parent regarding confidentiality and proprietary information substantially in the form of the Confidential Information Agreements. No current or former employee has excluded works or inventions from his or her assignment of inventions pursuant to such employee's Confidential Information Agreement. Each current and former Key Employee has executed a non-solicitation agreement substantially in the form or forms made available to the Company. Parent is not aware that any of its employees is in violation of any agreement covered by this Section 4.10(k).

(l) Permits. Parent has all franchises, permits, licenses and any similar authority necessary for the conduct of its business, the lack of which could reasonably be expected to have a Parent Material Adverse Effect. Parent is not in default in any material respect under any of such franchises, permits, licenses or other similar authority.

(m) Corporate Documents. The Restated Certificate and Bylaws of the Parent are in the form provided to the Company.

(n) 83(b) Election. To Parent's knowledge, all elections and notices under Section 83(b) of the Code have been or will be timely filed by all individuals who have acquired unvested shares of Parent Common Stock.

(o) Real Property Holding Corporation. Parent is not now and has never been a "*United States real property holding corporation*" as defined in the Code and any applicable regulations promulgated thereunder. Parent has filed with the Internal Revenue Service all statements, if any, with its United States income tax returns which are required under such regulations.

(p) Environmental and Safety Laws. Except as could not reasonably be expected to have a Parent Material Adverse Effect to the best of its knowledge (i) Parent is and has been in compliance with all Environmental Laws; (ii) there has been no release or to Parent's knowledge threatened release of any Hazardous Substance, on, upon, into or from any site currently or heretofore owned, leased or otherwise used by Parent; (iii) there have been no Hazardous Substances generated by Parent that have been disposed of or come to rest at any site that has been included in any published U.S. federal, state or local "*superfund*" site list or any other similar list of hazardous or toxic waste sites published by any governmental authority in the United States; and (iv) there are no underground storage tanks located on, no PCBs or PCB-containing equipment used or stored on, and no hazardous waste as defined by the Resource Conservation and Recovery Act, as amended, stored on, any site owned or operated by Parent, except for the storage of hazardous waste in compliance with Environmental Laws. Parent has made available to the Company true and complete copies of all material environmental records, reports, notifications, certificates of need, permits, pending permit applications, correspondence, engineering studies and environmental studies or assessments.

(q) Foreign Corrupt Practices Act. Neither Parent nor any of its directors, officers, employees or agents have, directly or indirectly, made, offered, promised or authorized any payment or gift of any money or anything of value to or for the benefit of any "*foreign official*" (as such term is defined in the FCPA), foreign political party or official thereof or candidate for foreign political office for the purpose of (i) influencing any official act or decision of such official, party or candidate, (ii) inducing such official, party or candidate to use his, her or its influence to affect any act or decision of a foreign governmental authority, or (iii) securing any improper

advantage, in the case of (i), and (iii) above in order to assist Parent or any of its affiliates in obtaining or retaining business for or with, or directing business to, any person. Neither Parent nor any of its directors, officers, employees or agents have made or authorized any bribe, rebate, payoff, influence payment, kickback or other unlawful payment of funds or received or retained any funds in violation of any law, rule or regulation. Neither Parent nor, to Parent's knowledge, any of its officers, directors or employees are the subject of any allegation, voluntary disclosure, investigation, prosecution or other enforcement action related to the FCPA or any other anti-corruption law.

(r) Data Privacy. In connection with its collection, storage, use and/or disclosure of any Personal Information by or on behalf of Parent, Parent is and has been, to Parent's knowledge, in compliance with (i) all applicable laws (including, without limitation, laws relating to privacy, data security, telephone and text message communications, and marketing by email or other channels) in all relevant jurisdictions, (ii) Parent's privacy policies and public written statements regarding Parent's privacy or data security practices, and (iii) the requirements of any contract codes of conduct or industry standards by which Parent is bound. Parent maintains and has maintained reasonable physical, technical, and administrative security measures and policies designed to protect all Personal Information owned, stored, used, maintained or controlled by or on behalf of Parent from and against unlawful, accidental or unauthorized access, destruction, loss, use, modification and/or disclosure. To the extent Parent maintains or transmits protected health information, as defined under 45 C.F.R. § 160.103, Parent is in compliance with the applicable requirements of HIPAA, including all rules and regulations promulgated thereunder. Parent is and has been, to Parent's knowledge, in compliance in all material respects with all laws relating to data loss, theft and breach of security notification obligations. To Parent's knowledge, there has been no occurrence of (x) unlawful, accidental or unauthorized destruction, loss, use, modification or disclosure of or access to Personal Information owned, stored, used, maintained or controlled by or on behalf of Parent such that Privacy Requirements require or required Parent to notify government authorities, affected individuals or other parties of such occurrence or (y) unauthorized access to or disclosure of Parent's confidential information or trade secrets.

(s) Preclinical Development and Clinical Trials. The studies, tests, preclinical development and clinical trials, if any, conducted by or on behalf of Parent are being conducted in all material respects in accordance with experimental protocols, procedures and controls pursuant to accepted professional and scientific standards for products or product candidates comparable to those being developed by Parent and all applicable laws and regulations, including the Federal Food, Drug, and Cosmetic Act and 21 C.F.R. parts 50, 54, 56, 58, 312, and 812. The descriptions of, protocols for, and data and other results of, the studies, tests, development and trials conducted by or on behalf of Parent that have been furnished or made available to the Company are accurate and complete. Parent is not aware of any studies, tests, development or trials the results of which reasonably call into question the results of the studies, tests, development and trials conducted by or on behalf of Parent, and Parent has not received any notices or correspondence from the FDA or any other governmental entity or any institutional review board or comparable authority requiring the termination, suspension or material modification of any studies, tests, preclinical development or clinical trials conducted by or on behalf of Parent.

(t) FDA Approvals. Parent possesses all permits, licenses, registrations, certificates, authorizations, orders and approvals from the appropriate federal, state or foreign regulatory authorities necessary to conduct its business, including all such permits, licenses, registrations, certificates, authorizations, orders and approvals required by the FDA or any other federal, state or foreign agencies or bodies engaged in the regulation of drugs, pharmaceuticals, medical devices or biohazardous materials. Parent has not received any notice of proceedings relating to the suspension, modification, revocation or cancellation of any such permit, license, registration, certificate, authorization, order or approval. Neither Parent nor, to Parent's knowledge, any officer, employee or agent of Parent has been convicted of any crime or engaged in any conduct that has previously caused or would reasonably be expected to result in (i) disqualification or debarment by the FDA under 21 U.S.C. Sections 335(a) or (b), or any similar law, rule or regulation of any other governmental entities, (ii) debarment, suspension, or exclusion under any federal healthcare programs or by the General Services Administration, or (iii) exclusion under 42 U.S.C. Section 1320a-7 or any similar law, rule or regulation of any governmental entities. Neither Parent nor any of its officers, employees, or, to Parent's knowledge, any of its contractors or agents is the subject of any pending or threatened investigation by the FDA pursuant to the FDA Application Integrity Policy and any amendments thereto, or by any other similar governmental entity pursuant to any similar policy. Neither Parent nor any of its officers, employees, contractors, and agents has committed any act, made any statement or failed to make any statement that would reasonably be expected to provide a basis for FDA to invoke the FDA Application Integrity Policy or for any similar governmental entity to invoke a similar policy. Neither Parent nor any of its officers, employees, or to Parent's knowledge, any of its contractors or agents has made any materially false statements on, or material omissions from, any notifications, applications, approvals, reports and other submissions to FDA or any similar governmental entity.

(u) FDA Regulation. Parent is and has been in compliance with all applicable laws administered or issued by the FDA or any similar governmental entity, including the Federal Food, Drug, and Cosmetic Act and all other laws regarding developing, testing, manufacturing, marketing, distributing or promoting the products of Parent, or complaint handling or adverse event reporting.

(v) Side Letters. Except as disclosed in Section 4.10(v) of the Parent Disclosure Schedule, there are no side letters or other agreements currently in effect between Parent and any of Parent's existing stockholders.

(w) Sanctions Laws. Neither Parent, nor any of its Affiliates, nor any of their respective officers, directors, or employees is currently targeted by Sanctions.

4.11 Reliance.

(a) Parent has conducted its own independent investigation, review and analysis of the business, results of operations, prospects, condition (financial or otherwise) or assets of the Company, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of the Company for such purpose. Parent acknowledges and agrees that: (i) in making its decision to enter into this Agreement and to consummate the Transactions, Parent has relied solely upon its own investigation and the express representations and warranties of the Company set forth in Article III of this Agreement (including the related portions of the Company Disclosure Schedule)

and disclaims reliance on any other representations and warranties of any kind or nature express or implied (including any relating to the future or historical financial condition, results of operations, assets or liabilities or prospects of the Company); and (ii) none of the Sellers, the Company or any other Person has made any representation or warranty as to the Company or the accuracy or completeness of any information regarding the Company furnished or made available to Parent or its officers, directors, Affiliates, stockholders or employees or any investment banker, attorney or other advisor or representative retained by any of them, except as expressly set forth in Article III of this Agreement (including the related portions of the Company Disclosure Schedule).

(b) In connection with the due diligence investigation of the Company by Parent, Parent has received certain estimates, projections, forecasts and other forward-looking information, as well as certain business plan information, regarding the Company and its business and operations. Parent hereby acknowledges that there are uncertainties inherent in attempting to make such estimates, projections, forecasts and other forward-looking statements, as well as in such business plans, and that Parent will have no claim against the Company, or any of its Affiliates, stockholders, directors, officers, employees, consultants, agents, representatives or advisors, or any other Person, with respect thereto, including as to the accuracy or completeness of any information provided. Accordingly, Parent hereby acknowledges and agrees that, except for the representations and warranties expressly set forth in Article III of this Agreement, none of the Company, nor any of its Affiliates, stockholders, directors, officers, employees, consultants, agents, representatives or advisors has made or is making any express or implied representation or warranty with respect to such estimates, projections, forecasts, forward-looking statements or business plans.

ARTICLE V

CERTAIN COVENANTS AND AGREEMENTS

5.1 Conduct of the Business. From the Agreement Date until the earlier of the termination of this Agreement and the Closing Date, except (x) as set forth on Schedule 5.1 hereof, (y) if Parent shall have consented in writing (which shall not be unreasonably withheld, conditioned or delayed) or (z) as otherwise expressly required by this Agreement, (1) the Company shall conduct its business in the Ordinary Course and in compliance in all material respects with applicable Laws, Permits and Material Contracts, and (2) use commercially reasonable efforts to preserve, protect and maintain intact the assets, properties and present business organizations relating to the Company, keep available the services of the present officers of the Company and preserve, protect and maintain intact the Company's material business relationships; provided that, notwithstanding the foregoing or clause (2) of this Section 5.1, the Company may use available cash to repay any Indebtedness, pay Company Transaction Expenses (other than the Severance Obligations), to pay or prepay any other liabilities, in each case prior to the First Effective Time; and (3) the Company shall not:

(a) authorize, issue, sell, pledge, transfer, dispose of or deliver any notes, bonds or other debt securities or any equity securities or issue or sell any securities convertible into, or options with respect to, or warrants to purchase or rights to subscribe for, in each case, absolutely, contingently, now or in the future, or otherwise, any of its equity securities, or mortgaged or encumbered or permitted the properties, assets or equity securities of it or to become subject to any Liens;

(b) effect any recapitalization, reclassification, equity split or like change in its capitalization;

(c) amend or modify its Company Governing Documents;

(d) make any redemption or purchase of its equity interests;

(e) (i) purchase, acquire, sell, assign, transfer, lease, license, encumber, abandon or permit to lapse any assets, except (x) for sales of obsolete assets with de minimis or no book value and (y) sales of inventory in the ordinary course of business or (ii) enter into or agree to enter into any merger, consolidation, or joint venture with any other Person;

(f) sell, assign, transfer, abandon, permit to lapse, expire or otherwise dispose of, any patents, trademarks, trade names, copyrights or other Intellectual Property of the Company, necessary or material for the conduct of the Business, (ii) license (other than non-exclusive licenses of Intellectual Property granted in the ordinary course of business), sublicense, subject to any Lien any patents, trademarks, trade names, copyrights or other Intellectual Property of the Company, or (iii) purchase or acquire any material Intellectual Property other than in the ordinary course of business;

(g) disclose to any Person any confidential information or trade secrets, other than pursuant to an appropriately protective written confidentiality and non-disclosure Contract entered into in the ordinary course of business;

(h) amend, modify, rescind, assign, abandon, transfer, dedicate to the public, waive any rights or obligations under, release, let lapse or expire or voluntarily terminate any Material Contract, or enter into any new Contract that would be a Material Contract if entered into prior to the Agreement Date, in each case other than entering into new Contracts with customers or clients and renewals of existing Material Contracts (on substantially the same terms or terms more favorable to the Company) in the ordinary course of business, or change in any significant respect any business practice;

(i) make, incur or authorize any capital expenditures (or series of related capital expenditures) greater than $25,000 or commitments therefor or fail to timely make any capital expenditures reflected in the Company's current budget made available to Parent;

(j) enter into any other material transaction with, or otherwise incur any liability to, any of its managers, officers or directors outside the ordinary course of business except pursuant to any agreement set forth on the Company Disclosure Schedule;

(k) except as required under applicable Law or the terms of any Company Employee Plan listed on Section 3.17(a) of the Company Disclosure Schedule: (A) grant or announce any incentive awards (whether cash or equity-based) or any increase in the salaries, bonuses or other compensation or benefits payable by the Company to any current or former Company Employee (other than annual merit or cost of living increases for employees whose

annual base salary is equal to or less than $150,000 in the ordinary course of business consistent with past practice); (B) increase or decrease the benefits under, adopt, enter into, modify, amend or terminate any Company Employee Plan; (C) enter into, adopt or amend any equity or equity-based compensation employment, individual consulting, change in control, severance, retention or similar agreement or arrangement with or for any current or former Company Employee (other than offer letters providing for at-will employment without notice requirements or any post-termination obligations with newly-hired employees whose annual base salary would be equal to or less than $150,000 and who are hired in the ordinary course of business); or (D) take any action to accelerate the time of payment, funding or vesting of any compensation or benefit payable or to be provided to any current or former Company Employee (other than with respect to the acceleration of equity awards outstanding as of the Agreement Date);

(l) unless required by Law, (i) modify, extend, or enter into any CBA, or (ii) recognize or certify any labor union, labor organization, works council, or group of employees of the Company as the bargaining representative for any employees of the Company;

(m) implement any employee layoffs, plant closings, relocations, consolidations, reductions in force, furloughs, temporary layoffs, material salary or wage reductions, or material work schedule changes;

(n) hire, engage, terminate (without cause), furlough, or temporarily layoff any employee or independent contractor with annual compensation in excess of $150,000;

(o) waive or release any noncompetition, nonsolicitation, nondisclosure, noninterference, nondisparagement, or other restrictive covenant obligation of any current or former employee or independent contractor, except as required under applicable Law;

(p) make, change, or terminate (or file or request to make any such change to) any Tax accounting methods, make, change or terminate any material Tax election of the Company, file any amended Tax Return with respect to the Company, enter into any closing agreement, settle, compromise or resolve any Tax claim, assessment, audit or other proceeding related to Taxes of the Company, affirmatively surrender any right to claim a material refund of Taxes with respect to the Company, enter into any Tax allocation, sharing or indemnity agreement (other than any commercial contract entered into in the ordinary course of business the primary purpose of which is unrelated to Taxes), file any application or request for, or negotiate to conclude, any voluntary Tax disclosure, Tax amnesty, Tax ruling or similar arrangement with any Governmental Authority, consent to any extension or waiver of the limitation period applicable to any claim or assessment related to Taxes of the Company (other than pursuant to an extension of the filing date for any Tax Return obtained in the Ordinary Course), incur any liability for Taxes by the Company outside the ordinary course of business (except in connection with this Agreement), fail to pay any income or other material Tax that becomes due and payable (including any estimated Tax payments) after the Agreement Date, or file any Tax Return with respect to the Company in a manner inconsistent with the past practices of the Company;

(q) commence any Action or pay, discharge, waive, compromise or settle any Action (other than an Action with respect to Taxes or Tax Returns of the Company) if (A) the amount payable by the Company in connection therewith would exceed $25,000, (B) with any Governmental Authority or (C) would be reasonably likely to result in the admission of guilt by, or the imposition of any non-de minimis equitable relief on the Company;

(r) make any change to its Tax or accounting policies (except as required by GAAP or Law) or any change in its cash management practices (including with respect to accounts receivable and accounts payable) or make any write down in the value of its assets;

(s) commence any proceeding for the voluntary bankruptcy, liquidation, dissolution, consolidation, restructuring, reorganization or winding-up of the Company;

(t) enter into any Contract prohibiting or restricting the ability of the Company to conduct its business in any geographical area or to compete with any Person, in each case, after the Closing;

(u) other than cash distributions paid prior to the First Effective Time in the ordinary course of business, declare, set aside or make any payment or distribution of any cash or non-cash assets with respect to the Company's equity interests or purchase, redeem or otherwise acquire any equity interests of the Company;

(v) make any loans or advances to, guarantees for the benefit of, or any investments in, any Persons or form any Subsidiary;

(w) directly or indirectly engage in any transaction that would be required to be set forth in Section 3.21 of the Company Disclosure Schedule if entered into on or prior to the Agreement Date;

(x) acquire (by merger, consolidation or other combination or acquisition of equity interests or assets or otherwise) any entity or any division thereof, or merge or consolidate with any other Person;

(y) issue, create, assume, incur or suffer any Company Debt, cancel any debts owed to or claims held by the Company, permit any Lien to be placed on any of the properties of the Company (other than Permitted Liens), or waive any right of the Company (including any write-off or compromise of any accounts receivable;

(z) make any cash payments to Company Employees other than regularly scheduled salary and Ordinary Course expense reimbursement, including, without limitation, annual bonuses, retention bonuses, transaction bonuses, severance or any other similar type of payment; or

(aa) agree, whether orally or in writing, to commit to do any of the foregoing.

Nothing contained in this Agreement shall give Parent or Merger Subs, directly or indirectly, the right to control or direct the Company's operations prior to the Closing.

5.2 Access to Books and Records. Notwithstanding anything to the contrary herein, from the Agreement Date until the earlier of the termination of this Agreement and the Closing Date, (a) the Company shall provide Parent and its authorized representatives (the "Parent's Representatives") with reasonable access during normal business hours, and upon reasonable notice, to the offices, properties, senior personnel, and books and records of the Company in order for Parent to have the opportunity to make such investigation as shall be reasonably necessary in connection with the consummation of the transactions contemplated hereby. Notwithstanding anything herein to the contrary, no such access or examination shall be permitted to the extent that such access is reasonably likely to require the Company to disclose information subject to attorney-client privilege or attorney work-product privilege or violate any applicable Law; provided, however, that the Company will use commercially reasonable efforts to provide such information in an alternative manner so as to not violate such attorney-client privilege (including entering into a reasonable joint defense agreement).

5.3 Intentionally Omitted.

5.4 Exclusive Dealing.

(a) During the period from the Agreement Date and continuing until the earlier of the termination of this Agreement and the First Effective Time, the Company shall not, and shall cause any of its representatives (the "Company's Representatives") not to, directly or indirectly, (i) solicit, willingly encourage others to solicit, or willingly encourage, entertain, facilitate or accept any discussions, proposals or offers that constitute, or could reasonably be expected to lead to, an Acquisition Proposal, (ii) enter into, participate in, maintain or continue any communications (except solely to provide written notice as to the existence of these provisions) or negotiations regarding, or deliver or make available to any Person any non-public information with respect to, or take any other action regarding, any inquiry, expression of interest, proposal or offer that constitutes, or could reasonably be expected to lead to, an Acquisition Proposal, (iii) agree to, accept, approve, endorse or recommend (or publicly propose or announce any intention or desire to agree to, accept, approve, endorse or recommend) any Acquisition Proposal, (iv) enter into any letter of intent or any other Contract contemplating or otherwise relating to any Acquisition Proposal, (v) submit any Acquisition Proposal to the vote of the Company Stockholders or (vi) enter into any other transaction or series of transactions not in the ordinary course of business consistent with past practice, the consummation of which would impede, interfere with, prevent or delay, or would reasonably be expected to impede, interfere with, prevent or delay, the consummation of the Mergers or the other transactions contemplated by this Agreement or the Transaction Documents. The Company shall, and shall cause the Company's Representatives to, (A) immediately cease and cause to be terminated any and all existing activities, discussions or negotiations with any Persons conducted prior to or on the Agreement Date with respect to any Acquisition Proposal and (B) immediately revoke or withdraw access of any Person (other than Parent and Parent's representatives and Company's Representatives) to any data room (virtual or actual) containing any non-public information with respect to the Company in connection with an Acquisition Proposal and request from each Person (other than Parent and Parent's representatives and Company's Representatives) the prompt return or destruction of all non-public information with respect to the Company previously provided to such Person in connection with an Acquisition Proposal. For the avoidance of doubt, if any of the Company's Representatives, whether in his, her or its capacity as such or in any other capacity, takes any action that the Company is obligated pursuant to this Section 5.4 not to take or to take, then the Company shall be deemed for all purposes of this Agreement to have breached this Section 5.4.

(b) The Company shall immediately (but in any event, within 24 hours) notify Parent orally and in writing after receipt by the Company (or, to the Company's Knowledge, by any of the Company's Representatives), of (i) any Acquisition Proposal, (ii) any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal, (iii) any other notice that any Person is considering making an Acquisition Proposal or (iv) any request for non-public information relating to the Company or for access to any of the properties, books or records of the Company by any Person or Persons other than Parent and Parent's representatives. Such notice shall describe (to the extent permitted by agreements in place as of the Agreement Date) the material terms and conditions of such Acquisition Proposal, inquiry, expression of interest, proposal, offer, notice or request; provided, that the Company shall endeavor in good faith to provide as much information as possible pursuant to the terms of such existing agreement. The Company shall keep Parent fully informed of the status and details of, and any modification to, any such inquiry, expression of interest, proposal or offer and any correspondence or communications related thereto. The Company shall provide Parent with forty-eight (48) hours prior notice (or such lesser prior notice as is provided to the members of the Board) of any meeting of the Board at which the Board is reasonably expected to discuss any Acquisition Proposal.

5.5 Tax Matters.

(a) Parent shall timely file or cause to be timely filed (taking into account all extensions properly obtained) all Tax Returns of the Company that are first due (taking into account all extensions properly obtained) after the Closing Date and that relate in whole or in part to a Pre-Closing Tax Period (each, a "Parent Prepared Return"), and Parent shall timely remit or cause to be timely remitted any Taxes due in respect of such Parent Prepared Returns. Each such Parent Prepared Return shall (i) be prepared in a manner consistent with the past practice of the Company unless otherwise required by applicable Law, (ii) include all Transaction Deductions on the income Tax Return of the Company for the taxable period that includes the Closing Date to the extent such deductions are "more likely than not" (or higher level of comfort) deductible in a Pre-Closing Tax Period, and (iii) be prepared in a manner consistent with the Intended Tax-Free Treatment unless otherwise required by determination within the meaning of Section 1313(a) of the Code. Parent shall submit such Parent Prepared Return to the Seller Representative for review, comment and approval at least thirty (30) days prior to the due date for filing such Parent Prepared Return (or, if such due date is within sixty (60) days following the Closing Date, as promptly as practicable following the Closing Date), which approval shall not be unreasonably withheld, delayed or conditioned and Parent shall incorporate all of the Seller Representative's reasonable comments timely provided with respect to such Parent Prepared Returns that are "more likely than not" (or a higher level of comfort) to be upheld under applicable Law.

(b) For all purposes of this Agreement, in the case of any Straddle Period, the amount of Taxes of the Company that are allocable to the portion of a Straddle Period ending on and including the Closing Date shall be determined by assuming that the Straddle Period consisted of two (2) taxable years or periods, one of which ended at the close of the Closing Date and the other of which began at the beginning of the day following the Closing Date, and (i) Taxes based on, or computed with respect to, net income or earnings, gross income or earnings, payroll, capital or net worth, or any other Taxes resulting from or imposed on, sales, receipts, uses, transfers or assignments of property or other assets, payments or accruals to other Persons (including wages)

or any other similar transaction or transactions of the Company for the Straddle Period shall be allocated between such two (2) taxable years or periods by treating the taxable year of the Company for such Straddle Period as ending as of the close of the Closing Date and (ii) in the case of all other Taxes, such Taxes shall be equal to the product of the amount of such Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of calendar days in the Straddle Period before and including the Closing Date and the denominator of which is the total number of calendar days in the entire Straddle Period.

(c) Unless otherwise required by applicable Law, to the extent that any of the following actions could (1) reduce the amount of Merger Consideration payable to the Sellers pursuant to the Agreement or (2) form the basis for a claim of indemnification against any Seller pursuant to this Agreement or otherwise, Parent shall not, without the prior written consent of the Seller Representative (such consent not to be unreasonably withheld, delayed or conditioned): (i) except for Tax Returns that are filed in accordance with Section 5.5(a), file or amend, or permit the Company, the First-Step Surviving Corporation, or the Surviving Entity or any of their Affiliates to file or amend, any Tax Return of the Company with respect to any Pre-Closing Tax Period; (ii) with respect to Tax Returns filed pursuant to Section 5.5(a), after the date such Tax Returns are filed pursuant to Section 5.5(a), amend or permit the Company, the First-Step Surviving Corporation, or the Surviving Entity or any of their Affiliates to amend any such Tax Return; (iii) extend or waive, or cause to be extended or waived, or permit the Company, the First-Step Surviving Corporation, or the Surviving Entity or any of their Affiliates to extend or waive, any statute of limitations or other period for the assessment of any Tax or deficiency of the Company for a Pre-Closing Tax Period; (iv) make or change any election or change any method of accounting with respect to Taxes that applies in whole or in part to a Pre-Closing Tax Period; (v) initiate discussions or examinations or file voluntary disclosure agreements with any Governmental Authority regarding Taxes of the Company for any Pre-Closing Tax Period; or (vi) except as explicitly contemplated by this Agreement, engage in any transaction on the Closing Date after the Closing outside the Ordinary Course and consistent with the Company's past practice; provided, that, prior to taking any action described in the foregoing clauses (i) – (vi), Parent shall consult in good in faith with the Seller Representative with respect to whether or not any such action is required by applicable Law.

(d) Parent shall give prompt written notice to the Seller Representative of the assertion of any claim, or the commencement of any Legal Proceeding, with respect to: (x) any Tax Return of the Company that relates to any Pre-Closing Tax Period; and (y) any Tax liability of the Company for which the Sellers could be partially or wholly responsible under this Agreement (each, a "Tax Claim"). With respect to a Tax Claim that relates solely to taxable periods that end on or before the Closing Date, the Seller Representative shall control any such Tax Claim; provided that the Seller Representative shall (1) keep Parent reasonably informed concerning the progress of such Tax Claim, (2) provide Parent copies of all correspondence and other documents relevant to such Tax Claim, and (3) not settle such Tax Claim without the prior written consent of Parent, which consent shall not be unreasonably withheld, conditioned or delayed. With respect to any Tax Claim which the Seller Representative does not or cannot elect to control pursuant to this Section 5.5(d), Parent shall have the right to control such Tax Claim, including the defense and settlement thereof; provided, to the extent any Tax Claim could form the basis for a claim of indemnification against the Sellers or otherwise could reduce the Merger Consideration, Parent shall (1) keep the Seller Representative reasonably informed concerning the progress of such Tax

Claim, (2) provide the Seller Representative copies of all correspondence and other documents relevant to such Tax Claim, and (3) not settle such Tax Claim without the prior written consent of the Seller Representative, which consent shall not be unreasonably withheld, conditioned or delayed. The Seller Representative shall have the right to participate in the defense of any such Tax Claim controlled by Parent and to employ counsel, at its own expense, separate from the counsel employed by Parent, in each case, to the extent any such Tax Claim could form the basis for a claim of indemnification against the Sellers or otherwise could reduce the Merger Consideration. Notwithstanding anything herein to the contrary, in the event of any conflict between this Section 5.5(d) and Section 7.3, this Section 5.5(d) shall prevail.

(e) Any transfer, stamp, documentary, sales, use, registration, value-added and other similar Taxes (including all applicable real estate transfer Taxes and real property transfer Taxes and including any filing and recording fees, but not, for the avoidance of doubt, any capital gain Taxes) incurred in connection with this Agreement and the Transactions ("Transfer Taxes") shall be borne one half by Parent, on the one hand, and one half by the Sellers, on the other hand. The Person(s) required by applicable Law to file any necessary Tax Returns and other documentation with respect to any Transfer Taxes shall timely file, or shall cause to be timely filed, with the relevant Governmental Authority each such Tax Return. Parent and the Company shall cooperate with each other in the provision of any information or preparation of any documentation that may be necessary or useful for obtaining any available mitigation, reduction or exemption from any Transfer Taxes.

(f) For all applicable Tax purposes, the parties agree to, and unless otherwise required by a determination within the meaning of Section 1313(a) of the Code, no party shall take any action or filing position inconsistent with, the following Tax treatment of the items specified below:

(i) Any payments of Merger Consideration made in respect of Company Options (other than Company Assumed Options) pursuant to this Agreement (A) shall be treated as compensation paid by the Company as and when received by the holder thereof to whom such payment is due, (B) shall be net of any Taxes required to be withheld pursuant to applicable Tax Law and (C) shall, in respect of payments attributable to Company Options held by Company Employees only, be made through the Surviving Entity's (or any Affiliate thereof or successor thereto) standard payroll procedures in accordance with Section 2.7.

(ii) Except as otherwise provided in Section 5.5(f)(i), none of the Merger Consideration (together with any other items properly treated as purchase price for U.S. federal income tax purposes (including any portion of the Expense Amount or Indemnity Holdback paid to the Sellers)) will be allocated to any restrictive covenant agreement, any employment agreement, or otherwise treated as compensation.

(iii) The parties hereto agree that for so long as there are shares of Share Consideration in the Indemnity Holdback: (A) the Sellers shall be entitled to receive dividends on, and shall be entitled to vote, the Share Consideration in the Indemnity Holdback, (B) the Sellers shall be treated as the owners of the Share Consideration in the Indemnity Holdback for income Tax purposes, and (C) the parties shall file all Tax Returns consistent with the treatment described in the forgoing clauses (A) and (B).

(iv) The Forfeited Equity that is forfeited, returned, contributed, transferred and, as necessary, assigned to the Company pursuant to the Equity Forfeiture Agreements shall be treated as having been contributed by each applicable Equity Forfeiture Participant to the capital of the Company. Each Equity Forfeiture Participant's tax basis, if any, in the Forfeited Equity contributed to the capital of the Company pursuant to the Equity Forfeiture Agreements shall be reallocated to the remaining Company Capital Stock held by the Equity Forfeiture Participants immediately following such forfeiture, contribution, transfer and, as necessary, assignment.

(g) Parent, the Surviving Entity and the Seller Representative shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to Section 5.5(a) and with respect to any Tax proceeding relating, in whole or in part, to any Pre-Closing Tax Period. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information in such party's possession that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Parent, the Company, the First-Step Surviving Corporation and the Surviving Entity agree to retain all books and records with respect to Tax matters pertinent to Company relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Parent or the Seller Representative, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority.

(h) The Sellers will be entitled to all Tax refunds, Tax credits or Tax overpayments of the Company for taxable periods or partial taxable periods ending on or before the Closing Date; provided, that such amounts will be net of: (i) any reasonable out-of-pocket costs incurred in obtaining such refund, credit or overpayment of Taxes, (ii) any Tax required to be withheld on such amount, (iii) any Taxes borne by Parent, the Surviving Entity, or any of their Affiliates as a result of their receipt of such refund, credit or overpayment of Tax, and (iv) any such amount taken into account in the calculation of Merger Consideration. For purposes of determining the portion of any refund, credit or overpayment of Tax related to a Straddle Period that the Sellers are entitled to under this Section 5.5(h), such refund, credit or overpayment shall be prorated based upon the method set forth in Section 5.5(b). If Parent, the Surviving Entity or any of their Affiliates receives any Tax refund or Tax credit or benefits from a Tax overpayment to which the Sellers are entitled pursuant to the first sentence of this Section 5.5(h) (each a "Pre-Closing Tax Refund"), Parent or the Surviving Entity, as applicable, will promptly pay (or cause their respective Affiliates to pay) the entire amount of such Pre-Closing Tax Refund (including interest only to the extent a Governmental Authority actually paid or credited Parent, the Surviving Entity or such Affiliate for interest with respect to such refund) to the Sellers. Upon reasonable request from the Seller Representative, Parent will cause the Surviving Entity to use commercially reasonable efforts to obtain any Pre-Closing Tax Refund which shall include filing an amended Tax Return (or application for refund or any other required filing) in order to obtain any Pre-Closing Tax Refund; provided, that Parent shall be reimbursed by the Sellers for all reasonable out of pocket expenses (including the cost of filing any amended Tax Returns) incurred in connection with obtaining any such Pre-Closing Tax Refund. In the event that any Pre-Closing Tax Refund is required to be repaid to the applicable Tax authority, the Sellers will promptly pay an amount equal to such Pre-Closing Tax Refund (together with any applicable interest and penalties) to Parent. In no event shall Pre-Closing Tax Refunds payable to the Company Stockholders exceed $350,000 in the aggregate.

(i) The determination of Pre-Closing Taxes included in "Company Debt" shall be calculated in accordance with the following assumptions (whether or not any Tax Returns of the Company (including, for the avoidance of doubt, Tax Returns of Company filed after the Closing) are in fact prepared in accordance with these assumptions):

(i) for income Tax purposes, the taxable year of Company ends as of the end of the day on the Closing Date;

(ii) no Taxes are incurred by Company on the Closing Date after the Closing outside the Ordinary Course (other than as explicitly contemplated by this Agreement);

(iii) all Transaction Deductions are included as deductions against taxable income in the Pre-Closing Tax Period to the extent permitted by applicable Law at a "more likely than not" standard (or higher level of comfort) and assuming a timely election is made under IRS Revenue Procedure 2011-29, 2011-18 I.R.B. 746, to apply the seventy percent (70%) safe-harbor to any expenses related to the Transactions that are "success based fees" as defined in Treasury Regulation Section 1.263(a)-5(f);

(iv) to the extent permitted by applicable Law (including the application of Section 382), any net operating losses of the Company arising in taxable periods ending (or deemed to end) on or prior to the Closing Date shall be taken into account to reduce Tax liabilities for Pre-Closing Tax Periods;

(v) any estimated Tax payments, prepaid Taxes, other Tax deposits and Tax refunds (or credits in lieu thereof) of any particular type of Taxes for any Pre-Closing Tax Period, to the extent such payments, prepaid Taxes, deposits or refunds were not included in the calculation of Closing Cash, shall reduce the liability for such particular type of Taxes taken into account in Pre-Closing Taxes;

(vi) any liabilities, accruals or reserves for contingent Taxes or uncertain Tax positions, if any, with respect to Pre-Closing Tax Periods shall be disregarded; and

(vii) all such Taxes shall be determined based upon the past practices (including reporting positions, elections and accounting methods) of Company in preparing its Tax Returns and solely for jurisdictions in which Company has historically filed Tax Returns prior to the Agreement Date and any jurisdictions in which the Company has established nexus in the current or immediately prior taxable year.

5.6 Data Room. Within five (5) Business Days after the Closing, the Company shall deliver to Parent a true, correct and complete copy of the virtual data room made available to Parent and its outside counsel.

5.7 Termination of 401(k) Plan. Effective as of no later than the day immediately preceding the Closing Date, the Company shall terminate any and all Company Employee Plans intended to include a Code Section 401(k) arrangement (each, a "401(k) Plan") (unless Parent provides written notice to the Company that any or all such 401(k) Plans shall not be terminated). No later than two (2) Business Days prior to the Closing Date, the Company shall provide Parent with evidence that each 401(k) Plan has been terminated (effective as of no later than the day immediately preceding the Closing Date) pursuant to resolutions of the Company's Board of Directors. The form and substance of such resolutions shall be subject to review and approval of Parent, which such approval shall not be unreasonably withheld or delayed. The Company also shall take such other actions in furtherance of terminating each 401(k) Plan as Parent may reasonably require. In the event that termination of a 401(k) Plan would reasonably be anticipated to trigger liquidation charges, surrender charges or other fees (other than administrative expenses in the ordinary course of business), then such charges and/or fees shall be included in Company Transaction Expenses and shall be the responsibility of the Company.

5.8 Section 280G. No later than three (3) days prior to the Closing, the Company shall (i) use commercially reasonable efforts to secure from any Person who (A) is a "disqualified individual" (as defined in Section 280G of the Code) and (B) has a right or potential right to any payments and/or benefits in connection with the transactions contemplated by this Agreement that could reasonably be expected to constitute "parachute payments" within the meaning of Section 280G of the Code, a waiver of all or a portion of such Person's rights to any such payments and/or benefits, such that all remaining payments and/or benefits applicable to such Person shall not be deemed to be "excess parachute payments" pursuant to Section 280G of the Code (the "Waived 280G Benefits"), and (ii) for all such obtained waivers, submit for approval by the Company's shareholders the Waived 280G Benefits, to the extent and in the manner required under Sections 280G(b)(5)(A)(ii) and 280G(b)(5)(B) of the Code. The Company shall not pay or provide any of the Waived 280G Benefits, if such Waived 280G Benefits are not approved by the Company's shareholders as contemplated above. No later than seven (7) Business Days prior to the Closing Date, the Company shall provide to Parent and its counsel drafts of the consent, waiver, disclosure statement and calculations necessary to effectuate the approval process and Parent shall have reasonable opportunity to comment thereon. No later than two (2) Business Days prior to the Closing Date, the Company shall deliver to Parent evidence reasonably satisfactory to Parent that (x) a vote of the Company's shareholders was conducted and the requisite approval received in conformance with Section 280G of the Code and the regulations thereunder, or (y) such requisite Company shareholder approval has not been obtained with respect to the Waived 280G Benefits, and, as a consequence, the Waived 280G Benefits have not been and shall not be paid or provided (collectively, this section is the "280G Covenant").

5.9 Officers and Directors Insurance and Indemnification. Prior to the Closing Date, the Company shall obtain a prepaid extended reporting period or tail policy insuring the current and former officers or directors of the Company (the "D&O Indemnified Persons") under the current program of directors' and officers' liability insurance maintained by the Company which shall be effective commencing with the Closing Date and ending six (6) years thereafter and which shall afford coverage for actual or alleged acts or omissions occurring at, during or prior to the Closing Date including with respect to the Transactions (including the Mergers) (the "D&O Tail Insurance"). Parent will cause the Surviving Entity to enforce the D&O Tail Insurance upon request of the D&O Indemnified Persons and will not allow the Surviving Entity to cancel or adversely amend the D&O Tail Insurance during its term in a manner that is adverse to the D&O Indemnified Persons without the Seller Representative's consent; provided the Seller Representative shall not unreasonably withhold, delay or condition its consent with respect to any

such amendment that is not material. The provisions of this Section 5.9 shall be enforceable by each D&O Indemnified Person and the Surviving Entity shall, and Parent shall cause the Surviving Entity or its successors to, pay all costs and expenses (including reasonable attorneys' fees) incurred by any D&O Indemnified Person (or his or her heirs, personal representatives, successors or assigns) in any legal action brought by such Person that is successful to enforce the obligations of Parent or the Surviving Entity or its successors under this Section 5.9. The obligations of Parent and the Surviving Entity and its successors under this Section 5.9 shall not be terminated, amended or otherwise modified in such a manner as to adversely affect any D&O Indemnified Person (or his or her heirs, personal representatives, successors or assigns) without the prior written consent of such D&O Indemnified Person (or his or her heirs, personal representatives, successors or assigns, as applicable), which consent shall not be unreasonably withheld, delayed or conditioned with respect to any such amendment or modification that not material.

5.10 Termination of Employees. The Company shall terminate all then-active Company Employees and Company Contractors effective immediately prior to the First Effective Time, such that the Company shall not employ or engage any Company Employees or Company Contractors following the First Effective Time. All costs of severance, equity buyout, retention bonuses and other employee costs associated with said terminations of employment and engagement shall be included within the definition of Company Transaction Expenses.

5.11 Press Release. No press or public release or announcement concerning the Transactions or announcements to employees, contractors, customers or suppliers of the Company or Parent shall be issued on or following the Closing without both the Seller Representative's and Parent's prior written consent. Notwithstanding anything herein to the contrary, following Closing and after the public announcement of the Merger, the Seller Representative shall be permitted to announce that it has been engaged to serve as the Seller Representative in connection herewith as long as such announcement does not disclose any of the other terms hereof

5.12 Agreements Relating to Parent Common Stock.

(a) Private Placement. Parent intends to issue the shares of Parent Common Stock as provided in this Agreement pursuant to a "private placement" exemption or exemptions from registration under Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder and an exemption from qualification under the securities Laws of the State of California and other applicable state securities laws.

(b) Restrictions on Transfer. The Stock Consideration Shares shall be subject to any restrictions on transfer set forth in this Article V. The Stock Consideration Shares constitute "restricted securities" under the Securities Act, and may not be transferred absent registration under the Securities Act or an exemption therefrom, and any such transfer shall also be conditioned on compliance with applicable state and foreign securities Laws. Each Company Stockholder who receives Stock Consideration Shares and every transferee or assignee of any Stock Consideration Shares from any Company Stockholder shall be bound by and subject to the terms and conditions of this Article V, Parent's organizational documents and, if applicable, the Parent Investor Agreements, and Parent may require, as a condition precedent to the assignment or transfer of any Stock Consideration Shares, that any transferee or assignee must enter into an agreement with Parent, whereby such transferee or assignee agrees in writing to be bound by, and subject to, all

the terms and conditions of this Article V, Parent's organizational documents and, if applicable, the Parent Investor Agreements. To ensure compliance with the restrictions imposed by this Agreement, Parent may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and if Parent acts as its own transfer agent, it may make appropriate notations to the same effect in its own records. Parent shall not be required (a) to transfer on its books any Stock Consideration Shares that have been transferred in violation of any of the provisions of this Agreement or (b) to treat as owner of such Stock Consideration Shares, or to accord the right to vote or pay dividends, to any transferee or assignee to whom such shares have been purportedly so transferred.

(c) Legends. Each certificate or book-entry notation representing any Stock Consideration Shares issued hereunder shall bear the following legends (in addition to any other legends required by law, Parent's organizational documents or any other agreement to which any such Company Stockholder is a party):

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

THE SHARES REPRESENTED HEREBY ARE SUBJECT TO A VOTING AGREEMENT, AS MAY BE AMENDED FROM TIME TO TIME (A COPY OF WHICH MAY BE OBTAINED UPON WRITTEN REQUEST FROM THE COMPANY), AND BY ACCEPTING ANY INTEREST IN SUCH SHARES THE PERSON ACCEPTING SUCH INTEREST SHALL BE DEEMED TO AGREE TO AND SHALL BECOME BOUND BY ALL THE PROVISIONS OF THAT VOTING AGREEMENT, INCLUDING CERTAIN RESTRICTIONS ON TRANSFER AND OWNERSHIP SET FORTH THEREIN."

5.13 Stockholder Notice. No later than the earlier of five (5) Business Days following the Agreement Date, and one (1) Business Day prior to the Closing, the Company shall prepare and, after written approval by Parent, mail or electronically deliver to each Company Stockholder other than the Company Stockholders who previously executed the Stockholder Written Consent, a notice (as it may be amended or supplemented from time to time, the "Stockholder Notice") comprising (i) the notice contemplated by Section 228(e) of the DGCL of the taking of a corporate action without a meeting by less than a unanimous written consent, (ii) the notice contemplated by

Section 262(d)(2) of the DGCL, together with a copy of Section 262 of DGCL, and (iii) any other notices or provisions required by applicable law. The Stockholder Notice shall include (A) a statement to the effect that the Company Committee had unanimously determined that this Agreement and the transactions contemplated by this Agreement, including the Merger, are advisable and fair to, and in the best interests of, the Company and the Company Stockholders and recommended that the Company Stockholders vote in favor of the adoption of this Agreement and the approval of the Merger and (B) such other information as is required or advisable under DGCL or other applicable law to be included therein. Following the mailing of the Stockholder Notice, no amendment or supplement to the Stockholder Notice shall be made by the Company without the prior written approval of Parent. The Company agrees to include in the Stockholder Notice such information concerning its business, financial statements and affairs as, in the reasonable judgment of Parent or its counsel, may be required to be included under DGCL or other applicable law in the Stockholder Notice or in any amendment or supplement thereto, and the Company agree to cause the Company's Representatives to cooperate in the preparation of the Stockholder Notice and any amendment or supplement thereto.

5.14 Notification of Certain Matters.

(a) The Company shall give prompt notice to Parent of the occurrence or non-occurrence of any event that is reasonably likely to cause the failure of any of the conditions set forth in Section 6.2(a); provided, however, that the delivery of any notice pursuant to this Section 5.14 shall not limit or otherwise affect any remedies available to the party receiving such notice. No disclosure by the Company pursuant to this Section 5.14, however, shall be deemed to amend or supplement the Company Disclosure Schedule or prevent or cure any misrepresentation, breach of representation or warranty or breach of any covenant.

(b) The Company shall give Parent prompt notice of the commencement or known threat of commencement of any Legal Proceeding by or before any Governmental Authority with respect to the Mergers or any of the other transactions contemplated by this Agreement, keep Parent informed as to the status of any such Legal Proceeding or known threat, and the Company shall permit Parent's representatives to be present at each meeting or conference relating to any such Legal Proceeding, to participate in, or review, any material communication before it is made to any Governmental Authority, and to have access to and be consulted in connection with any document, opinion or proposal made or submitted to any Governmental Authority in connection with any such Legal Proceeding, including by providing Parent with a reasonable opportunity to review and comment on any filing, submission, response to an information request or other (oral or written) communication to be submitted or made to any Governmental Authority and such receiving party shall consider any such received comments in good faith. Notwithstanding anything herein to the contrary, no such access shall be permitted to the extent that such access is reasonably likely to require the Company to disclose information subject to attorney-client privilege or attorney work-product privilege or violate any applicable Law; provided, however, that the Company will use commercially reasonable efforts to provide such information in an alternative manner so as to not violate such attorney-client privilege (including entering into a reasonable joint defense agreement).

5.15 Confidentiality. The Company hereby agrees that any information obtained from or about Parent in connection with the negotiation and execution of this Agreement or the transactions contemplated hereby shall be governed by the Mutual Non-Disclosure Agreement, dated February 15, 2022, between the Company and Parent (the "Confidentiality Agreement") until Closing. The Seller Representative agrees that the confidentiality agreement by and between the Seller Representative and the Company shall survive the Closing, shall cover all information received from Parent or the Surviving Corporation after the Closing, and shall be enforceable by Parent or the Surviving Corporation after the Closing.

5.16 Reasonable Best Efforts. Each of the parties hereto agrees to use its reasonable best efforts, and to cooperate with each other party hereto, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, appropriate or desirable to consummate and make effective, in the most expeditious manner practicable, the Mergers and the other transactions contemplated by this Agreement, including the satisfaction of the respective conditions set forth in Section 6.1, and including to execute and deliver such other instruments and do and perform such other acts and things as may be necessary or reasonably desirable for effecting completely the consummation of the Merger and the other transactions contemplated by this Agreement.

5.17 Notices and Consents. During the period starting on the Agreement Date and ending on the Closing Date or the earlier termination hereof, the Company shall use commercially reasonable efforts to send all notices to and obtain all consents, waivers and approvals of any third-party to any Contract as listed on Schedule 5.17. Such notices, consents, modifications, waivers and approvals, if obtained, shall be in form and substance acceptable to Parent (acting reasonably).

ARTICLE VI

CONDITIONS TO OBLIGATION TO CLOSE

6.1 Conditions to Obligations of Each Party to Effect the Merger. The respective obligations of the Company, Parent and the Merger Subs to effect the Mergers shall be subject to the satisfaction or waiver, at or prior to the First Effective Time, of the following conditions:

(a) No Order. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, Order or other legal restraint or prohibition (whether temporary, preliminary or permanent) which is in effect and which has the effect of making the Mergers illegal or otherwise prohibiting or preventing consummation of the Mergers.

(b) No Injunctions; Restraints; Illegality. No temporary restraining order, preliminary or permanent injunction or other Order issued by any court of competent jurisdiction or other legal restraint or prohibition (i) preventing or restraining, in any material respect, the consummation of the Mergers, (ii) prohibiting Parent's ownership or operation of any portion of the business of Company, or (iii) compelling Parent or Company to dispose of or hold separate all or any portion of the business or assets of Company or Parent as a result of the Mergers, shall be in effect.

(c) No Actions. There shall be no Legal Proceeding of any nature or kind pending against Parent or any of its Affiliates, or against the Company or any of its Affiliates arising out of, or in any way connected with, this Agreement, the Transaction Documents, the Merger or any other transactions contemplated hereby or thereby.

6.2 Conditions to Obligations of Parent and the Merger Subs. The obligations of Parent, First Merger Sub and Second Merger Sub to effect the Mergers and the other Transactions to which they are a party are subject to satisfaction of the following conditions:

(a) Representations, Warranties and Covenants.

(i) (A) The representations and warranties of the Company contained in Article III that are Fundamental Representations (other than Section 3.11 (Tax Matters)) shall be true and correct in all but *de minimis* respects as of the Agreement Date and as of the Closing Date as if made as of such date (except to the extent any such representation or warranty expressly relates to an earlier date (in which case as of such earlier date)), and (B) the other representations and warranties of Company contained in Article II, other than the representations and warranties addressed by clause (A), that (1) are qualified by materiality or Material Adverse Effect shall be true and correct in all respects as of the Agreement Date and as of the Closing Date as if made as of such date (except to the extent any such representation or warranty expressly relates to an earlier date (in which case as of such earlier date)) and (2) that are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects as of the Agreement Date and as of the Closing Date as if made as of such date (except to the extent any such representation or warranty expressly relates to an earlier date (in which case as of such earlier date)); and

(ii) The Company shall have (A) performed and complied in all material respects with all covenants and obligations under this Agreement required to be performed and complied with by it as of or prior to the Closing and (B) delivered to Parent all certificates and other documents that it is required to deliver to Parent pursuant to this Agreement.

(b) No Material Adverse Effect. There shall not have occurred a Material Adverse Effect with respect to the Company that is continuing.

(c) Certificate of Company. The Parent shall have received a certificate executed for and on behalf of the Company by an officer of the Company to the effect that, as of the Closing, the conditions set forth in Sections 6.2(a) and 6.2(b) have been satisfied.

(d) Stockholder Approval. The Requisite Stockholder Approvals shall have been obtained in accordance with the DGCL and the Company Governing Documents. A true and correct copy of the duly executed Stockholder Written Consent in the form attached hereto as Exhibit A, constituting the Requisite Stockholder Approvals, shall have been delivered to Parent.

(e) Third Party Consents and Notices. The Company shall have delivered to Parent copies of consents (signed by the applicable third Person) or notices, as applicable, provided to the third Persons specified or referenced in Schedule 6.2(e) with respect to the consummation of the Transactions in a form that is reasonably acceptable to Parent.

(f) Resignations. The Company shall have delivered to Parent the written resignations of each Person who is a director or officer of the Company in his or her capacity as such, properly executed by each such Person.

(g) FIRPTA Matters. The Company shall have delivered to Parent a properly executed certificate of the Company certifying that the Company is not, and has not been, a "United States real property holding corporation" within the meaning of Section 897 of the Code, during the applicable period specified in Section 897(c)(1)(a)(ii) of the Code, which complies with the requirements of Section 1445 of the Code and the Treasury Regulations promulgated thereunder.

(h) Secretary's Certificate. The Company shall have delivered to Parent a certificate of the secretary or an assistant secretary of the Company, properly executed by such Person, certifying as to its certificate of incorporation and bylaws and (A) resolutions of the Company Committee and the written consent of the Company Stockholders adopting and approving this Agreement and the Transactions to which the Company is a party, including the Mergers and (B) the names and signatures of the officers of the Company authorized to sign the relevant Transaction Documents and the other documents to be delivered thereunder.

(i) Good Standing Certificates. The Company shall have delivered to Parent a certificate of good standing from the office of the Secretary of State of the State of Delaware and each other state or jurisdiction in which the Company is qualified to do business as a foreign corporation certifying, as of a date no more than ten (10) Business Days prior to the Closing Date, that the Company is in good standing and (to the extent such information is readily available from such state or jurisdiction) that all applicable franchise Taxes and fees of the Company owed to such state or jurisdiction through such certification date have been paid.

(j) Pay-Off Letters. The Company shall have delivered to Parent duly executed copies of pay-off letters with respect to the Company Debt (the "Closing Pay-Off Indebtedness Documentation"), each in form and substance reasonably satisfactory to Parent.

(k) Invoices. Parent shall have received an invoice from each advisor or other service provider to the Company (other than any employee, director or officers of the Company), dated no more than three (3) Business Days prior to the Closing Date, with respect to all Company Transaction Expenses estimated to be due and payable to such advisor or other service provider, as the case may be, as of the Closing Date, each in form and substance reasonably satisfactory to Parent.

(l) Payout Spreadsheet. The Company shall have delivered to Parent the Payout Spreadsheet.

(m) First Certificate of Merger. The Company shall have delivered to Parent a copy of the First Certificate of Merger, duly executed by the Company.

(n) Restrictive Covenant Agreements. The Company shall have delivered to Parent a copy of the Restrictive Covenant Agreements, duly executed by each of the individuals listed on Schedule 6.2(n).

(o) Support Agreements. Executed Supports Agreements as of the First Effective Time by Company Stockholders holding at least ninety percent (90%) of the Company's Capital Stock.

(p) Parent Investor Agreements. Counterparts to each of the Parent Investor Agreements, duly executed by each Company Stockholder who, after the Closing. will own shares of Parent Common Stock sufficient to trigger the obligations set forth in Section 7.1(b) of the Parent Voting Agreement, other than Citadel Multi-Strategy Equities Master Fund Ltd., which is already a party to the Parent Investor Agreements.

(q) Equity Forfeiture Agreements. Within three (3) business days prior to the Closing, the Company shall have caused each person set forth on Schedule 6.2(q) (the "Equity Forfeiture Participants") to have delivered to Parent an executed Equity Forfeiture Agreement in the form attached hereto as Exhibit I pursuant to which each person set forth on Schedule 6.2(q) shall have irrevocably agreed to forfeit, return, contribute, transfer and, as necessary, assign the designated portion of his or her Forfeited Equity set forth on Schedule 6.2(q), with the aggregate value of such Forfeited Equity to equal an amount at least equal to the value of the Assumed Options or 2,464,653 shares of Parent Common Stock, based on the Payout Spreadsheet dated as of the Agreement Date.

(r) 280G Stockholder Approval. The Company shall have performed and complied in all material respects with the 280G Covenant.

(s) Exchange Agent Agreement. The Seller Representative and the Exchange Agent shall have entered into the Exchange Agent Agreement.

(t) Consulting Agreements. The Company shall have delivered to Parent Consulting Agreements, in a form and substance acceptable to Parent, duly executed from each of the individuals listed on Schedule 6.2(t) (the "Anticipated Consultants"). While the terms of each Consulting Agreement are ultimately in the Parent's discretion and subject to review by the Company, it is anticipated that the hourly rate payable as compensation for any services rendered under a Consulting Agreement will be based on the applicable Anticipated Consultant's current base salary with the Company, and require a minimum 5 hour a week of services from the Anticipated Consultant during the term of the applicable Consulting Agreement. Notwithstanding anything herein to the contrary, Parent retains ultimate discretion whether to enter into Consulting Agreements with the Anticipated Consultants, and nothing herein shall be construed as a right to continued service with the Parent or the Company.

(u) Releases. Duly executed releases from each Company Employee receiving severance in connection with the Mergers and the other transactions contemplated by this Agreement and the Transaction Documents.

(v) Appraisal Rights. No Company Stockholder shall have exercised appraisal rights or dissenters' rights under the DGCL or other applicable law with respect to shares of Company Capital Stock.

(w) Promised Options Acknowledgment and Release. The Company shall have provided to Parent, from [***], a release and waiver of any future claims agreement in a form and substance satisfactory to Parent, releasing [***].

Parent may waive any condition specified in this Section 6.2 if it executes a writing delivered to the Company so stating at or prior to the Closing. If the Closing occurs, all closing conditions set forth in this Section 6.2 that have not been fully satisfied as of the Closing shall be deemed to have been waived by Parent and the Merger Subs for the purposes of this Section 6.2.

6.3 Conditions to Obligations of the Company. The obligation of the Company to effect the Mergers and the other Transactions is subject to satisfaction of the following conditions:

(a) Representations and Warranties. The representations and warranties of Parent and the Merger Subs in this Agreement shall be true and correct in all material respects on the date they were made and on and as of the Closing Date as though such representations and warranties were made on and as of such date (other than the representations and warranties of Parent and the Merger Subs as of a specified date, which shall be true and correct in all material respects as of such date).

(b) Covenants. Each of Parent and the Merger Subs shall have performed and complied in all material respects with all covenants and obligations under this Agreement required to be performed and complied with by such parties as of or prior to the Closing Date.

(c) Secretary's Certificates. Parent shall have delivered to the Company (i) a certificate of the secretary or an assistant secretary of First Merger Sub certifying as to its certificate of incorporation and bylaws and resolutions of the board of directors and sole stockholder of First Merger Sub adopting and approving this Agreement and the Transactions to which First Merger Sub is a party, including the Mergers and (ii) a certificate of the secretary or an assistant secretary of Parent certifying as to its certificate of incorporation and bylaws and resolutions of the Parent Board adopting and approving this Agreement and the Transactions to which Parent is a party, including the issuance of the Stock Consideration Shares.

(d) Parent Stockholder Consent. Parent shall have obtained all necessary approvals of its stockholders under its certificate of incorporation and bylaws for the issuance of the Share Consideration pursuant to this Agreement.

(e) Second Certificate of Merger. Parent shall have delivered to the Company a copy of the Second Certificate of Merger, duly executed by Parent.

(f) Exchange Agent Agreement. Parent and Exchange Agent shall have entered into the Exchange Agent Agreement.

The Company may waive any condition specified in this Section 6.3 if it executes a writing delivered to Parent so stating at or prior to the Closing. If the Closing occurs, all closing conditions set forth in this Section 6.3 that have not been fully satisfied as of the Closing shall be deemed to have been waived by the Company for the purposes of this Section 6.3.

ARTICLE VII

INDEMNIFICATION

7.1 Survival.

(a) The covenants and agreements of the parties shall survive the Closing in accordance with their terms.

(b) (i) the Fundamental Representations shall survive the Closing until the date which is thirty (30) days after the expiration of the statute of limitations applicable to the subject matter of such Fundamental Representation, and (ii) all other representations and warranties of the parties made in this Agreement shall survive the Closing until the date which is twelve (12) months after the Closing Date (the date in clause (i) or (ii), as applicable, the "R&W Survival Date").

(c) No party hereto shall have any indemnification obligation pursuant to this Article VII or otherwise in respect of any representation, warranty, covenant or agreement unless the party seeking indemnification shall have delivered written notice of the existence of the claim for which indemnification is being sought on or before (i) the applicable R&W Survival Date, for any inaccuracy in or breach of any of the representations or warranties contained herein or (ii) the expiration of the applicable statute of limitations for any breach of a covenant or agreement hereunder or in the Transaction Documents. Any written claim for indemnification pursuant to this Article VII in respect of any representation, warranty, covenant or agreement that is made prior to the applicable expiration date for such representation, warranty, covenant or agreement and delivered to the party against whom such indemnification is sought in accordance with the provisions of this Article VII, shall survive thereafter and, as to any such claim, such subsequent expiration will not affect the rights to indemnification of the party making such claim, it being agreed that if such claim for indemnification is timely made, the relevant representations, warranties, covenants and agreements shall survive with respect to the claims for indemnification set forth on such notice until such matter is resolved. Such notice shall set forth with reasonable specificity (i) the basis under this Agreement, and the facts that otherwise form the basis of such claim, and (ii) the estimate of the amount of such claim, if reasonably estimable (which estimate shall not be conclusive of the final amount of such claim). The parties further acknowledge that the time periods set forth in this Section 7.1 for the assertion of claims under this Agreement are the result of arms'-length negotiation among the parties and that they intend for the time periods to be enforced as agreed by the parties.

(d) Notwithstanding anything in this Article VII or any other provision of this Agreement to the contrary, (i) in the event of any acts of Fraud, the parties shall have all remedies available at Law or in equity (including for tort) against the Person who committed such Fraud, and (ii) claims of a party involving Fraud may be brought against the Person who committed such Fraud without regard to any limitation set forth in this Agreement (whether a temporal limitation, a dollar limitation or otherwise).

7.2 Indemnification for Company Breaches.

(a) Subject to each of the limitations set forth in this Article VII, after the Closing, the Company Stockholders (the "Indemnifying Sellers") shall, on a several but not joint basis, in accordance with their respective Pro Rata Portion, but subject to subsection (b) below, indemnify, defend and hold harmless Parent, its Affiliates and their respective officers, directors, employees, agents, representatives and permitted successors and assigns (each, a "Parent Indemnified Party") from and against any and all Damages that a Parent Indemnified Party suffers, sustains or becomes subject to as a result of or in connection with:

(i) Any inaccuracy in or breach of any of the representations and warranties contained in Article III;

(ii) Any breach by the Company of any obligation, covenant or agreement set forth in this Agreement or any Transaction Document to which the Company is a party;

(iii) [Intentionally omitted.]

(iv) [Intentionally omitted.]

(v) Any misrepresentation or inaccuracy in the Payout Spreadsheet;

(vi) Any Pre-Closing Taxes (calculated in accordance with Section 5.5(i) (excluding Section 5.5(i)(vii))) to the extent not taken into account in the calculation of Merger Consideration;

(vii) Any claim by any Seller against any Parent Indemnified Party relating to the allocation or disbursement of the Merger Consideration (other than as required to be paid by Parent or the Surviving Entity, as applicable, pursuant to the terms of this Agreement);

(viii) the exercise by any Company Stockholder of appraisal rights or dissenters' rights under applicable Law, including any payment made with respect to any Dissenting Share to the extent that such payment exceeds the value of the amount that otherwise would have been payable pursuant to Section 2.6(c) for such Dissenting Share;

(ix) any liabilities of the Company (including, without limitation, Company Debt or Company Transaction Expenses) that would be required to be set forth on a balance sheet of the Company prepared in accordance with GAAP and dated as of the Closing Date, which liabilities remain unpaid as of the Closing, but only to the extent that such liabilities are in excess of the sum of (A) Closing Cash plus (B) [***]; and

(x) any item set forth on Schedule 7.2(a)(x).

(b) Except in the case of any claims involving Fraud or breach of a Fundamental Representation, and subject to the limitations set forth in this Article VII, recourse by the Parent Indemnified Parties to the Indemnity Holdback shall be the Parent Indemnified Parties' sole and exclusive remedy under this Agreement against the Indemnifying Sellers for Damages resulting

from the matters referred to in Section 7.2(a)(i). The obligations of the Indemnifying Sellers under Section 7.2(a)(i) for a breach of a Fundamental Representation and under Sections 7.2(a)(ii) through 7.2(a)(x) shall be satisfied, *first*, from the Indemnity Holdback to the extent available, *then,* from the Indemnifying Sellers on a several and not joint basis based on such Indemnifying Sellers' Pro Rata Portions. The maximum recovery for Damages in the aggregate under Section 7.2(a)(i) for a breach of a Fundamental Representation and under Sections 7.2(a)(ii) through 7.2(a)(x) shall be an amount equal to the Merger Consideration, and the maximum liability of an Indemnifying Seller (except in the event of such Indemnifying Seller's own Fraud) shall be the Pro Rata Portion of the Merger Consideration actually received by such Indemnifying Seller.

(c) Surviving Entity. The parties acknowledge and agree that if the Surviving Entity suffers, sustains or becomes subject to or incurs any Damages, then (without limiting any of the rights of the Surviving Entity as an Indemnified Party), Parent shall also be deemed, by virtue of its ownership of the equity of the Surviving Entity, to suffer, sustain or become subject to or incur such Damages.

7.3 Indemnification Procedures for Third Party Claims. In the event that any claim or demand for which a party (an "Indemnifying Party") would be liable to another party under this Article VII (an "Indemnified Party") is asserted against or sought to be collected from an Indemnified Party in a Third Party Claim, the Indemnified Party shall with reasonable promptness (and in no event more than fifteen (15) Business Days after the Indemnified Party becomes aware of such Third Party Claim), notify the Indemnifying Party of such claim or demand (the "Claim Notice"), but the failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations under this Article VII, except to the extent the Indemnifying Party is prejudiced thereby. The Indemnifying Party shall have thirty (30) days from receipt of a Claim Notice from the Indemnified Party (in this Section 7.3, the "Notice Period") to notify the Indemnified Party whether or not the Indemnifying Party desires, at the Indemnifying Party's sole cost and expense, to assume the defense of such claim or demand (to the extent there are any Damages related to such claim or demand). All costs and expenses incurred by the Indemnifying Party in defending such claim or demand shall be a liability of, and shall be paid by, the Indemnifying Party, subject to the limitations set forth in this Article VII. The Indemnified Party is hereby authorized prior to and during the Notice Period to, with the prior written consent of the Indemnifying Party (which shall not be unreasonably withheld, conditioned or delayed), file any motion, answer or other pleading that it shall deem necessary or appropriate to protect its interests or those of the Indemnifying Party and not prejudicial to the Indemnifying Party. Notwithstanding the foregoing, the assumption of defense of any such matters by the Indemnifying Party shall relate solely to the Damages that are subject or potentially subject to indemnification hereunder; *provided, further*, that the option to assume the defense shall not be available to the Indemnifying Party for Third Party Claims (A) where non-monetary relief is sought that is not merely incidental to the monetary relief that is sought, (B) involving criminal allegations, for which defense shall be assumed by the Indemnified Party with the right to retain (at the Indemnifying Party's expense, subject to the limitations set forth in this Article VII) counsel of its choice, and (C) would reasonably be expected to be for an amount that, if paid, would result in the Indemnified Party bearing a greater share of such Liability than the Indemnifying Party, giving effect to the limitations set forth in this Article VII. If the Indemnifying Party elects to assume the defense of any such claim or demand, the Indemnified Party shall have the right to employ separate counsel at its own expense and to participate in, but not control, the defense thereof. If the Indemnifying

Party elects not to assume the defense of such claim or demand (or fails to give notice to the Indemnified Party during the Notice Period), the Indemnified Party shall be entitled to assume the defense of such claim or demand with counsel of its own choice, at the expense of the Indemnifying Party, subject to the limitations set forth in this Article VII. If the claim or demand is asserted against both the Indemnifying Party and the Indemnified Party and based on the advice of counsel reasonably satisfactory to the Indemnifying Party it is determined that there is a conflict of interest which renders it inappropriate for the same counsel to represent both the Indemnifying Party and the Indemnified Party, the Indemnifying Party shall be responsible for paying separate counsel for the Indemnified Party, subject to the limitations set forth in this Article VII; *provided*, *however*, that the Indemnifying Party shall not be responsible for paying for more than one separate firm of attorneys to represent all of the Indemnified Parties, regardless of the number of Indemnified Parties. If the Indemnifying Party elects to assume the defense of such claim or demand, (i) no compromise or settlement thereof may be effected by the Indemnifying Party without the Indemnified Party's written consent (not to be unreasonably withheld, conditioned or delayed) unless the sole relief provided is monetary damages that are paid in full by the Indemnifying Party, the settlement does not include any admission of liability and the Indemnified Party is fully released from all Liabilities relating to such claim or demand and (ii) the Indemnified Party shall have no liability with respect to any compromise or settlement thereof effected without its written consent (not to be unreasonably withheld, conditioned or delayed). In addition, the Indemnifying Party shall keep the Indemnified Party reasonably apprised of the status of the claim, liability or expense and any resulting suit, proceeding or enforcement action, shall furnish the Indemnified Party with all documents and information that the Indemnified Party shall reasonably request and shall consult with the Indemnified Party prior to acting on major matters, including settlement discussions. In the event that the Indemnifying Party does not assume the defense of such claim or demand, the Indemnified Party shall keep the Indemnifying Party reasonably apprised of the status of the claim, liability or expense and any resulting suit, proceeding or enforcement action, shall furnish the Indemnifying Party with all documents and information that the Indemnifying Party shall reasonably request and shall consult with the Indemnifying Party prior to acting on major matters, including settlement discussions. The Indemnifying Party may not enter into any compromise or settlement of such claim or demand in which the Indemnifying Party receives a release from all liabilities relating to such claim or demand in connection with a compromise or settlement, unless such release also applies to the Indemnified Party. With respect to any claim subject to indemnification under this Article VII, the parties shall cooperate in such a manner and use their commercially reasonable efforts to preserve in full the confidentiality of all Confidential Information and the attorney-client and work-product privileges. In connection therewith, each party agrees that: (i) it will use commercially reasonable efforts, in respect of any claim in which it has assumed or has participated in the defense, to avoid production of Confidential Information (consistent with applicable Law and rules of procedure), and (ii) it will use commercially reasonable efforts to make all communications between any parties hereto and counsel responsible for or participating in the defense of any Third Party Claim so as to preserve any applicable attorney-client or work-product privilege. Notwithstanding the foregoing, in the event of a Third Party Claim that is a Tax Claim, the provisions of Section 5.5(d) shall govern and the provisions of this Section 7.3 shall not apply.

7.4 Indemnification Procedures for Inter-Party Claims.

(a) In the event that an Indemnified Party determines that it has a claim for Damages against an Indemnifying Party hereunder (other than as a result of a Third Party Claim), the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party, specifying the amount of such claim, the nature and basis of the alleged breach giving rise to such claim and all relevant facts and circumstances relating thereto (such notice, the "Indemnification Demand").

(b) Upon reasonable request, the Indemnified Party shall furnish the Indemnifying Party with any information to the extent that such information is reasonably necessary in order to evaluate the Indemnification Demand. If the Indemnifying Party in good faith objects to any claim made by the Indemnified Party in the Indemnification Demand, then the Indemnifying Party shall deliver a written notice (an "Indemnification Dispute Notice") to the Indemnified Party within thirty (30) days of receipt of the Indemnification Demand. The Indemnification Dispute Notice shall set forth in reasonable detail the principal basis for the dispute of any claim made by the Indemnified Party in the Indemnification Demand. If the Indemnifying Party fails to deliver an Indemnification Dispute Notice prior to the expiration of such thirty (30)-day period, then the indemnity claim set forth in the Indemnification Demand shall be conclusively determined in the Indemnified Party's favor for purposes of this Article VII, and the Indemnified Party shall be indemnified for the amount of the Damages stated in such Indemnification Demand (or, in the case of any notice in which the Damages (or any portion thereof) are estimated, the amount of such Damages (or such portion thereof) as finally determined, subject to the limitations of this Article VII.

(c) If the Indemnifying Party delivers an Indemnification Dispute Notice, then the Indemnified Party and the Indemnifying Party shall attempt in good faith to resolve any such objections raised by the Indemnifying Party in the Indemnification Dispute Notice. If the Indemnified Party and the Indemnifying Party agree to the resolution of such objection, then a memorandum setting forth the matters conclusively determined by the Indemnified Party and the Indemnifying Party shall be prepared and signed by both parties and shall be binding and conclusive upon the parties hereto.

(d) If no such resolution can be reached during the thirty (30)-day period following the Indemnified Party's receipt of a given Indemnification Dispute Notice, then upon the expiration of such thirty (30)-day period (or such longer period as may be mutually agreed), the Indemnified Party shall be entitled to pursue all remedies available to it under this Agreement or otherwise under Law or equity with respect to such claims (in each case subject to the terms and limitations set forth in this Agreement, including Section 9.9).

7.5 Certain Limitations.

(a) Notwithstanding the foregoing, the Indemnifying Sellers shall not have any Liability to the Parent Indemnified Parties for any claims for indemnification made by the Parent Indemnified Parties pursuant to Section 7.2(a)(i) other than claims for breaches of Fundamental Representations until the total amount which the Parent Indemnified Parties would recover under Section 7.2(a)(i) exceeds [***] (the "Indemnity Basket"), at which point the Parent Indemnified

Parties shall be entitled to recover for all such Damages from the first dollar up to the General Indemnity Cap; provided, however, that: the General Indemnity Cap shall not apply to any Damages based upon, arising out of, or by reason of (A) any inaccuracy of the Fundamental Representations or (B) Fraud; provided, however, that in the event of any Fraud results solely from the action or inaction of one or more Indemnifying Sellers, only such Indemnifying Sellers shall be liable to the Parent Indemnified Parties in respect of such Fraud. Any Damages based upon, arising out of, or by reason of (x) any breach of the Fundamental Representations, or (y) Fraud shall not count toward the General Indemnity Cap, but shall be subject to the caps described in Section 7.2(b).

(b) All Damages shall be net of any amounts actually recovered by the applicable Indemnified Party under Insurance Policies or other collateral sources (such as contractual indemnitees of any Person which are contained outside of this Agreement) with respect to such Damages, less any actual costs, deductibles or expenses incurred in connection with securing such amounts (including any increased premiums resulting therefrom). The Indemnified Party shall use commercially reasonable efforts to mitigate any Damages which form the basis of a claim for indemnification hereunder, including by making any insurance or other claims under applicable Insurance Policies then in effect or other collateral sources, in each case, that reasonably relate to or provide coverage with respect to any Damages for which any Indemnified Party has been indemnified under this Article VII. In no event shall any Indemnifying Party have any liability to the Indemnified Party for any punitive, exemplary, incidental, consequential, special or indirect damages, including business interruption, loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement or any other Transaction Document, or diminution of value or any damages based on any type of multiple; provided, that an Indemnifying Party shall be liable to the Indemnified Party for such punitive or exemplary damages to the extent they are recovered against an Indemnified Party pursuant to a Third Party Claim.

(c) If the amount to be netted pursuant to Section 7.5(a) from any payment required under this Article VII is determined after payment of any amount otherwise required to be paid to an Indemnified Party under this Article VII, the Indemnified Party shall repay to the Indemnifying Parties, promptly after such determination, any amount that the Indemnifying Parties would not have had to pay pursuant to this Article VII had such determination been made at the time of such payment.

(d) The Sellers shall have no indemnification obligation for Damages with respect to (i) any Taxes reflected in the calculation of Merger Consideration, (ii) any Taxes arising from actions taken by Parent, the Company, the First-Step Surviving Corporation, the Surviving Entity or any affiliate on the Closing Date and after the Closing outside of the ordinary course of business and not contemplated by this Agreement and (iii) the amount or availability of any net operating loss, capital loss, Tax credits, Tax basis or other Tax asset or attribute of the Company in any taxable period (or portion thereof) beginning after the Closing Date.

(e) Subject to the limitations set forth in this Section 7.5, any claims for indemnification with respect to Company breaches and any claims for indemnification against the Indemnifying Sellers pursuant to this Article VII shall be satisfied by the Indemnifying Sellers, on a several but not joint basis, in accordance with their respective Pro Rata Portion of the Merger Consideration.

(f) Notwithstanding the fact that any Indemnified Party may have the right to assert claims for indemnification under or in respect of more than one provision of this Agreement in respect of any fact, event, condition or circumstance, no Indemnified Party shall be entitled to recover the amount of any Damages suffered by such Indemnified Party more than once, regardless of whether such Damages may be as a result of a breach of more than one representation, warranty, obligation or covenant or otherwise. In addition, any liability for indemnification hereunder shall be determined without duplication of recovery by reason of the state of facts giving rise to such liability, or a breach of more than one representation, warranty, covenant or agreement, as applicable.

(g) Upon making any payment to an Indemnified Party for any indemnification claim pursuant to this Article VII, the Indemnifying Party shall be subrogated, to the extent of such payment, to any rights which the Indemnified Party may have against any Person not a party to this Agreement with respect to the subject matter underlying such indemnification claim and the Indemnified Party shall assign any such rights to the Indemnifying Party.

(h) Solely for purposes of determining whether there is an inaccuracy in or breach of a representation or warranty, any materiality, Material Adverse Effect or similar qualification limiting the scope of such representation or warranty (except for the Materiality Scrape Exclusions) shall be disregarded. For the avoidance of doubt, such qualifications shall not be disregarded for purposes of determining the amount of any Damages in respect of any such inaccuracy in or breach of such representations or warranties.

(i) Parent is hereby authorized, at any time and from time to time, subject to (i) the procedures set out in Sections 7.3, and 7.4 and (ii) if applicable, the General Indemnity Cap, and after giving prior written notice to the Seller Representative, to set-off and apply any and all amounts owing by the Indemnifying Sellers under this Agreement against any shares of the Indemnity Holdback or, if applicable, the Stock Consideration Shares. Such shares of the Indemnity Holdback or Stock Consideration Shares shall be valued at the Parent Common Stock Per Share Price.

7.6 Indemnity Holdback Release. As promptly as practicable following the date which is twelve (12) months after the Closing Date (the "Indemnity Holdback Release Date") Parent shall release to the Company Stockholders, based on their Pro Rata Portions, any shares of Parent Common Stock that comprise the Indemnity Holdback that have not been offset against claims for Damages in accordance with the terms and conditions of this Article VII less the portion of the Indemnity Holdback that is subject to all disputed claims for indemnification specified in any claim notice delivered to the Seller Representative prior to the Indemnity Holdback Release Date in accordance with this Article VII. Any portion of the Indemnity Holdback held following the Indemnity Holdback Release Date with respect to pending but unresolved claims for indemnification that is not awarded to Parent upon the resolution of such claims shall be released within five (5) Business Days following final resolution of such claims to the Company Stockholders, based on their Pro Rata Portions.

7.7 Exclusivity. This Article VII shall provide the sole and exclusive remedy for any and all claims for any breach of representations, warranties, covenants and agreements set forth in, or otherwise relating to the subject matter of, this Agreement, except in the case of Fraud, or with respect to matters for which Section 9.2 permits a party to seek the remedy of specific performance or injunctive relief.

7.8 Tax Treatment of Indemnity Payments. All payments (if any) made to an Indemnified Party pursuant to this Article VII shall be treated as an adjustment to the Merger Consideration for Tax purposes, to the maximum extent permitted by Law.

ARTICLE VIII

TERMINATION

8.1 Termination. Except as provided in Section 8.2 hereof, this Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time:

(a) by mutual agreement of the Company and Parent;

(b) by Parent or the Company if the Closing Date shall not have occurred by January 4, 2023 (the "End Date"); provided, however, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any party whose action or failure to act has been a proximate cause of or resulted in the failure of the Mergers to occur on or before such date and such action or failure to act constitutes breach of this Agreement;

(c) by Parent or the Company if any Governmental Authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, Order or other legal restraint which is in effect and which has the effect of making the Mergers illegal;

(d) by Parent if it is not in material breach of its obligations under this Agreement and there has been a breach of any representation, warranty, covenant or agreement of the Company contained in this Agreement such that the conditions set forth in Section 6.2(a) would not be satisfied and such breach has not been cured within thirty (30) calendar days after written notice thereof to the Company; provided, however, that no cure period shall be required for a breach which by its nature cannot be cured and, in no event shall the cure period extend past the End Date;

(e) by the Company if the Company is not in material breach of its obligations under this Agreement and there has been a breach of any representation, warranty, covenant or agreement of Parent or the Merger Subs contained in this Agreement such that the conditions set forth in Section 6.3(a) would not be satisfied and such breach has not been cured within thirty (30) calendar days after written notice thereof to Parent; provided, however, that no cure period shall be required for a breach which by its nature cannot be cured and in no event shall the cure period extend past the End Date; or

(f) by Parent if the Company shall not have delivered to Parent a copy of the Stockholder Written Consent within twenty-four (24) hours following the execution and delivery of this Agreement.

8.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 8.1 hereof, this Agreement shall forthwith become void and there shall be no Liability or obligation on the part of Parent, the Company, or its officers, directors or stockholders; provided, however, nothing herein shall relieve any party from liability for the knowing and willful breach of any of its representations, warranties or covenants contained herein that occurred prior to such termination; and provided further, however, that, the provisions of Section 5.11 (Press Release), Section 5.15 (Confidentiality), Article IX (General Provisions) and this Section 8.2 hereof shall remain in full force and effect and survive any termination of this Agreement pursuant to the terms of this Article VIII.

8.3 Company Termination Fee.

(a) If this Agreement is terminated by Parent in accordance with Sections 8.1(b), (d) or (f), then promptly, but in any event within ten (10) Business Days after the date of such termination, the Company shall pay or cause to be paid to Parent, an amount in cash equal to [***] (the "Company Termination Fee") by wire transfer of immediately available funds to one or more accounts designated in writing by Parent, it being understood that in no event shall the Company Termination Fee be payable on more than one occasion. The parties hereto acknowledge and agree that the covenants contained in this Section 8.3 are a material and integral part of the transactions contemplated by this Agreement, that, without these agreements, such parties would not enter into this Agreement, and that any amount payable pursuant to this Section 8.3(a) does not constitute a penalty but shall constitute liquidated damages to compensate Parent and the Merger Subs.

(b) Following a termination of this Agreement by Parent in accordance with Sections 8.1(b), (d) or (f) (and, for the avoidance of doubt, without limiting the Parent's rights under Section 9.2 to pursue the equitable remedies available to it thereunder prior to a valid termination of this Agreement), (i) the sole and exclusive remedy (whether at law, in equity, in contract, in tort, through piercing of the corporate veil, by or through a claim by or on behalf of a party or another Person or otherwise) of Parent, the Merger Subs or any of their respective Affiliates or any of their respective equityholders or representatives (collectively, the "Parent Releasing Parties") against the Company, the Seller Representative or the Company's equityholders for any losses, damages or liabilities of any such Persons for the benefit of the bargain, opportunity cost, loss of premium, time value of money or otherwise, or for any punitive, special, exemplary, indirect, consequential or incidental damages, or damages argued to be associated with lost profits or diminution in value) as a result of any breach of, or non-compliance with, any covenant, agreement, representation or warranty in this Agreement or the failure of the transactions contemplated by this Agreement to be consummated or otherwise related or connected to this Agreement or the transactions contemplated by this Agreement (or the abandonment or termination thereof) shall be the right to receive the payment of the Company Termination Fee if due and payable hereunder, (ii) except for a Legal Proceeding against the Company seeking payment of the Company Termination Fee if the Company Termination Fee is due and payable hereunder, the Parent Releasing Parties shall not be entitled to commence or pursue any Legal

Proceeding against the Company arising out of, or in connection with, this Agreement or the transactions contemplated hereby (or the abandonment or termination thereof), (iii) except for the Company's obligation to pay the Company Termination Fee if the Company Termination Fee is due and payable hereunder, neither the Company nor the Sellers shall have any further liability or obligation relating to, or arising out of, this Agreement, or the transactions contemplated hereby or thereby (or the abandonment or termination thereof) and (iv) if any Parent Releasing Parties receive any payments from the Company, the Seller Representative or any of their respective Affiliates in respect of any breach of this Agreement, and thereafter Parent is entitled to receive the Company Termination Fee, the amount of such Company Termination Fee shall be reduced by the aggregate amount of any such prior payments made by the Company, the Seller Representative or any of their respective Affiliates to any Parent Releasing Party.

(c) Notwithstanding anything to the contrary in this Agreement, under no circumstances will Parent or the Merger Subs be entitled to both (x) all or any portion of the Company Termination Fee, and (y) a grant of specific performance or other equitable remedies pursuant to Section 9.2. The Company Termination Fee is inclusive of any Taxes and any recovery of collection costs.

(d) The Company's obligation to pay or cause to be paid the Company Termination Fee pursuant to Section 8.3(a) (if any) shall survive and remain in full force and effect and shall be enforceable by Parent, pursuant and subject to the limitations set forth in this Section 8.3.

ARTICLE IX

MISCELLANEOUS

9.1 Expenses. Except as otherwise expressly provided herein, each party will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the Transactions, whether or not the Mergers are consummated. The costs and expenses incurred by the Exchange Agent shall borne by Parent.

9.2 Specific Performance; Remedies. The parties hereto agree that irreparable damage may occur in the event that the provisions contained in this Agreement were not performed in accordance with its specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to seek an injunction or injunctions, without the posting of any bond, to prevent breaches of this Agreement and to enforce specifically the terms and provisions thereof in a court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. Any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy.

9.3 No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the parties, the D&O Indemnified Persons, the Parent Indemnified Parties, the Seller Indemnified Parties and their respective heirs, representatives, successors and permitted assigns.

9.4 Entire Agreement. This Agreement, including the Schedules, Exhibits and Annexes hereto, the Company Disclosure Schedule and the other documents, instruments and agreements referred to herein that relate to the Transactions (including the Transaction Documents), constitute the entire agreement among the parties with respect to the subject matter hereof and thereof, and supersedes any prior understandings, agreements or representations by or among the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

9.5 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective heirs, representatives, successors and permitted assigns. No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of Parent and the Company; provided, that Parent and the Merger Subs may, without the consent of any Person, assign in whole or in part their rights and obligations pursuant to this Agreement to (a) one or more of its Affiliates or (b) any successor to, or assignee of, all or substantially all of the business and assets of Parent or its Affiliates, in each case, who agrees in writing to be bound by the provisions hereof.

9.6 Counterparts; Electronic Delivery. This Agreement may be executed in one or more counterparts (including by means of fax, email, Portable Document Format (PDF) file, Joint Photographic Experts Group (JPEG) file or other electronic transmissions), each of which shall be deemed an original but all of which, when taken together, will constitute one and the same agreement. No party shall raise the use of fax, email or other electronic transmission to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of fax, email, PDF, JPEG or other electronic transmission as a defense to the formation or enforceability of this Agreement, and each party forever waives any such defense.

9.7 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

9.8 Notices. All notices, requests, demands, claims and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial delivery service, or mailed by registered or certified mail (return receipt requested) or sent via facsimile or email (with automated confirmation of receipt) to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice):

(a) if to Parent or any Merger Sub, to:

ACELYRIN, INC.
23371 Mulholland Dr.
PMB 417
Woodland Hills, CA
Attention: [***]
Email: [***]

with a copy (which shall not constitute notice) to:

Goodwin Procter LLP
3 Embarcadero Center, 28th Floor
San Francisco, CA 94111
Attention: [***]
Email: [***]

(b) if to the Seller Representative, to:

Shareholder Representative Services LLC
950 17th Street, Suite 1400
Denver, CO 80202
Attention: Managing Director
Email: [******]
Telephone: [******]

with a copy (which shall not constitute notice) to:

Cooley LLP
500 Boylston Street
Boston, MA 02116
Attention: [***]
Email: [***]

Any notice, request, demand, claim or other communication hereunder shall be deemed duly given as follows (i) if delivered personally or via email, such notice, request, demand, claim or other communication shall conclusively deemed to have been given or served at the time of dispatch if sent or delivered on a Business Day or, if not sent or delivered on a Business Day, on the next following Business Day and (ii) if sent by commercial delivery service or mailed by registered or certified mail (return receipt requested) shall conclusively be deemed to have been received on the third Business Day after the post of the same; provided, however, that notices sent by mail will not be deemed given until received and, provided, further, that no email notice shall be deemed given when received unless such notice is followed up by one of the other means of notice described herein.

Any party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other parties notice in the manner herein set forth.

9.9 Governing Law; Jurisdiction; WAIVER OF JURY TRIAL.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

(b) Each of the parties hereby (i) irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware or, if (and only if) the Court of Chancery of the State of Delaware declines to accept jurisdiction over a particular matter, the Superior Court of the State of Delaware (Complex Commercial Division) or, if (and only if) the Superior Court of the State of Delaware (Complex Commercial Division) declines to accept jurisdiction over a particular matter, any federal court sitting in the State of Delaware, and any appellate courts therefrom, (ii) irrevocably waives any objection that it may now or hereafter have to the venue of any such action, dispute or controversy in any such court or that such Legal Proceeding was brought in an inconvenient court and agrees not to plead or claim the same, (iii) agrees that it shall not bring any Legal Proceeding relating to this Agreement or the Transactions in any court other than the aforesaid courts, and (iv) irrevocably consents to service of process by first class certified mail, return receipt requested, postage prepaid, to the address at which such party is to receive notice in accordance with Section 9.8, in addition to any other method to serve process permitted by applicable Law.

THE PARTIES TO THIS AGREEMENT EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (A) ARISING UNDER THIS AGREEMENT OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. THE PARTIES TO THIS AGREEMENT EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE IRREVOCABLE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

9.10 Amendments and Waivers. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each of the parties in interest at the time of such amendment. No waiver by any party of any provision of this Agreement or any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the party making such waiver, nor shall such waiver be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

9.11 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provisions.

9.12 Disclosure Schedule. The Company Disclosure Schedule and the Parent Disclosure Schedule, as applicable, are arranged in sections and subsections corresponding to the sections and subsections contained in Article III and Article IV, respectively and are each intended to qualify such corresponding sections and subsections, respectively, and other relevant sections and subsections of this Agreement; provided, however, information furnished in any particular section of the Company Disclosure Schedule or Parent Disclosure Schedule, as applicable, shall be deemed to qualify and be included in another section thereof solely to the extent the relevance of such disclosure to such other section is reasonably apparent on its face. The inclusion of any information in any section of the Company Disclosure Schedule or Parent Disclosure Schedule, as applicable, or other document delivered by the parties pursuant to this Agreement shall not be deemed to be an admission or evidence of the materiality of such item, nor shall it establish a standard of materiality or determination that any item arose in the Ordinary Course for any purpose whatsoever.

9.13 Appointment of Seller Representative.

(a) By voting in favor of the adoption of this Agreement, executing and delivering a Support Agreement or participating in the Merger and receiving the benefits thereof, each Seller shall be deemed to have approved the designation of and hereby designates the Seller Representative as of the Closing as the representative of the Sellers and as the attorney-in-fact and agent for and on behalf of each Indemnifying Sellers for all purposes in connection with this Agreement and the agreements ancillary hereto, including with respect to claims under Article VII, and the taking by the Seller Representative of any and all actions and the making of any decisions required or permitted to be taken by the Seller Representative under this Agreement and the agreements ancillary hereto, including the exercise of the power to: (i) give and receive notices and communications (on behalf of itself or any other Seller) relating to this Agreement or any of the transactions and other matters contemplated hereby, (ii) authorize Parent and any other applicable Parent Indemnified Party to be indemnified, compensated or reimbursed for Damages, including through set-off or direct recovery from Indemnifying Sellers, in satisfaction of claims by Parent or any other Indemnifying Seller pursuant to Article VII (including by not objecting to such claims), (iii) agree to, object to, negotiate, resolve, enter into settlements and compromises of, demand litigation of, and comply with orders of courts with respect to (A) claims by Parent or any other Parent Indemnified Party pursuant to Article VII or (B) any dispute between any Parent Indemnified Party and any such Indemnifying Seller, in each case, relating to this Agreement or any of the transactions or other matters contemplated hereby and (iv) take all actions necessary or appropriate in the judgment of the Seller Representative for the accomplishment of the foregoing. The Seller Representative shall have authority and power to act on behalf of each Indemnifying Seller with respect to the disposition, settlement or other handling of all claims under Article VII and all rights or obligations arising under Article VII. The Indemnifying Sellers and their respective successors, heirs, estates and assigns shall be bound by all actions taken and documents executed by the Seller Representative in connection with Article VII, and Parent and the other Parent Indemnified Parties shall be entitled to rely on any action or decision of the Seller Representative. Parent recognizes and intends that the power of attorney granted in this Section 9.13(a) and the powers, immunities and rights to indemnification granted to the Seller Representative hereunder: (1) are coupled with an interest and are irrevocable; (2) may be delegated by the Seller Representative; and (3) shall survive the death, incapacity, dissolution, liquidation, bankruptcy or winding up of each of the Sellers and shall be binding on any successor

thereto. Each Seller (x) agrees that all actions taken by the Seller Representative under this Agreement shall be binding upon such Seller and such Seller's successors as if expressly confirmed and ratified in writing by such Seller and (y) waives any and all defenses which may be available to contest, negate or disaffirm the action of the Seller Representative taken in good faith under this Agreement. The Seller Representative shall only have the duties expressly stated in this Agreement and shall have no other duty, express or implied. The Seller Representative may engage attorneys, accountants and other professionals and experts. The Seller Representative may in good faith rely conclusively upon information, reports, statements and opinions prepared or presented by such professionals, and any action taken by the Seller Representative based on such reliance shall be deemed conclusively to have been taken in good faith. Parent may conclusively rely, without independent verification or investigation, upon any action of the Seller Representative as being the binding decision or action of the Sellers, and Parent shall not be liable to any Seller or any other Person for any actions taken or omitted from being taken by them or by Parent in accordance with or reliance upon any decision or action of the Seller Representative. The Person serving as the Seller Representative may be replaced from time to time by the holders of a majority in interest of the Stock Consideration Shares. No bond shall be required of the Seller Representative. After the Closing, notices or communications to or from the Seller Representative shall constitute notice to or from each of the Sellers. The Seller Representative may resign at any time.

(b) The Seller Representative will incur no liability in connection with its services pursuant to this Agreement and any related agreements except to the extent resulting from its gross negligence or willful misconduct. The Seller Representative shall not be liable for any action or omission pursuant to the advice of counsel. The Sellers shall indemnify the Seller Representative against any reasonable, documented, and out-of-pocket losses, liabilities and expenses (the "Representative Losses") arising out of or in connection with this Agreement and any related agreements, in each case as such Representative Loss is suffered or incurred; provided, that in the event that any such Representative Loss is finally adjudicated to have been caused by the gross negligence or willful misconduct of the Seller Representative, the Seller Representative will reimburse the Sellers the amount of such indemnified Representative Loss to the extent attributable to such gross negligence or willful misconduct. Representative Losses may be recovered by the Seller Representative from (i) the funds in the Expense Fund and (ii) any other funds that become payable to the Sellers under this Agreement at such time as such amounts would otherwise be distributable to the Sellers; provided, that while the Seller Representative may be paid from the aforementioned sources of funds, this does not relieve the Sellers from their obligation to promptly pay such Representative Losses as they are suffered or incurred. In no event will the Seller Representative be required to advance its own funds on behalf of the Sellers or otherwise. Notwithstanding anything in this Agreement to the contrary, any restrictions or limitations on liability or indemnification obligations of, or provisions limiting the recourse against non-parties otherwise applicable to, the Sellers set forth elsewhere in this Agreement are not intended to be applicable to the indemnities provided to the Seller Representative hereunder. The foregoing indemnities will survive the Closing, the resignation or removal of the Seller Representative or the termination of this Agreement.

(c) Upon the Closing, the Company will wire an amount of $100,000 (the "Expense Fund") to the Seller Representative, which will be used for any expenses incurred by the Seller Representative. The Sellers will not receive any interest or earnings on the Expense Fund and irrevocably transfer and assign to the Seller Representative any ownership right that they may otherwise have had in any such interest or earnings. The Seller Representative will hold these funds separate from its corporate funds and will not voluntarily make these funds available to its creditors in the event of bankruptcy. As soon as practicable following the completion of the Seller Representative's responsibilities, the Seller Representative will deliver any remaining balance of the Expense Fund to the Exchange Agent for further distribution to the Sellers. For tax purposes, the Expense Fund will be treated as having been received and voluntarily set aside by the Sellers at the time of Closing

9.14 Conflict of Interest. If the Seller Representative so desires, acting on behalf of the Sellers and without the need for any consent or waiver by the Company or Parent, Cooley LLP ("Cooley") shall be permitted to represent the Seller Representative or the Sellers after the Closing in connection with any matter, including without limitation, anything related to the transactions contemplated by this Agreement, any other agreements referenced herein or any disagreement or dispute relating thereto. Without limiting the generality of the foregoing, after the Closing, Cooley shall be permitted to represent the Seller Representative or the Sellers, any of their agents and Affiliates, or any one or more of them, in connection with any negotiation, transaction or dispute (including any litigation, arbitration or other adversary proceeding) with Parent, the Company or any of their agents or Affiliates under or relating to this Agreement, any transaction contemplated by this Agreement, and any related matter, such as claims or disputes arising under other agreements entered into in connection with this Agreement. Upon and after the Closing, the Company shall cease to have any attorney-client relationship with Cooley, unless and to the extent Cooley is specifically engaged in writing by the Company to represent the Company after the Closing and either such engagement involves no conflict of interest with respect to the Sellers or the Seller Representative consents in writing at the time to such engagement. Any such representation of the Company by Cooley after the Closing shall not affect the foregoing provisions hereof.

9.15 Attorney-Client Privilege.

(a) All communications involving attorney-client confidences between a Seller, its Affiliates or the Company and Cooley solely related to the negotiation, documentation and consummation of the Mergers and the Transactions ("Protected Communications") shall be deemed to be attorney-client confidences and communications that belong solely to the Sellers and their Affiliates, and not that of the Surviving Entity, following the Closing, and may be waived only by the Seller Representative. Absent the consent of the Seller Representative, neither Parent nor the Surviving Entity shall have a right to access attorney-client privileged material of the Company related to the Mergers and the Transactions following the Closing and neither the Parent nor the Surviving Entity shall assert that the attorney-client privilege of the Company related to the Mergers was waived due to the inadvertent transfer of attorney-client privileged material after the Closing (either because they were included in the computer server(s) of the Surviving Entity or were otherwise within the records of the Surviving Entity after the Closing).

(b) Notwithstanding the foregoing, in the event that a dispute arises between Parent or any of its Affiliates (including the First-Step Surviving Corporation, Surviving Entity, or other Subsidiary of Parent), on the one hand, and a third party other than the Seller Representative or any Seller, on the other hand, Parent and its Affiliates (including the First-Step

Surviving Corporation, Surviving Entity, or other Subsidiary of Parent) may assert the attorney-client privilege to prevent the disclosure of the Protected Communications to such third party; provided, however, that none of Parent or any of its Affiliates (including the First-Step Surviving Corporation, Surviving Entity, or other Subsidiary of Parent) may waive such privilege without the prior written consent of the Seller Representative. In the event that Parent or any of its Affiliates (including the First-Step Surviving Corporation, Surviving Entity, or other Subsidiary of Parent) is legally required by governmental order or otherwise to access or obtain a copy of all or a portion of the Protected Communications, Parent shall, to the extent not prohibited by Law, promptly notify the Seller Representative in writing (including by making specific reference to this Section 9.15(b)) so that the Seller Representative (on behalf of the Sellers) can seek a protective order (at Parent's expense) and Parent agrees to use commercially reasonable efforts to assist therewith.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement and Plan of Merger and Reorganization as of the date first written above.

PARENT: ACELYRIN, INC.

By: */s/ Shao-Lee Lin*
Name: Shao-Lee Lin
Title: Chief Executive Officer

FIRST MERGER SUB: WH1, INC.

By: */s/ Mina Kim*
Name: Mina Kim
Title: President

SECOND MERGER SUB: WH2, LLC
By: */s/ Mina Kim*
Name: Mina Kim
Title: President

COMPANY: VALENZABIO, INC.

By: _____
Name: _____
Title: _____

SELLER REPRESENTATIVE: SHAREHOLDER REPRESENTATIVE SERVICES LLC

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement and Plan of Merger and Reorganization as of the date first written above.

COMPANY:

VALENZABIO, INC.

By: */s/ John Doux*
Name: John Doux
Title: Chair, Board of Directors

By: */s/ Michael Solomon*
Name: Michael Solomon
Title: Director

[SIGNATURE PAGE TO AGREEMENT AND PLAN OF MERGER]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement and Plan of Merger and Reorganization as of the date first written above.

SELLER REPRESENTATIVE:

SHAREHOLDER REPRESENTATIVE SERVICES LLC

By: */s/ Sam Riffe*
Name: Sam Riffe
Title: Managing Director

[SIGNATURE PAGE TO AGREEMENT AND PLAN OF MERGER]

Exhibit 3.1

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
ACELYRIN, INC.

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

ACELYRIN, INC., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the name of this corporation is ACELYRIN, INC., and that this corporation was originally incorporated pursuant to the General Corporation Law on July 27, 2020.

2. That the Board of Directors duly adopted resolutions proposing to amend and restate the Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended and restated in its entirety to read as follows:

FIRST: The name of this corporation is ACELYRIN, INC. (the "**Corporation**").

SECOND: The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 133,000,000 shares of Class A Common Stock, $0.00001 par value per share ("**Class A Common Stock**") and 96,461,636 shares of Class B Common Stock, $0.00001 par value per share ("**Class B Common Stock**", together with the Class A Common Stock, "**Common Stock**") and (ii) 104,461,636 shares of Preferred Stock, $0.00001 par value per share ("**Preferred Stock**").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Class A Common Stock and Class B Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. Except as otherwise required by law, holders of Class B Common Stock shall not be entitled to vote on any matter on which the holders of Class A Common Stock or Preferred Stock shall be entitled to vote, and shares of Class B Common Stock shall not be included in determining the number of shares of Common Stock voting or entitled to vote on any such matters. The holders of the Class A Common Stock are entitled to one vote for each share of Class A Common Stock held at all meetings of stockholders (and written actions in lieu of meetings); provided, however, that, except as otherwise required by law, holders of Class A Common Stock, as such, shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation or pursuant to the General Corporation Law. There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) or the number of shares reserved for issuance pursuant to Section 1.5 of the Series C Preferred Stock Purchase Agreement by and among the Corporation and the purchasers party thereto, dated as of the Original Issue Date, as may be amended from time to time (the "**Series C Purchase Agreement**") by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of this Amended and Restated Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law and without a separate class vote of the holders of the Class A Common Stock or the Class B Common Stock. Except as expressly set forth in this Article IV with respect to voting rights only, the Class B Common Stock shall have the same rights, powers and privileges, rank equally to, share ratably with and be identical in all respects and as to all matters to Class A Common Stock. If the Corporation in any manner subdivides or combines the shares of Class A Common Stock, then the shares of Class B Common Stock will be subdivided or combined in the same proportion and manner, and if the Corporation in any manner subdivides or combines the shares of Class B Common Stock, then the outstanding shares of Class A Common Stock will be subdivided or combined in the same proportion and manner. Shares of Class B Common Stock shall not be certificated, but shall instead be held in book-entry form on the books and records of the Corporation.

B. PREFERRED STOCK

8,000,000 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series A Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 48,230,900 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series B Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations and 48,230,736

shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series C Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "sections" or "subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

The "**Series A Original Issue Price**" shall mean $1.00 per share for the Series A Preferred Stock, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock. The "**Series B Original Issue Price**" shall mean $5.1834 per share for the Series B Preferred Stock, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock. The "**Series C Original Issue Price**" shall mean $6.2201 per share for the Series C Preferred Stock, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock.

1. Dividends. In any calendar year, the holders of outstanding shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be entitled to receive, on a *pari passu* basis, dividends, when, as and if declared by the Corporation's Board of Directors (the "**Board of Directors**"), out of any funds and assets at the time legally available therefor, at the applicable Dividend Rate (as defined below) specified for such shares of Preferred Stock payable in preference and priority to any declaration or payment of any distribution or dividend on Common Stock of the Corporation in such calendar year. No distributions or dividends shall be made with respect to the Common Stock unless dividends on the Preferred Stock have been declared in accordance with the preferences stated herein, all declared dividends on the Preferred Stock have been paid or set aside for payment to the holders of Preferred Stock, and any distributions or dividends with respect to the Common Stock shall be distributed among all holders of Common Stock and Preferred Stock in proportion to the number of shares of Common Stock that would be held by each such holder as if they had been converted to Common Stock pursuant to the terms of this Amended and Restated Certificate of Incorporation. The right to receive dividends on shares of Preferred Stock shall not be cumulative, and no right to dividends shall accrue to holders of Preferred Stock by reason of the fact that dividends on said shares are not declared or paid. The "**Dividend Rate**" shall mean (i) with respect to the Series A Preferred Stock, eight percent (8%) of the Series A Original Issue Price, (ii) with respect to the Series B Preferred Stock, eight percent (8%) of the Series B Original Issue Price and (iii) with respect to the Series C Preferred Stock, eight percent (8%) of the Series C Original Issue Price.

2. Liquidation, Dissolution or Winding UD; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Series B Preferred Stock and Series C Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series B Preferred Stock and Series C Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders on a pari passu basis, and in the event of a Deemed Liquidation Event, the holders of shares of Series B Preferred Stock and Series C Preferred Stock then outstanding shall be entitled to be paid out of the consideration payable to stockholders in

such Deemed Liquidation Event or out of any other assets of the Corporation available for distribution to its stockholders on a pari passu basis, all to the extent permitted by Delaware law governing distributions to stockholders (the "**Available Proceeds**"), as applicable, before any payment shall be made to the holders of Series A Preferred Stock or Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) the Series B Original Issue Price or the Series C Original Issue Price, as applicable, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of Series B Preferred Stock or Series C Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series B Liquidation Amount**" or the "**Series C Liquidation Amount**", as applicable). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series B Preferred Stock and Series C Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Series B Preferred Stock and Series C Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 Preferential Payments to Holders of Series A Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series A Preferred Stock shall be entitled to be paid after the payment in full of the Series B Liquidation Amount and the Series C Liquidation Amount set forth in Subsection 2.1 out of the assets of the Corporation available for distribution to its stockholders, and in the event of a Deemed Liquidation Event (as defined below), the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid after the payment in full of the Series B Liquidation Amount and the Series C Liquidation Amount set forth in Subsection 2.1 out of the consideration payable to stockholders in such Deemed Liquidation Event or out of any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders, as applicable, before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) the Series A Original Issue Price, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of Series A Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series A Liquidation Amount**", together with the Series B Liquidation Amount and the Series C Liquidation Amount, the "**Preferred Liquidation Amounts**"). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A Preferred Stock the full amount to which they shall be entitled under this Subsection 2.2, the holders of shares of Series A Preferred Stock shall share ratably in any distribution of the assets available for distribution to the holders of Series A Preferred Stock in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.3 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after the payment in full of the Preferred Liquidation Amounts, the remaining assets of the Corporation available for distribution to its stockholders or, in the case of a Deemed Liquidation Event, the consideration not payable to the holders of shares of Series B Preferred Stock and Series C Preferred Stock pursuant to Subsection 2.1 or to the holders of shares of Series A Preferred Stock pursuant to Subsection 2.2 or the remaining Available Proceeds, as the case may be, shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares held by each such holder.

2.4 Deemed Liquidation Events.

2.4.1 Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**" unless the holders of a majority of the outstanding shares of Preferred Stock (voting together on an as-converted to Common Stock basis) (the "**Requisite Holders**") elect otherwise by written notice sent to the Corporation at least ten (10) days prior to the effective date of any such event:

(a) a merger or consolidation in which

(i) the Corporation is a constituent party or

(ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation;

(b) (1) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or (2) the sale or disposition (whether by merger, consolidation or otherwise, and whether in a single transaction or a series of related transactions) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation; or

(c) any transaction wherein a special purpose acquisition company ("**SPAC**") or any of its subsidiaries or affiliates engages in a merger with, acquisition of, or other business combination involving the Company and the SPAC or any subsidiary or successor issuer issues equity securities to the Company or the Company's stockholders.

2.4.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.4.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the "**Merger Agreement**") provides that the consideration payable to the stockholders of the Corporation in such Deemed Liquidation Event shall be paid to the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2 and 2.3.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.4.1(a)(ii) or 2.4.1(b), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within ninety (90) days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Preferred Stock no later than the ninetieth (90th) day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause (ii) to require the redemption of such shares of Preferred Stock, and (ii) if the Requisite Holders so request in a written instrument delivered to the Corporation not later than one hundred twenty (120) days after such Deemed Liquidation Event, the Corporation shall use the Available Proceeds, on the one hundred fiftieth (150th) day after such Deemed Liquidation Event (the "**Redemption Date**"), to redeem all outstanding shares of Preferred Stock at a price per share equal to the applicable Liquidation Amount. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Preferred Stock, the Corporation shall first, ratably redeem each holder's shares of Series B Preferred Stock and Series C Preferred Stock to the fullest extent of such Available Proceeds and shall redeem the remaining shares of Series B Preferred Stock and Series C Preferred Stock as soon as it may lawfully do so under Delaware law governing distributions to stockholders, and second, after all shares of Series B Preferred Stock and Series C Preferred Stock shall have been redeemed, ratably redeem each holder's shares of Series A Preferred Stock to the fullest extent of such Available Proceeds and shall redeem the remaining shares of Series A Preferred Stock as soon as it may lawfully do so under Delaware law governing distributions to stockholders. Prior to the distribution or redemption provided for in this Subsection 2.4.2, the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event.

(c) The Corporation shall send written notice (the "**Redemption Notice**") of a required redemption pursuant to Subsection 2.4.2(b) (such redemption, the "**Liquidation Redemption**") to each holder of record of Preferred Stock not less than twenty (20) days prior to the Redemption Date. The Redemption Notice shall state:

(i) the number of shares of each series of Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date;

(ii) the Redemption Date and the amount of Available Proceeds such holder is entitled to receive pursuant to the Liquidation Redemption (the "**Applicable Redemption Price**");

(iii) the date upon which the holder's right to convert such shares terminates; and

(iv) for holders of shares in certificated form, that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Preferred Stock to be redeemed.

(d) On or before the Redemption Date, each holder of shares of Preferred Stock, unless such holder has exercised his, her or its right to convert such shares as provided in Section 4.1, shall, if a holder of shares in certificated form, surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Applicable Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof.

(e) If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the Applicable Redemption Price payable upon redemption of the shares of the same series of Preferred Stock to be redeemed on the Redemption Date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor in a timely manner, then notwithstanding that any certificates evidencing any of the shares of a series of Preferred Stock so called for redemption shall not have been surrendered, dividends with respect to such shares of Preferred Stock shall cease to accrue after the Redemption Date and all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Applicable Redemption Price without interest upon surrender of any such certificate or certificates therefor.

(f) Any capitalized but undefined term used in this Section 2.4.2(f) shall have the meaning ascribed to such term in the Series C Purchase Agreement. To the extent that (i) the consideration payable to the stockholders of the Corporation in a SPAC Transaction or Deemed Liquidation Event includes shares of a class of voting capital stock of the acquirer in a SPAC Transaction or Deemed Liquidation Event or any successor or parent corporation that is registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and the rules and regulations promulgated thereunder, and (ii) at the time of the consummation of such SPAC Transaction or Deemed Liquidation Event, there is one or more Electing Investors (as defined in the Series C Purchase Agreement), then, as a

condition to the effectiveness of such SPAC Transaction or Deemed Liquidation Event, the Transaction Agreement (or such other agreement to effect such SPAC Transaction or Deemed Liquidation Event) shall provide that the consideration payable to the Electing Investor shall be subject to, and comply with, the Realization Limitation (as defined in the Series C Purchase Agreement), substantially as set forth in Sections 5.4 and 5.5, and the Section 16 Limitation, substantially as set forth in Section 10 hereof, *mutatis mutandis*, such that no Electing Investor would, after consummation, become in the aggregate, directly or indirectly, the beneficial owner(s) of more than the Realization Limitation of such class of voting stock of such acquirer, SPAC, successor or parent corporation, with the balance of any shares to be issued in non-voting stock that is economically equivalent to, and convertible into, voting stock of such acquirer, SPAC, successor or parent corporation on a share-for-share basis, subject to the Section 16 Limitation on conversion of the non-voting stock substantially in the form as provided herein with such changes and modifications as reasonably agreed between such acquirer, SPAC, successor or parent corporation, on the one hand, and the Electing Investor(s), on the other. Except as otherwise expressly provided herein, the term "beneficial owner" (and its correlates "beneficially own" and "beneficial ownership") shall have the meaning given such terms in Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder; provided that such term shall not include the attribution of beneficial ownership of members of a "group" (as defined in Rule 13d-3) to an Electing Investor if such group arises from one or more agreements among some or all of the Corporation's stockholders and those agreements giving rise to a group will terminate as to such Electing Investor prior to or upon the relevant Realization Event.

2.4.3 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities to be paid or distributed to such holders pursuant to such Deemed Liquidation Event. The value of such property, rights or securities shall be determined in good faith by the Board of Directors, including the approval of a majority of the Preferred Directors (as defined herein).

2.4.4 Allocation of Escrow and Contingent Consideration. In the event of a Deemed Liquidation Event pursuant to Subsection 2.4.1(a)(i), if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the "**Additional Consideration**"), the Merger Agreement shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the "**Initial Consideration**") shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2 and 2.3 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event; and (b) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2 and 2.3 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Subsection 2.4.4, consideration placed into escrow or retained as a holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event shall be deemed to be Additional Consideration.

3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Class A Common Stock into which the shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter (as reduced, following a Realization Event, pursuant to the Realization Limitation of any Electing Investor, as applicable). Except as provided by law or by the other provisions of this Amended and Restated Certificate of Incorporation, holders of Preferred Stock shall vote together with the holders of Class A Common Stock as a single class and on an as-converted to Class A Common Stock basis.

3.2 Election of Directors. So long as any shares of Series A Preferred Stock remain outstanding, the holders of record of the shares of Series A Preferred Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation (the "**Series A Director**"), so long as any shares of Series B Preferred Stock remain outstanding, the holders of record of the shares of Series B Preferred Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation (the "**Series B Director**"), so long as any shares of Series C Preferred Stock remain outstanding, the holders of record of the shares of Series C Preferred Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation (the "**Series C Director**" and together with the Series A Director and the Series B Director, the "**Preferred Directors**") and the holders of record of the shares of Class A Common Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation; *provided*, *however*, for administrative convenience, the initial Series C Director may also be appointed by the Board of Directors in connection with the approval of the initial issuance of Series C Preferred Stock without a separate action by the holders of Series C Preferred Stock. Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of the shares of the class or series of capital stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. If the holders of shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, or Class A Common Stock, as the case may be, fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors, voting exclusively and as a separate class, pursuant to the first sentence of this Subsection 3.2, then any directorship not so filled shall remain vacant until such time as the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, or Class A Common Stock, as the case may be, elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. The holders of record of the shares of Class A Common Stock and of any other class or series of voting stock (including the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock), exclusively and voting together as a single class, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for

the purpose of electing such director. Except as otherwise provided in this Subsection 3.2, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Subsection 3.2.

3.3 Preferred Stock Protective Provisions. So long as any shares of Preferred Stock remain outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation, winding-up recapitalization, reclassification, statutory conversion, reorganization that results in the change of control of the Corporation, or otherwise, do any of the following, or permit or cause any of its subsidiaries to do any of the following, without (in addition to any other vote required by law or this Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect.

3.3.1 liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any merger or consolidation or any other Deemed Liquidation Event, or consent to any of the foregoing;

3.3.2 amend, alter or repeal any provision of this Amended and Restated Certificate of Incorporation or Bylaws of the Corporation;

3.3.3 create, or authorize the creation of, or issue or obligate itself to issue, any securities (whether equity, convertible debt or a unit of debt and equity securities or any other security convertible into or exercisable for any such security) unless the same ranks junior to the Series A Preferred Stock , Series B Preferred Stock and the Series C Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption, or increase the authorized number of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock;

3.3.4 (i) reclassify, alter or amend any existing security of the Corporation that is pari passu with the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends, voting rights or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock in respect of any such right, preference, or privilege or (ii) reclassify, alter or amend any existing security of the Corporation that is junior to the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends, voting rights or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or pari passu with the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock in respect of any such right, preference or privilege;

3.3.5 purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of or dividends or distributions on the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the original purchase price thereof, and (iv) the exercise of the Corporation's right of first refusal, which exercise is approved by the Board of Directors, including the approval of a majority of the disinterested Preferred Directors;

3.3.6 create, or authorize the creation of, or issue, or authorize the issuance of any debt security or create any lien or security interest (except for purchase money liens or statutory liens of landlords, mechanics, materialmen, workmen, and warehousemen or trade payables arising or incurred in the ordinary course of business) or incur other indebtedness for borrowed money, including but not limited to obligations and contingent obligations under guarantees, or permit any subsidiary to take any such action with respect to any debt security lien, security interest or other indebtedness for borrowed money, if the aggregate indebtedness of the Corporation and its subsidiaries for borrowed money following such action would exceed $1,000,000, unless such debt security has received the prior approval of the Board of Directors, including the approval of a majority of the Preferred Directors;

3.3.7 create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or permit any subsidiary to create, or authorize the creation of, or issue or obligate itself to issue, any shares of any class or series of capital stock, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such subsidiary;

3.3.8 increase or decrease the authorized number of directors constituting the Board of Directors or change the number of votes entitled to be cast by any director or directors on any matter, or adopt any provision inconsistent with Article Sixth;

3.3.9 enter into any transaction with any stockholder, director, officer or employee of the Corporation or any "associate" (as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended) of any such person, except transactions made in the ordinary course of business that involve (i) payment obligations of salary for services rendered, (ii) reimbursement for reasonable expenses incurred on behalf of the Corporation, (iii) other standard employee benefits made generally available to all employees, (iv) standard invention assignment and confidentiality agreements, (v) standard employee offer letters, consulting agreements or advisor agreements (excluding offer letters or agreements between the Corporation and the c-level executives of the Corporation) or (vi) standard director and officer indemnification agreements approved by the Board, unless otherwise approved by a majority of the disinterested members of the Board of Directors;

3.3.10 sell, assign, license, pledge, or encumber any material technology or intellectual property of the Corporation, other than non-exclusive licenses granted to service providers under a fee-for-service contract contemplated by a budget approved by the Board of Directors, including a majority of the disinterested Preferred Directors; or

3.3.11 enter into any corporate strategic arrangement involving the license, contribution, or assignment by the Corporation or to the Corporation of material technology or intellectual property.

3.4 Series A Preferred Stock Protective Provisions. So long as any shares of Series A Preferred Stock remain outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation, recapitalization, reclassification, statutory conversion or otherwise, do any of the following without (in addition to any other vote required by law or this Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the holders of a majority of the then outstanding shares of Series A Preferred Stock given in writing or by vote at a meeting (the "**Requisite Series A Holders**"), consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect.

3.4.1 amend, alter or repeal any provision of this Amended and Restated Certificate of Incorporation or Bylaws of the Corporation so as to adversely affect the rights, preferences and privileges of the Series A Preferred Stock without similarly affecting the entire class of Preferred Stock;

3.4.2 reclassify, amend or modify existing securities that adversely affects the rights, preferences or privileges of the Series A Preferred Stock, or increase the authorized number of shares of Series A Preferred Stock;

3.4.3 amend, waive or modify the Series A Original Issue Price, the Series A Conversion Price (as defined below), subject to adjustment as provided in Section 4 below, or the Series A Liquidation Amount; or

3.4.4 purchase or redeem or pay any dividend on any capital stock prior to the Series A Preferred Stock, other than (i) redemptions of or dividends or distributions on the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the original purchase price thereof, and (iv) the exercise of the Corporation's right of first refusal, which exercise is approved by the Board of Directors, including the approval of a majority of the Preferred Directors.

3.5 Series B Preferred Stock Protective Provisions. So long as any shares of Series B Preferred Stock remain outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation, recapitalization, reclassification, statutory conversion or otherwise, do any of the following, or permit or cause any of its subsidiaries to do any of the following, without (in addition to any other vote required by law or this Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the holders of a majority of the then outstanding shares of Series B Preferred Stock given in writing or by vote at a meeting (the "**Requisite Series B Holders**"), consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect.

3.5.1 amend, alter, waive or repeal any provision of this Amended and Restated Certificate of Incorporation or Bylaws of the Corporation so as to adversely affect the rights, preferences and privileges of the Series B Preferred Stock without similarly affecting the entire class of Preferred Stock;

3.5.2 reclassify, amend or modify existing securities that adversely affects the rights, preferences or privileges of the Series B Preferred Stock, or increase the authorized number of shares of Series B Preferred Stock;

3.5.3 amend, waive or modify the Series B Original Issue Price, the Series B Conversion Price (as defined below), including any anti-dilution rights with respect thereto, subject to adjustment as provided in Section 4 below, or the Series B Liquidation Amount; or

3.5.4 purchase or redeem or pay any dividend on any capital stock prior to the Series B Preferred Stock, other than (i) redemptions of or dividends or distributions on the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the original purchase price thereof, and (iv) the exercise of the Corporation's right of first refusal, which exercise is approved by the Board of Directors, including the approval of a majority of the Preferred Directors.

3.6 Series C Preferred Stock Protective Provisions. So long as any shares of Series C Preferred Stock remain outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation, recapitalization, reclassification, statutory conversion or otherwise, do any of the following, or permit or cause any of its subsidiaries to do any of the following, without (in addition to any other vote required by law or this Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the holders of a majority of the then outstanding shares of Series C Preferred Stock, which must include at least one institutional investor that does not hold any shares of Series A Preferred Stock or Series B Preferred Stock, given in writing or by vote at a meeting (the "**Requisite Series C Holders**"), consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect.

3.6.1 amend, alter, waive or repeal any provision of this Amended and Restated Certificate of Incorporation or Bylaws of the Corporation so as to adversely affect the rights, preferences and privileges of the Series C Preferred Stock without similarly affecting the entire class of Preferred Stock;

3.6.2 reclassify, amend or modify existing securities that adversely affects the rights, preferences or privileges of the Series C Preferred Stock, or increase the authorized number of shares of Series C Preferred Stock;

3.6.3 amend, waive or modify the Series C Original Issue Price, the Series C Conversion Price (as defined below), including any anti-dilution rights with respect thereto, subject to adjustment as provided in Section 4 below, or the Series C Liquidation Amount; or

3.6.4 purchase or redeem or pay any dividend on any capital stock prior to the Series C Preferred Stock, other than (i) redemptions of or dividends or distributions on the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the original purchase price thereof, and (iv) the exercise of the Corporation's right of first refusal, which exercise is approved by the Board of Directors, including the approval of a majority of the Preferred Directors.

4. Optional Conversion. The holders of the Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

4.1 Right to Convert.

4.1.1 Conversion Ratios.

(a) Series A Preferred Stock. Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Class A Common Stock as is determined by dividing the Series A Original Issue Price by the Series A Conversion Price (as defined below) in effect at the time of conversion. The "**Series A Conversion Price**" shall initially be equal to the Series A Original Issue Price. Such initial Series A Conversion Price, and the rate at which shares of Series A Preferred Stock may be converted into shares of Class A Common Stock, shall be subject to adjustment as provided below.

(b) Series B Preferred Stock. Each share of Series B Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Class A Common Stock, or subject to and in accordance with the provisions of Subsection 4.1.3, Class B Common Stock, as applicable, as is determined by dividing the Series B Original Issue Price by the Series B Conversion Price (as defined below) in effect at the time of conversion; *provided*, that such holder may waive such option to convert pursuant to this Section 4.1 upon written notice to the Corporation. The "**Series B Conversion Price**" shall initially be equal to the Series B Original Issue Price. Such initial Series B Conversion Price, and the rate at which shares of Series B Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

(c) Series C Preferred Stock. Each share of Series C Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the Second Tranche Closing (as defined in the Series C Purchase Agreement), and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Class A Common Stock, or subject to and in accordance with the provisions of Subsection 4.1.3, Class B Common Stock, as applicable, as is determined by dividing the Series C Original Issue Price by the Series C Conversion Price (as defined below) in effect at the time of conversion; *provided*, that such holder may waive such option to convert pursuant to this Section 4.1 upon written notice to the Corporation. The "**Series C Conversion Price**" shall initially be equal to the Series C Original Issue Price. Such initial Series C Conversion Price, and the rate at which shares of Series C Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination of Conversion Rights. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Preferred Stock; provided that the foregoing termination of Conversion Rights shall not affect the amount(s) otherwise paid or payable in accordance with Section 2.1 to holders of Preferred Stock pursuant to such liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event.

4.1.3 Ownership Limitations Relating to Realization (Voluntary).

(a) Any capitalized but undefined term used in this Subsection 4.1.3 shall have the meaning ascribed to such term in the Series C Purchase Agreement. Notwithstanding anything to the contrary herein, no Electing Investor shall be entitled to receive, and the Corporation shall not deliver to the Electing Investor, shares of Class A Common Stock upon conversion of the Series B Preferred Stock or Series C Preferred Stock to the extent (but only to the extent) that, after such receipt, such converting Electing Investor would beneficially own Realization Excess Securities, and in lieu of the Realization Excess Securities, the Corporation shall deliver to the Electing Investor the number of shares of Class B Common Stock equal to the number of the Realization Excess Securities in book-entry form. Any conversion notice provided by a converting Electing Investor under Section 4.1 shall constitute the converting Electing Investor's acknowledgement and confirmation that (i) after the acquisition of the shares of Class A Common Stock sought in the conversion, such Electing Investor will not be in the aggregate, directly or indirectly, the beneficial owner of more shares of Class A Common Stock than permitted by the Realization Limitation and (ii) any Realization Excess Securities to which the Electing Investor would otherwise be entitled will be satisfied solely by the delivery of Class B Common Stock equal to the number of such Realization Excess Securities.

(b) Any purported delivery of shares of Class A Common Stock upon conversion of Series B Preferred Stock or Series C Preferred Stock shall be void ab initio and shall have no effect to the extent (but only to the extent) that such delivery would result in the converting Electing Investor becoming in the aggregate, directly or indirectly, the beneficial owner of more shares of Class A Common Stock than permitted by the Realization Limitation, it being understood that the Corporation shall only deliver shares of Class B Common Stock to the Electing Investor on account of any Realization Excess Securities. To the extent that

any portion of a purported delivery is void ab initio (the "**Voided Excess Amount**"), the Class A Common Stock constituting the Voided Excess Amount shall thereafter represent only the right to receive a number of Class B Common Stock equal to the Voided Excess Amount. As soon thereafter as possible, the Corporation and the Electing Investor will cooperate to exchange Class A Common Stock constituting the Voided Excess Amount for a like number of shares of Class B Common Stock.

4.1.4 Information. Within two business days of receiving a written request from any holder, the Corporation shall inform such holder in writing of the then current number of outstanding shares of Class A Common Stock and Class B Common Stock.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of such class of Common Stock as determined in good faith by the Board of Directors. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock, on a stock certificate-by-stock certificate basis, and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall (a) provide written notice to the Corporation's transfer agent at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such holder elects to convert all or any number of such holder's shares of Preferred Stock and, if applicable, any event on which such conversion is contingent and (b), if such holder's shares are certificated, surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent). Such notice shall state such holder's name or the names of the nominees in which such holder wishes the shares of Common Stock to be issued. If required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the specified shares shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time (i) issue and deliver to such holder of Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (ii) pay in cash such amount as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when the Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Amended and Restated Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted Series A Conversion Price, Series B Conversion Price or Series C Conversion Price, as applicable.

4.3.3 Effect of Conversion. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 4.2 and to receive payment of any dividends declared but unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Series A Conversion Price, the Series B Conversion Price or Series C Conversion Price shall be made for any declared but unpaid dividends on the Series A Preferred Stock, the Series B Preferred Stock or Series C Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Conversion Prices for Diluting Issues.

4.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

(a) "**Option**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) "**Original Issue Date**" shall mean the date on which the first share of Series C Preferred Stock was issued.

(c) "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(d) "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Original Issue Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, "**Exempted Securities**"):

(i) As to any series of Preferred Stock, shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on such series of Preferred Stock;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4.5, 4.6, 4.7 or 4.8;

(iii) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors, including the approval of the Series A Director, the Series B Director and the Series C Director (if approved after the Original Issue Date);

(iv) shares of Common Stock or Convertible Securities issued to banks, equipment lessors, or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board of Directors, including the approval of the Series A Director, the Series B Director and the Series C Director;

(v) shares of Common Stock or Convertible Securities issued to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by the Board of Directors including the approval of the Series A Director, the Series B Director and the Series C Director; or

(vi) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options, warrants or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security.

4.4.2 No Adjustment of Conversion Prices. No adjustment in the Series A Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the Requisite Series A Holders agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock. No adjustment in the Series B Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the Requisite Series B Holders agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock. No adjustment in the Series C Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the Requisite Series C Holders agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability,

convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price pursuant to the terms of Subsection 4.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price, as the case may be, computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Series A Conversion Price, Series B Conversion Price or Series C Conversion Price, as the case may be, as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price to an amount which exceeds the lower of (i) the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price, as the case may be, in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price, as the case may be, that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price pursuant to the terms of Subsection 4.4.4 (either because the consideration per share (determined pursuant to Subsection 4.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price, as the case may be, then in effect, or because such Option or Convertible Security was issued before the Original Issue Date), are revised after the Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3(a) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price pursuant to the terms of Subsection 4.4.4, the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price, as the case may be, shall be readjusted to such Series A Conversion Price, Series B Conversion Price or Series C Conversion Price, as the case may be, as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price provided for in this Subsection 4.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price, as the case may be, that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price, as the case may be, that such issuance or amendment took place at the time such calculation can first be made.

4.4.4 Adjustment of Conversion Prices Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the Series A Conversion Price in effect immediately prior to such issuance or deemed issuance, the Series B Conversion Price in effect immediately prior to such issuance or deemed issuance, and/or the Series C Conversion Price in effect immediately prior to such issuance or deemed issuance, as the case may be, then the Series A Conversion Price, the Series B Conversion Price and/or Series C Conversion Price, as the case maybe, shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "CP_2" shall mean (1) in the case of an adjustment to the Series A Conversion Price, the Series A Conversion Price in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock, (2) in the case of an adjustment to the Series B Conversion Price, the Series B Conversion Price in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock and (3) in the case of an adjustment to the Series C Conversion Price, the Series C Conversion Price in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock;

(b) "CP_1" shall mean (1) in the case of an adjustment to the Series A Conversion Price, the Series A Conversion Price in effect immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock, (2) in the case of an adjustment to the Series B Conversion Price, the Series B Conversion Price in effect immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock and (3) in the case of an adjustment to the Series C Conversion Price, the Series C Conversion Price in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock;

(c) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issuance or deemed issuance or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(d) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued or deemed issued at a price per share equal to CPI (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CPI); and

(e) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5 Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issuance or deemed issuance of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing:

(i) The total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.6 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Series A Conversion Price, the Series B Conversion Price and/or the Series C Conversion Price pursuant to the terms of Subsection 4.4.4, then, upon the final such issuance, the Series A Conversion Price, the Series B Conversion Price and/or the Series C Conversion Price, as the case may be, shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Original Issue Date effect a subdivision of the outstanding Common Stock, the Series A Conversion Price in effect immediately before that subdivision, the Series B Conversion Price in effect immediately before that subdivision and the Series C Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock, the Series A Conversion Price in effect immediately before the combination, the Series B Conversion Price in effect immediately before the combination and the Series C Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Series A Conversion Price in effect immediately before such event, the Series B Conversion Price in effect immediately before such event and the Series C Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series A Conversion Price then in effect, the Series B Conversion Price then in effect or the Series C Conversion Price then in effect, as the case may be, by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Conversion Price, the Series B Conversion Price and the Series C Conversion Price, as the case may be, shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Conversion Price, the Series B Conversion Price and the Series C Conversion Price, as the case may be, shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made with respect to the Series A Conversion Price, the Series B Conversion Price and/or the Series C Conversion Price, as the case may be, if the holders of Series A Preferred Stock, Series B Preferred Stock and/or Series C Preferred Stock, as the case may be, simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series A Preferred Stock, Series B Preferred Stock and/or Series C Preferred Stock, as the case may be, had been converted into Common Stock on the date of such event.

4.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

4.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.4, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.5, 4.6 or 4.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Series A Preferred Stock, one share of Series B Preferred Stock or one share of Series C Preferred Stock, as the case may be, immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Series A Conversion Price, the Series B Conversion Price and/or Series C Conversion Price, as the case may be) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Preferred Stock.

4.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price, the Series B Conversion Price and/or Series C Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than ten (10) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Stock, Series B Preferred Stock and/or Series C Preferred Stock, as the case may be, a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Series A Preferred Stock, the Series B Preferred Stock and/or Series C Preferred Stock, as the case may be, is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Series A Preferred Stock, Series B Preferred Stock and/or Series C Preferred Stock, as the case may be (but in any event not later than ten (10) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Series A Conversion Price then in effect, the Series B Conversion Price then in effect and/or the Series C Conversion Price then in effect, as the case may be, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of Series A Preferred Stock, Series B Preferred Stock and/or Series C Preferred Stock, as the case may be.

4.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation, then, and in each such case, the Corporation will send or cause to be sent to the holders of the Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice.

5. Mandatory Conversion.

5.1 Trigger Events. Upon either (a) the closing of the sale of shares of Common Stock to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "**Securities Act**"), resulting in at least $75,000,000 of gross proceeds to the Corporation and in connection with such offering the Common Stock is listed for trading on the Nasdaq Stock Market's National Market, the New York Stock Exchange or another exchange or marketplace approved the Board of Directors, including the approval of a majority of the Preferred Directors or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the Requisite Holders (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Mandatory Conversion Time**"), then (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of Class A Common Stock or, subject to the provisions of this Section 5, Class B Common Stock, as applicable, at the then effective conversion rate as calculated pursuant to Subsection 4.1.1 and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock in certificated form shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Preferred Stock converted pursuant to Subsection 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender any certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of any certificate or certificates of such holders (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Mandatory Conversion Time and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for Preferred Stock, the Corporation shall (a) issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof and (b) pay cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of each applicable series of Preferred Stock accordingly.

5.3 Special Mandatory Conversion.

5.3.1 Second Tranche Trigger Event. Except as otherwise provided in the Series C Purchase Agreement, in the event that any holder of shares of Series C Preferred Stock becomes a Defaulting Purchaser (as defined in Series C Purchase Agreement), then each ten (10) shares of Series C Preferred Stock held by such holder shall automatically, and without any further action on the part of such holder, be converted into one (1) share of Class A Common Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Date) effective at 5:00 p.m. Pacific Standard Time on the business day immediately following the Second Tranche Closing Date. Such conversion is referred to as a "**Special Mandatory Conversion**". For purposes of determining the number of shares of Series C Preferred Stock a Purchaser participating in the Second Tranche Closing (each as defined in the Series C Purchase Agreement) has purchased in the Second Tranche Closing, all shares of Series C Preferred Stock purchased in the Second Tranche Closing by Affiliates (as defined in the Series C Purchase Agreement) of such Purchaser in the Second Tranche Closing shall be aggregated with the shares of Series C Preferred Stock purchased by such Purchaser in the Second Tranche Closing (*provided* that no shares or securities shall be attributed to more than one entity or person within any such group of Affiliates).

5.3.2 Procedural Requirements. Upon a Special Mandatory Conversion, each holder of shares of Series C Preferred Stock converted pursuant to Subsection 5.3.1 shall be sent written notice of such Special Mandatory Conversion and the time designated for mandatory conversion of all such shares of Series C Preferred Stock pursuant to this Section 5.3. Upon receipt of such notice, each holder of such shares of Series C Preferred Stock in certificated form shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that any such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Series C Preferred Stock converted pursuant to Subsection 5.3 including the rights, if any, to receive notices and vote (other than as a holder of Common Stock or other series of Preferred Stock), will terminate at the time of the Special Mandatory Conversion (notwithstanding the failure of the holder or holders thereof to surrender any certificates for such shares at or prior to such time), except only the rights of the holders thereof, upon surrender of any certificate or certificates of such holders therefor (or lost certificate affidavit and agreement), to receive the items provided for in the next sentence of this Subsection 5.3.2. As soon as practicable after a Special Mandatory Conversion and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for Series C Preferred Stock so converted, the Corporation shall (a) issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof and (b) pay cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Series C Preferred Stock converted. Such converted Series C Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series C Preferred Stock accordingly.

5.3.3 Termination. The provisions of this Subsection 5.3 shall terminate and be of no further force and effect upon the earliest to occur of any of the following events prior to the Second Tranche Closing:

(a) any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event; or

(b) the Corporation's first underwritten public offering of Common Stock under the Securities Act (the "**IPO**").

5.4 Ownership Limitations Relating to Realization Excess Securities (Mandatory). Notwithstanding anything to the contrary herein, in connection with any mandatory conversion pursuant to this Section 5, no Electing Investor shall be entitled to receive, and the Corporation shall not deliver to the Electing Investor, any Realization Excess Securities, and in lieu of the Realization Excess Securities, the Corporation shall deliver to the Electing Investor the number of shares of Class B Common Stock equal to the number of the Realization Excess Securities in book-entry form. Any purported delivery of shares of Class A Common Stock upon conversion of Series B Preferred Stock or Series C Preferred Stock shall be void *ab initio* and shall have no effect to the extent (but only to the extent) that, after such delivery, the converting Electing Investor would be in the aggregate, directly or indirectly, the beneficial owner of more shares of Class A Common Stock than permitted by the Realization Limitation, it being understood that the Corporation shall only deliver shares of Class B Common Stock to the Electing Investor on account of any Realization Excess Securities. To the extent that any portion of a purported delivery is void ab initio, such amount shall constitute a Voided Excess Amount and be subject to the provisions of the last two sentences of Section 4.1.3(b).

5.5 Ownership Limitations Relating to Changes in Outstanding Shares. To the extent that (i) the Corporation determines on or after its IPO and during the period that an Electing Investor is contractually restricted from selling any Class A Common Stock (the "**Lock-Up Period**") that there has been a decrease in its shares of Class A Common Stock outstanding and (ii) as a result of such decrease, an Electing Investor's beneficial ownership percentage of the Class A Common Stock would exceed the Realization Limitation otherwise applicable to it, then (a) the issuance of such excess number of shares of Class A Common Stock shall be void *ab initio* and (b) such excess shares shall constitute a Voided Excess Amount and be subject to the provisions of the last two sentences of Section 4.1.3(b). The Corporation shall notify the relevant Electing Investor(s) as soon as possible regarding (A) any decrease in the number of shares of Class A Common Stock outstanding during the Lock-Up Period and (B) whether such reduction gives rise to Voided Excess Shares and the number of such Voided Excess Shares

6. Redemption. The Preferred Stock shall not be redeemable at the option of any holder or holders, except as set forth in Subsection 2.4.2.

7. Redeemed or Otherwise Acquired Shares. Any shares of Preferred Stock that are redeemed, converted or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Preferred Stock following redemption, conversion or acquisition.

8. Amendment and Waiver.

8.1 Except as otherwise set forth herein (i) any of the rights, powers, preferences and other terms of the Series A Preferred Stock set forth herein may be waived on behalf of all holders of Series A Preferred Stock by the affirmative written consent or vote of the Requisite Series A Holders, (ii) any of the rights, powers, preferences and other terms of the Series B Preferred Stock set forth herein may be waived on behalf of all holders of Series B Preferred Stock by the affirmative written consent or vote of the Requisite Series B Holders, (iii) any of the rights, powers, preferences and other terms of the Series C Preferred Stock set forth herein may be waived on behalf of all holders of Series C Preferred Stock by the affirmative written consent or vote of the Requisite Series C Holders and (iv) other than as set forth in clauses (i), (ii) and any of the rights, powers, preferences and other terms of the Preferred Stock set forth herein may be waived on behalf of all holders of Preferred Stock by the affirmative written consent or vote of the Requisite Holders.

8.2 Any capitalized but undefined term used in this Section 8.2 shall have the meaning ascribed to such term the Series C Purchase Agreement. Notwithstanding any provision of this Amended and Restated Certificate of Incorporation, neither (a) any provision in this Amended and Restated Certificate of Incorporation related to (i) the limitations on the conversion of an Electing Investor's Series B Preferred Stock or Series C Preferred Stock into shares of Class A Common Stock and the issuance of Class B Common Stock in lieu thereof (including any limitation on cash conversion), (ii) the rights of an Electing Investor to convert shares of such Electing Investor's Class B Common Stock into Class A Common Stock (including any limitation on any such conversion), (iii) the limitations on the issuance to an Electing Investor of a class of voting capital stock of any successor or parent corporation that is registered under Section 12(b) or Section 12(g) of the Exchange Act in connection with a Deemed Liquidation Event or SPAC Transaction and the issuance of such other corporation's non-voting securities in lieu thereof, in each case in accordance with this Amended and Restated Certificate of Incorporation, (iv) the non-voting nature of the Class B Common Stock or (v) Section 2 of Part A of this Article Fourth, nor (b) the terms of this sentence, may be amended, modified, waived, altered or repealed, either directly or indirectly by amendment, merger, recapitalization, reclassification, consolidation or otherwise, without the affirmative written consent or vote of (1) holders of a majority of the shares of Class B Common Stock outstanding and (2) Citadel Multi-Strategy Equities Master Fund Ltd. for so long as it or any of its Affiliates owns shares of Series B Preferred Stock, Series C Preferred Stock or Class B Common Stock.

9. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

10. Section 16 Limitation. Subject to the terms of this Section 10 shares of Class B Common Stock shall be convertible into a corresponding number of Class A Common Stock upon written notice by the holder thereof. Any capitalized but undefined term used in this Section 10 shall have the meaning ascribed to such term in the Series C Purchase Agreement. Notwithstanding anything to the contrary herein, no holder of Class B Common Stock shall be entitled to receive, and the Corporation shall not deliver to any such holder, any Class A Common Stock upon conversion of the Class B Common Stock to the extent (but only to the extent) that, after such receipt, such converting holder and its Affiliates (together, the "**Related Holders**") would beneficially own in the aggregate, directly or indirectly, shares of Class A Common Stock in excess of 9.9% of such shares outstanding at such time (the "**Section 16 Limitation**"). For avoidance of doubt, in the event that the Related Holders beneficially own in the aggregate, directly or indirectly, shares of Class A Common Stock equal to or in excess of the Section 16 Limitation without taking into account the conversion of Class B Common Stock, then none of the Class B Common Stock shall be convertible into shares of Class A Common Stock until such time as the Related Holders no longer beneficially own in the aggregate, directly or indirectly, shares of Class A Common Stock equal to or in excess of the Section 16 Limitation. Any conversion notice provided by a converting holder under this Section 10 shall constitute the converting holder's acknowledgement and confirmation to the Corporation that (i) the acquisition of the shares of Class A Common Stock sought in the conversion notice will not result in Related Holders becoming in the aggregate, directly or indirectly, the beneficial owner of more shares of Class A Common Stock than permitted by the Section 16 Limitation and (ii) any Class A Common Stock to which the Electing Investor would be entitled but for the Section 16 Limitation will remain Class B Common Stock. Any purported delivery of shares of Class A Common Stock upon conversion of Class B Common Stock shall be void *ab initio* and shall have no effect to the extent (but only to the extent) that such delivery would result in the Related Holders becoming in the aggregate, directly or indirectly, the beneficial owner of more shares of Class A Common Stock than permitted by the Section 16 Limitation. Before any holder shall be entitled to exchange any shares of such Class B Common Stock pursuant to this Section 10, such holder shall give written notice to the Corporation at its principal corporate office, of the election to exchange the same and shall state therein the name or names in which the certificate or certificates for shares of Class A Common Stock are to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver to the applicable Electing Investor, or to the nominee or nominees of such Electing Investor, a certificate or certificates for the number of shares of Class A Common Stock to which such holder shall be entitled as aforesaid (unless shares of Class A Common Stock are then maintained in book-entry form, in which event such number of shares of Class A Common Stock shall be issued in book-entry form). Such exchange shall be deemed to have been made immediately prior to the close of business on the date of such written notice, and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such exchange shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock as of such date. Each share of Class B Common Stock that is exchanged pursuant to this Section 10 shall be retired by the Corporation and shall not be available for reissuance.

FIFTH: Subject to any additional vote required by this Amended and Restated Certificate of Incorporation or Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

SIXTH: Subject to any additional vote required by this Amended and Restated Certificate of Incorporation, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation. Each director shall be entitled to one vote on each matter presented to the Board of Directors.

SEVENTH: Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

NINTH: To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

TENTH: To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which General Corporation Law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law.

Any amendment, repeal or modification of the foregoing provisions of this Article Tenth shall not (a) adversely affect any right or protection of any director, officer or other agent of the Corporation existing at the time of such amendment, repeal or modification or (b) increase the liability of any director of the Corporation with respect to any acts or omissions of such director, officer or agent occurring prior to, such amendment, repeal or modification.

ELEVENTH: The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any partner, member, director,

stockholder, employee, affiliate or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, the persons referred to in clauses (i) and (ii) are "**Covered Persons**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation while such Covered Person is performing services in such capacity. Any repeal or modification of this Article Eleventh will only be prospective and will not affect the rights under this Article Eleventh in effect at the time of the occurrence of any actions or omissions to act giving rise to liability. Notwithstanding anything to the contrary contained elsewhere in this Amended and Restated Certificate of Incorporation, the affirmative vote of the Requisite Holders, will be required to amend or repeal, or to adopt any provisions inconsistent with this Article Eleventh.

TWELFTH: Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's certificate of incorporation or bylaws or (iv) any action asserting a claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. If any provision or provisions of this Article Twelfth shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article Twelfth (including, without limitation, each portion of any sentence of this Article Twelfth containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

THIRTEENTH: For purposes of Section 500 of the California Corporations Code (to the extent applicable), in connection with any repurchase of shares of Common Stock permitted under this Amended and Restated Certificate of Incorporation from employees, officers, directors or consultants of the Corporation in connection with a termination of employment or services pursuant to agreements or arrangements approved by the Board of Directors (in addition to any other consent required under this Amended and Restated Certificate of Incorporation), such repurchase may be made without regard to any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined in Section 500 of the California Corporations Code). Accordingly, for purposes of making any calculation under California Corporations Code Section 500 in connection with such repurchase, the amount of any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined therein) shall be deemed to be zero (0).

* * *

3. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

4. That this Certificate of Incorporation, which restates and integrates and further amends the provisions of this Corporation's Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 9th day of September, 2022.

By: /s/ Shao-Lee Lin
Shao-Lee Lin
Chief Executive Officer

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "ACELYRIN, INC.", FILED IN THIS OFFICE ON THE FOURTH DAY OF JANUARY, A.D. 2023, AT 2:14 O`CLOCK P.M.

3326004 8100
SR# 20230027231

Authentication: 202418825
Date: 01-04-23

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:14 PM 01/0412023
FILED 02:14 PM 01/04/2023
SR 20230027231 - File Number 3326004

CERTIFICATE OF AMENDMENT OF
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
ACELYRIN, INC.

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

ACELYRIN, INC., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the name of this corporation is ACELYRIN, INC. and that this corporation was originally incorporated pursuant to the General Corporation Law on July 27, 2020. An Amended and Restated Certificate of Incorporation (the "**Amended and Restated Certificate**") of this corporation was filed with the Secretary of State of the State of Delaware on September 9, 2022.

2. That the Board of Directors duly adopted resolutions proposing to amend the Amended and Restated Certificate, declaring said amendment to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Amended and Restated Certificate be amended as follows:

The first paragraph of Article Fourth of the Amended and Restated Certificate shall be amended and restated in its entirety to read as follows:

"**FOURTH:** The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 172,709,973 shares of Class A Common Stock, $0.00001 par value per share ("**Class A Common Stock**"), and 96,461,636 shares of Class B Common Stock, $0.00001 par value per share ("**Class B Common Stock**", together with the Class A Common Stock, "**Common Stock**"), and (ii) 104,461,636 shares of Preferred Stock, $0.00001 par value per share ("**Preferred Stock**")."

3. That the foregoing amendment was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

4. That this Certificate of Amendment has been duly adopted in accordance with Sections 242 of the General Corporation Law.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Certificate of Amendment has been executed by a duly authorized officer of this corporation on this 4th day of January, 2023.

By: */s/ Shao-Lee Lin*
Name: Shao-Lee Lin
Title: Chief Executive Officer

ACELYRIN, INC.

BYLAWS

Adopted July 31, 2020

ARTICLE I
STOCKHOLDERS

Section 1. Annual Meeting.

An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors shall each year fix, which date shall be within 13 months of the last annual meeting of stockholders or, if no such meeting has been held, the date of incorporation.

Section 2. Special Meetings.

Special meetings of the stockholders, for any purpose or purposes prescribed in the notice of the meeting, may be called by the Board of Directors or the chief executive officer and shall be held at such place, on such date, and at such time as they or he or she shall fix.

Section 3. Notice of Meetings.

Notice of the place, if any, date, and time of all meetings of the stockholders, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, shall be given, not less than 10 nor more than 60 days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation).

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; *provided, however*, that if the date of any adjourned meeting is more than 30 days after the date for which the meeting was originally noticed, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given to each stockholder in conformity herewith. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix a new record date for notice of such adjourned meeting, which record date shall not precede the date upon which the resolution fixing the record date is

adopted by the Board of Directors and, except as otherwise required by law, shall not be more than 60 nor less than 10 days before the date of such adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 4. Quorum.

At any meeting of the stockholders, the holders of a majority of the voting power of all of the shares of stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes or series is required, a majority of the voting power of the shares of such class or classes or series present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter. The stockholders present at a duly constituted meeting may continue to transact business until adjournment notwithstanding the withdrawal of enough stockholders to reduce the voting shares below a quorum.

If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, if any, date, or time.

Section 5. Organization.

Such person as the Board of Directors may have designated or, in the absence of such a person, the Chief Executive Officer of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the voting power of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

Section 6. Conduct of Business.

The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

Section 7. Proxies and Voting.

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, *provided* that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

The Corporation may, and to the extent required by law, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Every vote taken by ballots shall be counted by an inspector or inspectors appointed by the chairman of the meeting.

All elections shall be determined by a plurality of the votes cast, and except as otherwise required by law, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

Section 8. Stock List.

The officer who has charge of the stock ledger of the Corporation shall, at least 10 days before every meeting of stockholders, prepare and make a complete list of stockholders entitled to vote at any meeting of stockholders, *provided, however*, if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote as of the 10th day before the meeting date, arranged in alphabetical order and showing the address of each such stockholder and the number of shares registered in his or her name. Such list shall be open to the examination of any stockholder for a period of at least 10 days prior to the meeting in the manner provided by law.

A stock list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine (a) the identity of the stockholders entitled to examine such stock list and to vote at the meeting and (b) the number of shares held by each of them.

Section 9. Consent of Stockholders in Lieu of Meeting.

Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation’s registered office shall be made by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered to the Corporation, a written consent or consents signed by a sufficient number of holders to take action are delivered to the Corporation in the manner prescribed in the first paragraph of this Section. A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this Section to the extent permitted by law. Any such consent shall be delivered in accordance with Section 228(d)(1) of the Delaware General Corporation Law.

Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, *provided that* such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

ARTICLE II
BOARD OF DIRECTORS

Section 1. Number and Term of Office.

The number of directors who shall constitute the whole Board of Directors shall be such number as the Board of Directors shall from time to time have designated. Each director shall be elected for a term of one year and until his or her successor is elected and qualified, except as otherwise provided herein or required by law.

Whenever the authorized number of directors is increased between annual meetings of the stockholders, a majority of the directors then in office shall have the power to elect such new directors for the balance of a term and until their successors are elected and qualified. Any decrease in the authorized number of directors shall not become effective until the expiration of the term of the directors then in office unless, at the time of such decrease, there shall be vacancies on the board which are being eliminated by the decrease.

Section 2. Removal of Directors; Resignation Unless otherwise provided by the Certificate of Incorporation or these bylaws, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors. Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

Section 3. Vacancies.

Unless otherwise provided in the Corporation's Certificate of Incorporation, as it may be amended, if the office of any director becomes vacant by reason of death, resignation, disqualification, removal or other cause, a majority of the directors remaining in office, although less than a quorum, may elect a successor for the unexpired term and until his or her successor is elected and qualified. Unless otherwise provided in the Corporation's Certificate of Incorporation, as it may be amended, vacancies and newly created directorships resulting from

any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 4. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

Section 5. Special Meetings.

Special meetings of the Board of Directors may be called by one-third of the directors then in office (rounded up to the nearest whole number) or by the Chief Executive Officer and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given to each director by whom it is not waived by mailing written notice not less than five days before the meeting or by telegraphing or telexing or by facsimile or electronic transmission of the same not less than 24 hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. A meeting may be held at any time without notice if all the directors are present (except as otherwise provided by law) or if those not present waive notice of the meeting in writing, either before or after such meeting.

Section 6. Quorum.

At any meeting of the Board of Directors, the greater of (a) a majority of the directors then in office at the time quorum is to be determined and (b) one-third of the total number of directors fixed pursuant to Section 1 of Article II of these Bylaws shall constitute a quorum for the transaction of business. Less than a quorum may adjourn any meeting from time to time, and the meeting may be held as adjourned without further notice.

Section 7. Participation in Meetings By Conference Telephone.

Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board of Directors or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

Section 8. Conduct of Business.

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board of Directors may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 9. Compensation of Directors.

Directors, as such, may receive, pursuant to resolution of the Board of Directors, fixed fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the Board of Directors.

ARTICLE III
COMMITTEES

Section 1. Committees of the Board of Directors.

The Board of Directors may from time to time designate committees of the Board of Directors, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board of Directors and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Section 2. Conduct of Business.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third of the members shall constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE IV
OFFICERS

Section 1. Generally.

The officers of the Corporation will be chosen by the Board of Directors and will consist of a Chief Executive Officer, a President, a Secretary, a Treasurer and such other officers, as may from time to time be appointed by the Board of Directors. Officers shall be elected by the Board of Directors, which shall consider that subject at its first meeting after every annual meeting of stockholders. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person.

Subject to any limitations which may be set forth in a resolution of the Board of Directors, all deeds, leases, transfers, contracts, bonds, notes and other obligations to be entered into by the Corporation in the ordinary course of its business without director action may be executed on behalf of the Corporation by the Chief Executive Officer or by any other officer, employee or agent of the Corporation as the Board of Directors may authorize.

Section 2. Chief Executive Officer.

Subject to the provisions of these Bylaws and to the direction of the Board of Directors, the Chief Executive Officer shall have the responsibility for the general management and control of the business and affairs of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to him or her by the Board of Directors. The Chief Executive Officer shall each have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision and direction of all of the other officers, employees and agents of the Corporation.

Section 3. President.

The President shall have such powers and duties as may be delegated to him or her by the Board of Directors. The President shall perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer's absence or disability.

Section 4. Vice President.

Each Vice President shall have such powers and duties as may be delegated to him or her by the Board of Directors. One Vice President shall be designated by the Board of Directors to perform the duties and exercise the powers of the President in the event of the President's absence or disability.

Section 5. Treasurer.

The Treasurer shall have the responsibility for maintaining the financial records of the Corporation. He or she shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions and of the financial condition of the Corporation. The Treasurer shall also perform such other duties as the Board of Directors may from time to time prescribe.

Section 6. Secretary.

The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and the Board of Directors. He or she shall have charge of the corporate books and shall perform such other duties as the Board of Directors may from time to time prescribe.

Section 7. Chairman of the Board.

Unless otherwise provided by the Board of Directors, the Chairman of the Board of Directors, if one is elected, shall preside, when present, at all meetings of the stockholders and the Board of Directors. The Chairman of the Board shall have such other powers and shall perform such duties as the Board of Directors may from time to time designate.

Section 8. Delegation of Authority.

The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 9. Removal.

Any officer of the Corporation may be removed at any time, with or without cause, by the Board of Directors.

Section 10. Action with Respect to Securities of Other Corporations.

Unless otherwise directed by the Board of Directors, the Chief Executive Officer or any officer of the Corporation authorized by the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE V
STOCK

Section 1. Certificates of Stock.

The shares of the Corporation shall be represented by certificates, *provided that* the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Each holder of stock represented by certificates shall be entitled to a certificate signed by, or in the name of the Corporation, by any two of the Chief Executive Officer, President, a Vice President, the Secretary, an Assistant Secretary, the Treasurer, an Assistant Treasurer or any other authorized officers of the Corporation, certifying the number of shares owned by him or her. Any or all of the signatures on the certificate may be by facsimile.

Section 2. Transfers of Stock.

Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 4 of Article V of these Bylaws, an outstanding certificate, if one has been issued, for the number of shares involved shall be surrendered for cancellation before a new certificate, if any, is issued therefor.

Section 3. Record Date.

In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the foregoing provisions of this Section 3 at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

In order that the Corporation may determine the stockholders entitled to consent to corporate action without a meeting, (including by telegram, cablegram or other electronic transmission as permitted by law), the Board of Directors may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall be not more than ten days after the date upon which the resolution fixing the record date is adopted. If no record date has been fixed by the Board of Directors and no prior action by the Board of Directors is required by the Delaware General Corporation Law, the record date shall be the first date on which a consent setting forth the action taken or proposed to be taken is delivered to the Corporation in the manner prescribed by Section 9 of Article I hereof. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by the Delaware General Corporation Law with respect to the proposed action by consent of the stockholders without a meeting, the record date for determining stockholders entitled to consent to corporate action without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 4. Lost, Stolen or Destroyed Certificates.

In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 5. Regulations.

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI
RESTRICTION ON TRANSFERS

Section 1. Transfer Restrictions.

Before any holder ("**Stockholder**") of shares of common stock of the Corporation ("**Shares**") may Transfer (as such term is defined below) Shares (or any interest therein) to another prospective holder, such Stockholder must obtain the prior written consent of the Corporation upon resolutions duly approved by the Board of Directors, which consent may be withheld in its sole discretion. "**Transfer**" shall mean with respect to any security, the direct or indirect assignment, sale, transfer, tender, pledge, hypothecation, or the grant, creation or suffrage of a lien or encumbrance in or upon, or the gift, placement in trust, or the Constructive Sale (as such term is defined below) or other disposition of such security (including transfer by testamentary or intestate succession, merger or otherwise by operation of law) or any right, title or interest therein (including, but not limited to, any right or power to vote to which the holder thereof may be entitled, whether such right or power is granted by proxy or otherwise), or the record or beneficial ownership thereof, the offer to make such a sale, transfer, Constructive Sale or other disposition, and each agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing. "**Constructive Sale**" shall mean, with respect to any security, a short sale with respect to such security, entering into or acquiring an offsetting derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any other hedging or other derivative transaction that has the effect of materially changing the economic benefits and risks of ownership. Any purported Transfer of any Shares of the Corporation's stock effected in violation of this section shall be null and void and shall have no force or effect and the Corporation shall not register any such purported Transfer

Section 2. Exceptions for Certain Transfers.

Notwithstanding the foregoing, the provisions of Article VI, Section 1 shall not apply to the following transactions:

(a) in the case of a Stockholder who is an individual, the transfer without consideration of any Shares made for bona fide estate planning purposes, either during a Stockholder's lifetime or on death by will or intestacy to (i) his or her spouse or Spousal Equivalent, child (natural or adopted), sibling, or any other direct lineal antecedent or descendant of such Stockholder (or his or her spouse or Spousal Equivalent) (all of the foregoing collectively referred to as "**family members**"), or any other relative approved by the Corporation upon resolutions duly approved by the Board of Directors or (ii) any custodian or trustee of any trust, partnership or limited liability company solely for the benefit of, or the ownership interests of which are owned wholly by, such Stockholder or any such family members. "**Spousal Equivalent**" as used herein shall mean an individual who is registered with any state governmental entity as a domestic partner of the relevant person to whom such individual may be a Spousal Equivalent (a "**Registered Domestic Partner**") or who (i) irrespective of whether or not the relevant person to whom such individual may be a Spousal Equivalent and the Spousal Equivalent are the same sex, was the sole spousal equivalent of the other for the last twelve (12) months, (ii) intended to remain so indefinitely, (iii) was not married to anyone else nor a Registered Domestic Partner with anyone else, (iv) was at least 18 years of age and mentally competent to consent to contract, (v) was not related by blood to a degree of closeness that which would prohibit legal marriage in the state in which they legally reside, (vi) was jointly responsible for the other's common welfare and financial obligations, and (vii) resided with the other in the same residence for the last twelve (12) months and intends to do so indefinitely; or

(b) in the case of a Stockholder that is an entity, the transfer without consideration of any Shares by a Stockholder to its stockholders, members, partners, other equity holders, or affiliates.

Section 3. Subsequent Transfers.

In the case of any transfer consented to by the Corporation or described in Section 2 above or otherwise, the transferee, assignee, or other recipient shall receive and hold the Shares subject to the provisions of this Article VI, and there shall be no further transfer of such stock except in accordance with Sections 1, 2, and 3 of this Article VI.

Section 4. Termination of Restriction.

The restrictions in Section 1 of this Article VI shall terminate upon the earlier to occur of (i) the closing of a Sale Event (as defined below); or (ii) the first sale of common stock of the Corporation to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "**Securities Act**"). Upon termination of such restrictions, a new certificate or certificates representing the Shares not repurchased shall be issued, on request, without the legend referred to below and delivered to each Stockholder.

For purposes of these bylaws, "**Sale Event**" means the consummation of (i) the dissolution or liquidation of the Corporation, (ii) the sale of all or substantially all of the assets of the Corporation on a consolidated basis to an unrelated person or entity, (iii) a merger, reorganization or consolidation pursuant to which the holders of the Corporation's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding

voting power of the surviving or resulting entity (or its ultimate parent, if applicable), (iv) the acquisition of all or a majority of the outstanding voting stock of the Corporation in a single transaction or a series of related transactions by a Person or group of Persons, or (v) any other acquisition of the business of the Corporation, as determined by the Board of Directors; *provided, however*, that the Corporation's Initial Public Offering, any subsequent public offering or another capital-raising event, or a merger effected solely to change the Corporation's domicile shall not constitute a "**Sale Event**".

"**Person**" shall mean any individual, corporation, partnership (limited or general), limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or any similar entity.

"**Initial Public Offering**" means the consummation of the first firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale by the Corporation of its equity securities, as a result of or following which the Shares shall be publicly held.

Section 5. Legend.

The certificate or certificates representing the Shares shall bear the following legend (as well as any legends required by applicable state and federal corporate and securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THE BYLAWS OF THE CORPORATION.

Section 6. Waiver.

The provisions of Section 1 of this Article VI may be waived, with respect to any transaction subject thereto, by the Corporation upon resolutions duly approved by the Board of Directors; *provided, however*, that such restrictions shall continue to apply to the Shares subsequent to such transaction.

ARTICLE VII
NOTICES

Section 1. Notices.

If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law.

Section 2. Waivers.

A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VIII
MISCELLANEOUS

Section 1. Facsimile Signatures.

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. Corporate Seal.

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 3. Reliance upon Books, Reports and Records.

Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 4. Fiscal Year.

The fiscal year of the Corporation shall be as fixed by the Board of Directors.

Section 5. Offices.

The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

Section 6. Records and Reports.

The application and requirements of Section 1501 of the California General Corporation Law are hereby expressly waived to the fullest extent permitted thereunder.

Section 7. Time Periods.

In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE IX
INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification.

Each person who was or is made a party to or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "**proceeding**"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "**indemnitee**"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee, or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment) against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; *provided, however*, that, except as provided in Section 3 of this Article IX with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 2. Right to Advancement of Expenses.

In addition to the right to indemnification conferred in Section 1 of this Article IX, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "**advancement of expenses**"); *provided, however*, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "**undertaking**"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "**final adjudication**") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

Section 3. Right of Indemnitee to Bring Suit.

If a claim under Section 1 or 2 of this Article IX is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. To the fullest extent permitted by law, if successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article IX or otherwise, shall be on the Corporation.

Section 4. Non-Exclusivity of Rights.

The rights to indemnification and to the advancement of expenses conferred in this Article IX shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 5. Insurance.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Section 6. Indemnification of Employees and Agents of the Corporation.

The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article IX with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

Section 7. Nature of Rights.

The rights conferred upon indemnitees in this Article IX shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article IX that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit, eliminate, or impair any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment, alteration or repeal.

ARTICLE X
AMENDMENTS

These Bylaws may be amended or repealed by the Board of Directors at any meeting or by the stockholders at any meeting.

CERTIFICATE OF SECRETARY OF
ACELYRIN, INC.

The undersigned, Robert F. Carey, hereby certifies that he or she is the duly elected and acting Secretary of ACELYRIN, INC., a Delaware corporation (the "**Corporation**"), and that the Bylaws attached hereto constitute the Bylaws of said Corporation as duly adopted by Action by Unanimous Written Consent in Lieu of Organizational Meeting of the Board of Directors on July 31, 2020.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his or her name on July 31, 2020.

/s/ Robert F. Carey
Robert F. Carey, Secretary

[Signature Page of Bylaws]

ACELYRIN, INC.

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (this "**Agreement**"), is made as of the 9th day of September, 2022, by and among ACELYRIN, INC., a Delaware corporation (the "**Company**"), each of the investors listed on Schedule A hereto, each of which is referred to in this Agreement as an "**Investor**".

RECITALS

WHEREAS, certain of the Investors (the "**Existing Investors**") possess registration rights, information rights, rights of first offer, and other rights pursuant to that certain Amended and Restated Investors' Rights Agreement, dated as of October 19, 2021, among the Company and such Investors (the "**Prior Agreement**");

WHEREAS, the Existing Investors desire to amend and restate the Prior Agreement in its entirety and to accept the rights created pursuant to this Agreement in lieu of the rights granted to them under the Prior Agreement; and

WHEREAS, concurrently with the execution of this Agreement, the Company and certain of the Investors are entering into a Series C Preferred Stock Purchase Agreement of even date herewith (as the same may be amended and/or restated from time to time, the "**Purchase Agreement**"), pursuant to which such Investors have agreed to purchase shares of Series C Preferred Stock (as defined below).

NOW, THEREFORE, the Company and the Existing Investors hereby agree to amend and restate the Prior Agreement in its entirety as set forth herein, and all of the parties hereto further agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 "**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer, director or trustee of such Person, or any venture capital fund or other investment fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment adviser of, or shares the same management company or investment adviser with, such Person.

1.2 "**Board of Directors**" means the board of directors of the Company.

1.3 "**Certificate of Incorporation**" means the Company's Amended and Restated Certificate of Incorporation, as amended and/or restated from time to time.

1.4 "**Class A Common Stock**" means shares of the Company's Class A common stock, par value $0.00001 per share.

1.5 "**Class B Common Stock**" means shares of the Company's Class B common stock, par value $0.00001 per share.

1.6 "**Common Stock**" means, collectively, the Class A Common Stock and Class B Common Stock.

1.7 "**Competitor**" means a Person engaged, directly or indirectly (including through any partnership, limited liability company, corporation, joint venture or similar arrangement (whether now existing or formed hereafter)), in a business that is currently or may reasonably become competitive with the business of the Company, but shall not include any financial investment firm or collective investment vehicle that, together with its Affiliates, holds less than twenty percent (20)% of the outstanding equity of any Competitor and does not, nor do any of its Affiliates, have a right to designate any members of the board of directors of any Competitor; provided, however, that in no event will Westlake BioPartners Fund II, L.P. ("**Westlake**"), AyurMaya Capital Management Fund, LP ("**AyurMaya**"), Citadel Multi-Strategy Equities Master Fund Ltd. ("**Surveyor**"), or AI ACEL LLC ("**Access**") or their respective Affiliates be deemed a Competitor.

1.8 "**Damages**" means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.9 "**Derivative Securities**" means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Common Stock, including options and warrants.

1.10 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.11 "**Excluded Registration**" means (i) a registration relating to the sale or grant of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, equity incentive or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

1.12 "**FOIA Party**" means a Person that, in the reasonable determination of the Board of Directors, may be subject to, and thereby required to disclose non-public information furnished by or relating to the Company under, the Freedom of Information Act, 5 U.S.C. 552 ("**FOIA**"), any state public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement.

1.13 "**Form S-1**" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

1.14 "**Form S-3**" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits forward incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.15 "**GAAP**" means generally accepted accounting principles in the United States as in effect from time to time.

1.16 "**Holder**" means any holder of Registrable Securities who is a party to this Agreement.

1.17 "**Immediate Family Member**" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, life partner or similar statutorily-recognized domestic partner, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including, adoptive relationships, of a natural person referred to herein.

1.18 "**Initiating Holders**" means, collectively, Holders who properly initiate a registration request under this Agreement.

1.19 "**IPO**" means the Company's first underwritten public offering of its Class A Common Stock under the Securities Act.

1.20 "**Major Investor**" means any Investor that, individually or together with such Investor's Affiliates, holds at least 20% of the Registrable Securities (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof) originally issued to such Investor and each Person to whom any of the rights of any are assigned pursuant to Subsection 6.1.

1.21 "**New Securities**" means, collectively, equity securities of the Company, whether or not currently authorized, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities.

1.22 "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.23 "**Preferred Director**" means any director of the Company that the holders of record of a class, classes or series of Preferred Stock are entitled to elect, exclusively and as a separate class, pursuant to the Certificate of Incorporation.

1.24 "**Preferred Stock**" means, collectively, the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock.

1.25 "**Registrable Securities**" means (i) the Common Stock issuable or issued upon conversion of the Preferred Stock (other than any Common Stock issuable or issued pursuant to a Special Mandatory Conversion (as defined in the Certificate of Incorporation)); (ii) any Common Stock, or any Common Stock issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company, acquired by the Investors after the date hereof; and (iii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares referenced in clauses (i) and (ii) above; excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Subsection 6.1, and excluding for purposes of Section 2 any shares for which registration rights have terminated pursuant to Subsection 2.13 of this Agreement.

1.26 "**Registrable Securities then outstanding**" means the number of shares determined by adding the number of shares of outstanding Common Stock that are Registrable Securities and the number of shares of Common Stock issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

1.27 "**Restricted Securities**" means the securities of the Company required to be notated with the legend set forth in Subsection 2.12(b) hereof.

1.28 "**SEC**" means the Securities and Exchange Commission.

1.29 "**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

1.30 "**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

1.31 "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.32 "**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Subsection 2.6.

1.33 "**Series A Preferred Stock**" means shares of the Company's Series A Preferred Stock, par value $0.00001 per share.

1.34 "**Series B Preferred Stock**" means shares of the Company's Series B Preferred Stock, par value $0.00001 per share.

1.35 "**Series C Preferred Stock**" means shares of the Company's Series C Preferred Stock, par value $0.00001 per share.

1.36 "**SPAC Transaction**" has the meaning ascribed to it in the Purchase Agreement.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Demand Registration.

(a) Form S-1 Demand. If at any time after the earlier of (i) five (5) years after the date of this Agreement or (ii) one hundred eighty (180) days after the effective date of the registration statement for the IPO, the Company receives a request from Holders of at least thirty percent (30%) of the Registrable Securities then outstanding that the Company file a Form S-1 registration statement with respect to outstanding Registrable Securities having an anticipated aggregate offering price, net of Selling Expenses, of at least $10,000,000, then the Company shall (x) within ten (10) days after the date such request is given, give notice thereof (the "**Demand Notice**") to all Holders other than the Initiating Holders; and (y) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.3.

(b) Form S-3 Demand. If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a request from Holders of at least thirty percent (30%) of the Registrable Securities then outstanding that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holders having an anticipated aggregate offering price, net of Selling Expenses, of at least $5,000,000, then the Company shall (i) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holders, file a Form S-3 registration statement under the Securities Act covering all Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.3.

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Subsection 2.1 a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Board of Directors it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not

more than ninety (90) days after the request of the Initiating Holders is given; provided, however, that the Company may not invoke this right more than once in any twelve (12) month period; and provided further that the Company shall not register any securities for its own account or that of any other stockholder during such ninety (90) day period other than an Excluded Registration.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(a) (i) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (ii) after the Company has effected two (2) registrations pursuant to Subsection 2.1(a); or (iii) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Subsection 2.1(b). The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(b) (i) during the period that is thirty (30) days before the Company's good faith estimate of the date of filing of, and ending on a date that is ninety (90) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (ii) if the Company has effected two (2) registrations pursuant to Subsection 2.1(b) within the twelve (12) month period immediately preceding the date of such request. A registration shall not be counted as "effected" for purposes of this Subsection 2.1(d) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Subsection 2.6, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Subsection 2.1(d); provided, that if such withdrawal is during a period the Company has deferred taking action pursuant to Subsection 2.1(c), then the Initiating Holders may withdraw their request for registration and such registration will not be counted as "effected" for purposes of this Subsection 2.1(d).

2.2 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its Common Stock under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Subsection 2.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Subsection 2.6.

2.3 Underwriting Requirements.

(a) If, pursuant to Subsection 2.1, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Subsection 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Board of Directors and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Subsection 2.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting; provided, however, that no Holder (or any of their assignees) shall be required to make any representations, warranties or indemnities except as they relate to such Holder's ownership of shares and authority to enter into the underwriting agreement and to such Holder's intended method of distribution, and the liability of such Holder shall be several and not joint, and limited to an amount equal to the net proceeds from the offering received by such Holder. Notwithstanding any other provision of this Subsection 2.3, if the managing underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

(b) In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Subsection 2.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares. Notwithstanding the foregoing, in no event shall (i) the number of Registrable Securities included in the offering be reduced unless all other securities (other than

securities to be sold by the Company) are first entirely excluded from the offering, or (ii) the number of Registrable Securities included in the offering be reduced below twenty-five percent (25%) of the total number of securities included in such offering, unless such offering is the IPO, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other stockholder's securities are included in such offering. For purposes of the provision in this Subsection 2.3(b) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

(c) For purposes of Subsection 2.1(a), a registration shall not be counted as "effected" if, as a result of an exercise of the underwriter's cutback provisions in Subsection 2.3(a) or otherwise, fewer than one hundred percent (100%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

2.4 Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120) day period shall be extended for up to one hundred eighty (180) days, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

In addition, the Company shall ensure that, at all times after any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, its insider trading policy shall provide that the Company's directors may implement a trading program under Rule 10b5-1 of the Exchange Act.

2.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

2.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements, not to exceed $50,000, of one counsel for the selling Holders ("**Selling Holder Counsel**"), shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Subsection 2.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b), as the case may be; provided further that if, at the time of such withdrawal, the Holders shall have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Subsections 2.8(b) and 2.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Subsection 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Subsection 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Subsection 2.8, to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Subsection 2.8.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the

part of any party hereto for which indemnification is provided under this Subsection 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Subsection 2.8(d), when combined with the amounts paid or payable by such Holder pursuant to Subsection 2.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control; provided, however, that the foregoing provisions shall control as to any matter provided for or addressed thereby that is not provided for or addressed by the underwriting agreement.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Subsection 2.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.9 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies); (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company; and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

2.10 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would (i) provide to such holder or prospective holder the right to include securities in any registration on other than a subordinate basis after all Holders have had the opportunity to include in the registration and offering all shares of Registrable Securities that they wish to so include; or (ii) allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or prospective holder; provided that this limitation shall not apply to Registrable Securities acquired by any additional Investor that becomes a party to this Agreement in accordance with Subsection 6.9.

2.11 "Market Stand-off" Agreement. Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the IPO, and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days) (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Class A Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock held immediately before the IPO or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Subsection 2.11 shall apply only to the IPO, shall not apply (a) to the sale of any shares to an underwriter pursuant to an underwriting agreement, (b) the sale of any shares of Common Stock purchased by any Holder in connection with the IPO, whether or not pursuant to an underwriting agreement, a private placement that is concurrent with the IPO, or otherwise, (c) transactions (including, without limitation, any swap, hedge or similar agreement or arrangement) or announcements, in each case, relating to securities (including shares of Common Stock) acquired in the IPO or securities (including shares of Common Stock) acquired in open market or other transactions from and after the IPO or that otherwise do not involve or relate to securities of the Company owned by a Holder prior to the IPO in each case, notwithstanding any voluntary or required filings that may be made in connection therewith under Section 16(a) of the Exchange Act, (d) the conversion of Class B Common Stock into Class A Common Stock, (e) the transfer of

any shares to any trust for the direct or indirect benefit of the Holder or the immediate family of the Holder, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, or (f) the transfer of any shares to an Affiliate of the Holder, provided that the Affiliate of the Holder agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, and shall be applicable to the Holders only if all officers, directors and stockholders individually and together with their affiliates owning one percent (1%) or more of the Company's outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Preferred Stock) are subject to the same restrictions. The underwriters in connection with such registration are intended third-party beneficiaries of this Subsection 2.11 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Subsection 2.11 or that are necessary to give further effect thereto. In the event that the Company or the managing underwriter waives or terminates any of the restrictions contained in this Subsection 2.11 or in a lock-up agreement with respect to the securities of any Holder, officer, director or 1% or greater stockholder of the Company (in any such case, the "**IPO Released Securities**"), the restrictions contained in this Subsection 2.11 and in any lock-up agreements executed by the Investors shall be waived or terminated, as applicable, to the same extent and with respect to the same percentage of securities of each Investor as the percentage of IPO Released Securities represent with respect to the securities held by the applicable Holder, officer, director or 1% or greater stockholder.

2.12 Restrictions on Transfer.

(a) The Preferred Stock and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Preferred Stock and the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement. Notwithstanding the foregoing, the Company shall not require any transferee of shares pursuant to an effective registration statement or, following the IPO, SPAC Transaction, SEC Rule 144, in each case, to be bound by the terms of this Agreement. For the avoidance of doubt, a customary arrangement in connection with the deposit of Registrable Securities in a non-margin custodial account shall not be deemed a sale, transfer or pledge for purposes of this Agreement so long as such registrable securities are in certificated form (it being understood that the Company may require the exchange of any such certificated securities for book-entry shares upon the IPO).

(b) Each certificate, instrument, or book entry representing (i) the Preferred Stock, (ii) the Registrable Securities, and (iii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Subsection 2.12(c)) be notated with a legend substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.12.

(c) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, or, following the IPO, the transfer is made pursuant to SEC Rule 144, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer, provided, that no such notice shall be required in connection if the intended sale, pledge or transfer complies with SEC Rule 144 or if such transfer is to an Affiliate of such Holder. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company (it being understood that internal securities counsel of Surveyor shall be deemed acceptable for transfers by Surveyor), addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "no action" letter (x) in any transaction in compliance with SEC Rule 144; or (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder; provided that each transferee agrees in writing to be subject to the terms of this Subsection 2.12. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall be notated with, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Subsection 2.12(b), except that such certificate instrument, or book entry shall not be notated with such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act. Notwithstanding the foregoing, the Company shall be obligated to reissue promptly unlegended certificates or book entries at the

request of any Holder thereof if the Company has completed its IPO and the Holder shall have obtained an opinion of counsel (which counsel may be counsel to the Company) to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification and legend, provided that the second legend listed above shall be removed only at such time as the Holder of such certificate is no longer subject to any restrictions hereunder.

2.13 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsections 2.1 or 2.2 shall terminate upon the earliest to occur of:

(a) the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation;

(b) such time after consummation of the IPO as SEC Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's shares without limitation during a three-month period without registration (and without the requirement for the Company to be in compliance with the current public information required under subsection (c)(1) of SEC Rule 144) and such Holder (together with its "affiliates" determined under SEC Rule 144) holds less than one percent (1%) of the outstanding capital stock of the Company;

(c) the fifth (5th) anniversary of the IPO.

3. Information and Observer Rights.

3.1 Delivery of Financial Statements. The Company shall deliver to each Major Investor the items in clause (a)-(g) below, and the Company shall deliver to each Investor the items in clauses (a)-(c) below:

(a) as soon as practicable, but in any event within 180 days after the end of each fiscal year of the Company (i) an audited balance sheet as of the end of such year, (ii) audited statements of income and of cash flows for such year, and (iii) an audited statement of stockholders' equity as of the end of such year, all prepared in accordance with GAAP;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each quarter of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter and year-to-date, and an unaudited balance sheet and a statement of stockholders' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end adjustments; and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) as soon as practicable, but in any event within thirty (30) days after the end of each fiscal quarter of the Company, a statement or report showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the Common Stock issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Common Stock and the exchange ratio or exercise price applicable thereto, and the number of shares of issued stock options and stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Investors to calculate their respective percentage equity ownership in the Company;

(d) as soon as practicable, but in any event thirty (30) days before the end of each fiscal year, a budget and business plan for the next fiscal year, prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company;

(e) promptly following the end of each quarter of each fiscal year of the Company, a current and detailed capitalization table;

(f) with respect to the financial statements called for in Section 3.1(a), Section 3.1(b), an instrument executed by the chief financial officer and chief executive officer of the Company certifying that such financial statements were prepared in accordance with GAAP consistently applied with prior practice for earlier periods (except as otherwise set forth in Section 3.1(b)) and fairly present the financial condition of the Company and its results of operation for the periods specified therein; and

(g) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as any Major Investor may from time to time reasonably request or as otherwise determined by the Board of Directors; provided, however, that the Company shall not be obligated under this Subsection 3.1 to provide information (i) that the Company reasonably determines in good faith to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in a form acceptable to the Company); or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

Notwithstanding anything else in this Subsection 3.1 to the contrary, the Company may cease providing the information set forth in this Subsection 3.1 during the period starting with the date thirty (30) days before the Company's good-faith estimate of the date of filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company's covenants under this Subsection 3.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

3.2 Inspection. The Company shall permit each Major Investor (provided that the Board of Directors has not reasonably determined that such Major Investor is a Competitor of the Company), at such Major Investor's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by the Major Investor; provided, however, that the Company shall not be obligated pursuant to this Subsection 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

3.3 Observer Rights.

(a) As long as Surveyor owns not less than 25% of the shares of the Series B Preferred Stock initially purchased by it under that certain Series B Stock Purchase Agreement, dated as of October 19, 2021, by and among the Company and the Investors named therein (the "**Series B Purchase Agreement**") (or an equivalent amount of Common Stock issued upon conversion thereof), the Company shall invite one representative of Surveyor to attend all meetings of the Board of Directors in a nonvoting observer capacity and, in this respect, shall give such representatives copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; provided, however, that such representatives shall agree to hold in confidence all information so provided; and provided further, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting (x) could adversely affect the attorney-client privilege between the Company and its counsel, or (y) could result in disclosure of trade secrets. Notwithstanding the foregoing or anything to the contrary in this Agreement, (x) Surveyor shall have the option, in its sole discretion, to terminate Surveyor's observer rights pursuant to this Subsection 3.3(a) (which, in such circumstance, shall be deemed terminated automatically upon receipt of notice to that effect by the Company from Surveyor) and access to material nonpublic technical information, and (y) the Company and Surveyor shall, upon written request from Surveyor, execute a formal amendment to this Agreement that memorializes the termination of Surveyor's observer rights pursuant to this Subsection 3.3(a) and access to material nonpublic technical information, which shall not require the consent of any other party to this Agreement.

(b) As long as Westlake owns not less than 25% of the shares of the Series B Preferred Stock initially purchased by it under the Series B Purchase Agreement (or an equivalent amount of Common Stock issued upon conversion thereof), the Company shall invite one representative of Westlake to attend all meetings of the Board of Directors in a nonvoting observer capacity and, in this respect, shall give such representatives copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; provided, however, that such representatives shall agree to hold in confidence all information so provided; and provided further, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting (x) could adversely affect the attorney-client privilege between the Company and its counsel, or (y) could result in disclosure of trade secrets.

(c) As long as AyurMaya owns not less than 25% of the shares of the Series B Preferred Stock initially purchased by it under the Series B Purchase Agreement (or an equivalent amount of Common Stock issued upon conversion thereof), the Company shall invite one representative of AyurMaya to attend all meetings of the Board of Directors in a nonvoting observer capacity and, in this respect, shall give such representatives copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same

manner as provided to such directors; provided, however, that such representatives shall agree to hold in confidence all information so provided; and provided further, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting (x) could adversely affect the attorney-client privilege between the Company and its counsel, or (y) could result in disclosure of trade secrets.

3.4 Termination of Information Rights. The covenants set forth in Subsection 3.1, Subsection 3.2 and Subsection 3.3 shall terminate and be of no further force or effect immediately prior to the earliest to occur of (i) the effective date of the registration statement pertaining to the IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(b), 12(g) or 15(d) of the Exchange Act, (iii) the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation or (iv) the closing of a SPAC Transaction.

3.5 Confidentiality. Each Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor or make decisions with respect to its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Subsection 3.4 by such Investor), (b) is or has been independently developed or conceived by such Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to such Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser of any Registrable Securities from such Investor, if such prospective purchaser agrees to be bound by the provisions of this Subsection 3.5; (iii) to any existing or prospective Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor in the ordinary course of business, provided that such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; (iv) to the extent required in connection with any routine or periodic examination or similar process by any regulatory or self-regulatory body or authority not specifically directed at the Company or the confidential information obtained from the Company pursuant to the terms of the Agreement, including, without limitation, quarterly or annual reports; or (v) as may otherwise be required by law, regulation, rule, court order or subpoena, provided that, with respect to this clause (v), such Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

3.6 Material Non-Public Information. The Company understands and acknowledges that in the regular course of Surveyor's businesses, Surveyor and its Affiliates will invest in companies that have issued securities that are publicly traded (each, a "**Public Company**"). Accordingly, the Company covenants and agrees that before providing any material non-public information about a Public Company ("**Public Company Information**") to Surveyor or its representatives (or any of their respective Affiliates), the Company shall provide written notice of such Public Company Information to Surveyor's compliance officer at

SCComplianceAppvl@citadel.com describing such Public Company Information in reasonable detail. The Company shall not disclose Public Company Information to Surveyor or its representatives (or any of their respective Affiliates) without prior written authorization from Surveyor's compliance officer listed above. In addition, the Company acknowledges and agrees that in no event shall Surveyor's confidentiality and non-use obligations hereunder in any manner be deemed or construed as limiting Surveyor or its representatives (or any of their respective Affiliates) ability to trade any security of a Public Company or any other Person.

4. Rights to Future Stock Issuances.

4.1 Right of First Offer. Subject to the terms and conditions of this Subsection 4.1 and applicable securities laws, if the Company proposes to offer or sell any New Securities, the Company shall first offer such New Securities to each Major Investor. A Major Investor shall be entitled to apportion the right of first offer hereby granted to it in such proportions as it deems appropriate, among (i) itself and (ii) its Affiliates; provided that each such Affiliate (x) is not a Competitor or FOIA Party, unless such party's purchase of New Securities is otherwise consented to by the Board of Directors, and (y) agrees to enter into this Agreement and the Amended and Restated Voting Agreement of even date herewith among the Company, the Investors and the other parties named therein (the "**Voting Agreement**"), as an "**Investor**" under each such agreement each as may be amended and/or restated from time to time (provided that any Competitor or FOIA Party shall not be entitled to any rights as a Major Investor under Subsections 3.1, 3.2 and 4.1 hereof).

(a) The Company shall give notice (the "**Offer Notice**") to each Major Investor, stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(b) By notification to the Company within twenty (20) days after the Offer Notice is given, each Major Investor may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the Common Stock then held by such Major Investor (including all shares of Common Stock then issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held by such Major Investor) bears to the total Common Stock of the Company then outstanding (assuming full conversion and/or exercise, as applicable, of all Preferred Stock and any other Derivative Securities then outstanding). At the expiration of such twenty (20) day period, the Company shall promptly notify each Major Investor that elects to purchase or acquire all the shares available to it (each, a "**Fully Exercising Investor**") of any other Major Investor's failure to do likewise. During the ten (10) day period commencing after the Company has given such notice, each Fully Exercising Investor may, by giving notice to the Company, elect to purchase or acquire, in addition to the number of shares specified above, up to that portion of the New Securities for which Major Investors were entitled to subscribe but that were not subscribed for by the Major Investors which is equal to the proportion that the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of Preferred Stock and any other Derivative Securities then held, by such Fully Exercising Investor bears to the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable,

of the Preferred Stock and any other Derivative Securities then held, by all Fully Exercising Investors who wish to purchase such unsubscribed shares. The closing of any sale pursuant to this Subsection 4.1(b) shall occur within the later of ninety (90) days of the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to Subsection 4.1(c).

(c) If all New Securities referred to in the Offer Notice are not elected to be purchased or acquired as provided in Subsection 4.1(b), the Company may, during the ninety (90) day period following the expiration of the periods provided in Subsection 4.1(b), offer and sell the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Major Investors in accordance with this Subsection 4.1.

(d) The right of first offer in this Subsection 4.1 shall not be applicable to (i) Exempted Securities (as defined in the Certificate of Incorporation); (ii) shares of Common Stock issued in the IPO or SPAC Transaction or (iii) shares of Series C Preferred Stock issued pursuant to the Purchase Agreement.

4.2 Termination. The covenants set forth in Subsection 4.1 shall terminate and be of no further force or effect immediately prior to the earliest to occur of (i) the effective date of the registration statement pertaining to the IPO, (ii) the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, (iii) when the Company first becomes subject to the periodic reporting requirements of Section 12(b), 12(g) or 15(d) of the Exchange Act, or (iv) the closing of a SPAC Transaction.

5. Additional Covenants.

5.1 Insurance. The Company shall use commercially reasonable efforts to cause the Company's Directors and Officers liability insurance policy to be maintained until such time as the Board of Directors determines that such insurance should be discontinued. Notwithstanding the foregoing, for so long as any Preferred Director is serving on the Board of Directors, the Company, within 60 days following the First Tranche Initial Closing (as defined in the Purchase Agreement), shall not cease to maintain a Directors and Officers liability insurance policy in an amount of at least $5,000,000 unless approved by such Preferred Director and shall include the Investor entitled to designate such Preferred Director pursuant to the Voting Agreement as additional insureds in such policy.

5.2 Employee Agreements. The Company will cause each Person now or hereafter employed by it or by any subsidiary (or engaged by the Company or any subsidiary as a consultant/independent contractor) with access to confidential information and/or trade secrets to enter into a nondisclosure and proprietary rights assignment agreement in a form reasonably acceptable to the holders of a majority of the Registrable Securities. In addition, the Company shall not amend, modify, terminate, waive, or otherwise alter, in whole or in part, any of the above-referenced agreements or any restricted stock agreement between the Company and any employee, without the consent of the Board of Directors.

5.3 Employee Stock. All stock options issued after the date of this Agreement to employees, directors, consultants and other service providers shall require approval of the Board of Directors. Unless otherwise approved by the Board of Directors, all future employees and consultants of the Company who purchase, receive options to purchase, or receive awards of shares of the Company's capital stock after the date hereof shall be required to execute restricted stock or option agreements, as applicable, providing for (i) vesting of shares over a four (4) year period, with the first twenty-five percent (25%) of such shares vesting following twelve (12) months of continued employment or service, and the remaining shares vesting in equal monthly installments over the following thirty-six (36) months, and (ii) a market stand-off provision no less restrictive than Subsection 2.11. Without the prior approval by the Board of Directors, the Company shall not amend, modify, terminate, waive or otherwise alter, in whole or in part, any stock purchase, stock restriction or option agreement with any existing employee or service provider if such amendment would cause it to be inconsistent with this Subsection 5.3.

5.4 Board Matters. Unless otherwise determined by the vote of a majority of the directors then in office, the Board of Directors shall meet at least quarterly in accordance with an agreed-upon schedule. The Company shall reimburse the directors for all reasonable out-of-pocket travel expenses incurred (consistent with the Company's travel policy) in connection with attending meetings of the Board of Directors, committee meetings or any other activities which are required or requested by the Company and that involve expenses. Each Preferred Director shall be entitled, in such person's discretion, to be a member of all committees of the Board of Directors.

5.5 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board of Directors as in effect immediately before such transaction, whether such obligations are contained in the Company's Bylaws, the Certificate of Incorporation, or elsewhere, as the case may be.

5.6 Indemnification Matters. The Company hereby acknowledges that one or more of the directors nominated to serve on the Board of Directors by the Investors (each an "**Investor Director**") may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more of the Investors and certain of their Affiliates (collectively, the "**Investor Indemnitors**"). The Company hereby agrees (a) that it is the indemnitor of first resort (i.e., its obligations to any such Investor Director are primary and any obligation of the Investor Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Investor Director are secondary), (b) that it shall be required to advance the full amount of expenses incurred by such Investor Director and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement by or on behalf of any such Investor Director to the extent legally permitted and as required by the Company's Certificate of Incorporation or Bylaws of the Company (or any agreement between the Company and such Investor Director), without regard to any rights such Investor Director may have against the Investor Indemnitors, and (c) that it irrevocably waives, relinquishes and releases the Investor Indemnitors from any and all claims against the Investor Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Investor Indemnitors on behalf of any such Investor Director with

respect to any claim for which such Investor Director has sought indemnification from the Company shall affect the foregoing and the Investor Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Investor Director against the Company. The Investor Directors and the Investor Indemnitors are intended third-party beneficiaries of this Subsection 5.6 and shall have the right, power and authority to enforce the provisions of this Subsection 5.6 as though they were a party to this Agreement.

5.7 Option Pool Increase. If the Second Tranche Closing (as defined in the Purchase Agreement) occurs, each signatory hereto hereby covenants and agrees to use its best efforts to vote to increase the number of shares of Class A Common Stock remaining available for issuance to officers, directors, employees and consultants pursuant to the Company's 2020 Stock Option and Grant Plan by an additional 2,000,136 shares (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or similar recapitalization) promptly following the Second Tranche Closing.

5.8 Right to Conduct Activities. The Company hereby agrees and acknowledges that each Investor (together with their respective Affiliates, the "**Investment Funds**") is a professional investment organizations, and as such reviews the business plans and related proprietary information of many enterprises, some of which may compete directly or indirectly with the Company's business (as currently conducted or as currently propose to be conducted). Nothing in this Agreement shall preclude or in any way restrict the Investment Funds from evaluating or purchasing securities, including publicly traded securities, of a particular enterprise, or investing or participating in any particular enterprise whether or not such enterprise has products or services which compete with those of the Company; and the Company hereby agrees that, to the extent permitted under applicable law the Investment Funds shall not be liable to the Company for any claim arising out of, or based upon, (i) the investment by the Investment Funds in any entity competitive with the Company, or (ii) actions taken by any partner, officer, employee or other representative of the Investment Funds to assist any such competitive company, whether or not such action was taken as a member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve (x) any of the Investors from liability associated with the unauthorized disclosure of the Company's confidential information obtained pursuant to this Agreement, or (y) any director or officer of the Company from any liability associated with his or her fiduciary duties to the Company.

5.9 Anti-Harassment. The Company shall, no later than December 31, 2022, adopt and thereafter maintain in effect (i) a Code of Conduct governing appropriate workplace behavior and (ii) an Anti-Harassment and Discrimination Policy prohibiting discrimination and harassment at the Company. Such policy shall be reviewed and approved by the Board of Directors.

5.10 Cybersecurity. The Company shall, within 180 days following the Closing (as defined in the Purchase Agreement), (a) identify its sensitive data and information, and restrict access (through physical and electronic controls) to those individuals who have a need to access it and (b) implement reasonable cybersecurity solution(s) ("**Cybersecurity Solutions**") designed to protect its technology and systems (including servers, laptops, desktops, cloud, containers, virtual

environments and data centers) and all data contained in such systems. The Company shall use commercially reasonable efforts to ensure that the Cybersecurity Solutions (x) are up-to-date and include industry-standard protections (e.g., antivirus, endpoint detection and response and threat hunting), (y) to the extent determined necessary by the Company or the Board of Directors, are backed by a breach prevention warranty from the vendor certifying the effectiveness of such solutions, and (z) require the vendors to notify the Company of any security incidents posing a risk to the Company's information (regardless of whether information was actually compromised). The Company shall evaluate on a regular basis (not less than annually) whether the Cybersecurity Solutions should be updated to ensure continued effectiveness and industry-standard protections. The Company shall also educate its employees about the proper use and storage of sensitive information, including regular training as determined reasonably necessary by the Company or the Board of Directors.

5.11 Termination of Covenants. The covenants set forth in this Section 5, except for Subsections 5.5 and 5.6, shall terminate and be of no further force or effect immediately prior to the earliest to occur of (i) the effective date of the registration statement pertaining to the IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(b), 12(g) or 15(d) of the Exchange Act, (iii) the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation or (iv) the closing of a SPAC Transaction, as such term is defined in the Purchase Agreement.

6. Miscellaneous.

6.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (i) is an Affiliate of a Holder; (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (iii) after such transfer, holds at least 1,000,000 shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations, and other recapitalizations); provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Subsection 2.11. For the purposes of determining the number of shares of Registrable Securities held by a transferee, the holdings of a transferee (1) that is an Affiliate or stockholder of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; provided further that all transferees who would not qualify individually for assignment of rights shall, as a condition to the applicable transfer, establish a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

6.2 Governing Law. This Agreement shall be governed by the internal law of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

6.3 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

6.5 Notices.

(a) All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on Schedule A hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Subsection 6.5. If notice is given to the Company, a copy shall also be sent to Goodwin Procter LLP, Three Embarcadero Center, 28th Floor, San Francisco, CA 94111; Attention: Jon M. Novotny and if notice is given to Stockholders, a copy shall also be given to Hand, Baldachin & Associates LLP, 1740 Broadway, 15th Floor, New York, NY 10019, Attention: Alan Baldachin.

(b) Consent to Electronic Notice. Each Investor consents to the delivery of any stockholder notice pursuant to the Delaware General Corporation Law (the "**DGCL**"), as amended or superseded from time to time, by electronic transmission pursuant to Section 232 of the DGCL (or any successor thereto) at the electronic mail address or the facsimile number set forth below such Investor's name on Schedule A hereto, as updated from time to time by notice to the Company, or as on the books of the Company. To the extent that any notice given by means of electronic transmission is returned or undeliverable for any reason, the foregoing consent shall be deemed to have been revoked until a new or corrected electronic mail address has been provided, and such attempted electronic notice shall be ineffective and deemed to not have been given. Each Investor agrees to promptly notify the Company of any change in such stockholder's electronic mail address, and that failure to do so shall not affect the foregoing.

6.6 Amendments and Waivers. Any term of this Agreement may be amended, modified or terminated and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the holders of a majority of the Registrable Securities then outstanding; provided that the Company may in its sole discretion waive compliance with Subsection 2.12(c) (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Subsection 2.12(c) shall be deemed to be a waiver); and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, (a) this Agreement may not be amended, modified or terminated and the observance of any term hereof may not be waived with respect to any Investor without the written consent of such Investor, unless such amendment, modification, termination, or waiver applies to all Investors in the same fashion (it being agreed that a waiver of the provisions of Section 4 with respect to a particular transaction shall be deemed to apply to all Investors in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain Investors may nonetheless, by agreement with the Company, purchase securities in such transaction, provided, however, that if the provisions of Section 4 are waived with respect to a particular offering pursuant to this Subsection 6.6 but any Major Investor subsequently purchases New Securities in such offering (a "**Participating Major Investor(s)**"), then all other Major Investors shall have the right, but not the obligation, to purchase New Securities in such offering (on a pro rata basis proportionate to the level of participation of the Participating Major Investor purchasing the largest portion of such Participating Major Investor's pro rata share)) and (b) Subsections 3.1 and 3.2, Section 4 and any other section of this Agreement applicable to the Major Investors (including this clause (b) of this Subsection 6.6) may not be amended, modified, terminated or waived without the written consent of the holders of at least a majority of the Registrable Securities then outstanding and held by the Major Investors. Notwithstanding the foregoing, Schedule A hereto may be amended by the Company from time to time to add transferees of any Registrable Securities in compliance with the terms of this Agreement without the consent of the other parties; and Schedule A hereto may also be amended by the Company after the date of this Agreement without the consent of the other parties to add information regarding any additional Investor who becomes a party to this Agreement in accordance with Subsection 6.9. The Company shall give prompt notice of any amendment, modification or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, modification, termination, or waiver. Any amendment, modification, termination, or waiver effected in accordance with this Subsection 6.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision. Notwithstanding anything herein to the contrary, (i) the definition of "**Major Investor**" and this proviso of this Subsection 6.6 may not be amended, modified, terminated or waived without the written consent of Access, (ii) Subsection 3.3(a), Subsection 3.6, the definition of "**Major Investor**" and this proviso of this Subsection 6.6 may not be amended, modified, terminated or waived without the written consent of Surveyor, (iii) Subsection 3.3(b), the definition of "**Major Investor**" and this proviso of this Subsection 6.6 may not be amended, modified, terminated or waived without the written consent of Westlake and (iv) Subsection 3.3(c), the definition of "**Major Investor**" and this proviso of this Subsection 6.6 may not be amended, modified, terminated or waived without the written consent of AyurMaya.

6.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

6.8 Aggregation of Stock. All shares of Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

6.9 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Company's Preferred Stock after the date hereof, any purchaser of such shares of Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an "Investor" for all purposes hereunder. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional Investor, so long as such additional Investor has agreed in writing to be bound by all of the obligations as an "**Investor**" hereunder.

6.10 Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled. Upon the effectiveness of this Agreement, the Prior Agreement shall be deemed amended and restated and superseded and replaced in its entirety by this Agreement, and shall be of no further force or effect.

6.11 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of Delaware and to the jurisdiction of the United States District Court for the District of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of Delaware or the United States District Court for the District of Delaware, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO

ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.12 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

[Remainder of Page Intentionally Left Blank]

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

ACELYRIN, INC.

By: */s/ Shao-Lee Lin*
Name: Shao-Lee Lin
Title: Chief Executive Officer

SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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

INVESTOR:

AI ACEL LLC, by
ACCESS INDUSTRIES MANAGEMENT, LLC,
its manager

By: */s/ Alejandro Moreno*
Name: Alejandro Moreno
Title: Executive Vice President

By: */s/ Suzette Del Giudice*
Name: Suzette Del Giudice
Title: Executive Vice President

SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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

INVESTOR:

WESTLAKE BIOPARTNERS FUND II, L.P.

By: Westlake BioPartners GP II, LLC
Its: General Partner

By: */s/ Pete Calveley*
Name: Pete Calveley
Title: Chief Operating Officer

SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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

INVESTOR:

MW XO HEALTH INNOVATIONS FUND, LP

By: Marshall Wace North America, LP
Its: Investment Manager
By: Marshall Wace LLC
Its: General Partner of the Investment Manager

By: */s/ Michael Sargent*
Name: Michael Sargent
Title: Authorized Signatory

By: */s/ Courtney Lewis*
Name: Courtney Lewis
Title: Authorized Signatory

SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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

INVESTOR:

AyurMaya Capital Management Fund, LP

By: */s/ David Goel*
Name: David Goel
Title: Managing General Partner

SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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

INVESTOR:

CITADEL MULTI-STRATEGY EQUITIES MASTER FUND LTD.

By: Citadel Advisors LLC
Its: Portfolio Manager

By: */s/ Shellane Mulcahy*
Name: Shellane Mulcahy
Title: Authorized Signatory

SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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

INVESTOR:

VENBIO GLOBAL STRATEGIC FUND IV, L.P.

By: venBio Global Strategic GP IV, L.P. Its: General Partner
By: venBio Global Strategic GP IV, Ltd. Its: General Partner

By: */s/ Richard Gaster*
Name: Richard Gaster
Title: Authorized Signatory

SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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

INVESTORS:

COWEN HEALTHCARE INVESTMENTS III LP

By: Cowen Healthcare Investments III GP LLC
Its: General Partner

By: */s/ Kevin Raidy*
Name: Kevin Raidy
Title: Managing Partner

CHI EF III LP

By: Cowen Healthcare Investments III GP LLC
Its: General Partner

By: */s/ Kevin Raidy*
Name: Kevin Raidy
Title: Managing Partner

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

INVESTORS:

ORBIMED PRIVATE INVESTMENTS VIII, LP

By: OrbiMed Capital GP VIII LLC
Its: General Partner
By: OrbiMed Advisors LLC
Its: Managing Member

By: */s/ David Bonita*
Name: David Bonita
Title: Member

ORBIMED GENESIS MASTER FUND, L.P.

By: OrbiMed Genesis GP LLC
Its: General Partner
By: OrbiMed Advisors LLC
Its: Managing Member

By: */s/ Geoffrey Hsu*
Name: Geoffrey Hsu
Title: Member

SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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

INVESTOR:

DECHENG CAPITAL GLOBAL HEALTHCARE FUND (MASTER), LP

By: Decheng Capital Global Healthcare GP, LLC
Its: General Partner

By: */s/ Xiangmin Cui*
Name: Xiangmin Cui
Title: Managing Director

SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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

INVESTOR:

SAMSARA BIOCAPITAL, L.P.

By: Samsara BioCapital GP, LLC
Its: General Partner

By: */s/ Srinivas Akkaraju*
Name: Srinivas Akkaraju, MD, PhD
Title: Managing Member

SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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

INVESTOR:

AQUILA INVESTMENTS XIX

By: */s/ Catherine Cheung*
Name: Catherine Cheung
Title: Director

SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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

INVESTOR:

WOODLAND HILLS PARTNERS LLC

By: */s/ Robert F. Carey*
Name: Robert F. Carey
Title: General Partner

SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

SCHEDULE A

Investors

Westlake BioPartners Fund II, LP
3075 Townsgate Road, Suite #140
Westlake Village, CA 91361
Email: [***]

Citadel Multi-Strategy Equities Master Fund Ltd. (“Surveyor”)
c/o Citadel Advisors LLC
601 Lexington Avenue
New York, New York 10022
Attention: Grant Tse

With a copy to (which shall not constitute notice):
Choate, Hall & Stewart LLP
Two International Place
Boston, MA 02110
Attention: Tobin Sullivan
Email: [***]

Only for delivery of transfer agent account statements:
c/o Citadel Advisors LLC
131 S. Dearborn St. (32nd Floor)
Chicago, IL 60603
Attn: Kevin Newstead

AyurMaya Capital Management Fund, LP
Email: Kevin.Newstead@citadel.comAyurMaya Capital Management Fund, LP
1000 Winter Street
Waltham, MA 02451
Attention: David Goel
Email: [***]

venBio Global Strategic Fund IV, L.P.
1700 Owens Street, Suite 595
San Francisco, CA 94158
Attn: Richard Gaster
Email: [***]

Cowen Healthcare Investments III LP
c/o CHI Advisors LLC
599 Lexington Avenue, 19th Floor
New York, NY 10022
Attention: Kevin Raidy
Email: [***]

CHI EF III LP
c/o CHI Advisors LLC
599 Lexington Avenue, 19th Floor
New York, NY 10022
Attention: Kevin Raidy
Email: [***]

ORBIMED PRIVATE INVESTMENTS VIII, LP
Attention: General Counsel
601 Lexington Avenue, 54th Floor
New York, NY 10022
Phone: (212) 739-6400
Email: [***]

ORBIMED GENESIS MASTER FUND, L.P.
Attention: General Counsel
601 Lexington Avenue, 54th Floor
New York, NY 10022
Phone: (212) 739-6400
Email: [***]

Decheng Capital Global Healthcare Fund (Master), LP
3000 Sand Hill Road, Building 2, Suite 110
Menlo Park, CA 94025
Email: [***]

MW XO Health Innovations Fund, LP
c/o Marshall Wace North America, LP
350 Park Avenue, 18th Floor
New York, NY 10022
Attn: Legal Team
Email: R.Evers@mwam.com; C.Lewis.@mwam.com;
with a copy to [***]

With a copy to:
Crowell & Moring LLP
3 Embarcadero Center, 26th Floor
San Francisco, CA 94111
Attention: Jon O'Connell
Email: [***]

RTW Master Fund, Ltd.
40 10th Avenue, Floor 7
New York, NY 10014

RTW Innovation Master Fund, Ltd.
40 10th Avenue, Floor 7
New York, NY 10014

RTW Venture Fund Limited
40 10th Avenue, Floor 7
New York, NY 10014

Samsara BioCapital, LP
628 Middlefield Road
Palo Alto, CA 94310

AQUILA INVESTMENTS XIX
c/o Tybourne Capital Management (HK) Limited
30/F, AIA Central, 1 Connaught Road Central
Hong Kong
Attention: Bosun Hau

AI ACEL LLC
c/o Access Industries Management, LLC
40 West 57th St, 28th Floor
New York, NY 10019
Email: [***]

ACELYRIN, INC.

2020 STOCK OPTION AND GRANT PLAN

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the **ACELYRIN, INC. 2020 Stock Option and Grant Plan** (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees, directors, Consultants and other key persons of **ACELYRIN, INC.**, a Delaware corporation (including any successor entity, the "Company") and its Subsidiaries, upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business, to acquire a proprietary interest in the Company.

The following terms shall be defined as set forth below:

"*Affiliate*" of any Person means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the first mentioned Person. A Person shall be deemed to control another Person if such first Person possesses directly or indirectly the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, by contract or otherwise.

"*Award*" or "*Awards,*" except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Unrestricted Stock Awards, Restricted Stock Units or any combination of the foregoing.

"Award Agreement" means a written or electronic agreement setting forth the terms and provisions applicable to an Award granted under the Plan. Each Award Agreement may contain terms and conditions in addition to those set forth in the Plan; *provided, however,* in the event of any conflict in the terms of the Plan and the Award Agreement, the terms of the Plan shall govern**.**

"*Board*" means the Board of Directors of the Company.

"*Cause*" shall have the meaning as set forth in the Award Agreement(s). In the case that any Award Agreement does not contain a definition of "Cause," it shall mean (i) the grantee's dishonest statements or acts with respect to the Company or any Affiliate of the Company, or any current or prospective customers, suppliers vendors or other third parties with which such entity does business; (ii) the grantee's commission of (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, dishonesty or fraud; (iii) the grantee's failure to perform his assigned duties and responsibilities to the reasonable satisfaction of the Company which failure continues, in the reasonable judgment of the Company, after written notice given to the grantee by the Company; (iv) the grantee's gross negligence, willful misconduct or insubordination with respect to the Company or any Affiliate of the Company; or (v) the grantee's material violation of any provision of any agreement(s) between the grantee and the Company relating to noncompetition, nonsolicitation, nondisclosure and/or assignment of inventions.

"Chief Executive Officer" means the Chief Executive Officer of the Company or, if there is no Chief Executive Officer, then the President of the Company.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"*Committee*" means the Committee of the Board referred to in Section 2.

"Consultant" means any natural person that provides bona fide services to the Company (including a Subsidiary), and such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities.

"*Disability*" means "disability" as defined in Section 422(c) of the Code.

"*Effective Date*" means the date on which the Plan is adopted as set forth on the final page of the Plan.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"*Fair Market Value*" of the Stock on any given date means the fair market value of the Stock determined in good faith by the Committee based on the reasonable application of a reasonable valuation method not inconsistent with Section 409A of the Code. If the Stock is admitted to trade on a national securities exchange, the determination shall be made by reference to the closing price reported on such exchange. If there is no closing price for such date, the determination shall be made by reference to the last date preceding such date for which there is a closing price. If the date for which Fair Market Value is determined is the first day when trading prices for the Stock are reported on a national securities exchange, the Fair Market Value shall be the "Price to the Public" (or equivalent) set forth on the cover page for the final prospectus relating to the Company's Initial Public Offering.

"Good Reason" shall have the meaning as set forth in the Award Agreement(s). In the case that any Award Agreement does not contain a definition of "Good Reason," it shall mean (i) a material diminution in the grantee's base salary except for across-the-board salary reductions similarly affecting all or substantially all similarly situated employees of the Company or (ii) a change of more than 50 miles in the geographic location at which the grantee provides services to the Company, so long as the grantee provides at least 90 days notice to the Company following the initial occurrence of any such event and the Company fails to cure such event within 30 days thereafter.

"*Grant Date"* means the date that the Committee designates in its approval of an Award in accordance with applicable law as the date on which the Award is granted, which date may not precede the date of such Committee approval.

"Holder" means, with respect to an Award or any Shares, the Person holding such Award or Shares, including the initial recipient of the Award or any Permitted Transferee.

"*Incentive Stock Option*" means any Stock Option designated and qualified as an "incentive stock option" as defined in Section 422 of the Code.

"*Initial Public Offering*" means the consummation of the first firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale by the Company of its equity securities, as a result of or following which the Stock shall be publicly held.

"*Non-Qualified Stock Option*" means any Stock Option that is not an Incentive Stock Option.

"*Option*" or "*Stock Option*" means any option to purchase shares of Stock granted pursuant to Section 5.

"*Permitted Transferees*" shall mean any of the following to whom a Holder may transfer Shares hereunder (as set forth in Section 9(a)(ii)(A)): the Holder's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Holder's household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons control the management of assets, and any other entity in which these persons own more than fifty percent of the voting interests*; provided, however,* that any such trust does not require or permit distribution of any Shares during the term of the Award Agreement unless subject to its terms. Upon the death of the Holder, the term Permitted Transferees shall also include such deceased Holder's estate, executors, administrators, personal representatives, heirs, legatees and distributees, as the case may be.

"*Person*" shall mean any individual, corporation, partnership (limited or general), limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or any similar entity.

"Restricted Stock Award" means Awards granted pursuant to Section 6 and *"Restricted Stock"* means Shares issued pursuant to such Awards.

"Restricted Stock Unit" means an Award of phantom stock units to a grantee, which may be settled in cash or Shares as determined by the Committee, pursuant to Section 8.

"*Sale Event"* means the consummation of (i) the dissolution or liquidation of the Company, (ii) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (iii) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the surviving or resulting entity (or its ultimate parent, if applicable), (iv) the acquisition of all or a majority of the outstanding voting stock of the Company in a single transaction or a series of related transactions by a Person or group of Persons, or (v) any other acquisition of the business of the Company, as determined by the Board; *provided, however,* that the Company's Initial Public Offering, any subsequent public offering or another capital raising event, or a merger effected solely to change the Company's domicile shall not constitute a "Sale Event."

"Section 409A" means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"Service Relationship" means any relationship as a full-time employee, part-time employee, director or other key person (including Consultants) of the Company or any Subsidiary or any successor entity (e.g., a Service Relationship shall be deemed to continue without interruption in the event an individual's status changes from full-time employee to part-time employee or Consultant).

"Shares" means shares of Stock.

"*Stock*" means the Common Stock, par value **$0.00001** per share, of the Company.

"*Subsidiary*" means any corporation or other entity (other than the Company) in which the Company has more than a 50 percent interest, either directly or indirectly.

"Ten Percent Owner" means an employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent of the Company or any Subsidiary.

"Termination Event" means the termination of the Award recipient's Service Relationship with the Company and its Subsidiaries for any reason whatsoever, regardless of the circumstances thereof, and including, without limitation, upon death, disability, retirement, discharge or resignation for any reason, whether voluntarily or involuntarily. The following shall not constitute a Termination Event: (i) a transfer to the service of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another Subsidiary or (ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Committee, if the individual's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing.

"*Unrestricted Stock Award"* means any Award granted pursuant to Section 7 and *"Unrestricted Stock"* means Shares issued pursuant to such Awards.

SECTION 2. ADMINISTRATION OF PLAN; COMMITTEE AUTHORITY TO SELECT GRANTEES AND DETERMINE AWARDS

(a) Administration of Plan. The Plan shall be administered by the Board, or at the discretion of the Board, by a committee of the Board, comprised of not less than two directors. All references herein to the "Committee" shall be deemed to refer to the group then responsible for administration of the Plan at the relevant time (i.e., either the Board of Directors or a committee or committees of the Board, as applicable).

(b) Powers of Committee. The Committee shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the amount, if any, of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Unrestricted Stock Awards, Restricted Stock Units, or any combination of the foregoing, granted to any one or more grantees;

(iii) to determine the number of Shares to be covered by any Award and, subject to the provisions of the Plan, the price, exercise price, conversion ratio or other price relating thereto;

(iv) to determine and, subject to Section 12, to modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the form of Award Agreements;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award;

(vi) to impose any limitations on Awards, including limitations on transfers, repurchase provisions and the like, and to exercise repurchase rights or obligations;

(vii) subject to Section 5(a)(ii) and any restrictions imposed by Section 409A, to extend at any time the period in which Stock Options may be exercised; and

(viii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including Award Agreements); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Committee shall be binding on all persons, including the Company and all Holders.

(c) Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award.

(d) Indemnification. Neither the Board nor the Committee, nor any member of either or any delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Committee (and any delegate thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under the Company's governing documents, including its certificate of incorporation or bylaws, or any directors' and officers' liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

(e) Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and any Subsidiary operate or have employees or other individuals eligible for Awards, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries, if any, shall be covered by the Plan; (ii) determine which individuals, if any, outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent the Committee determines such actions to be necessary or advisable (and such subplans and/or modifications shall be attached to the Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitation contained in Section 3(a) hereof; and (v) take any action, before or after an Award is made, that the Committee determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS AND OTHER TRANSACTIONS; SUBSTITUTION

(a) Stock Issuable. The maximum number of Shares reserved and available for issuance under the Plan shall be **2,400,000** Shares, subject to adjustment as provided in Section 3(b). For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) and Shares that are withheld upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding shall be added back to the Shares available for issuance under the Plan. Subject to such overall limitations, Shares may be issued up to such maximum number pursuant to any type or types of Award, and no more than **12,000,000** Shares may be issued pursuant to Incentive Stock Options. The Shares available for issuance under the Plan may be authorized but unissued Shares or Shares reacquired by the Company.

(b) Changes in Stock. Subject to Section 3(c) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding Shares are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional Shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such Shares or other securities, in each case, without the receipt of consideration by the Company, or, if, as a result of any merger or consolidation, or sale of all or substantially all of the assets of the Company, the outstanding Shares are converted into or exchanged for other securities of the Company or any successor entity (or a parent or subsidiary thereof), the Committee shall make an appropriate and proportionate adjustment in (i) the maximum number of Shares reserved for issuance under the Plan, (ii) the number and kind of Shares or other securities subject to any then outstanding Awards under the Plan, (iii) the repurchase price, if any, per Share subject to each outstanding Award, and (iv) the exercise price for each Share subject to any then outstanding Stock Options

under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options) as to which such Stock Options remain exercisable. The Committee shall in any event make such adjustments as may be required by Section 25102(o) of the California Corporation Code and the rules and regulations promulgated thereunder. The adjustment by the Committee shall be final, binding and conclusive. No fractional Shares shall be issued under the Plan resulting from any such adjustment, but the Committee in its discretion may make a cash payment in lieu of fractional shares.

(c) Sale Events.

(i) Options.

(A) In the case of and subject to the consummation of a Sale Event, the Plan and all outstanding Options issued hereunder shall terminate upon the effective time of any such Sale Event unless assumed or continued by the successor entity, or new stock options or other awards of the successor entity or parent thereof are substituted therefor, with an equitable or proportionate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree (after taking into account any acceleration hereunder and/or pursuant to the terms of any Award Agreement).

(B) In the event of the termination of the Plan and all outstanding Options issued hereunder pursuant to Section 3(c), each Holder of Options shall be permitted, within a period of time prior to the consummation of the Sale Event as specified by the Committee, to exercise all such Options which are then exercisable or will become exercisable as of the effective time of the Sale Event; *provided, however*, that the exercise of Options not exercisable prior to the Sale Event shall be subject to the consummation of the Sale Event.

(C) Notwithstanding anything to the contrary in Section 3(c)(i)(A), in the event of a Sale Event, the Company shall have the right, but not the obligation, to make or provide for a cash payment to the Holders of Options, without any consent of the Holders, in exchange for the cancellation thereof, in an amount equal to the difference between (A) the value as determined by the Committee of the consideration payable per share of Stock pursuant to the Sale Event (the "Sale Price") times the number of Shares subject to outstanding Options being cancelled (to the extent then vested and exercisable, including by reason of acceleration in connection with such Sale Event, at prices not in excess of the Sale Price) and (B) the aggregate exercise price of all such outstanding vested and exercisable Options.

(ii) Restricted Stock and Restricted Stock Unit Awards.

(A) In the case of and subject to the consummation of a Sale Event, all unvested Restricted Stock and unvested Restricted Stock Unit Awards (other than those becoming vested as a result of the Sale Event) issued hereunder shall be forfeited immediately prior to the effective time of any such Sale Event unless assumed or continued by the successor entity, or awards of the successor entity or parent thereof are substituted therefor, with an equitable or proportionate adjustment as to the number and kind of shares subject to such awards as such parties shall agree (after taking into account any acceleration hereunder and/or pursuant to the terms of any Award Agreement).

(B) In the event of the forfeiture of Restricted Stock pursuant to Section 3(c)(ii)(A), such Restricted Stock shall be repurchased from the Holder thereof at a price per share equal to the original per share purchase price paid by the Holder (subject to adjustment as provided in Section 3(b)) for such Shares.

(C) Notwithstanding anything to the contrary in Section 3(c)(ii)(A), in the event of a Sale Event, the Company shall have the right, but not the obligation, to make or provide for a cash payment to the Holders of Restricted Stock or Restricted Stock Unit Awards, without consent of the Holders, in exchange for the cancellation thereof, in an amount equal to the Sale Price times the number of Shares subject to such Awards, to be paid at the time of such Sale Event or upon the later vesting of such Awards.

SECTION 4. ELIGIBILITY

Grantees under the Plan will be such full or part-time officers and other employees, directors, Consultants and key persons of the Company and any Subsidiary who are selected from time to time by the Committee in its sole discretion; provided, however, that Awards shall be granted only to those individuals described in Rule 701(c) of the Securities Act.

SECTION 5. STOCK OPTIONS

Upon the grant of a Stock Option, the Company and the grantee shall enter into an Award Agreement. The terms and conditions of each such Award Agreement shall be determined by the Committee, and such terms and conditions may differ among individual Awards and grantees.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a "subsidiary corporation" within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

(a) Terms of Stock Options. The Committee in its discretion may grant Stock Options to those individuals who meet the eligibility requirements of Section 4. Stock Options shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable.

(i) Exercise Price. The exercise price per share for the Shares covered by a Stock Option shall be determined by the Committee at the time of grant but shall not be less than 100 percent of the Fair Market Value on the Grant Date. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the exercise price per share for the Shares covered by such Incentive Stock Option shall not be less than 110 percent of the Fair Market Value on the Grant Date.

(ii) Option Term. The term of each Stock Option shall be fixed by the Committee, but no Stock Option shall be exercisable more than ten years from the Grant Date. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the term of such Stock Option shall be no more than five years from the Grant Date.

(iii) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable and/or vested at such time or times, whether or not in installments, as shall be determined by the Committee at or after the Grant Date. The Award Agreement may permit a grantee to exercise all or a portion of a Stock Option immediately at grant; provided that the Shares issued upon such exercise shall be subject to restrictions and a vesting schedule identical to the vesting schedule of the related Stock Option, such Shares shall be deemed to be Restricted Stock for purposes of the Plan, and the optionee may be required to enter into an additional or new Award Agreement as a condition to exercise of such Stock Option. An optionee shall have the rights of a stockholder only as to Shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options. An optionee shall not be deemed to have acquired any Shares unless and until a Stock Option shall have been exercised pursuant to the terms of the Award Agreement and this Plan and the optionee's name has been entered on the books of the Company as a stockholder.

(iv) Method of Exercise. Stock Options may be exercised by an optionee in whole or in part, by the optionee giving written or electronic notice of exercise to the Company, specifying the number of Shares to be purchased. Payment of the purchase price may be made by one or more of the following methods (or any combination thereof) to the extent provided in the Award Agreement:

(A) In cash, by certified or bank check, by wire transfer of immediately available funds, or other instrument acceptable to the Committee;

(B) If permitted by the Committee, by the optionee delivering to the Company a promissory note, if the Board has expressly authorized the loan of funds to the optionee for the purpose of enabling or assisting the optionee to effect the exercise of his or her Stock Option; provided, that at least so much of the exercise price as represents the par value of the Stock shall be paid in cash if required by state law;

(C) If permitted by the Committee and the Initial Public Offering has occurred (or the Stock otherwise becomes publicly-traded), through the delivery (or attestation to the ownership) of Shares that have been purchased by the optionee on the open market or that are beneficially owned by the optionee and are not then subject to restrictions under any Company plan. To the extent required to avoid variable accounting treatment under ASC 718 or other applicable accounting rules, such surrendered Shares if originally purchased from the Company shall have been owned by the optionee for at least six months. Such surrendered Shares shall be valued at Fair Market Value on the exercise date;

(D) If permitted by the Committee and the Initial Public Offering has occurred (or the Stock otherwise becomes publicly-traded), by the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Committee shall prescribe as a condition of such payment procedure; or

(E) If permitted by the Committee, and only with respect to Stock Options that are not Incentive Stock Options, by a "net exercise" arrangement pursuant to which the Company will reduce the number of Shares issuable upon exercise by the largest whole number of Shares with a Fair Market Value that does not exceed the aggregate exercise price.

Payment instruments will be received subject to collection. No certificates for Shares so purchased will be issued to the optionee or, with respect to uncertificated Stock, no transfer to the optionee on the records of the Company will take place, until the Company has completed all steps it has deemed necessary to satisfy legal requirements relating to the issuance and sale of the Shares, which steps may include, without limitation, (i) receipt of a representation from the optionee at the time of exercise of the Option that the optionee is purchasing the Shares for the optionee's own account and not with a view to any sale or distribution of the Shares or other representations relating to compliance with applicable law governing the issuance of securities, (ii) the legending of the certificate (or notation on any book entry) representing the Shares to evidence the foregoing restrictions, and (iii) obtaining from optionee payment or provision for all withholding taxes due as a result of the exercise of the Option. The delivery of certificates representing the shares of Stock (or the transfer to the optionee on the records of the Company with respect to uncertificated Stock) to be purchased pursuant to the exercise of a Stock Option will be contingent upon (A) receipt from the optionee (or a purchaser acting in his or her stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such Shares and the fulfillment of any other requirements contained in the Award Agreement or applicable provisions of laws and (B) if required by the Company, the optionee shall have entered into any stockholders agreements or other agreements with the Company and/or certain other of the Company's stockholders relating to the Stock. In the event an optionee chooses to pay the purchase price by previously-owned Shares through the attestation method, the number of Shares transferred to the optionee upon the exercise of the Stock Option shall be net of the number of Shares attested to.

(b) Annual Limit on Incentive Stock Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the Grant Date) of the Shares with respect to which Incentive Stock Options granted under the Plan and any other plan of the Company or its parent and any Subsidiary that become exercisable for the first time by an optionee during any calendar year shall not exceed $100,000 or such other limit as may be in effect from time to time under Section 422 of the Code. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

SECTION 6. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. The Committee may, in its sole discretion, grant (or sell at par value or such other purchase price determined by the Committee) to an eligible individual under Section 4 hereof a Restricted Stock Award under the Plan. The Committee shall determine the restrictions and conditions applicable to each Restricted Stock Award at the time of grant. Conditions may be based on continuing employment (or other Service Relationship), achievement of pre-established performance goals and objectives and/or such other criteria as the Committee may determine. Upon the grant of a Restricted Stock Award, the Company and the grantee shall enter into an Award Agreement. The terms and conditions of each such Award Agreement shall be determined by the Committee, and such terms and conditions may differ among individual Awards and grantees.

(b) Rights as a Stockholder. Upon the grant of the Restricted Stock Award and payment of any applicable purchase price, a grantee of Restricted Stock shall be considered the record owner of and shall be entitled to vote the Restricted Stock if, and to the extent, such Shares are entitled to voting rights, subject to such conditions contained in the Award Agreement. The grantee shall be entitled to receive all dividends and any other distributions declared on the Shares; provided, however, that the Company is under no duty to declare any such dividends or to make any such distribution. Unless the Committee shall otherwise determine, certificates evidencing the Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in subsection (d) below of this Section, and the grantee shall be required, as a condition of the grant, to deliver to the Company a stock power endorsed in blank and such other instruments of transfer as the Committee may prescribe.

(c) Restrictions. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Award Agreement. Except as may otherwise be provided by the Committee either in the Award Agreement or, subject to Section 12 below, in writing after the Award Agreement is issued, if a grantee's Service Relationship with the Company and any Subsidiary terminates, the Company or its assigns shall have the right, as may be specified in the relevant instrument, to repurchase some or all of the Shares subject to the Award at such purchase price as is set forth in the Award Agreement.

(d) Vesting of Restricted Stock. The Committee at the time of grant shall specify in the Award Agreement the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the substantial risk of forfeiture imposed shall lapse and the Restricted Stock shall become vested, subject to such further rights of the Company or its assigns as may be specified in the Award Agreement.

SECTION 7. UNRESTRICTED STOCK AWARDS

The Committee may, in its sole discretion, grant (or sell at par value or such other purchase price determined by the Committee) to an eligible person under Section 4 hereof an Unrestricted Stock Award under the Plan. Unrestricted Stock Awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such grantee.

SECTION 8. RESTRICTED STOCK UNITS

(a) Nature of Restricted Stock Units. The Committee may, in its sole discretion, grant to an eligible person under Section 4 hereof Restricted Stock Units under the Plan. The Committee shall determine the restrictions and conditions applicable to each Restricted Stock Unit at the time of grant. Vesting conditions may be based on continuing employment (or other Service Relationship), achievement of pre-established performance goals and objectives and/or other such criteria as the Committee may determine. Upon the grant of Restricted Stock Units, the grantee and the Company shall enter into an Award Agreement. The terms and conditions of each such Award Agreement shall be determined by the Committee and may differ among individual Awards and grantees. On or promptly following the vesting date or dates applicable to any Restricted Stock Unit, but in no event later than March 15 of the year following the year in which such vesting occurs, such Restricted Stock Unit(s) shall be settled in the form of cash or shares of Stock, as specified in the Award Agreement. Restricted Stock Units may not be sold, assigned, transferred, pledged, or otherwise encumbered or disposed of.

(b) Rights as a Stockholder. A grantee shall have the rights of a stockholder only as to Shares, if any, acquired upon settlement of Restricted Stock Units. A grantee shall not be deemed to have acquired any such Shares unless and until the Restricted Stock Units shall have been settled in Shares pursuant to the terms of the Plan and the Award Agreement, the Company shall have issued and delivered a certificate representing the Shares to the grantee (or transferred on the records of the Company with respect to uncertificated stock), and the grantee's name has been entered in the books of the Company as a stockholder.

(c) Termination. Except as may otherwise be provided by the Committee either in the Award Agreement or in writing after the Award Agreement is issued, a grantee's right in all Restricted Stock Units that have not vested shall automatically terminate upon the grantee's cessation of Service Relationship with the Company and any Subsidiary for any reason.

SECTION 9. TRANSFER RESTRICTIONS; COMPANY RIGHT OF FIRST REFUSAL; COMPANY REPURCHASE RIGHTS

(a) Restrictions on Transfer.

(i) Non-Transferability of Stock Options. Stock Options and, prior to exercise, the Shares issuable upon exercise of such Stock Option, shall not be transferable by the optionee otherwise than by will, or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee, or by the optionee's legal representative or guardian in the event of the optionee's incapacity. Notwithstanding the foregoing, the Committee, in its sole discretion, may provide in the Award Agreement regarding a given Stock Option that the optionee may transfer by gift, without consideration for the transfer, his or her Non-Qualified Stock Options to his or her family members (as defined in Rule 701 of the Securities Act), to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners (to the extent such trusts or partnerships are considered "family members" for purposes of Rule 701 of the Securities Act), provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Award Agreement, including the execution of a

stock power upon the issuance of Shares. Stock Options, and the Shares issuable upon exercise of such Stock Options, shall be restricted as to any pledge, hypothecation, or other transfer, including any short position, any "put equivalent position" (as defined in the Exchange Act) or any "call equivalent position" (as defined in the Exchange Act) prior to exercise.

(ii) Shares. No Shares shall be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of or encumbered, whether voluntarily or by operation of law, unless (i) the transfer is in compliance with the terms of the applicable Award Agreement, all applicable securities laws (including, without limitation, the Securities Act), and with the terms and conditions of this Section 9, (ii) the transfer does not cause the Company to become subject to the reporting requirements of the Exchange Act, and (iii) the transferee consents in writing to be bound by the provisions of the Plan and the Award Agreement, including this Section 9. In connection with any proposed transfer, the Committee may require the transferor to provide at the transferor's own expense an opinion of counsel to the transferor, satisfactory to the Committee, that such transfer is in compliance with all foreign, federal and state securities laws (including, without limitation, the Securities Act). Any attempted transfer of Shares not in accordance with the terms and conditions of this Section 9 shall be null and void, and the Company shall not reflect on its records any change in record ownership of any Shares as a result of any such transfer, shall otherwise refuse to recognize any such transfer and shall not in any way give effect to any such transfer of Shares. The Company shall be entitled to seek protective orders, injunctive relief and other remedies available at law or in equity including, without limitation, seeking specific performance or the rescission of any transfer not made in strict compliance with the provisions of this Section 9. Subject to the foregoing general provisions, and unless otherwise provided in the applicable Award Agreement, Shares may be transferred pursuant to the following specific terms and conditions (provided that with respect to any transfer of Restricted Stock, all vesting and forfeiture provisions shall continue to apply with respect to the original recipient):

(A) Transfers to Permitted Transferees. The Holder may transfer any or all of the Shares to one or more Permitted Transferees; *provided, however*, that following such transfer, such Shares shall continue to be subject to the terms of this Plan (including this Section 9) and such Permitted Transferee(s) shall, as a condition to any such transfer, deliver a written acknowledgment to that effect to the Company and shall deliver a stock power to the Company with respect to the Shares. Notwithstanding the foregoing, the Holder may not transfer any of the Shares to a Person whom the Company reasonably determines is a direct competitor or a potential competitor of the Company or any of its Subsidiaries.

(B) Transfers Upon Death. Upon the death of the Holder, any Shares then held by the Holder at the time of such death and any Shares acquired after the Holder's death by the Holder's legal representative shall be subject to the provisions of this Plan, and the Holder's estate, executors, administrators, personal representatives, heirs, legatees and distributees shall be obligated to convey such Shares to the Company or its assigns under the terms contemplated by the Plan and the Award Agreement.

(b) Right of First Refusal. In the event that a Holder desires at any time to sell or otherwise transfer all or any part of his or her Shares (other than shares of Restricted Stock which by their terms are not transferrable), the Holder first shall give written notice to the Company of the Holder's intention to make such transfer. Such notice shall state the number of Shares that the Holder proposes to sell (the "Offered Shares"), the price and the terms at which the proposed sale is to be made and the name and address of the proposed transferee. At any time within 30 days after the receipt of such notice by the Company, the Company or its assigns may elect to purchase all or any portion of the Offered Shares at the price and on the terms offered by the proposed transferee and specified in the notice. The Company or its assigns shall exercise this right by mailing or delivering written notice to the Holder within the foregoing 30-day period. If the Company or its assigns elect to exercise its purchase rights under this Section 9(b), the closing for such purchase shall, in any event, take place within 45 days after the receipt by the Company of the initial notice from the Holder. In the event that the Company or its assigns do not elect to exercise such purchase right, or in the event that the Company or its assigns do not pay the full purchase price within such 45-day period, the Holder shall be required to pay a transaction processing fee of $10,000 to the Company (unless waived by the Committee) and then may, within 60 days thereafter, sell the Offered Shares to the proposed transferee and at the same price and on the same terms as specified in the Holder's notice. Any Shares not sold to the proposed transferee shall remain subject to the Plan. If the Holder is a party to any stockholders agreements or other agreements with the Company and/or certain other of the Company's stockholders relating to the Shares, (i) the transferring Holder shall comply with the requirements of such stockholders agreements or other agreements relating to any proposed transfer of the Offered Shares, and (ii) any proposed transferee that purchases Offered Shares shall enter into such stockholders agreements or other agreements with the Company and/or certain of the Company's stockholders relating to the Offered Shares on the same terms and in the same capacity as the transferring Holder.

(c) Company's Right of Repurchase.

(i) Right of Repurchase for Unvested Shares Issued Upon the Exercise of an Option. Upon a Termination Event, the Company or its assigns shall have the right and option to repurchase from a Holder of Shares acquired upon exercise of a Stock Option which are still subject to a risk of forfeiture as of the Termination Event. Such repurchase rights may be exercised by the Company within the later of (A) six months following the date of such Termination Event or (B) seven months after the acquisition of Shares upon exercise of a Stock Option. The repurchase price shall be equal to the lower of the original per share price paid by the Holder, subject to adjustment as provided in Section 3(b) of the Plan, or the current Fair Market Value of such Shares as of the date the Company elects to exercise its repurchase rights.

(ii) Right of Repurchase With Respect to Restricted Stock. Upon a Termination Event, the Company or its assigns shall have the right and option to repurchase from a Holder of Shares received pursuant to a Restricted Stock Award any Shares that are still subject to a risk of forfeiture as of the Termination Event. Such repurchase right may be exercised by the Company within six months following the date of such Termination Event. The repurchase price shall be the lower of the original per share purchase price paid by the Holder, subject to adjustment as provided in Section 3(b) of the Plan, or the current Fair Market Value of such Shares as of the date the Company elects to exercise its repurchase rights.

(iii) Procedure. Any repurchase right of the Company shall be exercised by the Company or its assigns by giving the Holder written notice on or before the last day of the repurchase period of its intention to exercise such repurchase right. Upon such notification, the Holder shall promptly surrender to the Company, free and clear of any liens or encumbrances, any certificates representing the Shares being purchased, together with a duly executed stock power for the transfer of such Shares to the Company or the Company's assignee or assignees. Upon the Company's or its assignee's receipt of the certificates from the Holder, the Company or its assignee or assignees shall deliver to him, her or them a check for the applicable repurchase price; *provided, however*, that the Company may pay the repurchase price by offsetting and canceling any indebtedness then owed by the Holder to the Company.

(d) Reserved.

(e) Escrow Arrangement.

(i) Escrow. In order to carry out the provisions of this Section 9 of this Plan more effectively, the Company shall hold any Shares issued pursuant to Awards granted under the Plan in escrow together with separate stock powers executed by the Holder in blank for transfer. The Company shall not dispose of the Shares except as otherwise provided in this Plan. In the event of any repurchase by the Company (or any of its assigns), the Company is hereby authorized by the Holder, as the Holder's attorney-in-fact, to date and complete the stock powers necessary for the transfer of the Shares being purchased and to transfer such Shares in accordance with the terms hereof. At such time as any Shares are no longer subject to the Company's repurchase and first refusal rights, the Company shall, at the written request of the Holder, deliver to the Holder a certificate representing such Shares with the balance of the Shares to be held in escrow pursuant to this Section.

(ii) Remedy. Without limitation of any other provision of this Plan or other rights, in the event that a Holder or any other Person is required to sell a Holder's Shares pursuant to the provisions of Sections 9(b) or (c) hereof and in the further event that he or she refuses or for any reason fails to deliver to the Company or its designated purchaser of such Shares the certificate or certificates evidencing such Shares together with a related stock power, the Company or such designated purchaser may deposit the applicable purchase price for such Shares with a bank designated by the Company, or with the Company's independent public accounting firm, as agent or trustee, or in escrow, for such Holder or other Person, to be held by such bank or accounting firm for the benefit of and for delivery to him, her, them or it, and/or, in its discretion, pay such purchase price by offsetting any indebtedness then owed by such Holder as provided above. Upon any such deposit and/or offset by the Company or its designated purchaser of such amount and upon notice to the Person who was required to sell the Shares to be sold pursuant to the provisions of Sections 9(b) or (c), such Shares shall at such time be deemed to have been sold, assigned, transferred and conveyed to such purchaser, such Holder shall have no further rights thereto (other than the right to withdraw the payment thereof held in escrow, if applicable), and the Company shall record such transfer in its stock transfer book or in any appropriate manner.

(f) Lockup Provision. If requested by the Company, a Holder shall not sell or otherwise transfer or dispose of any Shares (including, without limitation, pursuant to Rule 144 under the Securities Act) held by him or her for such period following the effective date of a public offering by the Company of Shares as the Company shall specify reasonably and in good faith. If requested by the underwriter engaged by the Company, each Holder shall execute a separate letter confirming his or her agreement to comply with this Section.

(g) Adjustments for Changes in Capital Structure. If, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Common Stock, the outstanding Shares are increased or decreased or are exchanged for a different number or kind of securities of the Company, the restrictions contained in this Section 9 shall apply with equal force to additional and/or substitute securities, if any, received by Holder in exchange for, or by virtue of his or her ownership of, Shares.

(h) Termination. The terms and provisions of Section 9(b) and Section 9(c) (except for the Company's right to repurchase Shares still subject to a risk of forfeiture upon a Termination Event) shall terminate upon the closing of the Company's Initial Public Offering or upon consummation of any Sale Event, in either case as a result of which Shares are registered under Section 12 of the Exchange Act and publicly-traded on any national security exchange.

SECTION 10. TAX WITHHOLDING

(a) Payment by Grantee. Each grantee shall, no later than the date as of which the value of an Award or of any Shares or other amounts received thereunder first becomes includable in the gross income of the grantee for income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and any Subsidiary shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver stock certificates (or evidence of book entry) to any grantee is subject to and conditioned on any such tax withholding obligations being satisfied by the grantee.

(b) Payment in Stock. The Company's required tax withholding obligation may be satisfied, in whole or in part, by the Company (i) withholding from Shares to be issued pursuant to an Award a number of Shares having an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due or (ii) causing its transfer agent to sell a number of Shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due and remitting the proceeds from such sale to the Company.

SECTION 11. SECTION 409A AWARDS.

To the extent that any Award is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A (a "409A Award"), the Award shall be subject to such additional rules and requirements as may be specified by the Committee from time to time. In this regard, if any amount under a 409A Award is payable upon a "separation from service" (within the meaning of Section 409A) to a grantee who is considered a "specified employee" (within the meaning of Section 409A), then no such payment shall be made prior to

the date that is the earlier of (i) six months and one day after the grantee's separation from service, or (ii) the grantee's death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A. The Company makes no representation or warranty and shall have no liability to any grantee under the Plan or any other Person with respect to any penalties or taxes under Section 409A that are, or may be, imposed with respect to any Award.

SECTION 12. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan and the Committee may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the consent of the holder of the Award. The Committee may exercise its discretion to reduce the exercise price of outstanding Stock Options or effect repricing through cancellation of outstanding Stock Options and by granting such holders new Awards in replacement of the cancelled Stock Options. To the extent determined by the Committee to be required either by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code or otherwise, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. Nothing in this Section 12 shall limit the Board's or Committee's authority to take any action permitted pursuant to Section 3(c). The Board reserves the right to amend the Plan and/or the terms of any outstanding Stock Options to the extent reasonably necessary to comply with the requirements of the exemption pursuant to paragraph (f)(4) of Rule 12h-1 of the Exchange Act.

SECTION 13. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Committee shall otherwise expressly so determine in connection with any Award.

SECTION 14. GENERAL PROVISIONS

(a) No Distribution; Compliance with Legal Requirements. The Committee may require each person acquiring Shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the Shares without a view to distribution thereof. No Shares shall be issued pursuant to an Award until all applicable securities law and other legal and stock exchange or similar requirements have been satisfied. The Committee may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) Delivery of Stock Certificates. Stock certificates to grantees under the Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company; provided that stock certificates to be held in escrow pursuant to Section 9 of the Plan shall be deemed delivered when the Company shall have recorded the issuance in its records. Uncertificated Stock shall be deemed

delivered for all purposes when the Company or a stock transfer agent of the Company shall have given to the grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the grantee, at the grantee's last known address on file with the Company, notice of issuance and recorded the issuance in its records (which may include electronic "book entry" records).

(c) No Employment Rights**.** The adoption of the Plan and the grant of Awards do not confer upon any Person any right to continued employment or Service Relationship with the Company or any Subsidiary.

(d) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to the Company's insider trading policy-related restrictions, terms and conditions as may be established by the Committee, or in accordance with policies set by the Committee, from time to time.

(e) Designation of Beneficiary. Each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award on or after the grantee's death or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

(f) Legend. Any certificate(s) representing the Shares shall carry substantially the following legend (and with respect to uncertificated Stock, the book entries evidencing such shares shall contain the following notation):

> The transferability of this certificate and the shares of stock represented hereby are subject to the restrictions, terms and conditions (including repurchase and restrictions against transfers) contained in the **ACELYRIN, INC. 2020** Stock Option and Grant Plan and any agreements entered into thereunder by and between the company and the holder of this certificate (a copy of which is available at the offices of the company for examination).

(g) Information to Holders of Options. In the event the Company is relying on the exemption from the registration requirements of Section 12(g) of the Exchange Act contained in paragraph (f)(1) of Rule 12h-1 of the Exchange Act, the Company shall provide the information described in Rule 701(e)(3), (4) and (5) of the Securities Act to all holders of Options in accordance with the requirements thereunder. The foregoing notwithstanding, the Company shall not be required to provide such information unless the optionholder has agreed in writing, on a form prescribed by the Company, to keep such information confidential.

SECTION 15. EFFECTIVE DATE OF PLAN

The Plan shall become effective upon adoption by the Board and shall be approved by stockholders in accordance with applicable state law and the Company's articles of incorporation and bylaws within 12 months thereafter. If the stockholders fail to approve the Plan within 12 months after its adoption by the Board of Directors, then any Awards granted or sold under the Plan shall be rescinded and no additional grants or sales shall thereafter be made under the Plan. Subject to such approval by stockholders and to the requirement that no Shares may be issued hereunder prior to such approval, Stock Options and other Awards may be granted hereunder on and after adoption of the Plan by the Board. No grants of Stock Options and other Awards may be made hereunder after the tenth anniversary of the date the Plan is adopted by the Board or the date the Plan is approved by the Company's stockholders, whichever is earlier.

SECTION 16. GOVERNING LAW

This Plan, all Awards and any controversy arising out of or relating to this Plan and all Awards shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California.

DATE ADOPTED BY THE BOARD OF DIRECTORS: October 9, 2020

DATE APPROVED BY THE STOCKHOLDERS: October 9, 2020

FIRST AMENDMENT
TO
ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

This First Amendment (the "**Amendment**") to the 2020 Stock Option and Grant Plan (the "**Plan**") of ACELYRIN, INC., a Delaware corporation (the "**Company**"), is effective as of October 19, 2021.

W I T N E S S E T H:

WHEREAS, the Board of Directors of the Company (the "**Board**") desires to amend the Plan in the manner hereinafter provided subject to approval by the Company's stockholders.

NOW, THEREFORE, be it effective as of the date of approval by the Company's stockholders, the Plan is amended as follows:

1) The Plan is hereby modified and amended as follows:

a) The definition of "*Stock*" is hereby amended and restated in its entirety to read as follows:

"*Stock*" means the Class A Common Stock, par value $0.00001 per share, of the Company.

b) Section 3(a) of the Plan is hereby amended and restated in its entirety to read as follows:

"(a) Stock Issuable. The maximum number of Shares reserved and available for issuance under the Plan shall be 10,515,537 Shares, subject to adjustment as provided in Section 3(b). For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) and Shares that are withheld upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding shall be added back to the Shares available for issuance under the Plan. Subject to such overall limitations, Shares may be issued up to such maximum number pursuant to any type or types of Award, and no more than 105,155,370 Shares may be issued pursuant to Incentive Stock Options. The Shares available for issuance under the Plan may be authorized but unissued Shares or Shares reacquired by the Company.

2. Except as set forth herein, the Plan shall remain in full force and effect without modification.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned officer hereby certifies that the foregoing amendment to the Plan was duly adopted and approved by the Board.

Dated: October 19, 2021

ACELYRIN, INC.

By: /s/ Shao-Lee Lin
Name: Shao-Lee Lin
Title: Chief Executive Officer

FIRST AMENDMENT TO ACELYRIN, INC. 2020 STOCK OPTION AND GRANT PLAN

SECOND AMENDMENT
TO
ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

This Second Amendment (the "**Amendment**") to the 2020 Stock Option and Grant Plan, as amended (the "**Plan**") of ACELYRIN, INC., a Delaware corporation (the "**Company**"), is effective as of September 9, 2022.

W I T N E S S E T H:

WHEREAS, the Board of Directors of the Company (the "**Board**") desires to amend the Plan in the manner hereinafter provided subject to approval by the Company's stockholders.

NOW, THEREFORE, be it effective as of the date of approval by the Company's stockholders, the Plan is amended as follows:

1) The Plan is hereby modified and amended as follows:

a) Section 3(a) of the Plan is hereby amended and restated in its entirety to read as follows:

"(a) Stock Issuable. The maximum number of Shares reserved and available for issuance under the Plan shall be 16,236,925 Shares, subject to adjustment as provided in Section 3(b). For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) and Shares that are withheld upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding shall be added back to the Shares available for issuance under the Plan. Subject to such overall limitations, Shares may be issued up to such maximum number pursuant to any type or types of Award, and no more than 162,369,250 Shares may be issued pursuant to Incentive Stock Options. The Shares available for issuance under the Plan may be authorized but unissued Shares or Shares reacquired by the Company.

2. Except as set forth herein, the Plan shall remain in full force and effect without modification.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned officer hereby certifies that the foregoing amendment to the Plan was duly adopted and approved by the Board.

Dated: September 9, 2022

ACELYRIN, INC.

By: /s/ Shao-Lee Lin
Name: Shao-Lee Lin
Title: Chief Executive Officer

SECOND AMENDMENT TO ACELYRIN, INC. 2021 STOCK OPTION AND GRANT PLAN

NON-QUALIFIED STOCK OPTION GRANT NOTICE – NON-U.S.
UNDER THE ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

Pursuant to the **ACELYRIN, INC.** 2020 Stock Option and Grant Plan (the "Plan"), **ACELYRIN, INC.**, a Delaware corporation (together with any successor, the "Company"), has granted to the individual named below, an option (the "Stock Option") to purchase on or prior to the Expiration Date, or such earlier date as is specified herein, all or any part of the number of shares of Common Stock, par value $0.00001 per share ("Common Stock"), of the Company indicated below (the "Shares"), at the Option Exercise Price per share, subject to the terms and conditions set forth in this Non-Qualified Stock Option Grant Notice (the "Grant Notice"), the attached Non-Qualified Stock Option Agreement (the "Agreement"), the definition of which shall include any special terms and conditions for the Optionee's country of residence and/or work set forth in the second appendix attached hereto ("Appendix B"), and the Plan.

Name of Optionee:	_____ (the "Optionee")
No. of Shares:	_____ Shares of Common Stock
Grant Date:	_____
Vesting Commencement Date:	_____ (the "Vesting Commencement Date")
Expiration Date:	_____ (the "Expiration Date")
Option Exercise Price/Share:	US$_____ (the "Option Exercise Price")
Vesting Schedule:	[25] percent of the Shares shall vest and become exercisable on the first anniversary of the Vesting Commencement Date; provided that the Optionee continues to have a Service Relationship with the Company or any Subsidiary at such time. Thereafter, the remaining [75] percent of the Shares shall vest and become exercisable in [36] equal monthly installments following the first anniversary of the Vesting Commencement Date, provided the Optionee continues to have a Service Relationship with the Company or any Subsidiary on each vesting date. Notwithstanding anything in the Agreement to the contrary, in the case of a Sale Event, this Stock Option and the Shares shall be treated as provided in Section 3(c) of the Plan **[provided; however INSERT ANY ACCELERATED VESTING PROVISION HERE]**.

Attachments: Non-Qualified Stock Option Agreement – Non-U.S. (including Appendix B), 2020 Stock Option, Grant Plan and Notice of Exercise – Non-U.S

NON-QUALIFIED STOCK OPTION AGREEMENT – NON-U.S.

UNDER THE ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Grant Notice and the Plan.

1. Vesting, Exercisability and Termination.

(a) No portion of this Stock Option may be exercised until such portion shall have vested and become exercisable.

(b) Except as set forth below, and subject to the determination of the Committee in its sole discretion to accelerate the vesting schedule hereunder, this Stock Option shall be vested and exercisable on the respective dates indicated below:

(i) This Stock Option shall initially be unvested and unexercisable.

(ii) This Stock Option shall vest and become exercisable in accordance with the Vesting Schedule set forth in the Grant Notice.

(c) Termination. Except as may otherwise be provided by the Committee, if the Optionee's Service Relationship is terminated, the period within which to exercise this Stock Option will be subject to earlier termination as set forth below (and if not exercised within such period, shall thereafter terminate subject, in each case, to Section 3(c) of the Plan):

(i) Termination Due to Death or Disability. If the Optionee's Service Relationship terminates by reason of such Optionee's death or Disability, this Stock Option may be exercised, to the extent exercisable on the date of such termination, by the Optionee (in the case of Disability) or the Optionee's personal representative (in the case of death) for a period of 12 months from the date of death or Disability or until the Expiration Date, if earlier.

(ii) Other Termination. If the Optionee's Service Relationship terminates for any reason other than death or Disability, and unless otherwise determined by the Committee, this Stock Option may be exercised, to the extent exercisable on the date of termination, for a period of 90 days from the date of termination or until the Expiration Date, if earlier; provided however, if the Optionee's Service Relationship is terminated for Cause, this Stock Option shall terminate immediately upon the date of such termination.

For purposes hereof, the Committee's determination of the reason for termination of the Optionee's Service Relationship shall be conclusive and binding on the Optionee and his or her representatives or legatees and any Permitted Transferee. Any portion of this Stock Option that is not vested and exercisable on the date of termination of the Service Relationship shall terminate immediately and be null and void.

2. Exercise of Stock Option.

(a) The Optionee may exercise this Stock Option only in the following manner: Prior to the Expiration Date, the Optionee may deliver a Stock Option exercise notice (an "Exercise Notice") in the form of Appendix A hereto indicating his or her election to purchase some or all of the Shares with respect to which this Stock Option is then exercisable. Such notice shall specify the number of Shares to be purchased. Payment of the purchase price may be made by one or more of the methods described in Section 5 of the Plan, subject to the limitations contained in such Section of the Plan, including the requirement that the Committee specifically approve in advance certain payment methods.

(b) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date.

3. Incorporation of Plan. Save as expressly amended or overridden in this Agreement, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan.

4. Transferability of Stock Option. Notwithstanding anything to the contrary in the Plan, this Stock Option is personal to the Optionee and is not transferable by the Optionee. The Stock Option may be exercised during the Optionee's lifetime only by the Optionee (or by the Optionee's personal representative in the event of the Optionee's death). The personal representative of the Optionee may exercise this Stock Option to the extent provided herein in the event of the Optionee's death.

5. Restrictions on Transfer of Shares. The Shares acquired upon exercise of the Stock Option shall be subject to certain transfer restrictions and other limitations including, without limitation, the provisions contained in Section 9 of the Plan.

6. Option not a Service Contract. By accepting this Stock Option, Optionee acknowledges, understands and agrees that:

(a) Optionee's Stock Option is not an employment or service contract, and, if Optionee is an Employee of the Company or an Affiliate, nothing in Optionee's Stock Option will be deemed to create in any way whatsoever any obligation on Optionee's part to continue as an Employee of the Company or an Affiliate, or of the Company or an Affiliate to continue Optionee's employment. In addition, nothing in Optionee's Stock Option will obligate the Company or an Affiliate, or their respective stockholders, boards of directors, officers or employees to continue any relationship that Optionee might have as a director or Consultant for the Company or an Affiliate;

(b) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted under the Plan;

(c) the grant of Optionee's Stock Option is voluntary and occasional and does not create any contractual or other right to receive future grants of Stock Options (whether on the same or different terms), or benefits in lieu of Stock Options, even if Stock Options have been granted in the past;

(d) Optionee's Stock Options and any Shares acquired under the Plan on exercise of Optionee's Stock Options, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, vacation, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(e) the future value of the Shares underlying the Stock Option is unknown, indeterminable, and cannot be predicted with certainty;

(f) neither the Company nor any Affiliate shall be liable for any foreign exchange rate fluctuation between Optionee's local currency and the United States Dollar that may affect the value of Optionee's Stock Options or of any amounts due to Optionee's pursuant to the exercise of Optionee's Stock Option or the subsequent sale of any Shares received;

(g) notwithstanding anything to the contrary in the Plan, for the purposes of the Stock Option, Optionee's Service Relationship will be considered terminated as of the date Optionee is no longer actively providing services to the Company or a Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Optionee is employed or is otherwise providing services, or the terms of Optionee's employment or service agreement, if any), provided that, unless otherwise expressly provided in this Agreement or determined by the Company, the vesting of Optionee's Stock Option will not continue during any notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Optionee is employed or where Optionee is otherwise providing services, or the terms of Optionee's employment or service agreement, if any (regardless, in each case, of whether or not Optionee is providing services to the Company or one of its Subsidiaries during such notice period, garden leave period, or similar period); and the Board shall have the exclusive discretion to determine when Optionee is no longer actively providing services for purposes of the Stock Option (including whether Optionee may still be considered to be providing services while on a leave of absence); and

(h) no claim or entitlement to compensation or damages shall arise from forfeiture of this Stock Option resulting from the termination of Optionee's Service Relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Optionee is employed or are otherwise providing services, or the terms of Optionee's employment or service agreement, if any), and in consideration of the grant of this Stock Option to which Optionee is otherwise not entitled, Optionee irrevocably agrees never to institute any claim against the Company or any Affiliate, waives Optionee's ability, if any, to bring any such claim, and releases the Company and any Affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

7. Data Privacy.

(a) If Optionee is located in a country other than the European Union, Switzerland and the United Kingdom, Optionee explicitly and unambiguously acknowledges and consents to the collection, use and transfer, in electronic or other form, of Optionee's personal data as described in this document by and among, as applicable, Optionee's employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing Optionee's participation in the Plan. Optionee understands that the Company, its Affiliates and Optionee's employer hold certain personal information about Optionee, including, but not limited to, name, home address and telephone number, date of birth, social security number (or other identification number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Stock options or any other entitlement to Shares awarded, canceled, purchased, exercised, vested, unvested or outstanding in Optionee's favor for the purpose of implementing, managing and administering the Plan ("Data"). Optionee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Optionee's country or elsewhere, in particular in the US, and that the recipient country may have different data privacy laws providing less protections of Optionee's personal data than Optionee's country. Optionee may request a list with the names and addresses of any potential recipients of the Data by contacting the stock plan administrator at the Company (the "Stock Plan Administrator"). Optionee acknowledges that the recipients may receive, possess, process, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Optionee's participation in the Plan, including any requisite transfer of such Data, as may be required to a broker or other third party with whom Optionee may elect to deposit any Shares acquired upon the exercise of Optionee's Stock Option. Optionee understands that Data will be held only as long as is necessary to implement, administer and manage Optionee's participation in the Plan. Optionee may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Stock Plan Administrator in writing.

(b) For the purposes of operating the Plan in the European Union, Switzerland or the United Kingdom, the Company will collect and process information relating to Optionee in accordance with the privacy notice from time to time in force.

8. Language. Optionee acknowledges that Optionee is sufficiently proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Optionee to understand the terms and conditions of this Agreement. If Optionee has received this Agreement, or any other document related to Optionee's Stock Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

9. Foreign Asset/Account, Exchange Control and Tax Reporting. Optionee may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash (including dividends and the proceeds arising from the sale of Shares) derived from Optionee's participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside Optionee's country of residence. The applicable laws in Optionee's country of residence may require that Optionee's reports such accounts, assets and balances therein, the value thereof and/or the transactions related thereto to

the applicable authorities in such country. Optionee may also be required to repatriate sale proceeds or other funds received as a result of Optionee's participation in the Plan to Optionee's country of residence through a designated bank or broker within a certain time after receipt. Optionee acknowledges that it is Optionee's responsibility to be compliant with such regulations and Optionee is encouraged to consult with Optionee's personal legal advisor for any details.

10. Applicable Law. In the event applicable laws prevent or hinder the consummation of the actions and transactions contemplated in this Agreement or the Plan, the Company may in its sole discretion agree to vary the terms of the Plan and/or this Agreement so that Optionee receives substantially the same economic result as contemplated herein, such as through a cashless sell to cover exercise (provided that at the time of exercise the Shares are publicly traded or otherwise liquid), a cash bonus or phantom stock.

11. Appendix B. Notwithstanding any provisions in this Agreement, Optionee's Stock Option shall be subject to the special terms and conditions for Optionee's country of residence and/or work set forth in Appendix B attached to this Agreement which, where applicable, shall prevail in the event of conflict between such terms and conditions and the terms of this Agreement, Grant Notice, and/or the Plan. Moreover, if Optionee relocates to one of the countries included therein, the terms and conditions for such country will apply to Optionee to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Appendix B constitutes part of this Agreement.

12. Miscellaneous Provisions.

(a) Equitable Relief. The parties hereto agree and declare that legal remedies may be inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(b) Adjustments for Changes in Capital Structure. If, as a result of any reorganization, recapitalization, reincorporation, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Common Stock, the outstanding shares of Common Stock are increased or decreased or are exchanged for a different number or kind of securities of the Company, the restrictions contained in this Agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, this Stock Option or Shares acquired pursuant thereto.

(c) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Optionee.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California.

(e) Headings. The headings are intended only for convenience in finding the subject matter and do not constitute part of the text of this Agreement and shall not be considered in the interpretation of this Agreement.

(f) Saving Clause. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(g) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by telex or facsimile transmission or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Optionee shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(h) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. The Company has the right to assign this Agreement, and such assignee shall become entitled to all the rights of the Company hereunder to the extent of such assignment.

(i) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(j) Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

(k) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee's participation in the Plan, or Optionee's acquisition or sale of the underlying Shares. Optionee should consult with their own personal tax, legal and financial advisors regarding Optionee's participation in the Plan before taking any action.

13. Dispute Resolution.

(a) Except as provided below, any dispute arising out of or relating to the Plan or this Stock Option, this Agreement, or the breach, termination or validity of the Plan, this Stock Option or this Agreement, shall be finally settled by binding arbitration conducted expeditiously in accordance with the J.A.M.S./Endispute Comprehensive Arbitration Rules and Procedures (the "J.A.M.S. Rules"). The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be North California.

(b) The arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by

the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party to the arbitration shall provide to the other, no later than seven business days before the date of the arbitration, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within six months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages, and each party hereby irrevocably waives any claim to such damages.

(c) The Company, the Optionee, each party to the Agreement and any other holder of Shares issued pursuant to this Agreement (each, a "Party") covenants and agrees that such party will participate in the arbitration in good faith. This Section 7 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm.

(d) Each Party (i) hereby irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction for the purpose of enforcing the award or decision in any such proceeding, (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution (except as protected by applicable law), that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (iii) hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Each Party hereby consents to service of process by registered mail at the address to which notices are to be given. Each Party agrees that its, his or her submission to jurisdiction and its, his or her consent to service of process by mail is made for the express benefit of each other Party. Final judgment against any Party in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction.

14. Waiver of Statutory Information Rights. The Optionee understands and agrees that, but for the waiver made herein, the Optionee would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company's stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the General Corporation Law of Delaware (any and all such rights, and any and all such other rights of the Optionee as may be provided for in Section 220, the "Inspection Rights"). In light of the foregoing, until the first sale of Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, the Optionee hereby unconditionally and irrevocably waives the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and

covenants and agrees never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver shall not affect any rights of a director, in his or her capacity as such, under Section 220. The foregoing waiver shall not apply to any contractual inspection rights of the Optionee under any other written agreement between the Optionee and the Company.

[SIGNATURE PAGE FOLLOWS]

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned as of the date first above written.

ACELYRIN, INC.

By: _____
Name:
Title:

Address:

_____

_____

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof, and understands that this Stock Option is subject to the terms of the Plan and of this Agreement. This Agreement is hereby accepted, and the terms and conditions of the Plan, the Grant Notice and this Agreement, SPECIFICALLY INCLUDING THE ARBITRATION PROVISIONS SET FORTH IN SECTION 13 AND THE WAIVER OF STATUTORY INFORMATION RIGHTS SET FORTH IN SECTION 14 OF THIS AGREEMENT, are hereby agreed to, by the undersigned as of the date first above written.

OPTIONEE:

_____
Name:

Address:

_____

_____

_____

Appendix A

STOCK OPTION EXERCISE NOTICE – NON-U.S.

ACELYRIN, INC.
Attention: [_____]
[Address]

Pursuant to the terms of the grant notice and stock option agreement (including Appendix B) between the undersigned and ACELYRIN, INC. (the "Company") dated _____ (the "Agreement") under the ACELYRIN, INC. 2020 Stock Option and Grant Plan, I, [Insert Name] _____, hereby [Circle One] partially/fully exercise such option by including herein payment in the amount of US$_____ representing the purchase price for [Fill in number of Shares] _____ Shares. I have chosen the following form(s) of payment:

[ ] 1. Cash
[ ] 2. Certified or bank check payable to ACELYRIN, INC.
[ ] 3. Other (as referenced in the Agreement and described in the Plan (please describe))
_____.

In connection with my exercise of the option as set forth above, I hereby represent and warrant to the Company as follows:

(i) I am purchasing the Shares for my own account for investment only, and not for resale or with a view to the distribution thereof.

(ii) I have had such an opportunity as I have deemed adequate to obtain from the Company such information as is necessary to permit me to evaluate the merits and risks of my investment in the Company and have consulted with my own advisers with respect to my investment in the Company.

(iii) I have sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the purchase of the Shares and to make an informed investment decision with respect to such purchase.

(iv) I can afford a complete loss of the value of the Shares and am able to bear the economic risk of holding such Shares for an indefinite period of time.

(v) I understand that the Shares may not be registered under the Securities Act of 1933 (it being understood that the Shares are being issued and sold in reliance on the exemption provided in Rule 701 thereunder) or any applicable state securities or "blue sky" laws and may not be sold or otherwise transferred or disposed of in the absence of an effective registration statement under the Securities Act of 1933 and under any applicable state securities or "blue sky" laws (or exemptions from the registration requirement thereof). I further acknowledge that certificates representing Shares will bear restrictive legends reflecting the foregoing and/or that book entries for uncertificated Shares will include similar restrictive notations.

(vi) I further acknowledge that I will not be able to resell the Shares for at least 90 days after the stock of the Company becomes publicly traded (*i.e.,* subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701 and that more restrictive conditions apply to affiliates of the Company under Rule 144.

(vii) I further acknowledge that all certificates representing any of the Shares subject to the provisions of the option will have endorsed thereon appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Certificate of Incorporation, Bylaws and/or applicable securities laws.

(viii) I have read and understand the Plan and acknowledge and agree that the Shares are subject to all of the relevant terms of the Plan, including without limitation, the transfer restrictions set forth in Section 9 of the Plan.

(ix) I understand and agree that the Company has a right of first refusal with respect to the Shares pursuant to Section 9(b) of the Plan.

(x) I understand and agree that the Company has certain repurchase rights with respect to the Shares pursuant to Section 9(c) of the Plan.

(xi) I understand and agree that I may not sell or otherwise transfer or dispose of the Shares for a period of time following the effective date of a public offering by the Company as described in Section 9(f) of the Plan.

(xii) I understand and agree to the waiver of statutory information rights as set forth in Section 14 of the Agreement.

Sincerely yours,

_____

Name:

Address:

_____

_____

_____

Date: _____

Appendix B

This Appendix includes special terms and conditions that govern the option granted to Optionee under the Plan if Optionee resides and/or work in one of the countries listed below.

The information contained herein is general in nature and may not apply to Optionee's particular situation, and Optionee is advised to seek appropriate professional advice as to how the relevant laws in Optionee's country may apply to Optionee's situation. If Optionee is a citizen or resident of a country other than the one in which Optionee is currently working and/or residing, transfers employment and/or residency to another country after the Grant Date, is a consultant, changes employment status to a consultant position, or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine the extent to which the special terms and conditions contained herein shall be applicable to Optionee. References to Optionee's employer shall include any entity that engages Optionee's services.

AUSTRALIA

Breach of Law. Notwithstanding anything else in the Plan or this Agreement, Optionee will not be entitled to, and shall not claim any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Australian *Corporations Act 2001* (Cth) ("Corporations Act"), any other provision of the Corporations Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits. Further, the Company is under no obligation to seek or obtain the approval of its shareholders in general meeting for the purpose of overcoming any such limitation or restriction.

Securities Law Information. The grant of the Stock Option, and any subsequent issue of Shares, is made without disclosure under the Corporations Act in reliance on one or more exceptions from the disclosure requirements under Chapter 6D of the Corporations Act. Both the Company and the Optionee acknowledge and state that the Stock Option (and any subsequent Shares issued on exercise of the Stock Option) are being acquired as part of an equity incentive arrangement and are not being issued by the Company, and are not being acquired by the Optionee, with the purpose of the Optionee selling or transferring any of the securities, or granting, issuing or transferring interests in, or further Stock Options over, any of the securities.

Advice. Any advice given to Optionee by the Company, or a related body corporate of the Company, or a representative of the Company or any such related body corporate, in relation to the Stock Option, should not be considered as investment advice and does not take into account Optionee's objectives, financial situation, or needs.

Australian law requires persons who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is material for investors to make an informed decision. Those rules do not apply to this offer because it is made in reliance on one or more exceptions available to the Company under Chapter 6D of the Corporations Act. As a result, Optionee may not be given all of the information normally expected when receiving an offer of financial products in Australia.

Optionee should consider obtaining their own financial product advice with respect to the offer of the Stock Option.

Risks. There are risks associated with the Company and a number of general risks associated with an investment in the Stock Option and the underlying Shares. These risks may individually or in combination materially and adversely affect the future operating and financial performance of the Company and, accordingly, the value of Shares. There can be no guarantee that the Company will achieve its stated objectives. Before agreeing to participate in the Plan, Optionee should be satisfied that Optionee has a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment, having regard to Optionee's objectives, financial situation, and needs.

The Stock Option will only vest on the satisfaction of the conditions (if any) set out in the enclosed Grant Notice and the issue to Optionee of the Shares is subject to the terms of this Grant Notice, Agreement and the Plan. There is a chance that any conditions attaching to the Stock Option may never be fulfilled and that the Stock Option will not vest. Further, the Company cannot guarantee that at the time the Stock Option vests the price of the Company's Shares will be above the exercise price per share for the Stock Option, or that any of the Company's Shares issued on exercise of the Stock Option will have a value above the exercise price per share of the Stock Option. The price for the Company's Shares is subject to fluctuations and may rise or fall.

Further risks and rights with respect to holding the Stock Options are set out in this Grant Notice, Agreement and the Plan.

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A$10,000 and international fund transfers. Optionee understands that the Australian bank assisting with the transaction may file the report on Optionee's behalf. If there is no Australian bank involved in the transfer, Optionee will be required to file the report. Optionee should consult with their personal advisor to ensure proper compliance with applicable reporting requirements in Australia.

Tax Information. The Plan is a plan to which Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies (subject to the conditions in that Act).

Data Privacy. Section 7(a) is deleted and replaced with the following:

> "Optionee explicitly and unambiguously consents to the collection, holding, use and disclosure, in electronic or other form, of Optionee's personal information (as that term is defined in the *Privacy Act 1988* (Cth)) as described in this document by and among, as applicable, Optionee's employer, the Company and its Affiliates for the purpose of implementing, administering and managing Optionee's participation in the Plan. Optionee understands that the Company, its Affiliates and Optionee's employer hold certain personal information about Optionee, including, but not limited to, name, home address and telephone number, email address and other contact details, date of birth, tax file number (or other identification number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Stock Options or any other entitlement to Shares awarded, canceled, purchased, exercised, vested, unvested or outstanding in Optionee's

favor for the purpose of implementing, managing and administering the Plan ("Data"). The collection of this information may be required for compliance with various legislation, including the *Corporations Act 2001* (Cth) and applicable taxation legislation. Optionee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Optionee's country or elsewhere, in particular in the United States, and that the recipient country may have different data privacy laws providing less protection of Optionee's personal data than Optionee's country. Optionee may request a list with the names and addresses of any potential recipients of the Data by contacting the stock plan administrator at the Company (the "Stock Plan Administrator"). Optionee authorizes the recipients to collect, hold, use and disclose the Data, in electronic or other form, for the purposes of implementing, administering and managing Optionee's participation in the Plan, including any requisite transfer of such Data, as may be required to a broker or other third party with whom Optionee may elect to deposit any Shares acquired upon the vesting of the Stock Option. Optionee understands that Data will be held only as long as is necessary to implement, administer and manage Optionee's participation in the Plan or for the period required by law, whichever is the longer. Optionee may, at any time, refuse or withdraw the consents herein, in any case without cost, by contacting the Stock Plan Administrator in writing. Optionee understands that refusing or withdrawing consent may affect Optionee's ability to participate in the Plan. Optionee acknowledges that further information on how Optionee's employer, the Company and its Affiliates collect, hold, use and disclose Data and other personal information (and how Optionee can access, correct or complain about the handling of that Data or other personal information by Optionee's employer, the Company and its Affiliates) can be found at https://acelyrin.com/privacy-policy in the privacy policies of Optionee's employer, the Company and its Affiliates (as applicable)."

Disposal Restriction. Notwithstanding anything else in the Plan or this Agreement, Optionee may not sell, transfer, assign, pledge or otherwise encumber, deal with, make over or part with Optionee's Stock Options (whether legally or beneficially), either voluntarily or by operation of law, except on Optionee's death, and, during Optionee's life, Optionee's Stock Options will be exercisable only by Optionee.

Withholding. The Company may withhold from fully vested Shares otherwise issuable to Optionee upon the exercise of Optionee's Stock Option a number of whole Shares having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax and social security required to be withheld by law. Any adverse consequences to Optionee arising in connection with such share withholding procedure will be Optionee's sole responsibility.

CANADA

Method of Payment. Notwithstanding Section 5(a)(iv) of the Plan, Optionee is prohibited from paying or otherwise satisfying the exercise price using the methods set forth in Section 5(a)(iv)(C) or (E) of the Plan (or any substantially similar methods).

Data Privacy. The following provision supplements Section 7 of the Agreement:

"Optionee hereby authorizes the Company and its representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Optionee further authorizes the Company, any Affiliates and any stock plan service provider that may be selected by the Company to assist with the Plan to disclose and discuss the Plan with their respective advisors. Optionee further authorizes the Company and any Affiliates to record such information and to keep such information in Optionee's employee file."

Language Consent. The parties to the Agreement acknowledge that it is their express wish that the Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée

Les parties reconnaissent avoir exigé que cette convention («Option Agreement») soit rédigée en anglais, ainsi que tous les documents, avis et procédures judiciaires, éxécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente.

Service Relationship. Notwithstanding anything else in the Plan or the Agreement, Optionee's Service Relationship will be deemed to end on the date when Optionee ceases to be actively providing services to the Company or an Affiliate (or Optionee's employer, if different), regardless of whether the cessation of Optionee's employment or other service was lawful, and shall not include any period of statutory, contractual, common law, civil law or other reasonable notice of termination of employment or other service or any period of salary continuance or deemed employment or other service; *provided*, *however*, that where any greater period is expressly required by applicable employment or labour standards legislation (if such legislation is applicable), Optionee's Service Relationship will be deemed to end immediately following the minimum prescribed period under that legislation. As a result, if Optionee receives notice of termination for a reason other than Cause, and the Company or its Affiliate (or Optionee's employer, if different) does not require Optionee to continue to attend at work and/or elects to provide Optionee with a payment in lieu of notice, Optionee's Service Relationship will end on the date Optionee receives such notice, as opposed any later date when severance payments to Optionee ceases, unless otherwise expressly required by applicable employment or labour standards legislation (if such legislation is applicable).

Employment Matters. The definition of "Cause" is modified such that the following supersedes the existing definition in the Plan:

""Cause" shall mean (i) the grantee's dishonest statements or acts with respect to the Company or any Affiliate of the Company, or any current or prospective customers, suppliers vendors or other third parties with which such entity does business; (ii) the Optionee's commission of (A) a felony or indictable offence or (B) any misdemeanor or summary conviction offence involving moral turpitude, deceit, dishonesty or fraud under the laws of the United States, or any state thereof, Canada, or any applicable foreign jurisdiction; (iii) the Optionee's failure to perform his assigned duties and responsibilities to the reasonable satisfaction of the Company which failure continues, in the reasonable judgment of the Company, after written notice given to the grantee by the Company; (iv)

the Optionee's gross negligence, willful misconduct or insubordination with respect to the Company or any Affiliate of the Company; (v) the Optionee's material violation of any provision of any agreement(s) between the grantee and the Company relating to noncompetition, nonsolicitation, nondisclosure and/or assignment of inventions; or (vi) any other serious act or omission that amounts to just cause at law; *provided, however*, that for Employees in Ontario, "***Cause***" means wilful misconduct, disobedience or wilful neglect of duty that is not trivial and has not been condoned."

Disability. For greater clarity, "***Disability***" means that Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

Employment Law Compliance. Should a discrepancy (including contravention, conflict or inconsistency) exist between any express written term in any written document, the Plan, or Optionee's Agreement, on the one hand, and minimum statutory entitlements provided for under provincial employment or labour standards legislation (if such legislation is applicable), on the other hand, the minimum statutory entitlements provided for under employment or labour standards legislation (if such legislation is applicable) will prevail and Optionee's entitlements (as applicable) shall be increased only to the extent necessary to satisfy the minimum statutory requirements.

No Fractions. No fractional Shares shall be issued under the Agreement and no cash amount shall be payable in respect thereof.

Voluntary Participation. Optionee's participation in the Plan is voluntary.

Securities Law Information. The following defined term in Section 1 of the Plan is modified such that the following supplements the existing definition:

- "Consultant" – For purposes of issuances of securities under the Plan to Consultants in Canada, a Consultant means a person that (a) does not provide services strictly in relation to a distribution; (b) provides the services under a written contract with the Company or a Subsidiary; and (c) spends or will spend a significant amount of time and attention on the affairs and business of the Company or a Subsidiary and includes, for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner.

In the event securities under the Plan are being issued to officers who are not also employees of the Company or a Subsidiary, in Canada, such officer must be: (a) chair, vice-chair or president, (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or (c) performing a policy-making function in respect of the Company or Subsidiary.

Optionee understands that Optionee is permitted to sell Shares acquired pursuant to the Plan, provided that the Company is a "foreign issuer" that is not a public company in any jurisdiction of Canada and the sale of the Shares acquired pursuant to the Plan takes place: (i) through an exchange, or a market, outside of Canada on the distribution date; or (ii) to a person or company outside of Canada. For purposes hereof, in addition to not being a reporting issuer in any jurisdiction of Canada, a "foreign issuer" is an issuer that: (i) is not incorporated or existing pursuant to the laws of Canada or any jurisdiction of Canada; (ii) does not have its head office in Canada; and (iii) does not have a majority of its executive officers or directors ordinarily resident in Canada. If any designated broker is appointed under the Plan, Optionee shall sell such securities through the designated broker.

Foreign Asset/Account Reporting Information. Canadian residents are required to report certain "foreign property" on form T1135 (Foreign Income Verification Statement) if the total cost of such property exceeds a certain threshold (currently C$100,000) at any time in the year. It is Optionee's responsibility to comply with these reporting obligations, and Optionee should consult with their own personal tax advisor in this regard.

Right to acquire Common Stock. Notwithstanding any other provision of the Agreement or Plan, Optionee's Stock Option shall entitle Optionee, upon fulfillment of the requisite conditions, to acquire newly-issued Shares, and may not be settled in cash (or otherwise settled) without Optionee's consent.

EARLY EXERCISE
NON-QUALIFIED STOCK OPTION GRANT NOTICE
UNDER THE ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

Pursuant to the **ACELYRIN, INC.** 2020 Stock Option and Grant Plan (the "Plan"), **ACELYRIN, INC.**, a Delaware corporation (together with any successor thereto, the "Company"), has granted to the individual named below, an option (the "Stock Option") to purchase on or prior to the Expiration Date, or such earlier date as is specified herein, all or any part of the number of shares of Common Stock, par value $0.00001 per share ("Common Stock"), of the Company indicated below (the "Shares"), at the Option Exercise Price per share, subject to the terms and conditions set forth in this Early Exercise Non-Qualified Stock Option Grant Notice (the "Grant Notice"), the attached Early Exercise Non-Qualified Stock Option Agreement (the "Agreement") and the Plan. This Stock Option is not intended to qualify as an "incentive stock option" as defined in Section 422(b) of the Internal Revenue Code of 1986, as amended from time to time (the "Code").

Name of Optionee:	_____ (the "Optionee")
No. of Shares:	_____ Shares of Common Stock
Grant Date:	_____
Vesting Commencement Date:	_____ (the "Vesting Commencement Date")
Expiration Date:	_____ (the "Expiration Date")
Option Exercise Price/Share:	$_____ (the "Option Exercise Price")
Vesting Schedule:	[25] percent of the Shares shall vest on the first anniversary of the Vesting Commencement Date; provided that the Optionee continues to have a Service Relationship with the Company at such time. Thereafter, the remaining [75] percent of the Shares shall vest in [36] equal monthly installments following the first anniversary of the Vesting Commencement Date, provided the Optionee continues to have a Service Relationship with the Company on each vesting date. Notwithstanding anything in the Agreement to the contrary, in the case of a Sale Event, this Stock Option and the Shares shall be treated as provided in Section 3(c) of the Plan[**provided; however INSERT ANY ACCELERATED VESTING PROVISION HERE]**.

Attachments: Early Exercise Non-Qualified Stock Option Agreement, Restricted Stock Agreement, 2020 Stock Option and Grant Plan

NON-QUALIFIED STOCK OPTION AGREEMENT
UNDER THE ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Grant Notice and the Plan.

1. Vesting, Exercisability and Termination.

(a) This Stock Option shall be immediately exercisable, regardless of whether the Shares are vested.

(b) Except as set forth below, and subject to the determination of the Committee in its sole discretion to accelerate the vesting schedule hereunder, the Shares shall be vested on the respective dates indicated below:

(i) All Shares shall initially be unvested.

(ii) The Shares shall vest in accordance with the Vesting Schedule set forth in the Grant Notice.

(c) Termination. Except as may otherwise be provided by the Committee, if the Optionee's Service Relationship is terminated, the period within which to exercise this Stock Option will be subject to earlier termination as set forth below (and if not exercised within such period, shall thereafter terminate subject, in each case, to Section 3(c) of the Plan):

(i) Termination Due to Death or Disability. If the Optionee's Service Relationship terminates by reason of such Optionee's death or Disability, this Stock Option may continue to be exercised, to the extent the Shares are vested on the date of termination, by the Optionee, the Optionee's legal representative or legatee for a period of 12 months from the date of death or Disability or until the Expiration Date, if earlier.

(ii) Other Termination. If the Optionee's Service Relationship terminates for any reason other than death or Disability, and unless otherwise determined by the Committee, this Stock Option may continue to be exercised, to the extent the Shares are vested on the date of termination, for a period of 90 days from the date of termination or until the Expiration Date, if earlier; provided however, if the Optionee's Service Relationship is terminated for Cause, this Stock Option shall terminate immediately upon the date of such termination.

For purposes hereof, the Committee's determination of the reason for termination of the Optionee's Service Relationship shall be conclusive and binding on the Optionee and his or her representatives or legatees and any Permitted Transferee. Any portion of this Stock Option with respect to Shares that are not vested and exercisable on the date of termination of the Service Relationship shall terminate immediately and be null and void.

2. Exercise of Stock Option.

(a) The Optionee may exercise this Stock Option only in the following manner: Prior to the Expiration Date, the Optionee may deliver a Stock Option exercise notice (an "Exercise Notice") in the form of Appendix A hereto indicating his or her election to purchase some or all of the Shares. Such notice shall specify the number of Shares to be purchased. To the extent this Stock Option is only partially exercised, such exercise shall first be with respect to the Shares, if any, that have previously vested, and then with respect to the Shares that will next vest, with the Shares that vest at the latest date being exercised last. Payment of the purchase price may be made by one or more of the methods described in Section 5 of the Plan, subject to the limitations contained in such Section of the Plan, including the requirement that the Committee specifically approve in advance certain payment methods.

(b) In the event the Optionee exercises a portion of this Stock Option with respect to Shares that have not vested, the Optionee shall also deliver a Restricted Stock Agreement covering such unvested Shares in the form of Appendix B hereto (the "Restricted Stock Agreement") with the same vesting schedule for such Shares as set forth for such Shares herein.

(c) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date.

3. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan.

4. Transferability of Stock Option. This Stock Option is personal to the Optionee and is not transferable by the Optionee in any manner other than by will or by the laws of descent and distribution. The Stock Option may be exercised during the Optionee's lifetime only by the Optionee (or by the Optionee's guardian or personal representative in the event of the Optionee's incapacity). The Optionee may elect to designate a beneficiary by providing written notice of the name of such beneficiary to the Company, and may revoke or change such designation at any time by filing written notice of revocation or change with the Company; such beneficiary may exercise the Optionee's Stock Option in the event of the Optionee's death to the extent provided herein. If the Optionee does not designate a beneficiary, or if the designated beneficiary predeceases the Optionee, the legal representative of the Optionee may exercise this Stock Option to the extent provided herein in the event of the Optionee's death.

5. Restrictions on Transfer of Shares. The Shares acquired upon exercise of the Stock Option shall be subject to certain transfer restrictions and other limitations including, without limitation, the provisions contained in Section 9 of the Plan and, if applicable, the Restricted Stock Agreement.

6. Miscellaneous Provisions.

(a) Equitable Relief. The parties hereto agree and declare that legal remedies may be inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(b) Adjustments for Changes in Capital Structure. If, as a result of any reorganization, recapitalization, reincorporation, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Common Stock, the outstanding shares of Common Stock are increased or decreased or are exchanged for a different number or kind of securities of the Company, the restrictions contained in this Agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, this Stock Option or Shares acquired pursuant thereto.

(c) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Optionee.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California.

(e) Headings. The headings are intended only for convenience in finding the subject matter and do not constitute part of the text of this Agreement and shall not be considered in the interpretation of this Agreement.

(f) Saving Clause. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(g) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by telex or facsimile transmission or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Optionee shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(h) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. The Company has the right to assign this Agreement, and such assignee shall become entitled to all the rights of the Company hereunder to the extent of such assignment.

(i) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(j) Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

7. Dispute Resolution.

(a) Except as provided below, any dispute arising out of or relating to the Plan or this Stock Option, this Agreement, or the breach, termination or validity of the Plan, this Stock Option or this Agreement, shall be finally settled by binding arbitration conducted expeditiously in accordance with the J.A.M.S./Endispute Comprehensive Arbitration Rules and Procedures (the "J.A.M.S. Rules"). The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1 - 16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be North California.

(b) The arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party to the arbitration shall provide to the other, no later than seven business days before the date of the arbitration, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within six months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages, and each party hereby irrevocably waives any claim to such damages.

(c) The Company, the Optionee, each party to the Agreement and any other holder of Shares issued pursuant to this Agreement (each, a "Party") covenants and agrees that such party will participate in the arbitration in good faith. This Section 7 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm.

(d) Each Party (i) hereby irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction for the purpose of enforcing the award or decision in any such proceeding, (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution (except as protected by applicable law), that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (iii) hereby waives and agrees not to seek any review by any court of any other

jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Each Party hereby consents to service of process by registered mail at the address to which notices are to be given. Each Party agrees that its, his or her submission to jurisdiction and its, his or her consent to service of process by mail is made for the express benefit of each other Party. Final judgment against any Party in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction.

8. Waiver of Statutory Information Rights. The Optionee understands and agrees that, but for the waiver made herein, the Optionee would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company's stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the General Corporation Law of Delaware (any and all such rights, and any and all such other rights of the Optionee as may be provided for in Section 220, the "Inspection Rights"). In light of the foregoing, until the first sale of Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, the Optionee hereby unconditionally and irrevocably waives the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenants and agrees never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver shall not affect any rights of a director, in his or her capacity as such, under Section 220. The foregoing waiver shall not apply to any contractual inspection rights of the Optionee under any other written agreement between the Optionee and the Company.

[SIGNATURE PAGE FOLLOWS]

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned as of the date first above written.

ACELYRIN, INC.

By: _____
Name:
Title:

Address:

_____

_____

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof, and understands that this Stock Option is subject to the terms of the Plan and of this Agreement. This Agreement is hereby accepted, and the terms and conditions of the Plan, the Grant Notice and this Agreement, SPECIFICALLY INCLUDING THE ARBITRATION PROVISIONS SET FORTH IN SECTION 7 AND THE WAIVER OF STATUTORY INFORMATION RIGHTS SET FORTH IN SECTION 8 OF THIS AGREEMENT, are hereby agreed to, by the undersigned as of the date first above written.

OPTIONEE:

_____
Name:

Address:

_____

_____

_____

[SPOUSE'S CONSENT[1]
I acknowledge that I have read the
foregoing Non-Qualified Stock Option Agreement
and understand the contents thereof.

_____]

[1] A spouse's consent is recommended only if the Optionee's state of residence is one of the following community property states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.

DESIGNATED BENEFICIARY:

_____

Beneficiary's Address:

_____

_____

_____

Appendix A

STOCK OPTION EXERCISE NOTICE

ACELYRIN, INC.
Attention: [_____]
[Address]

Pursuant to the terms of the grant notice and stock option agreement between the undersigned and ACELYRIN, INC. (the "Company") dated _____ (the "Agreement") under the ACELYRIN, INC. 2020 Stock Option and Grant Plan, I, [Insert Name] _____, hereby [Circle One] partially/fully exercise such option by including herein payment in the amount of $_____ representing the purchase price for [Fill in number of Shares] _____ Shares. I have chosen the following form(s) of payment:

[ ] 1. Cash
[ ] 2. Certified or bank check payable to ACELYRIN, INC.
[ ] 3. Other (as referenced in the Agreement and described in the Plan (please describe))
_____.

In connection with my exercise of the option as set forth above, I hereby represent and warrant to the Company as follows:

(i) I am purchasing the Shares for my own account for investment only, and not for resale or with a view to the distribution thereof.

(ii) I have had such an opportunity as I have deemed adequate to obtain from the Company such information as is necessary to permit me to evaluate the merits and risks of my investment in the Company and have consulted with my own advisers with respect to my investment in the Company.

(iii) I have sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the purchase of the Shares and to make an informed investment decision with respect to such purchase.

(iv) I can afford a complete loss of the value of the Shares and am able to bear the economic risk of holding such Shares for an indefinite period of time.

(v) I understand that the Shares may not be registered under the Securities Act of 1933 (it being understood that the Shares are being issued and sold in reliance on the exemption provided in Rule 701 thereunder) or any applicable state securities or "blue sky" laws and may not be sold or otherwise transferred or disposed of in the absence of an effective registration statement under the Securities Act of 1933 and under any applicable state securities or "blue sky" laws (or exemptions from the registration requirement thereof). I further acknowledge that certificates representing Shares will bear restrictive legends reflecting the foregoing and/or that book entries for uncertificated Shares will include similar restrictive notations.

(vi) To the extent required, I have executed and delivered to the Company the Restricted Stock Agreement attached as Appendix B to the Agreement.

(vii) I have read and understand the Plan and acknowledge and agree that the Shares are subject to all of the relevant terms of the Plan, including without limitation, the transfer restrictions set forth in Section 9 of the Plan.

(viii) I understand and agree that the Company has a right of first refusal with respect to the Shares pursuant to Section 9(b) of the Plan.

(ix) I understand and agree that the Company has certain repurchase rights with respect to the Shares pursuant to Section 9(c) of the Plan.

(x) I understand and agree that I may not sell or otherwise transfer or dispose of the Shares for a period of time following the effective date of a public offering by the Company as described in Section 9(f) of the Plan.

(xi) I understand and agree to the waiver of statutory information rights as set forth in Section 8 of the Agreement.

Sincerely yours,

_____

Name:

Address:

_____

_____

_____

Date: _____

Appendix B

RESTRICTED STOCK AGREEMENT FOR EARLY EXERCISE OPTION
UNDER THE ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Early Exercise Non-Qualified Stock Option Grant Notice (the "Grant Notice") and Early Exercise Non-Qualified Stock Option Agreement (the "Option Agreement") between **ACELYRIN, INC.** (the "Company") and _____ (the "Grantee") for _____ Shares of Common Stock with a Grant Date of _____, _____ under the ACELYRIN, INC. 2020 Stock Option and Grant Plan (the "Plan").

1. Purchase and Sale of Shares; Vesting.

(a) Purchase and Sale. The Company hereby sells to the Grantee, and the Grantee hereby purchases from the Company, on _____ , 20[___],[2] the number of Shares set forth in the Stock Option Exercise Notice (_____ Shares) dated _____, pursuant to the Grant Notice and Option Agreement, for the aggregate Option Exercise Price for the Shares so purchased.

(b) Vesting. The risk of forfeiture shall lapse with respect to the Shares, and such Shares shall become vested, on the respective dates indicated on the Vesting Schedule set forth in the Grant Notice.

2. Repurchase Right. Upon a Termination Event, the Company shall have the right to repurchase Shares of Restricted Stock that are unvested as of the date of such Termination Event as set forth in Section 9(c) of the Plan.

3. Restrictions on Transfer of Shares. The Shares (whether or not vested) shall be subject to certain transfer restrictions and other limitations including, without limitation, the provisions contained in Section 9 of the Plan

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Restricted Stock Agreement shall be subject to and governed by all the terms and conditions of the Plan.

5. Miscellaneous Provisions.

(a) Record Owner; Dividends. The Grantee and any Permitted Transferees, during the duration of this Agreement, shall be considered the record owners of and shall be entitled to vote the Shares if and to the extent the Shares are entitled to voting rights. The Grantee and any Permitted Transferees shall be entitled to receive all dividends and any other distributions declared on the Shares; provided, however, that the Company is under no duty to declare any such dividends or to make any such distribution.

[2] To be filled in with date of stock purchase/option exercise.

(b) Section 83(b) Election. The Grantee shall consult with the Grantee's tax advisor to determine whether it would be appropriate for the Grantee to make an election under Section 83(b) of the Code with respect to the Shares. Any such election must be filed with the Internal Revenue Service within 30 days of the date of exercise. If the Grantee makes an election under Section 83(b) of the Code, the Grantee shall give prompt notice to the Company (and provide a copy of such election to the Company). A sample Section 83(b) election is attached to this Agreement as Exhibit A.

(c) Equitable Relief. The parties hereto agree and declare that legal remedies may be inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(d) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Grantee.

(e) Governing Law. This Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California.

(f) Headings. The headings are intended only for convenience in finding the subject matter and do not constitute part of the text of this Agreement and shall not be considered in the interpretation of this Agreement.

(g) Saving Clause. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(h) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by telex or facsimile transmission or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Grantee shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(i) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. The Company has the right to assign this Agreement, and such assignee shall become entitled to all the rights of the Company hereunder to the extent of such assignment.

(j) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

6. Dispute Resolution.

(a) Except as provided below, any dispute arising out of or relating to the Plan or the Shares, this Agreement, or the breach, termination or validity of the Plan, the Shares or this Agreement, shall be finally settled by binding arbitration conducted expeditiously in accordance with the J.A.M.S./Endispute Comprehensive Arbitration Rules and Procedures (the "J.A.M.S. Rules"). The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1 - 16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be Cary, NC.

(b) The arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party to the arbitration shall provide to the other, no later than seven business days before the date of the arbitration, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within six months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages, and each party hereby irrevocably waives any claim to such damages.

(c) The Company, the Grantee, each party to the Agreement and any other holder of Shares issued pursuant to this Agreement (each, a "Party") covenants and agrees that such party will participate in the arbitration in good faith. This Section 6 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm.

(d) Each Party (i) hereby irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction for the purpose of enforcing the award or decision in any such proceeding, (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution (except as protected by applicable law), that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (iii) hereby waives and agrees not to seek any review by any court of any other

jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Each Party hereby consents to service of process by registered mail at the address to which notices are to be given. Each Party agrees that its, his or her submission to jurisdiction and its, his or her consent to service of process by mail is made for the express benefit of each other Party. Final judgment against any Party in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction.

7. Waiver of Statutory Information Rights. The Grantee understands and agrees that, but for the waiver made herein, the Grantee would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company's stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the General Corporation Law of Delaware (any and all such rights, and any and all such other rights of the Grantee as may be provided for in Section 220, the "Inspection Rights"). In light of the foregoing, until the first sale of Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, the Grantee hereby unconditionally and irrevocably waives the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenants and agrees never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver shall not affect any rights of a director, in his or her capacity as such, under Section 220. The foregoing waiver shall not apply to any contractual inspection rights of the Grantee under any other written agreement between the Grantee and the Company.

[SIGNATURE PAGE FOLLOWS]

The foregoing Restricted Stock Agreement is hereby accepted and the terms and conditions thereof are hereby agreed to by the undersigned as of the date written in Section 1(a) above.

ACELYRIN, INC.

By: _____
Name:
Title:

Address:

_____

_____

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof and understands that the Shares purchased hereby are subject to the terms of the Plan, the Grant Notice, and this Agreement. This Agreement is hereby accepted, and the terms and conditions of the Plan, the Grant Notice and this Agreement, SPECIFICALLY INCLUDING THE ARBITRATION PROVISIONS SET FORTH IN SECTION 6 AND THE WAIVER OF STATUTORY INFORMATION RIGHTS SET FORTH IN SECTION 7 OF THIS AGREEMENT, are hereby agreed to, by the undersigned as of the date first above written.

GRANTEE:

_____
Name:

Address:

_____

_____

_____

[SPOUSE'S CONSENT[3]
I acknowledge that I have read the
foregoing Non-Qualified Stock Option Agreement
and understand the contents thereof.

_____]

[3] A spouse's consent is required only if the Grantee's state of residence is one of the following community property states: Arizona, California, Idaho, Louisiana, New Mexico, Nevada, Texas, Washington and Wisconsin.

EXHIBIT A
Section 83(b) Election

The undersigned hereby elects pursuant to §83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income as compensation for services the excess (if any) of the fair market value of the shares described below over the amount paid for those shares.

1. The name, taxpayer identification number, address of the undersigned, and the taxable year for which this election is being made are:

Name: _____

Address: _____

_____

Social Security No.: _____

Taxable Year: Calendar Year 20___

2. The property which is the subject of this election is [number of unvested shares] shares of common stock of ACELYRIN, INC..

3. The property was transferred to the undersigned on [date of purchase/transfer].

4. The property is subject to the following restrictions:

The Shares will be subject to restrictions on transfer and risk of forfeiture upon termination of service relationship and in certain other events.

5. The fair market value of the property at time of transfer (determined without regard to any restrictions other than nonlapse restrictions as defined in §1.83-3(h) of the Income Tax Regulations) is $[current FMV] per share x [number of unvested shares] shares = $_____.

6. For the property transferred, the undersigned paid $[exercise price] per share x [number of unvested shares] shares = $_____.

7. The amount to include in gross income is $[amount reported in Item 5 minus the amount reported in Item 6].

The undersigned taxpayer will file this election with the Internal Revenue Service Office with which the taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property, at the IRS address listed for the taxpayer's state under "Are you not including a check or money order . . ." given in *Where Do You File* in the Instructions for Form 1040 and the Instructions for Form 1040A (which information can also be found at: https://www.irs.gov/uac/where-to-file-addresses-for-taxpayers-and-tax-professionals). A copy of the election will also be furnished to the person for whom the services were performed. The undersigned is the person performing services in connection with which the property was transferred.

Dated:_____, 20___

_____
Taxpayer

INCENTIVE STOCK OPTION GRANT NOTICE
UNDER THE ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

Pursuant to the **ACELYRIN, INC.** 2020 Stock Option and Grant Plan (the "Plan"), **ACELYRIN, INC.**, a Delaware corporation (together with any successor, the "Company"), has granted to the individual named below, an option (the "Stock Option") to purchase on or prior to the Expiration Date, or such earlier date as is specified herein, all or any part of the number of shares of Common Stock, par value $0.00001 per share ("Common Stock"), of the Company indicated below (the "Shares"), at the Option Exercise Price per share, subject to the terms and conditions set forth in this Incentive Stock Option Grant Notice (the "Grant Notice"), the attached Incentive Stock Option Agreement (the "Agreement") and the Plan. This Stock Option is intended to qualify as an "incentive stock option" as defined in Section 422(b) of the Internal Revenue Code of 1986, as amended from time to time (the "Code"). To the extent that any portion of the Stock Option does not so qualify, it shall be deemed a non-qualified stock option.

Name of Optionee:	_____ (the "Optionee")
No. of Shares:	_____ Shares of Common Stock
Grant Date:	_____
Vesting Commencement Date:	_____ (the "Vesting Commencement Date")
Expiration Date:	_____ (the "Expiration Date")
Option Exercise Price/Share:	$_____ (the "Option Exercise Price")
Vesting Schedule:	[25] percent of the Shares shall vest and become exercisable on the first anniversary of the Vesting Commencement Date; provided that the Optionee continues to have a Service Relationship with the Company at such time. Thereafter, the remaining [75] percent of the Shares shall vest and become exercisable in [36] equal monthly installments following the first anniversary of the Vesting Commencement Date, provided the Optionee continues to have a Service Relationship with the Company on each vesting date. Notwithstanding anything in the Agreement to the contrary, in the case of a Sale Event, this Stock Option and the Shares shall be treated as provided in Section 3(c) of the Plan[**provided; however INSERT ANY ACCELERATED VESTING PROVISION HERE]**.

Attachments: Incentive Stock Option Agreement, 2020 Stock Option and Grant Plan

INCENTIVE STOCK OPTION AGREEMENT
UNDER THE ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Grant Notice and the Plan.

1. Vesting, Exercisability and Termination.

(a) No portion of this Stock Option may be exercised until such portion shall have vested and become exercisable.

(b) Except as set forth below, and subject to the determination of the Committee in its sole discretion to accelerate the vesting schedule hereunder, this Stock Option shall be vested and exercisable on the respective dates indicated below:

(i) This Stock Option shall initially be unvested and unexercisable.

(ii) This Stock Option shall vest and become exercisable in accordance with the Vesting Schedule set forth in the Grant Notice.

(c) Termination. Except as may otherwise be provided by the Committee, if the Optionee's Service Relationship is terminated, the period within which to exercise this Stock Option will be subject to earlier termination as set forth below (and if not exercised within such period, shall thereafter terminate subject, in each case, to Section 3(c) of the Plan):

(i) Termination Due to Death or Disability. If the Optionee's Service Relationship terminates by reason of such Optionee's death or Disability, this Stock Option may be exercised, to the extent exercisable on the date of such termination, by the Optionee, the Optionee's legal representative or legatee for a period of 12 months from the date of death or Disability or until the Expiration Date, if earlier.

(ii) Other Termination. If the Optionee's Service Relationship terminates for any reason other than death or Disability, and unless otherwise determined by the Committee, this Stock Option may be exercised, to the extent exercisable on the date of termination, for a period of 90 days from the date of termination or until the Expiration Date, if earlier; provided however, if the Optionee's Service Relationship is terminated for Cause, this Stock Option shall terminate immediately upon the date of such termination.

For purposes hereof, the Committee's determination of the reason for termination of the Optionee's Service Relationship shall be conclusive and binding on the Optionee and his or her representatives or legatees. Any portion of this Stock Option that is not vested and exercisable on the date of termination of the Service Relationship shall terminate immediately and be null and void.

(d) It is understood and intended that this Stock Option is intended to qualify as an "incentive stock option" as defined in Section 422 of the Code to the extent permitted under applicable law. Accordingly, the Optionee understands that in order to obtain the benefits of an incentive stock option under Section 422 of the Code, no sale or other disposition may be made of Shares for which incentive stock option treatment is desired within the one-year period beginning on the day after the day of the transfer of such Shares to him or her, nor within the two-year period beginning on the day after Grant Date of this Stock Option and further that this Stock Option must be exercised within three months after termination of employment as an employee (or 12 months in the case of death or disability) to qualify as an incentive stock option. If the Optionee disposes (whether by sale, gift, transfer or otherwise) of any such Shares within either of these periods, he or she will notify the Company within 30 days after such disposition. The Optionee also agrees to provide the Company with any information concerning any such dispositions required by the Company for tax purposes. Further, to the extent this Stock Option and any other incentive stock options of the Optionee having an aggregate Fair Market Value in excess of $100,000 (determined as of the Grant Date) first become exercisable in any year, such options will not qualify as incentive stock options.

2. Exercise of Stock Option.

(a) The Optionee may exercise this Stock Option only in the following manner: Prior to the Expiration Date, the Optionee may deliver a Stock Option exercise notice (an "Exercise Notice") in the form of Appendix A hereto indicating his or her election to purchase some or all of the Shares with respect to which this Stock Option is then exercisable. Such notice shall specify the number of Shares to be purchased. Payment of the purchase price may be made by one or more of the methods described in Section 5 of the Plan, subject to the limitations contained in such Section of the Plan, including the requirement that the Committee specifically approve in advance certain payment methods.

(b) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date.

3. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan.

4. Transferability of Stock Option. This Stock Option is personal to the Optionee and is not transferable by the Optionee in any manner other than by will or by the laws of descent and distribution. The Stock Option may be exercised during the Optionee's lifetime only by the Optionee (or by the Optionee's guardian or personal representative in the event of the Optionee's incapacity). The Optionee may elect to designate a beneficiary by providing written notice of the name of such beneficiary to the Company, and may revoke or change such designation at any time by filing written notice of revocation or change with the Company; such beneficiary may exercise the Optionee's Stock Option in the event of the Optionee's death to the extent provided herein. If the Optionee does not designate a beneficiary, or if the designated beneficiary predeceases the Optionee, the legal representative of the Optionee may exercise this Stock Option to the extent provided herein in the event of the Optionee's death.

5. Restrictions on Transfer of Shares. The Shares acquired upon exercise of the Stock Option shall be subject to certain transfer restrictions and other limitations including, without limitation, the provisions contained in Section 9 of the Plan.

6. Miscellaneous Provisions.

(a) Equitable Relief. The parties hereto agree and declare that legal remedies may be inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(b) Adjustments for Changes in Capital Structure. If, as a result of any reorganization, recapitalization, reincorporation, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Common Stock, the outstanding shares of Common Stock are increased or decreased or are exchanged for a different number or kind of securities of the Company, the restrictions contained in this Agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, this Stock Option or Shares acquired pursuant thereto.

(c) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Optionee.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California.

(e) Headings. The headings are intended only for convenience in finding the subject matter and do not constitute part of the text of this Agreement and shall not be considered in the interpretation of this Agreement.

(f) Saving Clause. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(g) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by telex or facsimile transmission or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Optionee shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(h) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. The Company has the right to assign this Agreement, and such assignee shall become entitled to all the rights of the Company hereunder to the extent of such assignment.

(i) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(j) Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

7. Dispute Resolution.

(a) Except as provided below, any dispute arising out of or relating to the Plan or this Stock Option, this Agreement, or the breach, termination or validity of the Plan, this Stock Option or this Agreement, shall be finally settled by binding arbitration conducted expeditiously in accordance with the J.A.M.S./Endispute Comprehensive Arbitration Rules and Procedures (the "J.A.M.S. Rules"). The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1 16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be North California.

(b) The arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party to the arbitration shall provide to the other, no later than seven business days before the date of the arbitration, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within six months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages, and each party hereby irrevocably waives any claim to such damages.

(c) The Company, the Optionee, each party to the Agreement and any other holder of Shares issued pursuant to this Agreement (each, a "Party") covenants and agrees that such party will participate in the arbitration in good faith. This Section 7 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm.

(d) Each Party (i) hereby irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction for the purpose of enforcing the award or decision in any such proceeding, (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution (except as protected by applicable law), that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (iii) hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Each Party hereby consents to service of process by registered mail at the address to which notices are to be given. Each Party agrees that its, his or her submission to jurisdiction and its, his or her consent to service of process by mail is made for the express benefit of each other Party. Final judgment against any Party in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction.

8. Waiver of Statutory Information Rights. The Optionee understands and agrees that, but for the waiver made herein, the Optionee would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company's stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the General Corporation Law of Delaware (any and all such rights, and any and all such other rights of the Optionee as may be provided for in Section 220, the "Inspection Rights"). In light of the foregoing, until the first sale of Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, the Optionee hereby unconditionally and irrevocably waives the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenants and agrees never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver shall not affect any rights of a director, in his or her capacity as such, under Section 220. The foregoing waiver shall not apply to any contractual inspection rights of the Optionee under any other written agreement between the Optionee and the Company.

[SIGNATURE PAGE FOLLOWS]

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned as of the date first above written.

ACELYRIN, INC.

By: _____
Name:
Title:

Address:

_____

_____

_____

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof, and understands that this Stock Option is subject to the terms of the Plan and of this Agreement. This Agreement is hereby accepted, and the terms and conditions of the Plan, the Grant Notice and this Agreement, SPECIFICALLY INCLUDING THE ARBITRATION PROVISIONS SET FORTH IN SECTION 7 AND THE WAIVER OF STATUTORY INFORMATION RIGHTS SET FORTH IN SECTION 8 OF THIS AGREEMENT, are hereby agreed to, by the undersigned as of the date first above written.

OPTIONEE:

_____
Name:

Address:

_____

_____

_____

[SPOUSE'S CONSENT[1]
I acknowledge that I have read the
foregoing Incentive Stock Option Agreement
and understand the contents thereof.

_____]

[1] A spouse's consent is recommended only if the Optionee's state of residence is one of the following community property states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.

DESIGNATED BENEFICIARY:

_____

Beneficiary's Address:

_____

_____

_____

Appendix A

STOCK OPTION EXERCISE NOTICE

ACELYRIN, INC.
Attention: [_____]

_____

_____

Pursuant to the terms of the grant notice and stock option agreement between the undersigned and ACELYRIN, INC. (the "Company") dated _____ (the "Agreement") under the ACELYRIN, INC. 2020 Stock Option and Grant Plan, I, [Insert Name] _____, hereby [Circle One] partially/fully exercise such option by including herein payment in the amount of $_____ representing the purchase price for [Fill in number of Shares] _____ Shares. I have chosen the following form(s) of payment:

[ ] 1. Cash
[ ] 2. Certified or bank check payable to ACELYRIN, INC.
[ ] 3. Other (as referenced in the Agreement and described in the Plan (please describe))
_____.

In connection with my exercise of the option as set forth above, I hereby represent and warrant to the Company as follows:

(i) I am purchasing the Shares for my own account for investment only, and not for resale or with a view to the distribution thereof.

(ii) I have had such an opportunity as I have deemed adequate to obtain from the Company such information as is necessary to permit me to evaluate the merits and risks of my investment in the Company and have consulted with my own advisers with respect to my investment in the Company.

(iii) I have sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the purchase of the Shares and to make an informed investment decision with respect to such purchase.

(iv) I can afford a complete loss of the value of the Shares and am able to bear the economic risk of holding such Shares for an indefinite period of time.

(v) I understand that the Shares may not be registered under the Securities Act of 1933 (it being understood that the Shares are being issued and sold in reliance on the exemption provided in Rule 701 thereunder) or any applicable state securities or "blue sky" laws and may not be sold or otherwise transferred or disposed of in the absence of an effective registration statement under the Securities Act of 1933 and under any applicable state securities or "blue sky" laws (or exemptions from the registration requirement thereof). I further acknowledge that certificates representing Shares will bear restrictive legends reflecting the foregoing and/or that book entries for uncertificated Shares will include similar restrictive notations.

(vi) I have read and understand the Plan and acknowledge and agree that the Shares are subject to all of the relevant terms of the Plan, including without limitation, the transfer restrictions set forth in Section 9 of the Plan.

(vii) I understand and agree that the Company has a right of first refusal with respect to the Shares pursuant to Section 9(b) of the Plan.

(viii) I understand and agree that the Company has certain repurchase rights with respect to the Shares pursuant to Section 9(c) of the Plan.

(ix) I understand and agree that I may not sell or otherwise transfer or dispose of the Shares for a period of time following the effective date of a public offering by the Company as described in Section 9(f) of the Plan.

(x) I understand and agree to the waiver of statutory information rights as set forth in Section 8 of the Agreement.

Sincerely yours,

_____

Name:

Address:

_____

_____

_____

Date: _____

NON-QUALIFIED STOCK OPTION GRANT NOTICE
UNDER THE ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

Pursuant to the **ACELYRIN, INC.** 2020 Stock Option and Grant Plan (the "Plan"), **ACELYRIN, INC.**, a Delaware corporation (together with any successor, the "Company"), has granted to the individual named below, an option (the "Stock Option") to purchase on or prior to the Expiration Date, or such earlier date as is specified herein, all or any part of the number of shares of Common Stock, par value $0.00001 per share ("Common Stock"), of the Company indicated below (the "Shares"), at the Option Exercise Price per share, subject to the terms and conditions set forth in this Non-Qualified Stock Option Grant Notice (the "Grant Notice"), the attached Non-Qualified Stock Option Agreement (the "Agreement") and the Plan. This Stock Option is not intended to qualify as an "incentive stock option" as defined in Section 422(b) of the Internal Revenue Code of 1986, as amended from time to time (the "Code").

Name of Optionee:	_____ (the "Optionee")
No. of Shares:	_____ Shares of Common Stock
Grant Date:	_____
Vesting Commencement Date:	_____ (the "Vesting Commencement Date")
Expiration Date:	_____ (the "Expiration Date")
Option Exercise Price/Share:	$_____ (the "Option Exercise Price")
Vesting Schedule:	[25] percent of the Shares shall vest and become exercisable on the first anniversary of the Vesting Commencement Date; provided that the Optionee continues to have a Service Relationship with the Company at such time. Thereafter, the remaining [75] percent of the Shares shall vest and become exercisable in [36] equal monthly installments following the first anniversary of the Vesting Commencement Date, provided the Optionee continues to have a Service Relationship with the Company on each vesting date. Notwithstanding anything in the Agreement to the contrary, in the case of a Sale Event, this Stock Option and the Shares shall be treated as provided in Section 3(c) of the Plan[**provided; however INSERT ANY ACCELERATED VESTING PROVISION HERE]**.

Attachments: Non-Qualified Stock Option Agreement, 2020 Stock Option and Grant Plan

NON-QUALIFIED STOCK OPTION AGREEMENT
UNDER THE ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Grant Notice and the Plan.

1. Vesting, Exercisability and Termination.

(a) No portion of this Stock Option may be exercised until such portion shall have vested and become exercisable.

(b) Except as set forth below, and subject to the determination of the Committee in its sole discretion to accelerate the vesting schedule hereunder, this Stock Option shall be vested and exercisable on the respective dates indicated below:

(i) This Stock Option shall initially be unvested and unexercisable.

(ii) This Stock Option shall vest and become exercisable in accordance with the Vesting Schedule set forth in the Grant Notice.

(c) Termination. Except as may otherwise be provided by the Committee, if the Optionee's Service Relationship is terminated, the period within which to exercise this Stock Option will be subject to earlier termination as set forth below (and if not exercised within such period, shall thereafter terminate subject, in each case, to Section 3(c) of the Plan):

(i) Termination Due to Death or Disability. If the Optionee's Service Relationship terminates by reason of such Optionee's death or Disability, this Stock Option may be exercised, to the extent exercisable on the date of such termination, by the Optionee, the Optionee's legal representative or legatee for a period of 12 months from the date of death or Disability or until the Expiration Date, if earlier.

(ii) Other Termination. If the Optionee's Service Relationship terminates for any reason other than death or Disability, and unless otherwise determined by the Committee, this Stock Option may be exercised, to the extent exercisable on the date of termination, for a period of 90 days from the date of termination or until the Expiration Date, if earlier; provided however, if the Optionee's Service Relationship is terminated for Cause, this Stock Option shall terminate immediately upon the date of such termination.

For purposes hereof, the Committee's determination of the reason for termination of the Optionee's Service Relationship shall be conclusive and binding on the Optionee and his or her representatives or legatees and any Permitted Transferee. Any portion of this Stock Option that is not vested and exercisable on the date of termination of the Service Relationship shall terminate immediately and be null and void.

2. Exercise of Stock Option.

(a) The Optionee may exercise this Stock Option only in the following manner: Prior to the Expiration Date, the Optionee may deliver a Stock Option exercise notice (an "Exercise Notice") in the form of Appendix A hereto indicating his or her election to purchase some or all of the Shares with respect to which this Stock Option is then exercisable. Such notice shall specify the number of Shares to be purchased. Payment of the purchase price may be made by one or more of the methods described in Section 5 of the Plan, subject to the limitations contained in such Section of the Plan, including the requirement that the Committee specifically approve in advance certain payment methods.

(b) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date.

3. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan.

4. Transferability of Stock Option. This Stock Option is personal to the Optionee and is not transferable by the Optionee in any manner other than by will or by the laws of descent and distribution. The Stock Option may be exercised during the Optionee's lifetime only by the Optionee (or by the Optionee's guardian or personal representative in the event of the Optionee's incapacity). The Optionee may elect to designate a beneficiary by providing written notice of the name of such beneficiary to the Company, and may revoke or change such designation at any time by filing written notice of revocation or change with the Company; such beneficiary may exercise the Optionee's Stock Option in the event of the Optionee's death to the extent provided herein. If the Optionee does not designate a beneficiary, or if the designated beneficiary predeceases the Optionee, the legal representative of the Optionee may exercise this Stock Option to the extent provided herein in the event of the Optionee's death.

5. Restrictions on Transfer of Shares. The Shares acquired upon exercise of the Stock Option shall be subject to certain transfer restrictions and other limitations including, without limitation, the provisions contained in Section 9 of the Plan.

6. Miscellaneous Provisions.

(a) Equitable Relief. The parties hereto agree and declare that legal remedies may be inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(b) Adjustments for Changes in Capital Structure. If, as a result of any reorganization, recapitalization, reincorporation, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Common Stock, the outstanding shares of Common Stock are increased or decreased or are exchanged for a different number or kind of securities of the Company, the restrictions contained in this Agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, this Stock Option or Shares acquired pursuant thereto.

(c) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Optionee.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California.

(e) Headings. The headings are intended only for convenience in finding the subject matter and do not constitute part of the text of this Agreement and shall not be considered in the interpretation of this Agreement.

(f) Saving Clause. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(g) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by telex or facsimile transmission or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Optionee shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(h) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. The Company has the right to assign this Agreement, and such assignee shall become entitled to all the rights of the Company hereunder to the extent of such assignment.

(i) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(j) Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

7. Dispute Resolution.

(a) Except as provided below, any dispute arising out of or relating to the Plan or this Stock Option, this Agreement, or the breach, termination or validity of the Plan, this Stock Option or this Agreement, shall be finally settled by binding arbitration conducted expeditiously in accordance with the J.A.M.S./Endispute Comprehensive Arbitration Rules and Procedures (the “J.A.M.S. Rules”). The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be North California.

(b) The arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party to the arbitration shall provide to the other, no later than seven business days before the date of the arbitration, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within six months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages, and each party hereby irrevocably waives any claim to such damages.

(c) The Company, the Optionee, each party to the Agreement and any other holder of Shares issued pursuant to this Agreement (each, a "Party") covenants and agrees that such party will participate in the arbitration in good faith. This Section 7 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm.

(d) Each Party (i) hereby irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction for the purpose of enforcing the award or decision in any such proceeding, (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution (except as protected by applicable law), that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (iii) hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Each Party hereby consents to service of process by registered mail at the address to which notices are to be given. Each Party agrees that its, his or her submission to jurisdiction and its, his or her consent to service of process by mail is made for the express benefit of each other Party. Final judgment against any Party in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction.

8. Waiver of Statutory Information Rights. The Optionee understands and agrees that, but for the waiver made herein, the Optionee would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company's stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the General Corporation Law of

Delaware (any and all such rights, and any and all such other rights of the Optionee as may be provided for in Section 220, the "Inspection Rights"). In light of the foregoing, until the first sale of Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, the Optionee hereby unconditionally and irrevocably waives the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenants and agrees never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver shall not affect any rights of a director, in his or her capacity as such, under Section 220. The foregoing waiver shall not apply to any contractual inspection rights of the Optionee under any other written agreement between the Optionee and the Company.

[SIGNATURE PAGE FOLLOWS]

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned as of the date first above written.

ACELYRIN, INC.

By: _____
Name:
Title:

Address:

_____

_____

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof, and understands that this Stock Option is subject to the terms of the Plan and of this Agreement. This Agreement is hereby accepted, and the terms and conditions of the Plan, the Grant Notice and this Agreement, SPECIFICALLY INCLUDING THE ARBITRATION PROVISIONS SET FORTH IN SECTION 7 AND THE WAIVER OF STATUTORY INFORMATION RIGHTS SET FORTH IN SECTION 8 OF THIS AGREEMENT, are hereby agreed to, by the undersigned as of the date first above written.

OPTIONEE:

_____
Name:

Address:

_____

_____

_____

[SPOUSE'S CONSENT[1]
I acknowledge that I have read the
foregoing Non-Qualified Stock Option Agreement
and understand the contents thereof.
_____]

[1] A spouse's consent is recommended only if the Optionee's state of residence is one of the following community property states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.

DESIGNATED BENEFICIARY:

_____

Beneficiary's Address:

_____

_____

_____

Appendix A

STOCK OPTION EXERCISE NOTICE

ACELYRIN, INC.
Attention: [_____]
[Address]

Pursuant to the terms of the grant notice and stock option agreement between the undersigned and ACELYRIN, INC. (the "Company") dated _____ (the "Agreement") under the ACELYRIN, INC. 2020 Stock Option and Grant Plan, I, [Insert Name] _____, hereby [Circle One] partially/fully exercise such option by including herein payment in the amount of $_____ representing the purchase price for [Fill in number of Shares] _____ Shares. I have chosen the following form(s) of payment:

[ ] 1. Cash
[ ] 2. Certified or bank check payable to ACELYRIN, INC.
[ ] 3. Other (as referenced in the Agreement and described in the Plan (please describe))
_____.

In connection with my exercise of the option as set forth above, I hereby represent and warrant to the Company as follows:

(i) I am purchasing the Shares for my own account for investment only, and not for resale or with a view to the distribution thereof.

(ii) I have had such an opportunity as I have deemed adequate to obtain from the Company such information as is necessary to permit me to evaluate the merits and risks of my investment in the Company and have consulted with my own advisers with respect to my investment in the Company.

(iii) I have sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the purchase of the Shares and to make an informed investment decision with respect to such purchase.

(iv) I can afford a complete loss of the value of the Shares and am able to bear the economic risk of holding such Shares for an indefinite period of time.

(v) I understand that the Shares may not be registered under the Securities Act of 1933 (it being understood that the Shares are being issued and sold in reliance on the exemption provided in Rule 701 thereunder) or any applicable state securities or "blue sky" laws and may not be sold or otherwise transferred or disposed of in the absence of an effective registration statement under the Securities Act of 1933 and under any applicable state securities or "blue sky" laws (or exemptions from the registration requirement thereof). I further acknowledge that certificates representing Shares will bear restrictive legends reflecting the foregoing and/or that book entries for uncertificated Shares will include similar restrictive notations.

(vi) I have read and understand the Plan and acknowledge and agree that the Shares are subject to all of the relevant terms of the Plan, including without limitation, the transfer restrictions set forth in Section 9 of the Plan.

(vii) I understand and agree that the Company has a right of first refusal with respect to the Shares pursuant to Section 9(b) of the Plan.

(viii) I understand and agree that the Company has certain repurchase rights with respect to the Shares pursuant to Section 9(c) of the Plan.

(ix) I understand and agree that I may not sell or otherwise transfer or dispose of the Shares for a period of time following the effective date of a public offering by the Company as described in Section 9(f) of the Plan.

(x) I understand and agree to the waiver of statutory information rights as set forth in Section 8 of the Agreement.

Sincerely yours,

_____

Name:

Address:

_____

_____

_____

Date: _____

RESTRICTED STOCK AWARD NOTICE
UNDER THE ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

Pursuant to the **ACELYRIN, INC.** 2020 Stock Option and Grant Plan (the "Plan"), ACELYRIN, INC., a Delaware corporation (together with any successor, the "Company"), hereby grants, sells and issues to the individual named below, the Shares at the Per Share Purchase Price, subject to the terms and conditions set forth in this Restricted Stock Award Notice (the "Award Notice"), the attached Restricted Stock Agreement (the "Agreement") and the Plan. The Grantee agrees to the provisions set forth herein and acknowledges that each such provision is a material condition of the Company's agreement to issue and sell the Shares to him or her. The Company hereby acknowledges receipt of $[_____] in full payment for the Shares. All references to share prices and amounts herein shall be equitably adjusted to reflect stock splits, stock dividends, recapitalizations, mergers, reorganizations and similar changes affecting the capital stock of the Company, and any shares of capital stock of the Company received on or in respect of Shares in connection with any such event (including any shares of capital stock or any right, option or warrant to receive the same or any security convertible into or exchangeable for any such shares or received upon conversion of any such shares) shall be subject to this Agreement on the same basis and extent at the relevant time as the Shares in respect of which they were issued, and shall be deemed Shares as if and to the same extent they were issued at the date hereof.

Name of Grantee:	_____ (the "Grantee")
No. of Shares:	_____Shares of Common Stock (the "Shares")
Grant Date:	_____ ___,_____
Date of Purchase of Shares:	_____ ___,_____
Vesting Commencement Date:	_____ ___,_____ (the "Vesting Commencement Date")
Per Share Purchase Price:	$_____ (the "Per Share Purchase Price")
Vesting Schedule:	[25] percent of the Shares shall vest on the [first] anniversary of the Vesting Commencement Date; provided that the Grantee continues to have a Service Relationship with the Company at such time. Thereafter, the remaining [75] percent of the Shares shall vest in [36] equal monthly installments following the first anniversary of the Vesting Commencement Date, provided the Grantee continues to have a Service Relationship with the Company at such time. Notwithstanding anything in the Agreement to the contrary in the case of a Sale Event, the Shares of Restricted Stock shall be treated as provided in Section 3(c) of the Plan **[provided; however INSERT ANY ACCELERATED VESTING PROVISION HERE]**.

Attachments: Restricted Stock Agreement, 2020 Stock Option and Grant Plan

RESTRICTED STOCK AGREEMENT
UNDER THE ACELYRIN, INC.
2020 STOCK OPTION AND GRANT PLAN

All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Award Notice and the Plan.

1. Purchase and Sale of Shares; Vesting; Investment Representations.

(a) Purchase and Sale. The Company hereby sells to the Grantee, and the Grantee hereby purchases from the Company, the number of Shares set forth in the Award Notice for the Per Share Purchase Price.

(b) Vesting. Initially, all of the Shares are non-transferable and subject to a substantial risk of forfeiture and are Shares of Restricted Stock. The risk of forfeiture shall lapse with respect to the Shares on the respective dates indicated on the Vesting Schedule set forth in the Award Notice.

(c) Investment Representations. In connection with the purchase and sale of the Shares contemplated by Section 1(a) above, the Grantee hereby represents and warrants to the Company as follows:

(i) The Grantee is purchasing the Shares for the Grantee's own account for investment only, and not for resale or with a view to the distribution thereof.

(ii) The Grantee has had such an opportunity as he or she has deemed adequate to obtain from the Company such information as is necessary to permit him or her to evaluate the merits and risks of the Grantee's investment in the Company and has consulted with the Grantee's own advisers with respect to the Grantee's investment in the Company.

(iii) The Grantee has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the purchase of the Shares and to make an informed investment decision with respect to such purchase.

(iv) The Grantee can afford a complete loss of the value of the Shares and is able to bear the economic risk of holding such Shares for an indefinite period.

(v) The Grantee understands that the Shares are not registered under the Act (it being understood that the Shares are being issued and sold in reliance on the exemption provided in Rule 701 thereunder) or any applicable state securities or "blue sky" laws and may not be sold or otherwise transferred or disposed of in the absence of an effective registration statement under the Act and under any applicable state securities or "blue sky" laws (or exemptions from the registration requirements thereof). The Grantee further acknowledges that certificates representing the Shares will bear restrictive legends reflecting the foregoing and/or that book entries for uncertificated Shares will include similar restrictive notations.

(vi) The Grantee has read and understands the Plan and acknowledges and agrees that the Shares are subject to all of the relevant terms of the Plan, including without limitation, the transfer restrictions set forth in Section 9 of the Plan.

(vii) The Grantee understands and agrees that the Company has a right of first refusal with respect to the Shares pursuant to Section 9(b) of the Plan.

(viii) The Grantee understands and agree that the Company has certain repurchase rights with respect to the Shares pursuant to Section 9(c) of the Plan.

(ix) The Grantee understands and agrees that the Grantee may not sell or otherwise transfer or dispose of the Shares for a period of time following the effective date of a public offering by the Company as described in Section 9(f) of the Plan.

2. Repurchase Right. Upon a Termination Event, the Company shall have the right to repurchase Shares of Restricted Stock that are unvested as of the date of such Termination Event as set forth in Section 9(c) of the Plan.

3. Restrictions on Transfer of Shares. The Shares (whether or not vested) shall be subject to certain transfer restrictions and other limitations including, without limitation, the provisions contained in Section 9 of the Plan.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Restricted Stock Award shall be subject to and governed by all the terms and conditions of the Plan.

5. Miscellaneous Provisions.

(a) Record Owner; Dividends. The Grantee and any Permitted Transferees, during the duration of this Agreement, shall be considered the record owners of and shall be entitled to vote the Shares if and to the extent the Shares are entitled to voting rights. The Grantee and any Permitted Transferees shall be entitled to receive all dividends and any other distributions declared on the Shares; provided, however, that the Company is under no duty to declare any such dividends or to make any such distribution.

(b) Section 83(b) Election. The Grantee shall consult with the Grantee's tax advisor to determine whether it would be appropriate for the Grantee to make an election under Section 83(b) of the Code with respect to this Award. Any such election must be filed with the Internal Revenue Service within 30 days of the date of this Award. If the Grantee makes an election under Section 83(b) of the Code, the Grantee shall give prompt notice to the Company (and provide a copy of such election to the Company). A sample Section 83(b) election is attached to this Agreement as Exhibit A.

(c) Equitable Relief. The parties hereto agree and declare that legal remedies may be inadequate to enforce the provisions of this Agreement and that equitable relief,

including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(d) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Grantee.

(e) Governing Law. This Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California.

(f) Headings. The headings are intended only for convenience in finding the subject matter and do not constitute part of the text of this Agreement and shall not be considered in the interpretation of this Agreement.

(g) Saving Clause. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(h) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by telex or facsimile transmission or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Grantee shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(i) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. The Company has the right to assign this Agreement, and such assignee shall become entitled to all the rights of the Company hereunder to the extent of such assignment.

(j) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(k) Integration. This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

6. Dispute Resolution.

(a) Except as provided below, any dispute arising out of or relating to the Plan or the Shares, this Agreement, or the breach, termination or validity of the Plan, the Shares or this Agreement, shall be finally settled by binding arbitration conducted expeditiously in accordance with the J.A.M.S./Endispute Comprehensive Arbitration Rules and Procedures (the “J.A.M.S. Rules”). The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1—16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be North California.

(b) The arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party to the arbitration shall provide to the other, no later than seven business days before the date of the arbitration, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within six months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages, and each party hereby irrevocably waives any claim to such damages.

(c) The Company, the Grantee, each party to the Agreement and any other holder of Shares issued pursuant to this Agreement (each, a "Party") covenants and agrees that such party will participate in the arbitration in good faith. This Section 6 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm.

(d) Each Party (i) hereby irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction for the purpose of enforcing the award or decision in any such proceeding, (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution (except as protected by applicable law), that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (iii) hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Each Party hereby consents to service of process by registered mail at the address to which notices are to be given. Each Party agrees that its, his or her submission to jurisdiction and its, his or her consent to service of process by mail is made for the express benefit of each other Party. Final judgment against any Party in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction.

7. Waiver of Statutory Information Rights. The Grantee understands and agrees that, but for the waiver made herein, the Grantee would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company's stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the General Corporation Law of Delaware (any and all such

rights, and any and all such other rights of the Grantee as may be provided for in Section 220, the "Inspection Rights"). In light of the foregoing, until the first sale of Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, the Grantee hereby unconditionally and irrevocably waives the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenants and agrees never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver shall not affect any rights of a director, in his or her capacity as such, under Section 220. The foregoing waiver shall not apply to any contractual inspection rights of the Grantee under any other written agreement between the Grantee and the Company.

[SIGNATURE PAGE FOLLOWS]

The foregoing Restricted Stock Agreement is hereby accepted and the terms and conditions thereof are hereby agreed to by the undersigned as of the date of purchase of Shares above written.

ACELYRIN, INC.

By: _____
Name:
Title:

Address:

_____

_____

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof and understands that the Shares granted hereby are subject to the terms of the Plan and of this Agreement. This Agreement is hereby accepted, and the terms and conditions of the Plan, the Award Notice and this Agreement, SPECIFICALLY INCLUDING THE ARBITRATION PROVISIONS SET FORTH IN SECTION 6 AND THE WAIVER OF STATUTORY INFORMATION RIGHTS SET FORTH IN SECTION 7 OF THIS AGREEMENT, are hereby agreed to, by the undersigned as of the date first above written.

GRANTEE:

_____
Name:

Date: _____

Address:

_____

_____

_____

[SPOUSE'S CONSENT[1]
I acknowledge that I have read the
foregoing Restricted Stock Agreement
and understand the contents thereof.

_____]

[1] A spouse's consent is required only if the Grantee's state of residence is one of the following community property states: Arizona, California, Idaho, Louisiana, New Mexico, Nevada, Texas, Washington and Wisconsin.

EXHIBIT A
Section 83(b) Election

The undersigned hereby elects pursuant to §83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income as compensation for services the excess (if any) of the fair market value of the shares described below over the amount paid for those shares.

1. The name, taxpayer identification number, address of the undersigned, and the taxable year for which this election is being made are:

   Name: _____

   Address: _____

   Social Security No.: _____

   Taxable Year: Calendar Year 20__

2. The property which is the subject of this election is [number of unvested shares] shares of common stock of ACELYRIN, INC.

3. The property was transferred to the undersigned on [date of purchase/transfer].

4. The property is subject to the following restrictions:

   The Shares will be subject to restrictions on transfer and risk of forfeiture upon termination of service relationship and in certain other events.

5. The fair market value of the property at time of transfer (determined without regard to any restrictions other than nonlapse restrictions as defined in §1.83-3(h) of the Income Tax Regulations) is $[current FMV] per share x [number of unvested shares] shares = $_____.

6. For the property transferred, the undersigned paid $[exercise price] per share x [number of unvested shares] shares = $_____.

7. The amount to include in gross income is $[amount reported in Item 5 minus the amount reported in Item 6].

The undersigned taxpayer will file this election with the Internal Revenue Service Office with which the taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property, at the IRS address listed for the taxpayer's state under "Are you not including a check or money order . . ." given in *Where Do You File* in the Instructions for Form 1040 and the Instructions for Form 1040A (which information can also be found at: https://www.irs.gov/uac/where-to-file-addresses-for- taxpayers-and-tax-professionals). A copy of the election will also be furnished to the person for whom the services were performed. The undersigned is the person performing services in connection with which the property was transferred.

Dated:_____, 20___

_____
Taxpayer

VALENZABIO, INC.

2020 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: February 14, 2020
APPROVED BY THE STOCKHOLDERS: February 14, 2020__
TERMINATION DATE: February 13, 2030

1. General.

(a) Eligible Stock Award Recipients. Employees, Directors and Consultants are eligible to receive Stock Awards.

(b) Available Stock Awards. The Plan provides for the grant of the following types of Stock Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights, (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards and (vi) Other Stock Awards.

(c) Purpose. The Plan, through the grant of Stock Awards, is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and provide a means by which the eligible recipients may benefit from increases in value of the Common Stock.

2. Administration.

(a) Administration by the Board. The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) Powers of the Board. The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine (A) who will be granted Stock Awards; (B) when and how each Stock Award will be granted; (C) what type of Stock Award will be granted; (D) the provisions of each Stock Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Stock Award; (E) the number of shares of Common Stock subject to, or the cash value of, a Stock Award; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Stock Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it will deem necessary or expedient to make the Plan or Stock Award fully effective.

(iii) To settle all controversies regarding the Plan and Stock Awards granted under it.

(iv) To accelerate, in whole or in part, the time at which a Stock Award may be exercised or vest (or the time at which cash or shares of Common Stock may be issued in settlement thereof).

(v) To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or a Stock Award Agreement, suspension or termination of the Plan will not impair a Participant's rights under the Participant's then-outstanding Stock Award without the Participant's written consent except as provided in subsection (viii) below.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, by adopting amendments relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code and/or bringing the Plan or Stock Awards granted under the Plan into compliance with the requirements for Incentive Stock Options or ensuring that they are exempt from, or compliant with, the requirements for nonqualified deferred compensation under Section 409A of the Code, subject to the limitations, if any, of applicable law. If required by applicable law or listing requirements, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek stockholder approval of any amendment of the Plan that (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Stock Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan, (D) materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (E) materially extends the term of the Plan, or (F) materially expands the types of Stock Awards available for issuance under the Plan. Except as otherwise provided in the Plan or a Stock Award Agreement, no amendment of the Plan will materially impair a Participant's rights under an outstanding Stock Award without the Participant's written consent.

(vii) To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 422 of the Code regarding Incentive Stock Options.

(viii) To approve forms of Stock Award Agreements for use under the Plan and to amend the terms of any one or more Stock Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Stock Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however,* that a Participant's rights under any Stock Award will not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, (1) a Participant's rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights, and (2) subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Stock Awards without the affected Participant's consent (A) to maintain the qualified status of the Stock Award as an Incentive Stock Option under Section 422 of the Code; (B) to change the terms of an Incentive Stock Option, if such change results in impairment of the Stock Award solely because it impairs the qualified status of the Stock Award as an Incentive Stock Option under Section 422 of the Code; (C) to clarify the manner of exemption from, or to bring the Stock Award into compliance with, Section 409A of the Code; or (D) to comply with other applicable laws.

(ix) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Stock Awards.

(x) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Stock Award Agreement that are required for compliance with the laws of the relevant foreign jurisdiction).

(xi) To effect, with the consent of any adversely affected Participant, (A) the reduction of the exercise, purchase or strike price of any outstanding Stock Award; (B) the cancellation of any outstanding Stock Award and the grant in substitution therefor of a new (1) Option or SAR, (2) Restricted Stock Award, (3) Restricted Stock Unit Award, (4) Other Stock Award, (5) cash and/or (6) other valuable consideration determined by the Board, in its sole discretion, with any such substituted award (x) covering the same or a different number of shares of Common Stock as the cancelled Stock Award and (y) granted under the Plan or another equity or compensatory plan of the Company; or (C) any other action that is treated as a repricing under generally accepted accounting principles.

(c) Delegation to Committee. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee, as applicable). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(d) Delegation to an Officer. The Board may delegate to one or more Officers the authority to do one or both of the following: (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by applicable law, other Stock Awards) and, to the extent permitted by applicable law, the terms of such Stock Awards, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Employees; *provided, however*, that the Board resolutions regarding such delegation will specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Any such Stock Awards will be granted on the form of Stock Award Agreement most recently approved for use by the Committee or the Board, unless otherwise provided in the resolutions approving the delegation authority. The Board may not delegate authority to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) to determine the Fair Market Value pursuant to Section 13(t) below.

(e) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. Shares Subject to the Plan.

(a) Share Reserve.

(i) Subject to Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards from and after the Effective Date will not exceed 2,775,936 shares (the ***"Share Reserve"***).

(ii) For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a).

(b) Reversion of Shares to the Share Reserve. If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash (*i.e.*, the Participant receives cash rather than stock), such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Stock Award or as consideration for the exercise or purchase price of a Stock Award will again become available for issuance under the Plan.

(c) Incentive Stock Option Limit. Subject to the Share Reserve and Section 9(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options will be a number of shares of Common Stock equal to three multiplied by the Share Reserve.

(d) Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

4. Eligibility.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to employees of the Company or a "parent corporation" or "subsidiary corporation" thereof (as such terms are defined in Sections 424(e) and 424(f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; *provided, however*, that Stock Awards may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any "parent" of the Company, as such term is defined in Rule 405, unless (i) the stock underlying such Stock Awards is treated as "service recipient stock" under Section 409A of the Code (for example, because the Stock Awards are granted pursuant to a corporate transaction such as a spin off transaction), (ii) the Company, in consultation with its legal counsel, has determined that such Stock Awards are otherwise exempt from Section 409A of the Code, or (iii) the Company, in consultation with its legal counsel, has determined that such Stock Awards comply with the distribution requirements of Section 409A of the Code.

(b) Ten Percent Stockholders. A Ten Percent Stockholder will not be granted an Incentive Stock Option unless the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five years from the date of grant.

(c) Consultants. A Consultant will not be eligible for the grant of a Stock Award if, at the time of grant, either the offer or sale of the Company's securities to such Consultant is not exempt under Rule 701 because of the nature of the services that the Consultant is providing to the Company, because the Consultant is not a natural person, or because of any other provision of Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions.

5. Provisions Relating to Options and Stock Appreciation Rights.

Each Option or SAR will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, or if an Option is designated as an Incentive Stock Option but some portion or all of the Option fails to qualify as an Incentive Stock Option under the

applicable rules, then the Option (or portion thereof) will be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Stock Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Stock Award Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of 10 years from the date of its grant or such shorter period specified in the Stock Award Agreement.

(b) Exercise Price. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will be not less than 100% of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Stock Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value of the Common Stock subject to the Stock Award if such Stock Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A of the Code and, if applicable, Section 424(a) of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

(c) Purchase Price for Options. The purchase price of Common Stock acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft, electronic funds transfer or money order payable to the Company;

(ii) subject to Company and/or Board consent at the time of exercise and provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a “broker-assisted exercise”, “same day sale”, or “sell to cover”;

(iii) subject to Company and/or Board consent at the time of exercise and provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. “Delivery” for these purposes, in the sole discretion of the Company and/or the Board, at the time Participant exercises their Option, will include delivery to the Company of Participant’s attestation of ownership of such shares of Common Stock in a form approved by the Company. Participant may not exercise their option by delivery to the Company of Common Stock if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company’s stock;

(iv) subject to Company and/or Board consent at the time of exercise, and provided that the Option is a Nonstatutory Stock Option, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of the Option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price plus, to the extent permitted by the Company and/or Board at the time of exercise, the aggregate withholding

obligations in respect of the Option exercise; provided, further that Participant must pay any remaining balance of the aggregate exercise price not satisfied by the "net exercise" in cash or other permitted form of payment. Shares of Common Stock will no longer be subject to the Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are used to pay the exercise price pursuant to the "net exercise," (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations;

(v) according to a deferred payment or similar arrangement with the Optionholder; *provided, however*, that interest will compound at least annually and will be charged at the minimum rate of interest necessary to avoid (A) the imputation of interest income to the Company and compensation income to the Optionholder under any applicable provisions of the Code, and (B) the classification of the Option as a liability for financial accounting purposes; or

(vi) in any other form of legal consideration that may be acceptable to the Board.

(d) Exercise and Payment of a SAR. To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the aggregate strike price of the number of Common Stock equivalents with respect to which the Participant is exercising the SAR on such date. The appreciation distribution may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Stock Award Agreement evidencing such SAR.

(e) Transferability of Options and SARs. The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

(i) Restrictions on Transfer. An Option or SAR will not be transferable except by will or by the laws of descent and distribution (or pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided in the Plan, neither an Option nor a SAR may be transferred for consideration.

(ii) Domestic Relations Orders. Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2). If an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, upon the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, upon the death of the Participant, the executor or administrator of the Participant's estate will be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time, including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.

(f) Vesting Generally. The total number of shares of Common Stock subject to an Option or SAR may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of performance goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

(g) Termination of Continuous Service. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Stock Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date three months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Stock Award Agreement, which period will not be less than 30 days if necessary to comply with applicable laws unless such termination is for Cause) and (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR (as applicable) within the applicable time frame, the Option or SAR will terminate.

(h) Extension of Termination Date. If the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of time (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, and (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement. In addition, unless otherwise provided in a Participant's Stock Award Agreement, if the sale of any Common Stock received upon exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of the period of time (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, and (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement.

(i) Disability of Participant. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date 12 months following such termination of Continuous Service (or such longer or shorter period specified in the Stock Award Agreement, which period will not be less than six months if necessary to comply with applicable laws unless such termination is for Cause), and (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

(j) Death of Participant. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Stock Award Agreement for exercisability after the termination of the Participant's Continuous Service (for a reason other than death), then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date 18 months following the date of death (or such longer or shorter period specified in the Stock Award Agreement, which period will not be less than six months if necessary to comply with applicable laws unless such termination is for Cause), and (ii) the expiration of the term of such Option or SAR as set forth in the Stock Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR (as applicable) will terminate.

(k) Termination for Cause. Except as explicitly provided otherwise in a Participant's Stock Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate immediately upon such Participant's termination of Continuous Service, and the Participant will be prohibited from exercising his or her Option or SAR (whether vested or unvested) from and after the date of such termination of Continuous Service.

(l) Non-Exempt Employees. If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any shares of Common Stock until at least six months following the date of grant of the Option or SAR (although the Stock Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Stock Award Agreement, in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and SARs may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Stock Award will be exempt from the employee's regular rate of pay, the provisions of this Section 5(l) will apply to all Stock Awards and are hereby incorporated by reference into such Stock Award Agreements.

(m) Early Exercise of Options. An Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Subject to the "Repurchase Limitation" in Section 8(l), any unvested shares of Common Stock so purchased may be subject to a repurchase right in favor of the Company or to any other restriction the Board determines to be appropriate. Provided that the "Repurchase Limitation" in Section 8(l) is not violated, the Company will not be required to exercise its repurchase right until at least six months (or such longer or shorter period of time required to avoid classification of the Option as a liability for financial accounting purposes) have elapsed following exercise of the Option unless the Board otherwise specifically provides in the Option Agreement.

(n) Right of Repurchase. Subject to the "Repurchase Limitation" in Section 8(l), the Option or SAR may include a provision whereby the Company may elect to repurchase all or any part of the vested shares of Common Stock acquired by the Participant pursuant to the exercise of the Option or SAR.

(o) Right of First Refusal. The Option or SAR may include a provision whereby the Company may elect to exercise a right of first refusal following receipt of notice from the Participant of the intent to transfer all or any part of the shares of Common Stock received upon the exercise of the Option or SAR. Such right of first refusal will be subject to the "Repurchase Limitation" in Section 8(l). Except as expressly provided in this Section 5(o) or in the Stock Award Agreement, such right of first refusal will otherwise comply with any applicable provisions of the bylaws of the Company.

6. Provisions of Stock Awards Other than Options and SARs.

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. To the extent consistent with the Company's bylaws, at the Board's election, shares of Common Stock underlying a Restricted Stock Award may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical. Each Restricted Stock Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. Subject to the "Repurchase Limitation" in Section 8(l), shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) Termination of Participant's Continuous Service. If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right, any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

(iv) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board will determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

(v) Dividends. A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

(b) Restricted Stock Unit Awards. Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the will Board deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical. Each Restricted Stock Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) Payment. A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv) Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

(vi) Termination of Participant's Continuous Service. Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(vii) Compliance with Section 409A of the Code. Notwithstanding anything to the contrary set forth herein, any Restricted Stock Unit Award granted under the Plan that is not exempt from the requirements of Section 409A of the Code will contain such provisions so that such Restricted Stock Unit Award will comply with the requirements of Section 409A of the Code. Such restrictions, if any, will be determined by the Board and contained in the Restricted Stock Unit Award Agreement evidencing such Restricted Stock Unit Award. For example, such restrictions may include, without limitation, a requirement that any Common Stock that is to be issued in a year following the year in which the Restricted Stock Unit Award vests must be issued in accordance with a fixed pre-determined schedule.

(c) Other Stock Awards. Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

7. Covenants of the Company.

(a) Availability of Shares. The Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy then-outstanding Stock Awards.

(b) Securities Law Compliance. The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however,* that this undertaking will not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of a Stock Award or the subsequent issuance of cash or Common Stock pursuant to the Stock Award if such grant or issuance would be in violation of any applicable securities law.

(c) No Obligation to Notify or Minimize Taxes. The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.

8. Miscellaneous.

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Stock Awards will constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Stock Awards. Corporate action constituting a grant by the Company of a Stock Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Stock Award Agreement or related grant documents as a result of a clerical error in the papering of the Stock Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Stock Award Agreement or related grant documents.

(c) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to a Stock Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of shares of Common Stock under, the Stock Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to the Stock Award has been entered into the books and records of the Company.

(d) No Employment or Other Service Rights. Nothing in the Plan, any Stock Award Agreement or any other instrument executed thereunder or in connection with any Stock Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(e) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Stock Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares subject to any portion of such Stock Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Stock Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Stock Award that is so reduced or extended.

(f) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds $100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(g) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that the Participant is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(h) Withholding Obligations. Unless prohibited by the terms of a Stock Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to a Stock Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Stock Award; *provided, however*, that no shares of Common Stock are withheld with a value exceeding the maximum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from a Stock Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Stock Award Agreement.

(i) Electronic Delivery. Any reference herein to a "written" agreement or document will include any agreement or document delivered electronically or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access).

(j) Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Stock Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Stock Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant's termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

(k) Compliance with Section 409A of the Code. To the extent that the Board determines that any Stock Award granted hereunder is subject to Section 409A of the Code, the Stock Award Agreement evidencing such Stock Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Stock Award Agreements will be interpreted in accordance with Section 409A of the Code. Notwithstanding anything to the contrary in the Plan (and unless the Stock Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding a Stock Award that constitutes "deferred compensation" under Section 409A of the Code is a "specified employee" for purposes of Section 409A of the Code, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six months following the date of such Participant's "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

(l) Repurchase Limitation. The terms of any repurchase right will be specified in the Stock Award Agreement. The repurchase price for vested shares of Common Stock will be the Fair Market Value of the shares of Common Stock on the date of repurchase. The repurchase price for unvested shares of Common Stock will be the lower of (i) the Fair Market Value of the shares of Common Stock on the date of repurchase or (ii) their original purchase price. However, the Company will not exercise its repurchase right until at least six months (or such longer or shorter period of time necessary to avoid classification of the Stock Award as a liability for financial accounting purposes) have elapsed following delivery of shares of Common Stock subject to the Stock Award, unless otherwise specifically provided by the Board.

9. Adjustments upon Changes in Common Stock; Other Corporate Events.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(c), and (iii) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.

(b) Dissolution or Liquidation. Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service, *provided, however,* that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions will apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board may take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board determines (or, if the Board does not determine such a date, to the date that is five days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction; *provided, however*, that the Board may require Participants to complete and deliver to the Company a notice of exercise before the effective date of a Corporate Transaction, which exercise is contingent upon the effectiveness of such Corporate Transaction;

(iv) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration (including no consideration) as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Corporate Transaction, over (B) any exercise price payable by such holder in connection with such exercise. For clarity, this payment may be zero ($0) if the value of the property is equal to or less than the exercise price. Payments under this provision may be delayed to the same extent that payment of consideration to the holders of the Company's Common Stock in connection with the Corporate Transaction is delayed as a result of escrows, earn outs, holdbacks or any other contingencies.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants. The Board may take different actions with respect to the vested and unvested portions of a Stock Award.

(d) Change in Control. A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

10. Plan Term; Earlier Termination or Suspension of the Plan.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. Unless terminated sooner by the Board, the Plan will automatically terminate on the day before the 10th anniversary of the earlier of (i) the date the Plan is adopted by the Board, or (ii) the date the Plan is approved by the stockholders of the Company. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan will not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the affected Participant or as otherwise permitted in the Plan.

11. Effective Date of Plan.

This Plan will become effective on the Effective Date.

12. Choice of Law.

The laws of the State of Delaware will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

13. Definitions. As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) "***Affiliate***" means, at the time of determination, any "parent" or "majority-owned subsidiary" of the Company, as such terms are defined in Rule 405. The Board will have the authority to determine the time or times at which "parent" or "majority-owned subsidiary" status is determined within the foregoing definition.

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

(c) "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(d) "***Cause***" will have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant's commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant's attempted commission of, or participation in, a fraud or act of dishonesty against the Company, or any of its employees or directors; (iii) such Participant's intentional, material violation of any contract or agreement between the Participant and the Company, the Company's employment policies, or of any statutory or other duty owed to the Company; (iv) such Participant's unauthorized use or disclosure of the Company's confidential information or trade secrets; or (v) such Participant's gross misconduct. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause will be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Stock Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(e) "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (C) solely because the level of Ownership held by any Exchange Act Person (the "***Subject Person***") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar

transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction; or

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition.

Notwithstanding the foregoing definition or any other provision of this Plan, (A) the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Stock Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the definition set forth herein will apply, and (C) if at any time the Company's Certificate of Incorporation provides definitions of various analogous transactions that would be deemed a liquidation event for the Company, then such definition will apply as if it were the definition set forth herein except as is otherwise expressly provided in an individual written agreement between the Company or any Affiliate and the Participant.

(f) "***Code***" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(g) "***Committee***" means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(h) "***Common Stock***" means the common stock of the Company.

(i) "***Company***" means ValenzaBio, Inc., a Delaware corporation.

(j) "***Consultant***" means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a "Consultant" for purposes of the Plan.

(k) "***Continuous Service***" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, will not terminate a Participant's Continuous Service; *provided, however*, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, such Participant's Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To

the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(l) "***Corporate Transaction***" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of more than 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(m) "***Director***" means a member of the Board.

(n) "***Disability***" means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(o) "***Effective Date***" means the effective date of this Plan, which is the earlier of (i) the date that this Plan is first approved by the Company's stockholders, and (ii) the date this Plan is adopted by the Board.

(p) "***Employee***" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "Employee" for purposes of the Plan.

(q) "***Entity***" means a corporation, partnership, limited liability company or other entity.

(r) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(s) "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities.

(t) "***Fair Market Value***" means, as of any date, the value of the Common Stock determined by the Board in compliance with Section 409A of the Code or, in the case of an Incentive Stock Option, in compliance with Section 422 of the Code.

(u) "***Incentive Stock Option***" means an option granted pursuant to Section 5 of the Plan that is intended to be, and that qualifies as, an "incentive stock option" within the meaning of Section 422 of the Code.

(v) "***Nonstatutory Stock Option***" means an option granted pursuant to Section 5 of the Plan that does not qualify as an Incentive Stock Option.

(w) "***Officer***" means any person designated by the Company as an officer.

(x) "***Option***" means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(y) "***Option Agreement***" means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

(z) "***Optionholder***" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(aa) "***Other Stock Award***" means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(c).

(bb) "***Other Stock Award Agreement***" means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement will be subject to the terms and conditions of the Plan.

(cc) "***Own***," "***Owned***," "***Owner***," "***Ownership***" A person or Entity will be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(dd) "***Participant***" means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(ee) "***Plan***" means this 2019 Equity Incentive Plan.

(ff) "***Restricted Stock Award***" means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

(gg) "***Restricted Stock Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(hh) "***Restricted Stock Unit Award***" means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

(ii) "***Restricted Stock Unit Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement will be subject to the terms and conditions of the Plan.

(jj) "***Rule 405***" means Rule 405 promulgated under the Securities Act.

(kk) "***Rule 701***" means Rule 701 promulgated under the Securities Act.

(ll) "***Securities Act***" means the Securities Act of 1933, as amended.

(mm) "***Stock Appreciation Right***" or "***SAR***" means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

(nn) "***Stock Appreciation Right Agreement***" means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

(oo) "***Stock Award***" means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right or any Other Stock Award.

(pp) "***Stock Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement will be subject to the terms and conditions of the Plan.

(qq) "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(rr) "***Ten Percent Stockholder***" means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Affiliate.

VALENZABIO, INC.

STOCK OPTION GRANT NOTICE
(2020 EQUITY INCENTIVE PLAN)

ValenzaBio, Inc. (the "***Company***"), pursuant to its 2020 Equity Incentive Plan (as amended and/or restated as of the Date of Grant set forth below, the "***Plan*** "), has granted to Optionholder an option to purchase the number of shares of the Common Stock set forth below (the "***Option***"). The Option is subject to all of the terms and conditions as set forth in this Stock Option Grant Notice (the "***Grant Notice***") and in the Plan, the Option Agreement, and the Notice of Exercise, all of which are attached to this Grant Notice and incorporated into this Grant Notice in their entirety. Capitalized terms not explicitly defined in this Grant Notice but defined in the Plan or the Option Agreement shall have the meanings set forth in the Plan or the Option Agreement, as applicable. If the Company uses an electronic capitalization table system (such as Carta or Shareworks) and the fields below are blank or the information is otherwise provided in a different format electronically, the blank fields and other information (such as exercise schedule and type of grant) shall be deemed to come from the electronic capitalization system and is considered part of this Grant Notice.

Optionholder:	*(see Carta)*
Date of Grant:	*(see Carta)*
Vesting Commencement Date:	*(see Carta)*
Number of Shares Subject to Option:	*(see Carta)*
Exercise Price (Per Share)[1]:	*(see Carta)*
Total Exercise Price:	*(see Carta)*
Expiration Date:	*(see Carta)*
Exercise Schedule:	[Same as Vesting Schedule] [Early Exercise Permitted]
Type of Grant[2]:	[Incentive Stock Option] [Nonstatutory Stock Option]

Vesting Schedule: *(see Carta)*

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1 The exercise price may be paid by one or a combination of the methods permitted in the Option Agreement.

2 If this is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options) cannot be first *exercisable* for more than $100,000 in value (measured by exercise price) in any calendar year. Any excess over $100,000 is a Nonstatutory Stock Option

Optionholder Acknowledgements: By Optionholder's signature below or by electronic acceptance or authentication in a form authorized by the Company, Optionholder understands and agrees that the Option is governed by this Stock Option Grant Notice, and the provisions of the Plan and the Option Agreement and the Notice of Exercise, all of which are made a part of this document.

By accepting this Option, Optionholder consents to receive this Grant Notice, the Option Agreement, the Plan, and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company. Optionholder represents that he or she has read and is familiar with the provisions of the Plan and the Option Agreement. Optionholder acknowledges and agrees that this Grant Notice and the Option Agreement may not be modified, amended or revised except in writing signed by Optionholder and a duly authorized officer of the Company.

Optionholder further acknowledges that in the event of any conflict between the provisions in this Grant Notice, the Option Agreement, the Notice of Exercise and the terms of the Plan, the terms of the Plan shall control. Optionholder further acknowledges that the Option Agreement sets forth the entire understanding between Optionholder and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of other equity awards previously granted to Optionholder and any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and Optionholder in each case that specifies the terms that should govern this Option.

Optionholder further acknowledges that this Grant Notice has been prepared on behalf of the Company by Cooley LLP, counsel to the Company and that Cooley LLP does not represent, and is not acting on behalf of, Optionholder in any capacity. Optionholder has been provided with an opportunity to consult with Optionholder's own counsel with respect to this Grant Notice.

This Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

ValenzaBio, Inc.	**Optionholder:**
By: _____	By: _____
(Signature)	(Signature)
Title: _____	Email: _____
Date: _____	Date: _____

Attachments: Option Agreement, 2020 Equity Incentive Plan and Notice of Exercise

ATTACHMENT I

OPTION AGREEMENT

VALENZABIO, INC.

2020 Equity Incentive Plan

OPTION AGREEMENT
(INCENTIVE STOCK OPTION OR NONSTATUTORY STOCK OPTION)

Pursuant to your Stock Option Grant Notice ("***Grant Notice***") and this Option Agreement, ValenzaBio, Inc. (the "***Company***") has granted you an option under its 2020 Equity Incentive Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. The option is granted to you effective as of the date of grant set forth in the Grant Notice (the "***Date of Grant***"). If there is any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Option Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. Vesting. Your option will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Continuous Service.

2. Number of Shares and Exercise Price. The number of shares of Common Stock subject to your option and your exercise price per share in your Grant Notice will be adjusted for Capitalization Adjustments.

3. Exercise Restriction for Non-Exempt Employees. If you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a "***Non-Exempt Employee***"), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six months of Continuous Service measured from the Date of Grant, even if you have already been an employee for more than six months. Consistent with the provisions of the Worker Economic Opportunity Act, you may exercise your option as to any vested portion prior to such six month anniversary in the case of (i) your death or disability, (ii) a Corporate Transaction in which your option is not assumed, continued or substituted, (iii) a Change in Control or (iv) your termination of Continuous Service on your "retirement" (as defined in the Company's benefit plans).

4. Exercise prior to Vesting ("Early Exercise"). If permitted in your Grant Notice (*i.e.*, the "Exercise Schedule" indicates "Early Exercise Permitted") and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the unvested portion of your option; *provided, however,* that:

(a) a partial exercise of your option will be deemed to cover first vested shares of Common Stock and then the earliest vesting installment of unvested shares of Common Stock;

(b) any shares of Common Stock so purchased from installments that have not vested as of the date of exercise will be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Stock Purchase Agreement;

(c) you will enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred; and

(d) if your option is an Incentive Stock Option, then, to the extent that the aggregate Fair Market Value (determined at the Date of Grant) of the shares of Common Stock with respect to which your option plus all other Incentive Stock Options you hold are exercisable for the first time by you during any calendar year (under all plans of the Company and its Affiliates) exceeds $100,000, your option(s) or portions thereof that exceed such limit (according to the order in which they were granted) will be treated as Nonstatutory Stock Options.

5. Method of Payment. You must pay the full amount of the exercise price for the shares you wish to exercise. The permitted methods of payment are as follows:

(a) by cash, check, bank draft, electronic funds transfer or money order payable to the Company;

(b) subject to Company and/or Board consent at the time of exercise and provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a "broker-assisted exercise", "same day sale", or "sell to cover";

(c) subject to Company and/or Board consent at the time of exercise and provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time you exercise your option, will include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. You may not exercise your option by delivery to the Company of Common Stock if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock;

(d) subject to Company and/or Board consent at the time of exercise, and provided that the Option is a Nonstatutory Stock Option, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of the Option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price plus, to the extent permitted by the Company and/or Board at the time of exercise, the aggregate withholding obligations in respect of the Option exercise; provided, further that you must pay any remaining balance of the aggregate exercise price not satisfied by the "net exercise" in cash or other permitted form of payment. Shares of Common Stock will no longer be subject to the Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are used to pay the exercise price pursuant to the "net exercise," (B) shares are delivered to you as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations;

(e) subject to the consent of the Company and/or Board at the time of exercise, according to a deferred payment or similar arrangement with you; provided, however , that interest will compound at least annually and will be charged at the minimum rate of interest necessary to avoid (A) the imputation of interest income to the Company and compensation income to the Optionholder under any applicable provisions of the Code, and (B) the classification of the Option as a liability for financial accounting purposes; or

(f) in any other form of legal consideration that may be acceptable to the Board.

6. Whole Shares. You may exercise your option only for whole shares of Common Stock.

7. Securities Law Compliance. In no event may you exercise your option unless the shares of Common Stock issuable upon exercise are then registered under the Securities Act or, if not registered, the Company has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations (including any restrictions on exercise required for compliance with Treas. Reg. 1.401(k)-1(d)(3), if applicable).

8. Term. You may not exercise your option before the Date of Grant or after the expiration of the option's term. Except as set forth in your Grant Notice, the term of your option expires, subject to the provisions of Section 5(h) of the Plan, upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three months after the termination of your Continuous Service for any reason other than Cause, your Disability or your death (except as otherwise provided in Section 8(d) below); *provided, however,* that if during any part of such three month period your option is not exercisable solely because of the condition set forth in the section above relating to "***Securities Law Compliance,***" your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three months after the termination of your Continuous Service; *provided further*, that if (i) you are a Non-Exempt Employee, (ii) your Continuous Service terminates within six months after the Date of Grant, and (iii) you have vested in a portion of your option at the time of your termination of Continuous Service, your option will not expire until the earlier of (x) the later of (A) the date that is seven months after the Date of Grant, and (B) the date that is three months after the termination of your Continuous Service, and (y) the Expiration Date;

(c) 12 months after the termination of your Continuous Service due to your Disability (except as otherwise provided in Section 8(d)) below;

(d) 18 months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates for any reason other than Cause;

(e) the Expiration Date indicated in your Grant Notice; or

(f) the day before the 10th anniversary of the Date of Grant.

If your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the Date of Grant and ending on the day three months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three months after the date your employment with the Company or an Affiliate terminates.

9. Exercise.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by delivering a Notice of Exercise (in a form designated by the Company) together with the exercise price to the Secretary of the Company, or to such other person as the Company may designate, during regular business hours. If required by the Company, your exercise may be made contingent on your execution of any additional documents specified by the Company (including, without limitation, any voting agreement or other agreement between the Company and some or all of its stockholders).

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

(c) If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within 15 days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two years after the Date of Grant or within one year after such shares of Common Stock are transferred upon exercise of your option.

(d) By exercising your option you agree that you will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any shares of Common Stock or other securities of the Company held by you, for a period of 180 days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rule s or regulation (the "***Lock-Up Period***"); *provided, however,* that nothing contained in this section will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 9(d). The underwriters of the Company's stock are intended third party beneficiaries of this Section 9(d) and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto. You further agree that the obligations contained in this Section 9(d) shall also, if so determined by the Company's Board of Directors, apply in the Company's initial listing of its Common Stock on a national securities exchange by means of a registration statement on Form S-1 under the Securities Act (or any successor registration form under the Securities Act subsequently adopted by the Securities and Exchange Commission) filed by the Company with the Securities and Exchange Commission that registers shares of existing capital stock of the Company for resale (a "***Direct Listing***"), provided that all holders of at least 5% of the Company's outstanding Common Stock (after giving effect to the conversion into Common Stock of any outstanding Preferred Stock of the Company) are subject to substantially similar obligations with respect to such Direct Listing.

10. Transferability. Except as otherwise provided in this Section 10, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) Certain Trusts. Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement. If this option is an Incentive Stock Option, this option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(c) Beneficiary Designation. Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

11. Option not a Service Contract. Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

12. Withholding Obligations.

(a) At the time you exercise your option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "same day sale" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) If this option is a Nonstatutory Stock Option, then upon your request and subject to approval by the Company, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as

a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence will not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock will be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure will be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company will have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein, if applicable, unless such obligations are satisfied.

13. Tax Consequences. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option. Because the Common Stock is not traded on an established securities market, the Fair Market Value is determined by the Board, perhaps in consultation with an independent valuation firm retained by the Company. You acknowledge that there is no guarantee that the Internal Revenue Service will agree with the valuation as determined by the Board, and you will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that the valuation determined by the Board is less than the "fair market value" as subsequently determined by the Internal Revenue Service.

14. Notices. Any notices provided for in your option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this option, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

15. Governing Plan Document. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your option and those of the Plan, the provisions of the Plan will control.

ATTACHMENT II

2020 Equity Incentive Plan

ATTACHMENT III

NOTICE OF EXERCISE

VALENZABIO, INC.
NOTICE OF EXERCISE

This constitutes notice to **ValenzaBio, Inc.** (the "***Company***") under my stock option that I elect to purchase the below number of shares of Common Stock of the Company (the "***Shares***") for the price set forth below. Use of certain payment methods is subject to Company and/or Board consent and certain additional requirements set forth in the Option Agreement and the Plan. If the Company uses an electronic capitalization table system (such as Carta or Shareworks) and the fields below are blank, the blank fields shall be deemed to come from the electronic capitalization system and is considered part of this Notice of Exercise.

Option Information

Type of option (check one): Incentive ☐ Nonstatutory ☐
Stock option dated: _____
Number of Shares as to which option is exercised: _____
Certificates to be issued in name of:[3] _____

Exercise Information

Date of Exercise: _____
Total exercise price: _____
Cash:[4] _____
Regulation T Program (cashless exercise):[5] _____
Value of Shares delivered with this notice:[6] _____
Value of Shares pursuant to net exercise:[7] _____

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the 2020 Equity Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within 15 days after the date of any disposition of any of the Shares issued upon exercise of this option that occurs within two years after the date of grant of this option or within one year after such Shares are issued upon exercise of this option. I further agree that this Notice of Exercise may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

I hereby make the following certifications and representations with respect to the number of Shares listed above, which are being acquired by me for my own account upon exercise of the option as set forth above:

I acknowledge that the Shares have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and are deemed to constitute "restricted securities" under Rule 701 and Rule 144 promulgated under the Securities Act. I warrant and represent to the Company that I have no present intention of distributing or selling said Shares, except as permitted under the Securities Act and any applicable state securities laws.

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3 If left blank, will be issued in the name of the option holder.
4 Cash may be in the form of cash, check, bank draft, electronic funds transfer or money order payment.
5 Subject to Company and/or Board consent and must meet the public trading and other requirements set forth in the Option Agreement.
6 Subject to Company and/or Board consent and must meet the public trading and other requirements set forth in the Option Agreement. Shares must be valued in accordance with the terms of the option being exercised, and must be owned free and clear of any liens, claims, encumbrances or security interests. Certificates must be endorsed or accompanied by an executed assignment separate from certificate.
7 Subject to Company and/or Board consent and must be a Nonstatutory Option.

I further acknowledge and agree that, except for such information as required to be delivered to me by the Company pursuant to the option or the Plan (if any), I will have no right to receive any information from the Company by virtue of the grant of the option or the purchase of shares of Common Stock through exercise of the option, ownership of such shares of Common Stock, or as a result of my being a holder of record of stock of the Company. Without limiting the foregoing, to the fullest extent permitted by law, I hereby waive all inspection rights under Section 220 of the Delaware General Corporation Law and all such similar information and/or inspection rights that may be provided under the law of any jurisdiction, or any federal, state or foreign regulation, that are, or may become, applicable to the Company or the Company's capital stock (the "***Inspection Rights*** "). I hereby covenant and agree never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights.

I further acknowledge that I will not be able to resell the Shares for at least 90 days after the stock of the Company becomes publicly traded (*i.e.*, subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701 and that more restrictive conditions apply to affiliates of the Company under Rule 144.

I further acknowledge that all certificates representing any of the Shares subject to the provisions of the option will have endorsed thereon appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Certificate of Incorporation, Bylaws and/or applicable securities laws.

I further agree that, if required by the Company (or a representative of the underwriters) in connection with the first underwritten registration of the offering of any securities of the Company under the Securities Act, I will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any shares of Common Stock or other securities of the Company for a period of 180 days following the effective date of a registration statement of the Company filed under the Securities Act (or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rule or regulation) (the "***Lock-Up Period***"). I further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period. I further agree that the obligations contained in this paragraph shall also, if so determined by the Company's Board of Directors, apply in the Company's initial listing of its Common Stock on a national securities exchange by means of a registration statement on Form S-1 under the Securities Act (or any successor registration form under the Securities Act subsequently adopted by the Securities and Exchange Commission) filed by the Company with the Securities and Exchange Commission that registers shares of existing capital stock of the Company for resale (a "***Direct Listing***"), provided that all holders of at least 5% of the Company's outstanding Common Stock (after giving effect to the conversion into Common Stock of any outstanding Preferred Stock of the Company) are subject to substantially similar obligations with respect to such Direct Listing.

Very truly yours,

_____

_____

Address of Record _____

_____

_____

Email: _____

[***] Certain information in this document has been omitted from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

LICENSE AND COLLABORATION AGREEMENT

THIS LICENSE AND COLLABORATION AGREEMENT (the "*Agreement*"), entered into as of August 9, 2021 (the "*Effective Date*"), by and between **Affibody AB,** a Swedish company with registration no. 556665-6913, with a principal place of business at Scheeles väg 2, SE-171 65 Solna, Sweden ("*Affibody*") and **ACELYRIN, INC.,** a Delaware corporation with a principal place of business at 23371 Mulholland Dr., PMB 417, Woodland Hills, CA 91364 ("*ACELYRIN*", and collectively with Affibody, the "*Parties*" and each, a "*Party*").

RECITALS

WHEREAS, Affibody has developed and owns or has rights to certain patents, knowhow and technology relating to the Albumod Platform and Affibody Ligands, including a Therapeutic Compound (each capitalized term as defined below) referred to as ABY-035 and/or izokibep, targeting human interleukin 17A ("*IL-17A*") that has potential for use in the treatment of inflammatory and autoimmune disorders;

WHEREAS, ACELYRIN is a biopharma company engaged in the licensing, acquisition and development of human therapeutic products treating immunology diseases;

WHEREAS, ACELYRIN and Affibody are interested in collaborating in the development, manufacture and commercialization of Licensed Products;

WHEREAS, Affibody and Inmagene Biopharmaceuticals ("*Inmagene*") are parties to that certain License and Collaboration Agreement, dated as of April 29, 2020, as amended by an amendment executed on the Effective Date, which amendment shall become effective as of the ACELYRIN Financing Date (the "*Inmagene Agreement*");

WHEREAS, under the Inmagene Agreement, Inmagene has the right to develop and commercialize Licensed Products in the Inmagene Territory; and

WHEREAS, ACELYRIN desires to obtain from Affibody the rights and licenses set forth herein with respect to the ACELYRIN Territory, and Affibody desires to grant such rights and licenses to ACELYRIN, all on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and conditions herein contained, the Parties hereby agree as follows.

ARTICLE 1
DEFINITIONS

Defined Terms. Unless otherwise specifically provided herein, the following terms shall have the following meanings:

1.1 "*AAA Rules*" has the meaning set forth in Section 14.6.2.

1.2 "*Accounting Standard*" means United States generally accepted accounting principles (GAAP) or International Financial Reporting (IFRS) Standards, as may be applicable to each Party, consistently applied.

1.3 "*ACELYRIN Background IP*" means all Know-How, Patents and other Intellectual Property Rights or proprietary rights Controlled by ACELYRIN or its Affiliates conceived, developed, generated or reduced to practice during the Term by or on behalf of ACELYRIN or its Affiliates in the performance of activities outside the scope of this Agreement. For clarity, ACELYRIN Background IP excludes ACELYRIN Foreground IP and ACELYRIN's interest in the Joint Intellectual Property Rights.

1.4 "*ACELYRIN Development Territory*" means worldwide, excluding the Inmagene Development Territory.

1.5 "ACELYRIN Commercialization Territory" means worldwide, excluding the Inmagene Commercialization Territory.

1.6 "*ACELYRIN Financing Date*" means the date of the initial closing of a transaction or series of transactions with aggregate gross proceeds to ACELYRIN of not less than [***], together with written notification from the ACELYRIN Board verifying that ACELYRIN has closed such financing transaction(s).

1.7 "*ACELYRIN Foreground IP*" means ACELYRIN Foreground Know-How, ACELYRIN Foreground Patents, and other Intellectual Property Rights related thereto.

1.8 "*ACELYRIN Foreground Know-How*" shall have the meaning set forth in Section 8.1.2.

1.9 "*ACELYRIN Foreground Patents*" shall have the meaning set forth in Section 8.1.2.

1.10 "*ACELYRIN Know-How*" means all Know-How Controlled by ACELYRIN as of the Effective Date or during the Term that is necessary or useful for the Development, Manufacture or Commercialization of the Licensed Products in the Exclusive Field in the Inmagene Territory.

1.11 "*ACELYRIN Patents*" means all Patents Controlled by ACELYRIN or its Affiliates during the Term that are necessary or useful for the Development, Manufacture or Commercialization of Licensed Products in the Exclusive Field in the Inmagene Territory or the Affibody Co-Commercialization Territory, including Patents claiming or describing ACELYRIN Know-How.

1.12 "*ACELYRIN Territory*" means collectively, the ACELYRIN Commercialization Territory and the ACELYRIN Development Territory.

1.13 "*Acquirer*" has the meaning set forth in Section 11.5.3.

1.14 "*Additional Indication* " means any indications for Licensed Products other than the Global Indications.

1.15 "*Adverse Event*" has the meaning set forth in Section 9.2.

1.16 "*Affibody Background IP*" means all Know-How, Patents and other Intellectual Property Rights or proprietary rights Controlled by Affibody or its Affiliates (i) on the Effective Date or (ii) conceived, developed, generated or reduced to practice during the Term by or on behalf of Affibody or its Affiliates in the performance of activities outside the scope of this Agreement, including, in each case, relating to or covering the Therapeutic Compound, Affibody Ligands, Affibody Molecules, or the Albumod Platform. For clarity, Affibody Background IP excludes Affibody Foreground IP and Affibody's interest in the Joint Intellectual Property Rights.

1.17 "Affibody Co-Commercialization Territory" means Denmark, Finland, Iceland, Norway and Sweden.

1.18 "*Affibody Foreground IP*" means Affibody Foreground Know-How, Affibody Foreground Patents, and other Intellectual Property Rights related thereto.

1.19 "*Affibody Foreground Know-How*" shall have the meaning set forth in Section 8.1.2.

1.20 "*Affibody Foreground Patents*" shall have the meaning set forth in Section 8.1.2.

1.21 "*Affibody Ligand*" means any [***].

1.22 "*Affibody Molecule(s)*" means any [***].

1.23 "*Affibody Platform IP*" means all Know-How, Patents and other Intellectual Property Rights or proprietary rights Controlled by Affibody covering or relating to Affibody Molecules and the Albumod Platform, including the Patents listed on **Schedule 1.23**.

1.24 "*Affibody Technology Improvements*" means any improvement or modification of the Affibody Background IP that is conceived, developed, generated or reduced to practice during the Term by or on behalf of either or both Parties through the Development, Commercialization or Manufacture of Licensed Products or otherwise arising out of a Party's performance of the obligations under this Agreement; *provided, however,* that Affibody Technology Improvements shall not include any improvement or modification developed [***].

1.25 "*Affiliate*" means, with respect to a Party, any Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such Party. For purposes of this definition, "control" and, with correlative meanings, the terms "controlled by" and "under common control with" means (a) the possession, directly or indirectly, of the power to direct the management or policies of a business entity, whether through the ownership of voting securities, by contract relating to voting rights or corporate governance, or otherwise, or (b) the ownership, directly or indirectly, of at least [***] of the voting securities or other ownership interest of a business entity (or, with respect to a limited partnership or other similar entity, its general partner or controlling entity). Notwithstanding the foregoing, for the purposes of this Agreement, Affibody's Affiliates are limited to (a) [***] and (b) any Person controlled by [***]. For clarity, any Person that would be considered an Affiliate of Affibody under this Section 1.25 if not for the limitations imposed by clauses (a)-(b) of this definition will be deemed a Third Party under this Agreement.

1.26 "*Albumin Binding Domain(s)*" or "*ABD(s)*" means, (a) individually or collectively a [***], (b) derivatives obtained by [***] and (c) all derivatives, analogs or modifications thereof.

1.27 "*Albumod Platform*" means Affibody's proprietary platform relating to the use of [***].

1.28 "*Alliance Manager*" has the meaning set forth in Section 6.1.

1.29 "*APAC Region*" shall mean, for the purposes of this Agreement, the following countries and territories: [***].

1.30 "*Applicable Law*" means applicable laws, statutes, rules, regulations, guidelines, guidances or other requirements (including GCP, GMP and GDP) of Regulatory Authorities and other governmental authorities, that may be in effect from time to time.

1.31 "*[***]*" means [***].

1.32 "*Business Day*" means a day other than a Saturday or Sunday on which banking institutions in Stockholm and Shanghai are open for business.

1.33 "*[***]Letter Agreement*" means that certain Letter Agreement [***].

1.34 "*Change of Control*" means, with respect to a Party, that: (a) any Third Party acquires directly or indirectly the beneficial ownership of any voting security of such Party, or if the percentage ownership of such Third Party in the voting securities of such Party is increased through stock redemption, cancellation, or other recapitalization, and immediately after such acquisition or increase such Third Party is, directly or indirectly, the beneficial owner of voting securities representing at least [***] of the total voting power of all of the then outstanding voting securities of such Party; (b) a merger, consolidation, recapitalization, or reorganization of such Party is consummated which would result in shareholders or equity holders of such Party immediately prior to such transaction, no longer owning at least [***] of the outstanding voting securities of the surviving entity (or its parent entity) immediately following such transaction; or (c) there is a sale or transfer to a Third Party of all or substantially all of such Party's consolidated assets taken as a whole, through one or more related transactions.

1.35 "*Clinical Data*" means all information with respect to the Licensed Products made, collected or otherwise generated in the performance of or in connection with Clinical Studies for the Licensed Product, including any investigator's brochure, data, case report forms, reports and results with respect thereto.

1.36 "*Clinical Studies*" means (a) a Phase I Study, Phase II Study, Phase III Study, Pivotal Study or such other studies in humans that are required by Applicable Law, or otherwise recommended by any Regulatory Authority, to obtain or maintain any Regulatory Approval; or (b) any other studies in humans, including post-approval studies.

1.37 "*Clinical Supply*" has the meaning set forth in Section 5.1.1.

1.38 *"Clinical Supply Agreement*" has the meaning set forth in Section 5.1.2.

1.39 "*CMC Information*" has the meaning set forth in Section 3.3.5.

1.40 "*CMO*" means a contract manufacturing organization or other Third Party retained by a Party to Manufacture, supply and as applicable deliver Licensed Products.

1.41 "*Commercial Launch*" means, on a country-by-country and Licensed Product- by Licensed Product basis, the first arms' length commercial sale of such Licensed Product by one Party or an Affiliate or Sublicensee of such Party to a Third Party for end use in such country after grant of a Marketing Authorization for such Licensed Product in the applicable country or jurisdiction.

1.42 "*Commercial Supply*" has the meaning set forth in Section 5.2.2.

1.43 "*Commercial Supply Agreement*" has the meaning set forth in Section 5.2.2.

1.44 "*Commercialization Plan*" has the meaning set forth in Section 4.4.1.

1.45 "Commercialize", "Commercializing" or "Commercialization" means any and all activities (whether before or after Regulatory Approval) directed to the marketing, detailing and promotion of the Licensed Products and shall include pre-launch and post-launch marketing, promoting, detailing, marketing research, distributing, commercially selling, importing and exporting the Licensed Product, and regulatory affairs with respect to the foregoing. For clarity, Development activities and Manufacturing activities shall not be deemed Commercialization activities under this Agreement.

1.46 "*Commercially Reasonable Efforts*" means, with respect to the Development, Manufacture or Commercialization of a Licensed Product, as the case may be, such efforts and resources commonly used in the pharmaceutical industry by companies similarly situated to the applicable Party for products of similar commercial potential at a similar stage in its lifecycle taking into account issues of patent coverage, safety and efficacy, product profile, the competitiveness of the marketplace, the proprietary position, the regulatory structure involved, profitability (including pricing and reimbursement status achieved) and all other relevant factors. Commercially Reasonable Efforts shall be determined on a market-by-market and indication-by- indication basis without regard to the particular circumstances of a Party, including any other product opportunities of such Party, and without regard to any payments owed to the other Party hereunder.

1.47 "*Competing Activities*" has the meaning set forth in Section 11.5.3.

1.48 "*Competing Product*" means any [***].

1.49 "*Complaint*" has the meaning set forth in Section 9.1.

1.50 "*Confidential Information*" has the meaning set forth in Section 10.1.

1.51 "*Control*" or "*Controlled*" means, with respect to any item of Know-How, Regulatory Documentation, Patent or other Intellectual Property Right, possession of the right, whether directly or indirectly, and whether by ownership, license or otherwise (other than by operation of this Agreement), to assign or grant a license, sublicense or other right as provided for herein without violating the terms of any agreement with any Third Party and without incurring any financial obligation to such Third Party. Notwithstanding the foregoing, a Party and its Affiliates will not be deemed to "Control" any of the foregoing that, prior to the consummation of a Change of Control of such Party, is owned or in-licensed by a Third Party that becomes an Affiliate of such acquired Party (or that merges or consolidates with such Party) after the Effective Date as a result of such Change of Control, unless (a) prior to the consummation of such Change of Control, such acquired Party or any of its Affiliates also Controlled such Know-How, Regulatory Documentation, Patent or other Intellectual Property Right towards a product, or (b) after the consummation of such Change of Control, such acquired Party or any of its Affiliates uses any such Know-How, Regulatory Documentation, Patent or other Intellectual Property Right towards a Licensed Product or in the performance of its obligations or exercise of its rights under this Agreement, in each of which cases ((a) and (b)), such Know-How, Regulatory Documentation, Patent or other Intellectual Property Right will be deemed to be "Controlled" by such Party for purposes of this Agreement.

1.52 "*Co-Promote*" or "*Co-Promotion*" means the Detailing of Licensed Products and does not include the performance of any other Commercialization activities with respect to the Licensed Products by Affibody or its Affiliates.

1.53 "*Co-Promotion Agreement*" has the meaning set forth in Section 4.5.4.

1.54 "*Co-Promotion Right*" has the meaning set forth in Section 4.5.1.

1.55 "*CRO*" means a contract research organization.

1.56 "*CTA*" means any clinical trial application, clinical trial authorization, IND, clinical trial notification or equivalent application to a Regulatory Authority for authorization to commence a Clinical Study.

1.57 "*Cure Period*" has the meaning set forth in Section 13.2.

1.58 "*Detail*" means a face-to-face contact between a sales representative and a physician or other medical professional licensed to prescribe drugs (including a nurse practitioner or physician assistant with prescribing authority) (a "*Healthcare Prescriber*"), but excluding, for clarity: (a) e-details; (b) presentations made at conventions or to any group of more than [***] Healthcare Prescribers or other office staff members involved in the prescribing or reimbursement of a Licensed Product; (c) a delivery of savings cards or coupons without discussion with a Healthcare Prescriber or other office staff member involved in the prescribing or reimbursement of a Collaboration Product; and (d) activities of medical science liaisons. When used as a verb, "*Detail*" or "*Detailing*" means to engage in a Detail.

1.59 "*Develop*", "*Developing*" or "*Development*" means all activities related to research, preclinical and other non-clinical testing, toxicology, Clinical Studies, statistical analysis and report writing, the preparation and submission of Drug Approval Applications, regulatory affairs with respect to the foregoing and any activities otherwise requested or required by a Regulatory Authority as a condition or in support of obtaining or maintaining a Regulatory Approval.

1.60 "*Development Costs*" means the sum of (a) Internal Costs, and (b) out-of-pocket costs that are incurred as direct expenses in accordance with Accounting Standard, each as incurred by a Party or any of its Affiliates in connection with the Development activities of the Licensed Product, as consistent with this Agreement and the Joint Development Plan. Without limiting the foregoing, Development Costs include (i) all of the Study Costs, and (ii) all costs directly related to preparing and filing for Regulatory Approval or other submissions to Regulatory Authorities (including associated filing fees, translation expenses, and legal and other professional services fees) with respect to the Licensed Products.

1.61 "*Dispute*" has the meaning set forth in Section 14.6.

1.62 "*DMC*" means the direct Manufacturing costs to procure the Licensed Products and deliver it to Inmagene or ACELYRIN, including, in each case to the extent directly allocable to the Licensed Products for the supply to Inmagene or ACELYRIN: [***].

1.63 "*[***]*" has the meaning set forth in Section 3.3.5.

1.64 "*Drug Approval Application*" means a new drug application ("*NDA*"), a Marketing Authorization application, or other product registration application filed with any applicable Regulatory Authority to obtain approval to sell a Licensed Product in a country or region as defined under the Applicable Law, and all supplements, variations and other amendments thereof.

1.65 "*Drug Product*" means the final drug product formulation, including, for avoidance of doubt, any pre-filled syringe or delivery device, Manufactured using the Drug Substance.

1.66 "*Drug Substance*" means the bulk drug substance containing the Therapeutic Compound.

1.67 "*EMA*" means the European Medicines Agency and any successor agency thereto.

1.68 "*Embodiments*" has the meaning set forth in Section 13.3.1.

1.69 "*Exclusive Field*" means all human therapeutic uses.

1.70 "*Exploit*" means to make, have made, import, use, sell or offer for sale, including to research, Develop, Commercialize, register, Manufacture, have Manufactured, hold or keep (whether for disposal or otherwise), have used, export, transport, distribute, promote, market or have sold or otherwise dispose of.

1.71 "*FDA*" means the United States Food and Drug Administration and any successor agency thereto.

1.72 "*FD&C Act*" has the meaning set forth in 7.4.1.

1.73 "*FTE*" means a full-time equivalent person year of work performing activities hereunder (consisting of a total of [***] per year). For clarity, indirect personnel (including support functions such as [***]) shall not constitute FTEs.

1.74 "*FTE Rate*" means, unless otherwise agreed between the Parties, a rate per FTE equal to [***] per annum (which may be prorated on a daily or hourly basis as necessary), which rate shall be adjusted annually based upon the change in the [***]. Any adjustment of the FTE Rate shall be approved by the GJSC before becoming effective. The FTE Rate is [***]. For the avoidance of doubt, the FTE Rate applies solely to [***].

1.75 "*GCP*" means current good clinical practices as provided in Applicable Law, including (a) Directive 2001/20/EC and Directive 2005/28/EC in the European Union, (b) 21 C.F.R. Parts 50, 56 and 312 et seq. in the United States, and (c) the equivalent Applicable Law in any relevant region in the ACELYRIN Territory or Inmagene Territory, each as amended from time to time and all ICH guidelines related thereto, including the ICH Consolidated Guidelines on Good Clinical Practices.

1.76 "*GDP*" means current good distribution practices as provided in Applicable Law in any relevant region in the ACELYRIN Territory or Inmagene Territory.

1.77 "*GJSC*" has the meaning set forth in Section 6.2.

1.78 "*Global Indications*" means [***].

1.79 "*GMP*" means current good manufacturing practices as provided in Applicable Law, including (a) the U.S. Current Good Manufacturing Practices, 21 C.F.R. Parts 4, 210, 211, 601, 610 and 820, (b) European Directive 2003/94/EC and Eudralex 4, and (c) the equivalent Applicable Law in any relevant region in the ACELYRIN Territory or Inmagene Territory, each as amended from time to time and all ICH guidelines related thereto.

1.80 "*ICH*" means the International Council for Harmonization of Technical Requirements for Registration of Pharmaceuticals.

1.81 "*Indemnification Claim Notice*" shall have the meaning set forth in Section 12.3.

1.82 "*Indemnified Party*" shall have the meaning set forth in Section 12.3.

1.83 "*Indemnifying Party*" shall have the meaning set forth in Section 12.3.

1.84 "Inmagene Commercialization Territory" means Mainland China, Hong Kong, Macau, Taiwan, and South Korea.

1.85 "Inmagene [***] Agreement" means that certain Letter Agreement effective [***].

1.86 "*Inmagene Development Territory*" means the Inmagene Commercialization Territory and unless and to the extent modified by Section 3.2.4 of the Inmagene Agreement, the APAC Region "'*Inmagene Territory*" means collectively, the Inmagene Commercialization Territory and the Inmagene Development Territory.

1.87 "*Inmagene [***] Letter Agreement*" means that certain Letter Agreement effective [***].

1.88 "*Insolvency Event*" has the meaning set forth in Section 13.3.

1.89 "*Insolvent Party*" has the meaning set forth in Section 13.3.1.

1.90 "*Intellectual Property Rights*" means, for the purposes of this Agreement, Patents, Know-How, Trademarks, service marks, trade names, registered designs, design rights, copyrights (including rights in computer software), database rights, trade secrets and any rights or property similar to any of the foregoing (other than Patents) in any part of the world, whether or not registered, together with the right to apply for the registration of any such rights.

1.91 "*Internal Costs*" means with respect to any specific activities performed by a Party, direct costs and charges incurred by or for a Party fairly allocable to the performance of such activities, which are (i) directly attributed to such Party's supervisory functions, service functions, occupancy costs, and its payroll, information systems, human relations or purchasing functions, all of which are in direct support of such activities and (ii) allocated to departments based on space occupied or headcount or other activity-based method; but shall not include any costs attributable to general corporate activities including, by way of example only, board, executive management, investor relations, business development, corporate strategy and management consulting, audit, securities regulation and listing, legal affairs and non-Licensed Product-related damages, marketing and finance support and any employee costs associated with incentive schemes and equity incentive plans, and any non-Licensed Product-related extraordinary costs and expenses.

1.92 "*Joint Development Plan*" means the joint development plan for Licensed Products as of the Effective Date attached as **Schedule 1.93** as shall be amended by the GJSC in writing within ninety (90) days of the Effective Date, and as may be amended by the GJSC from time to time thereafter.

1.93 "*Joint Intellectual Property Rights*" has the meaning set forth in Section 8.1.5.

1.94 "*Joint Know-How*" has the meaning set forth in Section 8.1.5.

1.95 "*Joint Patents*" has the meaning set forth in Section 8.1.5.

1.96 "*Know-How*" means all (a) technical, scientific and other know-how and information, trade secrets, knowledge, technology, means, methods, processes, practices, formulae, instructions, skills, techniques, procedures, experiences, ideas, technical assistance, designs, drawings, assembly procedures, computer programs, apparatuses, specifications, data, results and other material, whether patentable or not, including: biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, pre-clinical, clinical, safety, manufacturing and quality control data and information, including study designs and protocols, assays and biological methodology, in written, electronic or any other form now known or hereafter developed, but excluding the Regulatory Documentation; and (b) compositions of matter, tangible assays, animal models and physical, biological or chemical materials, including drug substance samples, intermediates of drug substance samples, drug product samples and intermediates of drug product samples; in each case (a) or (b), that is not publicly known.

1.97 "*Knowledge*" as used throughout Section 11.2 with respect to Affibody, means the actual, conscious knowledge of [***], but excludes the need for further investigation, except with respect to intellectual property related representations and warranties, which shall include consultation with Affibody's intellectual property counsel.

1.98 "*Licensed Affibody Know-How*" means all Know-How Controlled by Affibody or its Affiliates as of the Effective Date or during the Term that is necessary or useful for the Development, Manufacture or Commercialization of Licensed Products in the Exclusive Field in the ACELYRIN Territory, including, to the extent necessary or useful, Affibody Technology Improvements, but excluding Know-How included in the Affibody Platform IP.

1.99 "*Licensed Affibody Patents*" means all Patents Controlled by Affibody or its Affiliates as of the Effective Date or during the Term that are necessary or useful for the Development, Manufacture or Commercialization of Licensed Products in the Exclusive Field in the ACELYRIN Territory, including Patents claiming or describing Licensed Affibody KnowHow and the Patents listed on **Schedule 1.100**, but excluding the Patents included in the Affibody Platform IP.

1.100 "*Licensed Affibody Technology*" means collectively, the Licensed Affibody Patents and the Licensed Affibody Know-How. For clarity, Licensed Affibody Technology excludes Affibody Platform IP.

1.101 "*Licensed Product*" means any product containing the Therapeutic Compound either alone or in combination with one or more other separate active ingredients.

1.102 "*Losses*" has the meaning set forth in Section 12.1.

1.103 "*Manufacture*" and "*Manufacturing*" means all activities related to the production, manufacture, processing, filling, finishing, packaging for shipping, shipping, and holding of a Licensed Product or any intermediate thereof, including process qualification and validation, scale up, product characterization, stability testing, quality assurance and quality control.

1.104 "*Manufacturing Development*" means all Drug Substance and Drug Product manufacturing and analytic development activities, including such activities that are reasonably related to or leading to the development and submission of information to a Regulatory Authority, test method development and stability testing, manufacturing process development, process characterization, process validation, formulation development, delivery system development, quality assurance and quality control development.

1.105 *"Material Adverse Effect*" means, with respect to a Party, any decision made by the other Party (or Inmagene) under Section 6.7 that [***].

1.106 "*Marketing Authorization*" shall mean the approval by a Regulatory Authority following submission of a Drug Approval Application for the commercial sale or use of a Licensed Product.

1.107 "*Net Sales*" means the gross amount invoiced by ACELYRIN, its Affiliates or Sublicensees for the sale of Licensed Products in an arm's-length transaction, less any of the following to the extent applicable to such sales:

[***]

Such amounts shall be determined in accordance with from the books and records of the applicable party using Accounting Standard, consistently applied, and may include using accrual accounting where applicable. For clarity, [***].

In the case of any product that contains any Licensed Product(s) in combination with any other clinically active ingredient(s) that is not a Licensed Product, whether packaged together or in the same therapeutic formulation (a "*Combination Product*") in any country, Net Sales for such Combination Product in such country shall be [***].

1.108 "*Notice of Breach*" has the meaning set forth in Section 13.2.

1.109 "*Ongoing Clinical Studies*" means the ongoing studies conducted by Affibody as of the Effective Date, including the [***].

1.110 "*Patent Challenge*" has the meaning set forth in Section 13.4.

1.111 "*Patents*" means (a) all national, regional and international patents and patent applications, including provisional patent applications, (b) all patent applications filed either from such patents, patent applications or provisional applications or from an application claiming priority from either of these, including divisionals, continuations, continuations-in-part (other than with respect to new subject matter that would not otherwise be covered in this Agreement), provisionals, converted provisionals, and continued prosecution applications, (c) any and all patents that have issued or in the future issue from the foregoing patent applications ((a) and (b)), including utility models, petty patents and design patents and certificates of invention, (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications ((a), (b) and (c)), and (e) any similar rights or any importation, revalidation, confirmation or introduction patent or registration patent or patent of additions to any of such foregoing patent applications and patents ((a), (b), (c) and (d)).

1.112 "*Payments*" has the meaning set forth in Section 7.7.1.

1.113 "*Person*" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other similar entity or organization, including a government or political subdivision, department or agency of a government.

1.114 "*Pharmacovigilance Agreement*" has the meaning set forth in Section 9.3.

1.115 "*Phase I Study*" means a clinical trial of a Licensed Product conducted in a small number of human volunteers designed or intended to establish an initial safety profile, pharmacodynamics, or pharmacokinetics of a Licensed Product.

1.116 "*Phase II Study*" means a clinical trial of a Licensed Product in human patients in any country to determine initial efficacy and dose range finding that is prospectively designed to generate sufficient data (if successful) to commence a Phase III Study.

1.117 "*Phase III Study(ies)*" means a clinical trial of a Licensed Product in human patients in any country with a defined dose or a set of defined doses of a Licensed Product designed to ascertain efficacy and safety of such Licensed Product for the purpose of submitting applications for Marketing Authorization to the competent Regulatory Authority.

1.118 "*Pivotal Study*" means (a) a Phase III Study, or (b) other clinical trial of a Licensed Product in human patients in any country, the results of which, together with prior data and information concerning such Licensed Product, are intended to support applications for Marketing Authorization to the competent Regulatory Authority as shall be determined by the GJSC.

1.119 "*Priority Review Voucher*" has the meaning set forth in Section 7.4.1.

1.120 "*Product Labeling*" means (a) the Regulatory Authority approved full prescribing information for a Licensed Product for a country, including any required patient information; and (b) all labels and other written, printed or graphic matter upon a container, wrapper or any package insert utilized with or for such Licensed Product.

1.121 "*Product Trademarks*" means the Trademark(s) for the Licensed Products used or intended for use in connection with the Commercialization of the Licensed Products in the Inmagene Commercialization Territory or the ACELYRIN Commercialization Territory, as selected from time to time pursuant to Section 2.4.

1.122 "*Promotional Materials*" means all sales representative training materials with respect to the Licensed Products and all written, printed, graphic, electronic, audio or video matter, including journal advertisements, sales visual aids, direct mail, medical information/education monographs, direct-to-consumer advertising, internet postings, social media advertisements and sales reminder aids (e.g., scratch pads, pens and other such items) intended for use or used by a Party, its Affiliates or, with respect to ACELYRIN, its Sublicensees, in connection with any promotion of the Licensed Product, except Product Labeling.

1.123 "*Prosecute*" means, in reference to a designated Patent, the preparing, filing, prosecuting and maintenance of such Patent, as well as handling re-examinations, requests for supplementary protection certificates and patent term extensions with respect to such Patent, together with the conduct or defense of any post-grant proceeding, supplemental examination, post-grant review, inter partes review, reexamination, reissue, interference, or opposition proceeding in any patent office. "Prosecute" will not include any enforcement actions taken with respect to a Patent against a Third Party, or any defense against a claim by a Third Party that a Patent is invalid in a civil or administrative court, regardless of whether such defense is necessary as a counter-claim in an enforcement action or as a result of an invalidity action raised by the Third Party.

1.124 "*[***]*"C means the [***].

1.125 "*Regulatory*" *Approval* means, with respect to a country, any and all approvals (including Drug Approval Applications), licenses, registrations or authorizations of any Regulatory Authority necessary to Develop, Manufacture, use, storage, import, transport and commercially distribute, sell or market a Licensed Product in such country, including, where applicable, pricing or reimbursement approval, Marketing Authorizations, labeling approval in such country and orphan drug designations.

1.126 "*Regulatory Authority*" means any applicable supra-national, federal, national, regional, state, provincial, local or other regulatory agencies, departments, bureaus, commissions, councils or other government entities, including self-regulatory organizations, regulating or otherwise exercising authority with respect to the Exploitation of a Licensed Product, including the FDA, EMA, TGA, MEDSAFE, and PMDA.

1.127 "*Regulatory Documentation*" means all applications, registrations, licenses, authorizations and approvals (including all Regulatory Approvals), all correspondence submitted to or received from Regulatory Authorities (including minutes and official contact reports relating to any communications with any Regulatory Authority) and all supporting documents and all Clinical Studies and tests, relating to the Therapeutic Compound or the Licensed Products and all data contained in any of the foregoing, including all CTAs, Drug Approval Applications, regulatory drug lists, advertising and promotion documents, Clinical Data, adverse event files and complaint files.

1.128 "*Regulatory Filing*" means Drug Approval Applications, CTAs and Regulatory Approvals.

1.129 "*Royalty Report*" has the meaning set forth in Section 7.3.5.

1.130 "*Royalty Term*" has the meaning set forth in Section 7.3.2.

1.131 "*Study Costs*" means the costs [***].

1.132 "*Subcontractor*" has the meaning set forth in Section 14.1.

1.133 "*Sublicensee*" means any Person that is granted a sublicense under the rights granted in Section 2.1 to Develop or Commercialize the Licensed Products or is otherwise granted the right to market, promote and sell the Licensed Products, but excluding *bona fide* pharmaceutical wholesalers or providers of pharmaceutical distribution services other than those undertaking detailing or similar promotional activities in respect of Licensed Products.

1.134 "*Supply Agreements*" means the Clinical Supply Agreement referred to in Section 5.1.2 and the Commercial Supply Agreement referred to in Section 5.2.2.

1.135 "*Supply Price*" means [***] of DMC for Drug Substance or Drug Product, as applicable.

1.136 "*[***]*" means [***].

1.137 "*Term*" has the meaning set forth in Section 13.1.

1.138 "*Therapeutic Compound*" means izokibep as more specifically described on **Schedule 1.139** and any Affibody Ligand, alone or in combination with the Albumod Platform, developed or created by or on behalf of Affibody during the Term of this Agreement.

1.139 "*Third Party*" means any Person other than Affibody, ACELYRIN and their respective Affiliates.

1.140 "*Third Party Claims*" has the meaning set forth in Section 12.1.

1.141 "*Third Party License*" has the meaning set forth in Section 8.4.5.

1.142 "*Trademark*" shall include any word, name, symbol, color, designation or device or any combination thereof, including any trademark, trade dress, brand mark, service mark, trade name, brand name, logo or business symbol, whether or not registered.

1.143 "*[***]*" means the [***].

1.144 "*Valid Exclusivity Right*" means, with respect to a particular country in the ACELYRIN Commercialization Territory and the Licensed Product: (a) a claim of an issued and unexpired Licensed Affibody Patent, ACELYRIN Patent or Joint Patent, which claim has not lapsed, been canceled or become abandoned and has not been declared invalid and/or unenforceable by an unreversed and unappealable decision or judgment of a court or other appropriate body of competent jurisdiction, and which has not been admitted to be invalid or unenforceable through reissue or disclaimer, and (b) any additional market protection, other than Patent protection, granted by a Regulatory Authority in such country or other jurisdiction which confers a period during which either Party or its Affiliates or Sublicensees have the right to market and sell a Licensed Product in such country or other jurisdiction through a regulatory exclusivity right (e.g., new chemical entity exclusivity, new use or indication exclusivity, new formulation exclusivity, orphan drug exclusivity, pediatric exclusivity or any applicable data exclusivity).

1.145 "VAT" has the meaning set forth in Section 7.6.2

ARTICLE 2
GRANT OF RIGHTS

2.1 **Grants of License Rights**

2.1.1 **Grants to ACELYRIN**. Effective as of the ACELYRIN Financing Date, Affibody hereby grants to ACELYRIN:

(a) except as otherwise permitted and reflected in the Inmagene [***] Letter Agreement and the [***] Letter Agreement, an exclusive (even as to Affibody) license, with the right to grant sublicenses in accordance with Section 2.3.1, under the Licensed Affibody Technology (as well as any Product Trademarks Controlled by Affibody in the ACELYRIN Commercialization Territory as of the ACELYRIN Financing Date or during the Term) to (i) Develop the Licensed Products in the Exclusive Field in the ACELYRIN Development Territory, and (ii) register and Commercialize the Licensed Products in the Exclusive Field in the ACELYRIN Commercialization Territory;

(b) an exclusive ([***]) license, with the right to grant sublicenses in accordance with Section 2.3.1, under the Licensed Affibody Technology to Manufacture and have Manufactured the Licensed Products in the ACELYRIN Commercialization Territory for use in the Exclusive Field, subject to Affibody's retained rights solely as necessary to carry out its Manufacturing rights and obligations in this Agreement and the Inmagene Agreement, including any supply agreements executed by Affibody and Inmagene (or an affiliate) in connection therewith; and

(c) a non-exclusive license, with the right to grant sublicenses in accordance with Section 2.3.1, under the Affibody Platform IP that is necessary or useful to (i) Develop the Licensed Products in the Exclusive Field in the ACELYRIN Development Territory; (ii) register and Commercialize the Licensed Products in the Exclusive Field in the ACELYRIN Commercialization Territory; and (iii) Manufacture or have Manufactured Licensed Products in the ACELYRIN Commercialization Territory for use in the Exclusive Field.

2.1.2 **Grants to Affibody**. ACELYRIN hereby grants to Affibody:

(a) an exclusive license, with the right to grant sublicenses in accordance with Section 2.3.1, under the ACELYRIN Know-How, and ACELYRIN Patents (as well as any Product Trademarks Controlled by ACELYRIN in the Inmagene Commercialization Territory as of the Effective Date or during the Term) to (i) Develop the Licensed Products in the Exclusive Field in the Inmagene Development Territory; and (ii) register and Commercialize the Licensed Products in the Exclusive Field in the Inmagene Commercialization Territory;

(b) a non-exclusive license, with the right to grant sublicenses in accordance with Section 2.3.1, under the ACELYRIN Know-How and ACELYRIN Patents, to Manufacture and have Manufactured the Licensed Products in the Exclusive Field solely as necessary for Affibody to carry out its Manufacturing rights and obligations in this Agreement and the Inmagene Agreement, including any supply agreements executed by Affibody and Inmagene (or an affiliate) in connection therewith;

(c) a non-exclusive license, with the right to grant sublicenses in accordance with Section 2.3.1, under the ACELYRIN Know-How and ACELYRIN Patents to Commercialize the Licensed Products in the Exclusive Field in the Affibody CoCommercialization Territory in accordance with Section 4.5 and the Co-Promotion Agreement; and

(d) a non-exclusive, worldwide grant back license, with the right to grant sublicenses in accordance with Section 2.3.1, under the ACELYRIN Foreground IP and ACELYRIN's share in the Joint Intellectual Property Rights, solely as necessary to enable Affibody's unrestricted use of the Licensed Affibody Technology (subject to and consistent with any exclusive rights granted to ACELYRIN pursuant to Section 2.1.1 above).

2.2 **Right of Reference**. Solely to the extent necessary to exercise the Parties' rights under this Agreement, (a) ACELYRIN hereby grants Affibody a "right of reference or use" (as that term is defined in relevant IHC guidelines), and any equivalents in the Inmagene Development Territory, to any and all information or data contained or referenced in any Regulatory Approvals, Regulatory Filings and other Regulatory Documentation relating to the Therapeutic Compound or any Licensed Product in the Exclusive Field for any indication, including all reports, correspondence and conversation logs, in each case that are Controlled by ACELYRIN, and ACELYRIN shall provide appropriate notification of Affibody's access and reference rights to the applicable Regulatory Authorities; and (b) Affibody hereby grants, and shall cause Inmagene to grant, ACELYRIN a "right of reference or use" (as that term is defined in relevant IHC guidelines), and any equivalents in the ACELYRIN Development Territory, to any and all information or data contained or referenced in any Regulatory Approvals, Regulatory Filings and other

Regulatory Documentation relating to the Therapeutic Compound or any Licensed Product in the Exclusive Field for any indication, including all reports, correspondence and conversation logs, in each case that are Controlled by Affibody and/or Inmagene, and Affibody shall provide, or shall ensure that Inmagene provides, appropriate notification of ACELYRIN's access and reference rights to the applicable Regulatory Authorities.

2.3 **Sublicenses**.

2.3.1 Subject to the terms set forth below in this Section 2.3, the licenses granted to ACELYRIN under Section 2.1.1 and the licenses granted to Affibody under Section 2.1.2 shall include the right to grant sublicenses or other rights to:

[***]

Except as provided above, each Party does not have any right to have made or sublicense any licenses granted under this Agreement or otherwise appoint any Sublicensee without the prior written consent of the other Party.

2.3.2 Notwithstanding any sublicense granted by either Party hereunder, such Party shall continue to direct the Development and Commercialization of the Licensed Products in the applicable territory, in accordance with the Joint Development Plan and Commercialization Plan, if applicable, although day-to-day management of activities conducted under those plans may be delegated to its Sublicensees.

2.3.3 Each Party shall: [***].

2.3.4 Each Party hereby [***].

2.4 **Product Trademarks**. As between the Parties, [***] shall have the sole right and responsibility to select, register, maintain, and defend Product Trademarks in the [***] Commercialization Territory, at [***] (and [***] shall own such Product Trademarks in the [***] Commercialization Territory), and [***] shall have the sole right and responsibility to select, register, maintain, and defend Product Trademarks in the [***] Commercialization Territory, at [***] (and [***] shall own such Product Trademarks in the [***] Commercialization Territory). Without limiting the foregoing, the Parties further agree that if [***]. Except with the other Party's consent, neither Party shall, and Affibody shall cause its Affiliates, licensees (including Inmagene) and distributors not to, use any trademarks that include, in whole or part, any corporate logo or name of the other Party (or Inmagene) or marks confusingly similarly thereto, in connection with such Party's marketing or promotion of the Licensed Product, except as otherwise expressly permitted under this Agreement (or the Inmagene Agreement). Affibody shall not, and shall not permit its Affiliates, licensees (including Inmagene) or distributors to use in their respective businesses, any Trademark that is confusingly similar to, misleading or deceptive with respect to or that dilutes any (or any part) of the Product Trademarks in the ACELYRIN Territory. Affibody shall, and shall cause its Affiliates, licensees (including Inmagene) and distributors to, use Commercially Reasonable Efforts not to do any act that endangers, destroys or similarly affects, in any material respect, the value of the goodwill pertaining to the Product Trademarks in the ACELYRIN Territory. Affibody shall not, and shall not permit its Affiliates, licensees (including Inmagene) or distributors to attack, dispute or contest the validity of or ownership of the Product Trademarks anywhere in the world or any registrations issued or issuing with respect thereto. Unless the Parties otherwise agree in writing, Affibody shall, and shall cause its Affiliates, licensees (including Inmagene) and distributors to, use the Product Trademarks only in connection with the Commercialization of the Licensed Products in the Inmagene Territory.

2.5 **Retention of Rights**. Except as set forth in this Agreement, ACELYRIN shall not acquire any license or other intellectual property interest, by implication or otherwise, under or to any Patents, Know-How or other Intellectual Property Rights Controlled by Affibody. ACELYRIN shall not practice, nor shall it permit any of its Affiliates or Sublicensees to, practice any Patents or Know-How licensed to it by Affibody outside the scope of the licenses granted to it under this Agreement. Notwithstanding anything to the contrary in this Agreement, as between the Parties, Affibody retains all rights to Exploit all products other than Licensed Products anywhere in the world. None of ACELYRIN, its Affiliates or its Sublicensees shall Develop the Licensed Products outside the Exclusive Field in the ACELYRIN Development Territory or Commercialize the Licensed Products outside the Exclusive Field in the ACELYRIN Commercialization Territory or, in the case of Sublicensees, outside of the country in which they are granted the right to use the Licensed Products, pursuant to Section 2.3.1.

2.6 **Rights to Inmagene Territory**.

2.6.1 Upon any termination or expiration of the Inmagene Agreement, or in the event that any rights granted to Inmagene with respect to Licensed Products in the Inmagene Territory otherwise terminate (an "*Inmagene Territory Reversion*"), Affibody hereby grants to ACELYRIN (a) the option to acquire such terminated rights, which shall be subject to the process described in Section 2.6.2, and (b) a right of first refusal with respect to any proposed transaction with a Third Party for such terminated rights (a "*Proposed Transaction*"), which shall be subject to the process described in Section 2.6.3.

2.6.2 Promptly (but in any event no later than [***] following an Inmagene Territory Reversion, Affibody shall provide ACELYRIN with (a) a written notice of the Inmagene Territory Reversion, including the nature thereof, the reverted territory and any relevant limitations on the reverted rights (such notice together with the related information, the "*Reversion Notice*"). If ACELYRIN desires to obtain a license with respect to the reverted rights that are the subject of the Inmagene Territory Reversion, ACELYRIN may notify Affibody in writing within [***] of ACELYRIN's receipt of such Reversion Notice (the "*Exercise Period*") that it desires to acquire such license ("*Notice of Exercise*"). If ACELYRIN provides a Notice of Exercise to Affibody in accordance with this Section 2.6, then from and after the receipt of the Notice of Exercise by Affibody and [***], then the following provisions shall become effective:

(a) The ACELYRIN Development Territory and the ACELYRIN Commercialization Territory will include all countries of the world, and the Inmagene Development Territory and the Inmagene Commercialization Territory shall cease to exist.

(b) The following definitions will be added to Article 1: (i) "MFDS" shall mean the Ministry of Food and Drug Safety of South Korea and any successor agency thereto; and (ii) "NMPA" shall mean the National Medical Products Administration of China and any successor agency thereto.

(c) The following payments will be added to Section 7.1.2: [***].

(d) For the avoidance of doubt, Net Sales shall, on a going-forward basis, include any sales of Licensed Product by ACELYRIN or its Affiliates or Sublicensees in an arm's-length transaction in the territories added to the ACELYRIN Commercialization Territory pursuant to the foregoing subsection (a); royalties shall be owed to Affibody on such Net Sales in accordance with Section 7.2; and such Net Sales shall be included when determining whether any of the milestones in Section 7.1.3 have been achieved.

(e) The Parties shall draft and execute an amended and restated version of this Agreement that incorporates the foregoing and that removes all references to Inmagene and its rights and obligations.

If (x) ACELYRIN does not provide a timely Notice of Exercise, or (y) if ACELYRIN provides a timely Notice of Exercise but does not make the Option Exercise Payment, then Affibody shall be free to license such rights to a Third Party, subject to Section 2.6.3.

2.6.3 From and after an Inmagene Territory Reversion, Affibody shall promptly send to ACELYRIN a written notification of any Proposed Transaction, including the final terms for such Proposed Transaction. For a period of up to [***] after ACELYRIN receives such notice (such period, the "*Right of First Refusal Notice Period*"), ACELYRIN shall have the right to notify Affibody of its intention to exercise its right of first refusal. In the event ACELYRIN exercises its right of first refusal, the terms of the Proposed Transaction shall become binding upon Affibody and ACELYRIN. [***].

2.7 **Other Affibody Programs**. Affibody hereby grants ACELYRIN a right of negotiation, exercisable by ACELYRIN at any time during [***] ("*Additional License Negotiation Term*"), to negotiate the terms, including financial terms, under which ACELYRIN would receive an exclusive license with respect to Other Affibody Program(s) (as defined below) [***], to the extent such Other Affibody Program(s) are then available for licensing as determined by Affibody in good faith. During the Additional License Negotiation Term, [***]. ACELYRIN may exercise such right of negotiation by providing written notice to Affibody at any time during the Additional License Negotiation Term, which notice will specify the applicable Other Affibody Program(s) that it intends to be included in the Additional License. If ACELYRIN exercises such right of negotiation within the Additional License Negotiation Term, then from and after Affibody's receipt of ACELYRIN's written notice of exercise and for a continuous period of [***] thereafter, [***], the Parties will negotiate with each other with respect to such Additional License in good faith and with the intent of entering into a mutually acceptable definitive, written agreement. If (x) ACELYRIN does not timely exercise such right of negotiation, or (y) if ACELYRIN exercises such right of negotiation but the Parties do not enter into Additional License(s) within [***], then ACELYRIN shall have no further rights under this Section 2.7. For the avoidance of doubt, nothing herein shall prevent Affibody from negotiating with, or granting a license to, any Third Party with respect to an Other Affibody Program. As used herein, the term "Other Affibody Program" means any Affibody Molecule or group of Affibody Molecules directed to [***].

ARTICLE 3
DEVELOPMENT AND REGULATORY

3.1 **Development of the Licensed Product**.

3.1.1 From the Effective Date until the ACELYRIN Financing Date, Affibody shall continue to be responsible for Development, Manufacturing Development, and Manufacturing of the Licensed Products in the ACELYRIN Development Territory ("*Continuing Development and Manufacturing*"). It is anticipated that Affibody will perform additional Development, Manufacturing Development, and Manufacturing activities, which additional activities shall be agreed to by the Parties in writing ("*Transition Services*"), for up to [***] following the ACELYRIN Financing Date to facilitate transition of Development responsibilities in the ACELYRIN Development Territory to ACELYRIN, and during the period between the Effective Date and the ACELYRIN Financing Date, the Parties will work together to specify the activities that will be part of the Transition Services, the Affibody personnel who will be involved in the Transition Services (including their focus and responsibilities), and the duration of each of the Transition Services. [***] The Continuing Development and Manufacturing and Transition Services shall also include the Manufacturing and supply of all requirements of Licensed Products for Clinical Studies in the Inmagene Development Territory, [***]. The Parties acknowledge and agree that the objective of the Continuing Development and Manufacturing and Transition Services is to ensure that the development of the Therapeutic Compound and Licensed Product is optimized and the transition of responsibilities between the Parties hereunder does not result in any loss of time with respect to such development.

3.1.2 From and after the ACELYRIN Financing Date, ACELYRIN shall use Commercially Reasonable Efforts to Develop the Licensed Products in the ACELYRIN Development Territory and Affibody shall, by itself or through Inmagene, use Commercially Reasonable Efforts to Develop the Licensed Products in the Inmagene Development Territory diligently and efficiently by allocating reasonable time, effort, equipment and skilled personnel for such Development activities. Without limiting the foregoing, ACELYRIN shall use Commercially Reasonable Efforts to Develop the Licensed Product in the ACELYRIN Development Territory in accordance with the Joint Development Plan. Without limiting any other provisions of this Agreement, a breach by either Party of this Section 3.1.2 is deemed a material breach of this Agreement. As between the Parties, except as set forth in Section 3.2.1 and Section 5.1 herein, [***] responsible for such Development and Development Costs in its applicable territory [***]. Each Party will provide [***] regarding Development Activities and Development Costs pursuant to Section 3.2.2.

3.1.3 Each Party shall perform or cause to be performed (including in the case of Affibody by causing Inmagene to perform), any and all of its Development obligations under this Agreement, the Inmagene Agreement and the Joint Development Plan in good scientific manner, and in compliance with all Applicable Law.

3.2 **Joint Development Plan and Implementation**.

3.2.1 Co-Development Program. As more specifically set forth in the Joint Development Plan and subject to the oversight of the GJSC, ACELYRIN and Affibody, together with Inmagene (pursuant to the terms of the Inmagene Agreement), shall be jointly responsible for the global Development of the Licensed Products in the Global Indications in accordance with the following allocation of responsibilities:

(a) Ongoing Clinical Studies. Affibody shall be solely responsible, and shall use Commercially Reasonable Efforts, for the conduct and finalization of the Ongoing Clinical Studies, subject to the oversight of the GJSC. Affibody shall be solely responsible for the costs of such Ongoing Clinical Studies unless and until the [***] occurs and following the [***], ACELYRIN shall reimburse Affibody for such costs as provided in Section 3.1.1.

(b) Global Indications

(i) [***].

(ii) [***]

(iii) [***]

(c) Co-Development by Affibody. ACELYRIN and Affibody may agree that Affibody will perform, in collaboration with ACELYRIN and under the oversight of the GJSC, additional Development for Licensed Product, if mutually desired and mutually agreed in writing by the Parties after the Effective Date ("*Affibody Co-Development Activities*"). If ACELYRIN and Affibody agree to any Affibody Co-Development Activities, [***], unless the Parties otherwise agree.

(d) Limit on ACELYRIN's Rights and Obligations. Notwithstanding anything to the contrary set forth herein, ACELYRIN's rights and obligations to Develop Licensed Product (and any related obligations of ACELYRIN under this Agreement, such as reporting or payment obligations with respect to Development) shall only apply upon the occurrence of the ACELYRIN Financing Date. For clarity, related payment obligations do not include the [***].

(e) Affibody Step-in Right. Affibody shall have the right to initiate Pivotal Studies in a Global Indication in the ACELYRIN Development Territory under the oversight of the GJSC ("*Affibody Step-in Activities*") *provided* that [***].

3.2.2 Development Reporting. For so long as a Party is conducting Clinical Studies or other Development activities in connection with the Therapeutic Compound or the Licensed Products in its applicable territory (or in the case of Affibody, the Continuing Development and Manufacturing or Transition Services or in the case of Inmagene pursuant to the Inmagene Agreement, conducting Clinical Studies or other Development activities in the ACELYRIN Development Territory pursuant to Inmagene [***] Letter Agreement, the [***], or as may be authorized by ACELYRIN pursuant to Section 3.3.1), such Party will furnish to the GJSC, [***], written reports that describe in reasonable detail (a) all Clinical Studies and other Development activities conducted by such Party (or in the case of Affibody, Inmagene pursuant to the Inmagene Agreement) during [***], and a summary of any material results therefrom; (b) all Clinical Studies and other Development activities that are currently in process or that such Party (or in the case of Affibody, Inmagene pursuant to the Inmagene Agreement) plan to undertake for the [***]; (c) the Study Costs and other Development Costs incurred by such Party for Clinical Studies or other Development activities in its applicable territory (in the case of Affibody (or Inmagene pursuant to the Inmagene Agreement), including Clinical Studies or other Development activities in the ACELYRIN Development Territory pursuant to the Inmagene [***] Letter Agreement, the [***] Letter Agreement or as may be authorized by ACELYRIN pursuant to Section 3.3.1), specifying the territories where such Development Costs are incurred; and (d) non-binding good faith estimates of Study Costs or other Development Costs to be incurred during the [***] by such Party for Clinical Studies or other Development activities in its applicable territory (in the case of Affibody (or Inmagene pursuant to the Inmagene Agreement), including Clinical Studies or other Development activities in ACELYRIN Development Territory as maybe authorized by ACELYRIN pursuant to Section 3.3.1), specifying the territories where such Development Costs are incurred or to be incurred. Without limiting any other provision of this Agreement, such report shall be deemed the Confidential Information of the reporting Party under this Agreement. Affibody shall cause Inmagene to comply with the foregoing terms, *mutatis mutandis,* in connection with Inmagene's Development activities under the Inmagene Agreement.

3.2.3 Information Sharing. In connection with Development of Licensed Product, each Party shall and shall cause its Affiliates, Sublicensees, and as regards Affibody, Inmagene, to share with the other Party all Regulatory Documentation with respect to any indication under the Joint Development Plan, including supporting Clinical Data and non-clinical data, and other results and analyses with respect to any Development activities of the Licensed Product, reasonably promptly after such data, results and analysis become available according to protocols established by the GJSC from time to time. All such data transfers and exchanges shall be subject to confidentiality obligations of the Parties contained in ARTICLE 10. Such information sharing shall be without additional cost, other than specified in ARTICLE 7.

3.2.4 Information Regarding Major Deviations. Without limiting the reporting obligations in Section 3.2.2 or Article 6, as long as a Party is conducting Development activities in connection with the Therapeutic Compound or the Licensed Products it shall without undue delay inform the other Party of any major deviations from the Joint Development Plan, any material development, or commercial decision that may lead to a major deviation of the Joint Development Plan. The Parties shall after such notice cause the GJSC to convene and initiate a comprehensive review of the Joint Development Plan.

3.3 **Regulatory Matters**.

3.3.1 Regulatory Responsibilities. ACELYRIN shall have the sole right to seek, hold and maintain all Drug Approval Applications and other Regulatory Approvals for the Licensed Products and to conduct all other regulatory activities for the Licensed Products, in the Exclusive Field in the ACELYRIN Commercialization Territory, in its own name and at its sole expense. As between the Parties, Affibody shall be responsible for seeking, holding and maintaining all Drug Approval Applications and other Regulatory Approvals for the Licensed Product, and conducting all regulatory activities for the Licensed Products, outside the ACELYRIN Commercialization Territory, all under the oversight of the GJSC. Each Party shall keep the other Party informed of all Development activities, including periodic reports of results, side-effects, meetings with appropriate personnel to discuss results, protocols, plans and strategies and, upon request, providing copies of all Drug Approval Applications (including advance copies for review and comment by the other Party) and correspondence with Regulatory Authorities related to the Development of Licensed Products in the Exclusive Field in each Party's territory as more specifically provided hereunder. ACELYRIN may use one or more of its Affiliates or Sublicensees to perform any of the activities under this Section 3.3. Without limiting the foregoing, ACELYRIN may, in its sole discretion, authorize Affibody or Inmagene to conduct certain Development activities (including interaction with the applicable Regulatory Authorities) in the ACELYRIN Development Territory to the extent proposed by Affibody or Inmagene to the GJSC and subsequently approved by the GJSC. For the avoidance of doubt, Inmagene may conduct Development activities in the ACELYRIN Development Territory pursuant to the Inmagene [***] Letter Agreement and the [***] Letter Agreement.

3.3.2 Regulatory Ownership. To the extent permitted by Applicable Law, as between the Parties, (a) ACELYRIN, or its Affiliates or designees, shall own all Regulatory Approvals, Regulatory Filings and Regulatory Documentation for the Licensed Products in the Exclusive Field in the ACELYRIN Commercialization Territory; and (b) Affibody shall own all Regulatory Approvals, Regulatory Filings and Regulatory Documentation for the Licensed Products in the Exclusive Field outside the ACELYRIN Commercialization Territory. The Parties shall use good faith efforts to cooperate to effectuate this Section 3.3.2 to the fullest extent permitted by Applicable Law, and Affibody shall use good faith efforts to enforce the terms of the Inmagene Agreement in a manner consistent with the foregoing. If after the Parties' use of good faith efforts and due to restrictions imposed by Applicable Law, ACELYRIN, its Affiliates or designees are unable to become the legal and beneficial owner of the Regulatory Approvals, Regulatory Filings and Regulatory Documentation for Licensed Products in any country in the ACELYRIN Commercialization Territory, then, at ACELYRIN's request, (i) Affibody (or an Affiliate or Inmagene) shall be the legal and beneficial owner of the applicable Regulatory Approvals, Regulatory Filings and Regulatory Documentation for the Licensed Products in such country, (ii) Affibody shall designate, or shall cause Inmagene to designate, ACELYRIN or its Affiliates or designees as Affibody (or Inmagene) and its Affiliates' express and authorized regulatory agent for the Licensed Products in such country, and (iii) to the extent later permitted by Applicable Law and requested by ACELYRIN, Affibody will promptly cooperate, and shall cause Inmagene to cooperate, with ACELYRIN and its

Affiliates or designees, including transferring and assigning all Regulatory Approvals, Regulatory Filings and Regulatory Documentation to ACELYRIN, its Affiliates or designees, to allow ACELYRIN, its Affiliates or designees to be the legal and beneficial owner of all Regulatory Approvals, Regulatory Filings and Regulatory Documentation for Licensed Products in such country.

3.3.3 Regulatory Support. Each Party shall support the other Party, and Affibody shall cause Inmagene to support ACELYRIN, as may be reasonably necessary, in obtaining Regulatory Approvals for the Licensed Products in their respective territories, including providing necessary documents or other materials required by Applicable Law to obtain Regulatory Approvals, in each case in accordance with the terms and conditions of this Agreement and the Joint Development Plan. Each Party may use any documents or other materials provided by the other Party (or from Inmagene, directly or indirectly) under this Section 3.3.3 in its Development, Regulatory Filings and Commercialization of Licensed Products in its respective territory in accordance with Section 2.2.

3.3.4 Technology Support. For a period commencing on the Effective Date and ending on [***], upon ACELYRIN's request, Affibody shall provide ACELYRIN with appropriate and necessary technology support related to the Licensed Affibody Technology to assist ACELYRIN with Development of the Licensed Product, [***], *provided,* that [***]. At ACELYRIN's reasonable request, Affibody shall use commercially reasonable efforts to provide reasonable technology support from Affibody after [***].

3.3.5 CMC Information. In the case of chemistry, manufacturing and controls information required to be submitted to a Regulatory Authority in the Inmagene Territory, including in any CTA or Drug Approval Application ("*CMC Information*"), in order to ensure the success of Inmagene's Regulatory Filings, Affibody has, under the Inmagene Agreement, [***]. Therefore, prior to any CTA or Drug Approval Application in the Inmagene Development Territory, ACELYRIN shall, promptly at the request of Affibody (on behalf of Inmagene), in any event no later than [***] after Affibody's written request, deliver such CMC Information for regulatory submission existing on the date of delivery by electronic mode to Affibody. ACELYRIN shall use Commercially Reasonable Efforts with respect to the CMC activities and the preparation of CMC Information as agreed to by the GJSC from time to time.

3.3.6 Communications with Regulatory Authorities. Each Party shall be solely responsible for any communications with the Regulatory Authorities occurring or required in connection with performing its responsibilities set forth in Section 3.3.1 and shall designate a representative to serve as the designated regulatory representative with respect to such communications. The Parties shall cooperate with one another to keep each other informed of any significant interface or communication with the applicable Regulatory Authority and shall inform the other Party and the GJSC preferably [***] submitting a required report to any Regulatory Authority, and Affibody shall ensure that Inmagene cooperates with ACELYRIN in the same manner.

3.3.7 Commercialization Discussions. The Parties acknowledge and agree that the GJSC is intended as a forum for discussion and resolution of any and all Commercialization- related issues, subject to any restrictions that may be imposed by Applicable Law. To the extent permitted by Applicable Law, each Party shall share (or in the case of Affibody, shall cause Inmagene to share) via the GJSC any [***] for Licensed Products from its territory that may be required to support any other Party in compiling and submitting [***] for the purpose of seeking [***] in its territory. Prior to the first filing for Regulatory Approval for a Licensed Product anywhere in the world, the Parties shall, and Affibody shall cause Inmagene to, discuss in good faith and use commercially reasonable efforts to reach agreement on the [***] for the Licensed Product. The Parties will, and Affibody will ensure that Inmagene will, use commercially reasonable efforts to pursue [***] in their respective territories in a manner that is not inconsistent with any [***] for the applicable Licensed Product. In the event that [***] of a Licensed Product in the Inmagene Commercialization Territory becomes a [***]

3.3.8 Regulatory Records. ACELYRIN and Affibody each shall maintain, or cause to be maintained (including in the case of Affibody, by Inmagene), records of its respective Development activities with respect to the Licensed Products in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, which shall be complete and accurate and shall fully and properly reflect all work done and results achieved in the performance of its respective Development activities, and which shall be retained by such Party for at least [***] after the termination of this Agreement, or for such longer period as may be required by Applicable Law. All records should be retained in a secure area reasonably protected from fire, theft and destruction. Each Party shall have the right, during normal business hours and upon reasonable notice, to inspect and copy any such records, except to

the extent that a Party reasonably determines that such records contain Confidential Information that is not licensed to the other Party, or to which the other Party does not otherwise have a right hereunder. Each Party shall provide the other Party with such additional information regarding such Party's Development activities as the other Party may reasonably request from time to time.

3.3.9 Registration of Clinical Studies. Each Party shall register information relating to Clinical Studies it conducts as required by Applicable Law (e.g., with www.clinicaltrials.gov and the EU Clinical Trials Register). Affibody shall ensure that Inmagene registers information relating to Clinical Studies it conducts as required by Applicable Law.

ARTICLE 4
COMMERCIALIZATION

4.1 **Commercialization of the Licensed Product.**

4.1.1 General. Subject to Section 4.5, ACELYRIN shall have the exclusive right to Commercialize the Licensed Products in the Exclusive Field in the ACELYRIN Commercialization Territory in accordance with this Agreement and all Applicable Law. Affibody (or Inmagene, as the case may be under the Inmagene Agreement) shall have the exclusive right to Commercialize the Licensed Products in the Exclusive Field in the Inmagene Commercialization Territory in accordance with this Agreement and all Applicable Law.

4.1.2 Commercialization Obligations. ACELYRIN shall use Commercially Reasonable Efforts to Commercialize the Licensed Products in the Exclusive Field in the ACELYRIN Commercialization Territory after obtaining the applicable Marketing Authorization(s).

4.1.3 [***]

4.2 **Promotional Materials and Activities**. Each Party shall be responsible for preparing all Promotional Materials used to support the Commercialization of the Licensed Products in the Exclusive Field in its respective territory. Without prejudice to Section 2.4 of this Agreement, all Promotional Materials, packaging and Product Labeling for the Licensed Products used by Affibody, Inmagene, or their respective Affiliates or licensees in connection with the Licensed Products in the Inmagene Commercialization Territory and the Affibody CoCommercialization Territory shall contain the Product Trademarks and, except where prohibited by Applicable Law or otherwise requested by ACELYRIN, the corporate name of the selling or promoting entity and the corporate name of ACELYRIN with equal prominence. Promotional activities will be agreed by the Parties in the Commercialization Plan and progress will be overseen by the GJSC.

4.3 **Statements and Compliance with Applicable Law.**

4.3.1 Sales Force Compliance. With respect to each Party's respective territory, each such Party shall and shall use commercially reasonable efforts to ensure that any Sublicensee, or Inmagene (in the case of Affibody), shall, train and monitor its sales representatives so that such sales representatives: (i) limit claims of efficacy and safety for the Licensed Products to those that are consistent with Applicable Law and with approved (by the appropriate Regulatory Authority) promotional claims in Product Labeling and Promotional Materials for the Licensed Products, and not add, delete or otherwise modify claims of efficacy and safety in the promotion of the Licensed Products in any respect from those claims of efficacy and safety that are contained in such approved Product Labeling and Promotional Materials, (ii) Commercialize the Licensed Products in accordance in all material respects with Applicable Law and applicable codes for the promotion of pharmaceutical products, including marketing, promotion and distribution of medicinal products; and (iii) have in place a comprehensive sales force compliance program to ensure that such obligations are effectively implemented.

4.3.2 Medical and Other Inquiries. Each Party shall, and shall use commercially reasonable efforts to ensure that any Sublicensee, or Inmagene (in the case of Affibody) shall, be responsible for responding to all medical questions or inquiries from customers or others in its respective territory relating to the Licensed Products sold in its respective territory. Each Party shall, and shall use commercially reasonable efforts to ensure that Inmagene or any Sublicensee, as applicable, shall, keep such records and make such reports as are reasonably necessary to document such communications in compliance with all Applicable Law.

4.3.3 Compliance with Laws. Each Party shall, and shall use commercially reasonable efforts to ensure that any Sublicensee, or Inmagene (in the case of Affibody) shall, comply with all Applicable Law with respect to the Commercialization of the Licensed Products in the Exclusive Field in its respective territory.

4.4 **Commercialization Plan and Implementation.**

4.4.1 Commercialization Plan. The Commercialization of the Licensed Products by ACELYRIN shall be conducted using Commercially Reasonable Efforts in accordance with an annual plan to be prepared by the Parties with respect to the ACELYRIN Commercialization Territory (the "*Commercialization Plan*"), which plan shall be consistent with ACELYRIN's obligations set forth in Section 4.1. Without limiting any other provisions of this Agreement, a breach by ACELYRIN of this Section 4.4.1 or Section 4.1.2 is deemed a material breach of this Agreement. The Commercialization Plan shall include: [***].

4.4.2 Ongoing Disclosure Regarding Commercialization. Upon request, Affibody shall provide ACELYRIN with a reasonable level of assistance and consultation, including providing to ACELYRIN technical information necessary for the Commercialization of the Licensed Products in the Exclusive Field in the ACELYRIN Commercialization Territory, *provided* that any Affibody time commitments are reasonable and [***], and *provided further* that such support relates to Licensed Affibody Technology existing as of the date of ACELYRIN's request. ACELYRIN shall keep Affibody informed about its efforts to Commercialize the Licensed Product, including summaries of its (and its Affiliates' and Sublicensees') major marketing activities, progress towards meeting the goals and milestones contained in this Agreement, significant developments in the Commercialization of the Licensed Product, any reasons for any deviations or variances (either in time or in sales or other numerical figures) in meeting sales projections, milestones or timelines, and representative samples of Promotional Materials. Such disclosures will be made through the members of the GJSC in a written report provided to Affibody at least [***] while Licensed Products are being sold anywhere in the ACELYRIN Commercialization Territory.

4.5 **Affibody's Co-Promotion Rights**.

4.5.1 Option**.** Affibody shall have the right to Co-Promote Licensed Products in the Affibody Co-Commercialization Territory, such right exercisable as set forth in Section 4.5.2 (the "*Co-Promotion Right*").

4.5.2 Exercise**.** Affibody shall notify ACELYRIN of its decision regarding whether to Co-Promote a Licensed Product in the Affibody Co-Commercialization Territory within three (3) months following the dosing of fifteen percent (15%) of the patients in the first Pivotal Study in the ACELYRIN Development Territory. If Affibody does not timely notify ACELYRIN by the deadline set forth in the immediately preceding sentence, Affibody's right to Co-Promote such Licensed Product in the Affibody Co-Commercialization Territory shall no longer be available to Affibody with respect to such Licensed Product in the Affibody CoCommercialization Territory.

4.5.3 Co-Promotion Efforts**.** Simultaneously with Affibody's exercise of its CoPromotion Right with respect to a Licensed Product in the Affibody Co-Commercialization Territory pursuant to Section 4.5.2, Affibody shall provide to ACELYRIN a binding notice of the anticipated sales force effort that Affibody will commit to Co-Promote such Licensed Product in the Affibody Co-Commercialization Territory, which shall be [***] by both Parties in Co-Promoting such Licensed Product in the Affibody Co-Commercialization Territory (the "*Affibody Co-Pro Commitment Level*"). Unless otherwise agreed by the Parties, [***].

4.5.4 Co-Promotion Agreement. Promptly, and in no event later than [***] following Affibody's exercise of the Co-Promotion Right pursuant to Section 4.5.2, the Parties shall negotiate in good faith the terms of and enter into a co-promotion agreement ("*CoPromotion Agreement*") consistent with this Section 4.5, including that during the [***] following the first Commercial Launch of the Licensed Product in the Affibody Co-Commercialization Territory, such Licensed Product will be Detailed in the primary or secondary position in the Affibody Co-Commercialization Territory, and containing other commercially reasonable terms as the Parties may agree, including compensation to Affibody for its Co-Promotion efforts; *provided* that, in the case of any conflict between any such CoPromotion Agreement and this Agreement, this Agreement shall control, unless the Parties explicitly agree otherwise. [***]

4.5.5 Right of First Negotiation. No later than [***] prior to the expected first Commercial Launch of Licensed Product in the European Union or United Kingdom, Affibody shall provide ACELYRIN with a written notice that it desires to enter into negotiations to expand the Affibody Co-Commercialization Territory to include all of the countries of the European Union and the United Kingdom ("*Co-Promote Expansion Notice*"). If Affibody provides a Co-Promote Expansion Notice to ACELYRIN in accordance with this Section 4.5.5, then from and after the receipt of the Co-Promote Expansion Notice by ACELYRIN and for [***] thereafter, [***] (the "*Co-Promote Expansion Negotiation Period*"), the Parties will negotiate with each other with respect to such Co-Promote rights in good faith and with the intent of entering into a mutually acceptable definitive, written agreement with respect to such expansion, *provided* that during such Co-Promote Expansion Negotiation Period, the Parties will exclusively negotiate with each other with respect to Co-Promote rights for Licensed Product in the European Union and the United Kingdom. If (x) Affibody does not provide a timely CoPromote Expansion Notice or (y) if Affibody provides a timely Co-Promote Expansion Notice but the Parties do not enter into a definitive agreement with respect to expansion of the CoPromotion Right to include all of the countries of the European Union and the United Kingdom during the Co-Promote Expansion Negotiation Period, then ACELYRIN shall have no further obligations under this Section 4.5.5.

ARTICLE 5
SUPPLY OF LICENSED PRODUCT

5.1 **Clinical Supply of Licensed Product**.

5.1.1 Subject to Section 3.1.1, unless otherwise agreed by the Parties, following the ACELYRIN Financing Date, ACELYRIN will be solely responsible for Manufacturing and supplying the Licensed Products for use in Clinical Studies in the Exclusive Field in the ACELYRIN Development Territory (including placebo for Clinical Studies) ("*Clinical Supply*").

5.1.2 In addition, subject to Section 3.1.1, ACELYRIN shall Manufacture and supply all requirements of Licensed Products for Clinical Studies in the Inmagene Development Territory, on terms to be negotiated by the Parties in good faith and set forth in a separate supply agreement (the "*Clinical Supply Agreement*") to be entered into between the Parties (or, if ACELYRIN and Inmagene agree, between ACELYRIN and Inmagene directly) within [***].

5.2 **Commercial Supply of Licensed Product**.

5.2.1 Unless otherwise agreed by the Parties, ACELYRIN shall be solely responsible for Manufacturing and supplying Licensed Products in the ACELYRIN Commercialization Territory for commercial sale and all other uses in the Exclusive Field other than Clinical Use (collectively, "*Commercial Supply*").

5.2.2 [***]

5.3 **Additional Supply Terms**. The Parties shall, and shall cause any CMO it uses under this Agreement, to Manufacture and supply Drug Substance and Drug Product in compliance with Applicable Law (including using Manufacturing systems, processes and procedures that are compliant with applicable GMP) and applicable product specifications. The Parties agree that the Commercial Supply shall conform to the specifications and quality requirements set forth in the Commercial Supply Agreement.

5.4 **[***]**

ARTICLE 6
GOVERNANCE

6.1 **Alliance Managers**. Within [***], each Party will, and Affibody will cause Inmagene to, appoint a single individual to act as the primary point of contact between the Parties and Inmagene to support the oversight of the Parties' activities under this Agreement and Inmagene's and Affibody's activities under the Inmagene Agreement (each an "*Alliance Manager*" and collectively the "*Alliance Managers*"). Each Party may change its designated Alliance Manager at any time upon written notice to the other Party. The Alliance Managers will:

6.1.1 use good faith efforts to attend (either in person or by telecommunications) all meetings of the GJSC, but will be non-voting members at such meetings; and

6.1.2 be the first point of referral for all matters of conflict resolution, and bring disputes to the attention of the GJSC, or the appropriate subcommittee, in a timely manner.

6.2 **Global Joint Steering Committee**. As of the ACELYRIN Financing Date the Parties shall, and Affibody shall cause Inmagene to establish a "*Global Joint Steering Committee*" or "*GJSC*" that will, among other things, serve as forum for exchanging data, information, and strategy regarding the Licensed Products and facilitate the flow of information with respect to Development and regulatory activities being conducted under the Joint Development Plan, both under this Agreement and the Inmagene Agreement. Each Party shall designate its initial members of the GJSC within [***] after the ACELYRIN Financing Date by written notice to the other Party, and Affibody shall cause Inmagene to designate its initial members of the GJSC.

6.3 **Membership of the GJSC**. The GJSC shall be comprised of the Alliance Managers and [***] of Affibody, ACELYRIN, and Inmagene, selected by such entity. Each of ACELYRIN, Affibody, and Inmagene may replace its respective representatives at any time, with prior written notice to the others. ACELYRIN will designate a chairman for the GJSC. The chairman will be responsible for calling meetings and setting the agenda (which will include a list of all participants expected at a meeting) and circulating such agenda at least [***] prior to each meeting and distributing minutes of the meetings within [***] following such meeting (which minutes will be in the English language). In addition, each of the three entities may, at its discretion, invite employees, and, with the consent of the others, consultants or scientific advisors, to attend meetings of the GJSC as non-voting observers, who will be subject to confidentiality obligations at least as stringent as those set forth in ARTICLE 10.

6.4 **Responsibilities of the GJSC**. The GJSC's responsibilities shall include, among others: (a) discussing and approving any changes to the Joint Development Plan, including approving (or establishing procedures to approve) protocols for Clinical Studies included in the Joint Development Plan and discussing and approving any other Clinical Studies conducted in the ACELYRIN Development Territory and the Inmagene Development Territory, (b) proposing, discussing, and approving Additional Indications for Licensed Products in the ACELYRIN Development Territory and the Inmagene Development Territory, (c) establishing protocols for the exchange of information, and exchanging information, relating to the coordination of global Development activities under this Agreement and the Inmagene Agreement, (d) monitoring progress toward the objectives and timelines set forth in the Joint Development Plan and the Commercialization Plan, (e) making modifications to and performing quarterly monitoring of progress of Clinical Studies, and proposing additional studies, for the Licensed Products in the ACELYRIN Development Territory and the Inmagene Development Territory, (f) discussing and approving any authorization by ACELYRIN of Inmagene or Affibody to conduct Development activities (including interaction with the applicable Regulatory Authorities) in the ACELYRIN Development Territory, (g) reviewing and monitoring the Study Costs and other Development Costs incurred or to be incurred by each Party and Inmagene as reported to the GJSC pursuant to Section 3.2.2 or under the Inmagene Agreement, (h) discussing and approving any adjustment to the then-effective FTE Rate for purposes of Section 3.3.4, (i) overseeing and establishing timelines for all Manufacturing-related activities described in Article 5 and Manufacturing Development activities, including the review and approval of any Manufacturing-related or Manufacturing Development-related contracts; (j) reviewing, commenting on, and approving regulatory submissions relating to the Licensed Products in the ACELYRIN Commercialization Territory and the Inmagene Commercialization Territory and discussing whether or not it would be beneficial to have ACELYRIN participate in certain meetings related to the Licensed Products with applicable Regulatory Authorities in the Inmagene Commercialization Territory, (k) reviewing and approving the strategy of each of Inmagene and ACELYRIN for the Commercialization of the Licensed Products in the Inmagene

Commercialization Territory and ACELYRIN Commercialization Territory, respectively, (l) reviewing, commenting on, and approving the Commercialization Plan and the commercialization plan proposed by Inmagene under the Inmagene Agreement, (m) overseeing the implementation of the strategy for Commercializing the Licensed Products for use in the Exclusive Field in the ACELYRIN Commercialization Territory and the Inmagene Commercialization Territory (including strategies related to reimbursement, advertising and promotion, brand integrity, sales, and launch sequence), (n) reviewing ACELYRIN's and Inmagene's marketing and promotional materials and activities as well as regional publications (and Affibody's marketing and promotional materials and activities in the Affibody CoCommercialization Territory, if applicable), (o) reviewing, overseeing, and approving any other Development or Commercialization activities conducted by either Party hereunder or by Affibody or Inmagene under the Inmagene Agreement, (p) reviewing and approving any press releases, public information releases or publications of each Party and Inmagene relating to or mentioning the Licensed Products, and (q) serving as a forum for communication between the Parties and Inmagene and to resolve issues as mutually agreed.

6.5 **Subcommittees**. The GJSC shall create, when advisable, subcommittees such as, for example, a joint development committee, comprised of representatives of each Party having qualifications and experience relevant to a productive dialogue on the subject matter of each such subcommittee. All such subcommittees shall report to the GJSC.

6.6 **Meetings**. The GJSC will meet at such frequency as will be established by the Parties and Inmagene (but not less frequently than [***] prior to receipt of the first Regulatory Approval in the Inmagene Commercialization Territory and [***] thereafter). Meetings of the GJSC will cycle between the offices of the Parties and Inmagene, unless otherwise agreed upon by the members of the GJSC, or may be held telephonically or by video conference, but the Parties will attempt to hold at least [***] annually. Members of the GJSC may participate in and vote at meetings by telephone or video conference. Each Party and Inmagene will be responsible for expenses incurred by its employees and its members of the GJSC in attending or otherwise participating in GJSC meetings. If a representative of a Party or Inmagene is unable to attend a meeting, such Party or Inmagene, as the case may be, may designate an alternate with equivalent experience and authority as such representative to attend such meeting in place of the absent representative.

6.7 **Decision Making**. Each Party will have one vote on all matters that are within the responsibility of the GJSC. A quorum comprised of one-half (1/2) of the voting members of each Party's and Inmagene's GJSC representatives (which, for the avoidance of doubt, does not include [***]) must be present (including, for clarity, virtually via telephone or video conference) in order for the GJSC to vote on any and all decisions within the scope of the GJSC's authority. If the unavailability of the representative of a Party or Inmagene prevents the GJSC from voting on any issue within [***] after calling for a vote on such issue, then the remainder of the GJSC (without the representatives of the unavailable Party(ies) shall be entitled to make a decision on such issue, notwithstanding the quorum requirement above. The members will use reasonable efforts to reach consensus on all decisions. If the members of the GJSC are unable to agree unanimously on a particular issue, such issue will be referred to the [***] of both Parties and Inmagene for resolution. If the [***] (or their designees) are unable to agree unanimously on a particular issue after a period of [***], then, unless otherwise specified elsewhere in this Agreement, (a) ACELYRIN shall have final decision-making authority on the matters relating to the ACELYRIN Commercialization Territory or otherwise adversely impacting the ACELYRIN Commercialization Territory or the global Development or Commercialization strategy for the Licensed Product in the Exclusive Field; *provided* that: (i) ACELYRIN reasonably considers comments made by Affibody and Inmagene in connection therewith, including comments relating to material changes to the Joint Development Plan or Commercialization Plan proposed by ACELYRIN; (ii) ACELYRIN shall not exercise its decision-making authority under this Section 6.7 in a manner that would be inconsistent with its obligations to use Commercially Reasonable Efforts to Develop and Commercialize Licensed Products in accordance with this Agreement; (iii) this Section 6.7 shall not be construed as modifying the rights and authority transferred by Affibody to Inmagene pursuant to the [***]; and (iv) ACELYRIN shall not exercise its decision-making authority under this Section 6.7 in a manner that would be reasonably expected to have a Material Adverse Effect on Inmagene, and any final decision made by ACELYRIN that is inconsistent with this Section 6.7(a) shall be of no effect; and (b) Inmagene shall have final decision-making authority on the matters solely relating to the Inmagene Commercialization Territory, provided that Inmagene shall not exercise its decision-making authority under this Section 6.7 in a manner that would be reasonably expected to have a Material Adverse Effect on Affibody and any final decision made by Inmagene that is inconsistent with this Section 6.7(b) shall be of no effect.

Notwithstanding anything to the contrary, the Parties and Inmagene have agreed [***].

6.8 **Limitations on Authority**. Each Party shall retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers, or discretion shall be delegated to or vested in the Global Joint Steering Committee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing. The Global Joint Steering Committee shall not have the power to amend, modify or waive compliance with this Agreement, which may only be amended or modified as provided in Section 14.8 or compliance with which may only be waived as provided in Section 14.10.

ARTICLE 7
CONSIDERATION

7.1 **Payments to Affibody**. ACELYRIN shall make the following payments to Affibody:

7.1.1 Upfront Fee. ACELYRIN shall make a non-refundable payment of [***] within [***] after the Effective Date and, thereafter until the ACELYRIN Financing Date, no later than the last day of [***] following the Effective Date (i.e., starting with [***] and ending with [***], inclusive), ACELYRIN shall make a non-refundable payment of [***] to Affibody (the "[***]"). All such payments shall be creditable against the Full Upfront Payment (as defined below). ACELYRIN shall make a non-refundable, non-creditable payment of [***] (the "*Full Upfront Payment*") to Affibody within [***] after the ACELYRIN Financing Date.

7.1.2 ACELYRIN Development and Regulatory Milestone Payments. ACELYRIN shall pay Affibody the following [***] (and for clarity, [***]), non-refundable, non-creditable milestone payments within [***][***] following Affibody's invoice issued on or after the date of the achievement of the corresponding milestone event (of which ACELYRIN shall notify Affibody within [***] of such achievement):

ACELYRIN Development and Regulatory Milestones & Payments

Development and Regulatory Milestone Event	Payment Amount ($USD)
[***]	[***]
Total	[***]

References to "indication" in the above table expressly exclude [***].

In the case of milestone (a) or (b), if the applicable milestone event is achieved with respect to a [***] that is a "[***]" or by any other [***] commenced prior to the [***], then the corresponding milestone payment shall not be due until the first to occur of [***].

7.1.3 Sales Milestone Payments. ACELYRIN shall pay Affibody the following [***], non-refundable, non-creditable sales milestone payments upon the first achievement of the corresponding level of the cumulative Net Sales of the Licensed Products in the ACELYRIN Commercialization Territory in a calendar year, with such payment to be made within [***] following the completion of the applicable [***] in which such level of sales is first achieved:

Sales Milestones & Payments

Annual Calendar Year Net Sales Level	Payment Amount ($USD)
[***]	[***]
Total	[***]

7.2 **Royalties**.

7.2.1 ACELYRIN Royalties. ACELYRIN shall pay Affibody royalties on the Net Sales in the ACELYRIN Commercialization Territory based on the following table:

ACELYRIN Royalty Payments	
Annual Calendar Year Net Sales	**Royalty Rates owed by ACELYRIN**
[***]	[***]

7.2.2 Royalty Term. ACELYRIN's obligations to pay royalties under this ARTICLE 7 shall commence upon the first Commercial Launch of a Licensed Product in the ACELYRIN Commercialization Territory, and shall terminate, on a country-by-country, Licensed- Product by Licensed-Product basis, upon the later of (a) expiration of all Valid Exclusivity Rights for a Licensed Product in such country in the ACELYRIN Commercialization Territory and (b) ten (10) years from the first Commercial Launch of Licensed Product in such country (the "*Royalty Term*").

7.2.3 Royalty Reduction. During the Royalty Term, the royalties payable by ACELYRIN to Affibody on Net Sales in respect of Licensed Products shall be reduced by [***].

7.2.4 Third Party Payments. As provided in Section 8.4.6, if any Third Party Intellectual Property Rights are required to be licensed in order for a ACELYRIN to market the Licensed Products in any country or countries in the ACELYRIN Commercialization Territory, the royalty owed in such country or countries by ACELYRIN will be [***].

7.2.5 Royalty Report. With [***] after the end of each [***] after the first Commercial Launch of a Licensed Product, ACELYRIN will submit to Affibody, a [***] royalty statement showing, on a country-by-country basis, at a minimum (a) Net Sales (or confirmation of none thereof), (b) a detailed breakdown of any deductions from the invoiced sales that were taken to calculate Net Sales (subject to availability of such information from Sublicensees), (c) the currency exchange rates used in determining such Net Sales, and (d) the amount of royalties due on such Net Sales (the "*Royalty Report*"). Net Sales, any applicable deductions, and all royalties shall be calculated in accordance with the applicable Accounting Standard for each Party (or, as applicable, Sublicensees), as consistently applied, and with the terms of this ARTICLE 7.

7.3 **Priority Review Voucher**.

7.3.1 Payment for Priority Review Voucher. If, at any time during the term, a priority review voucher is issued by the FDA to ACELYRIN or any of its Affiliates or Sublicensees that entitles such holder to priority review of and action upon a human drug application by the FDA not later than [***] after the filing of such application to the FDA, pursuant to Section 529 of the Federal Drug and Cosmetic Act (the "*FD&C Act*"), of a single human drug application submitted under Section 505(b)(1) of the FD&C Act or a single biologic application submitted under Section 351(a) of the means the U.S. Public Health Service Act for an indication of a Licensed Product within the scope of this Agreement (the "*Priority Review Voucher*"), ACELYRIN shall [***] notify Affibody thereof (and in any event within [***] after such issuance).

(a) If ACELYRIN, its Affiliate, or Sublicensee (as applicable) elects to apply the Priority Review Voucher for the benefit of an indication of a Licensed Product within the scope of this Agreement, ACELYRIN shall [***] of the median value of Priority Review Vouchers for the past ten (10) publicly available transactions (to be determined by the GJSC based on publicly available information on such transactions of Priority Review Vouchers) notify Affibody thereof, and no payment will be owed to Affibody.

(b) If ACELYRIN, its Affiliate, Sublicensee (as applicable) elects to apply the Priority Review Voucher for the benefit of an indication or a product outside the scope of this Agreement, ACELYRIN shall promptly notify Affibody thereof, and shall make a non- refundable payment to Affibody in the amount of [***] in advance of any such use by ACELYRIN, its Affiliate, Sublicensee of such Priority Review Voucher for the benefit of any indication or product outside the scope of this Agreement.

(c) If ACELYRIN, its Affiliate, Sublicensee (as applicable) elects to sell, transfer, or otherwise dispose of (however structured) such Priority Review Voucher to a Third Party, then (i) ACELYRIN will promptly notify Affibody (and in any event at least [***] prior to the consummation of such sale, transfer or other disposition of such Priority Review Voucher), and (ii) ACELYRIN will pay to Affibody [***] of any consideration received from such Third Party for such Priority Review Voucher, within [***] after the consummation of such sale, transfer or other disposition of such Priority Review Voucher.

7.3.2 Priority Review Voucher Tax Matters. Upon the issuance of such Priority Review Voucher, the Parties will discuss in good faith possible mechanisms to structure any transfers or payments under this Section 7.3 in a manner to reduce the corporate tax liability of the Parties.

7.4 **Mode of Payment**. All payments to be made by ACELYRIN to Affibody under this Agreement shall be made by ACELYRIN in U.S. Dollars and shall be paid by electronic transfer in immediately available funds to such bank account as is designated in writing by the receiving Party. If by Applicable Law in a country or region in the ACELYRIN Commercialization Territory, conversion into U.S. Dollars or transfer of funds of a convertible currency to outside of such country or region becomes restricted, forbidden or substantially delayed, then ACELYRIN shall promptly notify Affibody and, thereafter, amounts accrued in such country or region under this ARTICLE 7 shall be paid to Affibody (or its designee) in such country or region in local currency by deposit in a local bank designated by Affibody and to the credit of Affibody, unless the Parties otherwise agree.

7.5 **Currency Conversion**. With respect to sales of Licensed Products invoiced in United States Dollars, all such amounts shall be expressed in United States Dollars. With respect to sales of Licensed Products invoiced in a currency other than United States Dollars, all such amounts shall be expressed both in the currency in which the sale is invoiced and in the United States Dollar equivalent. All royalties payable hereunder shall be calculated based on Net Sales expressed in United States Dollars. For purposes of this Section 7.5, the United States Dollar equivalent shall be calculated using the rate of exchange at the close of business on the date ACELYRIN, its Affiliate, or its Sublicensee records the net revenue from the customer. Each daily exchange rate will be obtained from Bloomberg or, if not so available, as otherwise agreed by the Parties.

7.6 **Taxes**.

7.6.1 General. The royalties, milestones payments and other amounts payable by each Party to the other Party pursuant to this Agreement ("*Payments*") shall not be reduced on account of any taxes unless required by Applicable Law. If Applicable Law requires that taxes be withheld with respect to any Payments made by the paying Party to the receiving Party, the paying Party will: (a) deduct those withholding tax from the remittable Payments, (b) pay the withholding tax to the proper tax authority, and (c) send evidence of the obligation to pay such withholding tax together with proof of tax payment to the other Party on a timely basis following such withholding tax payment. Each Party agrees to cooperate with the other Party in claiming refunds or exemptions from such withholding tax under any relevant agreement or treaty which is in effect. The Parties shall discuss applicable mechanisms for minimizing such taxes to the extent possible in compliance with Applicable Law. Notwithstanding the foregoing, if the receiving Party is entitled under any applicable tax treaty to a reduction of rate of, or the elimination of, applicable withholding tax, it may deliver to the paying Party or the appropriate governmental authority (with the assistance of the paying Party to the extent that this is reasonably required and is expressly requested in writing) the prescribed forms necessary to reduce the applicable rate of withholding or to relieve the paying Party of its obligation to withhold tax, and the paying Party shall apply the reduced rate of withholding, or dispense with withholding, as the case may be. Each Party alone shall be responsible for paying any and all taxes (other than withholding taxes required by Applicable Law to be paid by ACELYRIN) levied on account of or measured in whole or in part by reference to, any such payments it receives.

7.6.2 Value Added Tax. Notwithstanding anything contained in Section 7.6.2, all Payments are exclusive of value added tax ("*VAT*"). If any VAT is chargeable in respect of any Payments, the paying Party shall pay VAT at the applicable rate in respect of any such Payments following the receipt of a VAT invoice in the appropriate form issued by the other Party in respect of those Payments, such VAT to be payable on the later of the due date of the payment of the Payments to which such VAT relates and [***] after the receipt by the paying Party of the applicable invoice relating to that VAT payment. The Parties shall cooperate in accordance with Applicable Law to minimize any value added tax in accordance with this Agreement.

7.7 **Interest on Late Payment**. If any payment due under this Agreement is overdue (and is not subject to a good faith dispute), then interest shall be paid thereon (before and after any judgment) at [***], such interest to run from the date upon which payment of such sum became due until payment thereof in full together with such interest.

7.8 **Financial Records**. ACELYRIN shall, and shall cause its Affiliates and use commercially reasonable efforts to cause its Sublicensees to, keep reasonably complete and accurate books and records of the invoiced sales (including any deductions therefrom) and Net Sales of Licensed Product, in sufficient detail to calculate the royalties payable under this Agreement. In addition, ACELYRIN shall, and shall cause its Affiliates, to keep reasonably complete and accurate books and records of DMC, in sufficient detail to calculate Supply Price for any Licensed Product supplied hereunder or under the Clinical Supply Agreement or Commercial Supply Agreement. Both Parties shall, and shall cause their respective Affiliates and Sublicensees, and Affibody shall cause Inmagene, to keep reasonably complete and accurate books and records pertaining to Study Costs in their respective territories, in sufficient detail to confirm any Study Costs that are reimbursed or paid for by, in whole or in part, by another Party or Inmagene. Such books and records shall be retained by both Parties, and their Affiliates and Sublicensees (as applicable) until the later of (a) [***] after the end of the period to which such books and records pertain and (b) the expiration of the applicable tax statute of limitations (or any extensions thereof), or for such longer period as may be required by Applicable Law.

7.9 **Audit**. At the request of either Party, the other Party shall, and shall cause its Affiliates and, with respect to ACELYRIN, its Sublicensees, to, permit the requesting Party and its representatives, at reasonable times and upon reasonable notice, to examine the books and records maintained pursuant to Section 7.9. Such examinations may not (a) be conducted for any year more than [***] after the end of such year, (b) be conducted more than [***] in any [***] period or (c) be repeated for any year. Except as provided below, the cost of this examination shall be borne by the Party that requested the examination, unless the audit reveals a variance of more than [***]) from the reported amounts of underpayment by the audited Party or overpayment by the auditing Party, in which case the audited Party shall bear the cost of the audit. If such audit concludes that additional payments were owed or that excess payments were made during such period, the paying Party shall pay the additional royalties or the receiving Party shall reimburse such excess payments, with interest from the date originally due as provided in Section 7.7, within [***] after the date on which a written report of such audit is delivered to the Parties.

7.10 **No Payments under Inmagene Agreement**. Except to the extent expressly provided herein, in no event shall either Party be required to make any payments, or to reimburse the other Party for any payments Affibody owes, pays or receives, under the Inmagene Agreement.

ARTICLE 8
INTELLECTUAL PROPERTY

8.1 **Ownership of Intellectual Property**.

8.1.1 Ownership of Background IP. Affibody shall retain all rights, title and interests in and to any Affibody Background IP. ACELYRIN shall retain all rights, title and interests in and to any ACELYRIN Background IP.

8.1.2 Ownership of Foreground IP. Subject to Sections 8.1.3 and 8.1.4 and the licenses and rights of reference granted under Section 2.1, as between the Parties, each Party shall own and retain all rights, title and interests in and to any and all: (a) Know-How that is conceived, discovered, developed or otherwise made solely and independently by or on behalf of such Party under or in connection with this Agreement (or its Affiliates or its licensees or Sublicensees) (as regards Affibody, "*Affibody Foreground Know-How*", and as regards ACELYRIN, "*ACELYRIN Foreground Know-How*"), (b) any and all Patents covering or otherwise disclosing such Know-How in the foregoing clause (a) (as regards Affibody, "*Affibody Foreground Patents*", and as regards ACELYRIN, "*ACELYRIN Foreground Patents*"), and (c) any other Intellectual Property Rights covering or otherwise disclosing the foregoing clauses (a) and (b), except to the extent that any such Know-How, Patents or other Intellectual Property Rights, is Joint Know-How, Joint Patents or Joint Intellectual Property Rights.

8.1.3 Ownership of Affibody Platform IP. Subject to the licenses and rights of reference granted under Section 2.1, as between the Parties, Affibody shall own and retain all rights, title and interests in and to all Affibody Platform IP and the Affibody Technology Improvements.

8.1.4 Clinical Data. As between the Parties, subject to Affibody' s right of reference, ACELYRIN shall own and retain all rights, title and interests in and to all Clinical Data generated by or on behalf of ACELYRIN in the ACELYRIN Development Territory.

8.1.5 Ownership of Joint Patents and Joint Know-How. Except as expressly set forth in Section 8.1.2 and Section 8.1.3, as between the Parties, the Parties shall each own an equal, undivided interest in any and all (a) Know-How that is conceived, discovered, developed or otherwise made jointly by or on behalf of Affibody (or its Affiliates), on the one hand, and ACELYRIN (or its Affiliates or its Sublicensees), on the other hand, in connection with the work conducted pursuant to the Joint Development Plan (the "*Joint Know-How*"), (b) Patents covering or otherwise disclosing such Know-How in the foregoing clause (a) (the "*Joint Patents*"), and (c) any other Intellectual Property Rights related to the foregoing clauses (a) and (b) (collectively (a) through (c), the "*Joint Intellectual Property Rights*"). Each Party shall promptly disclose to the other Party in writing, and shall cause its Affiliates, licensees and Sublicensees to so disclose, the development, making, conception or reduction to practice of any Joint Intellectual Property Rights. Each Party shall, under a fully-paid perpetual irrevocable and sublicensable license from the other Party, have the right to exploit the Joint Intellectual Property Rights outside the scope of this Agreement, in any manner that is not inconsistent with the rights and obligations of the Parties under this Agreement in its sole discretion, in each case, without the consent of, or an accounting to, the other Party and each Party hereby waives any right it may have under Applicable Laws to require such consent or accounting, and *provided* that neither Party shall assign its rights in any Joint Intellectual Property Rights without the other Party's prior written consent, such consent not to be unreasonably withheld or delayed.

8.1.6 Inventorship. The inventorship of any inventions (including any KnowHow, Patents or other Intellectual Property Rights) first made during the course of the performance of activities pursuant to this Agreement shall be determined in accordance with Applicable Laws of the country or jurisdiction where the applicable invention is first made, and the Parties will name only the true and real inventors according to their contributions to each invention.

8.2 **Maintenance and Prosecution of Patents and Trademarks**.

8.2.1 Maintenance and Prosecution by Affibody. Affibody shall Prosecute all Joint Patents (in the name of both Parties) and Licensed Affibody Patents, at its own costs or, with respect to Joint Patent, with Parties sharing the related costs equally. Affibody shall also control the registration, prosecution and maintenance of the Product Trademarks in the Inmagene Commercialization Territory, at Affibody's expense.

8.2.2 ACELYRIN's Step-In Right. With respect to the ACELYRIN Commercialization Territory, Affibody shall not abandon or cease the Prosecution of any Licensed Affibody Patent or Joint Patent without ACELYRIN's consent, *provided* that ACELYRIN shall not unreasonably withhold, condition or delay such consent. If Affibody elects not to file or continue to Prosecute or maintain any Licensed Affibody Patent which covers or claims a Licensed Product or any Joint Patent in the ACELYRIN Commercialization Territory, then it shall notify ACELYRIN in writing at least [***] before any deadline applicable to the Prosecution or maintenance of such Patents in the ACELYRIN Commercialization Territory or any other date by which an action must be taken to establish or preserve such Patents in the ACELYRIN Commercialization Territory. If despite ACELYRIN's disagreement, Affibody has decided to abandon or cease the Prosecution or maintenance of any Licensed Affibody Patent or Joint Patent in the ACELYRIN Commercialization Territory, then ACELYRIN shall have the right to pursue the Prosecution or maintenance of such Patents in its own name in the ACELYRIN Commercialization Territory, through patent counsel of ACELYRIN's choice and at ACELYRIN's cost and expense. Affibody shall grant to ACELYRIN all powers of attorney required to enable ACELYRIN to assume maintenance and Prosecution of such Patents.

8.2.3 Maintenance and Prosecution by ACELYRIN. ACELYRIN shall have the sole right, but not the obligation to Prosecute and maintain all ACELYRIN Patents. ACELYRIN shall also control the registration, prosecution and maintenance of the Product Trademarks in the ACELYRIN Commercialization Territory, at ACELYRIN's expense.

8.2.4 Cooperation. Each Party shall assist and cooperate with the other Party as such other Party may reasonably request from time to time in connection with its activities set forth in Section 8.2. Each Party shall (a) keep the other Party currently informed of the status of and all steps to be taken in the preparation and prosecution of all applications filed by it according to this Section 8.2, (b) furnish the other Party with copies of such applications for Patents, amendments thereto reasonably in advance of submission, and other related material correspondence to and from patent offices, and (c) to the extent reasonably practical, permit the other Party an opportunity to offer its comments thereon no later than [***] before the applicable deadline, and give such comments good faith consideration before making a submission to a patent office which could materially affect the scope or validity of the Patent coverage that may result. Such other Party shall offer its comments, if any, promptly. In respect of the Prosecution of counterpart patent applications of the same Licensed Affibody Patent in different countries, the Parties shall coordinate such filings (and Affibody shall cause Inmagene to coordinate such filings, as applicable) so that they take consistent positions with patent offices; if there are any disputes about such filings, ACELYRIN shall have the right to make all final decisions, and Affibody agrees to exercise its final decision-making right in the Inmagene Agreement as needed to cause Inmagene to take such consistent positions.

8.2.5 Patent Term Extensions. The GJSC shall be responsible for making decisions regarding patent term extensions, including supplementary protection certificates and any other extensions that are now or become available in the future, wherever applicable, for Licensed Affibody Patents and Joint Patents in any country in the ACELYRIN Territory; *provided* that any applications or filings with respect thereto shall be made by Affibody, at its own cost or, in the case of Joint Patents, by Affibody with the Parties sharing all costs equally. Each Party shall reasonably cooperate, as requested by the other Party, to promptly and timely implement or effect any decisions made under this Section 8.2.5. Notwithstanding the foregoing, the Parties shall coordinate their activities with respect to any patent term extension with respect to all Patents in order to secure the optimal protection for the Licensed Products available under Applicable Law.

8.3 **Enforcement of Patents and Trademarks**.

8.3.1 Rights and Procedures. If either Party reasonably believes that a Third Party may be infringing any of the Licensed Affibody Patents, ACELYRIN Patents, the Joint Patents or the Product Trademarks, such Party shall promptly notify the other Party in writing. With respect to such suspected infringement by activities pertaining to the Therapeutic Compound or Licensed Products for use in the Exclusive Field ("*Alleged Infringement*") in the ACELYRIN Territory, ACELYRIN shall have the first right, but not the obligation, to take any measures it deems appropriate to stop such Alleged Infringement by such Third Party in the ACELYRIN Territory, including initiating a law suit against such infringer, in its name, or if required under Applicable Law, naming Affibody as a party. If ACELYRIN fails within [***] following notice of such infringement to take reasonable steps to stop any such Alleged Infringement (or thereafter ceases to diligently prosecute any action), Affibody shall have the right, but not the obligation, to do so. The enforcing Party shall not take any position with respect to, or compromise or settle, any such infringement actions in any way that is reasonably likely to directly and adversely affect the scope, validity or enforceability of any Patents solely owned by or licensed to the other Party or any Joint Patents without such other Party's prior written consent. To the extent that Affibody or Inmagene enforces Patents in the Inmagene Territory against Alleged Infringement in the Inmagene Territory, Affibody shall, or shall cause Inmagene to, not take any position with respect to, or compromise or settle, any such infringement actions in any way that is reasonably likely to directly and adversely affect the scope, validity or enforceability of any Patents solely owned by or licensed to ACELYRIN or any Joint Patents without ACELYRIN's prior written consent.

8.3.2 Cooperation. Upon reasonable request by the enforcing Party, the other Party shall give the enforcing Party all reasonable information and assistance, including allowing the enforcing Party access to the other Party's files and documents and to the other Party's personnel who may have possession of relevant information. If either Party is unable to initiate or to prosecute any action under this Section 8.3 solely in its own name or it is otherwise advisable to obtain an effective remedy, the other Party will join such action and will execute, and cause its Affiliates to execute, all documents necessary for the enforcing Party to initiate litigation to prosecute and maintain such action. Each Party shall keep the other Party informed of developments in any action or proceeding, including the status of any settlement negotiations and the terms of any offer related thereto. Each Party may be represented by counsel of its choice.

8.3.3 Costs and Expenses. [***] costs and expenses relating to any enforcement action pursuant to Section 8.3. Any damages or other amounts collected shall be used [***].

8.4 **Third Party Patent Infringement**.

8.4.1 If the Development, Manufacture or Commercialization of a Licensed Product in the Exclusive Field pursuant to this Agreement or the Inmagene Agreement results in, or may result in, an infringement action by a Third Party alleging infringement of the Patents, Trademark or any other Intellectual Property Right of such Third Party (a "*Third Party Infringement Action*"), the Party first receiving notice thereof shall promptly notify the other Party thereof in writing.

8.4.2 ACELYRIN shall have the first right to assume direction and control of the defense of any Third Party Infringement Action in the ACELYRIN Territory (including the right to settle such claims). If ACELYRIN does not assume such defense within [***] after such notice from Affibody, Affibody shall have the right to assume such defense. In any event all litigation expenses, including attorney fees, incurred in such defense by the Party assuming such defense shall be equally borne by the Parties.

8.4.3 The defending Party will keep the other Party reasonably informed of all material developments in connection with any such claim, suit, or proceeding and agrees to provide the other Party with copies of all pleadings filed in such action in sufficient time for the other Party to review and provide comments that the defending Party shall consider in good faith. The other Party shall cooperate in the defense of such claim and shall furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the defending Party. Such cooperation shall include access during normal business hours afforded to the defending Party to, and reasonable retention by the other Party of, records and information that are reasonably relevant to such infringement claim, and making its employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

8.4.4 Unless otherwise set forth in this Agreement, including ARTICLE 12, the Party entitled to defend any Third Party Infringement Action in accordance with this Section 8.4 shall have the right to settle such claim, including entering into a license or other agreement with a Third Party; *provided* that such Party shall not have the right to settle such Third Party Infringement Action in a manner that involves an admission of invalidity or unenforceability with respect to, in whole or in part, Intellectual Property Rights owned by or exclusively licensed to such other Party, without the prior consent of the other Party, such consent to be granted or withheld in its sole discretion.

8.4.5 If the Development or Commercialization of a Licensed Product in the ACELYRIN Territory is judged or adjudicated to infringe the Patents of any Third Party in the ACELYRIN Territory (or such claims are settled), the Parties shall share equally all damages and other amounts awarded such Third Party for past infringement (including any settlement amount). If such Third Party claim is settled by entering into an agreement granting a license or other rights to continue to Develop or Commercialize the Licensed Product in the ACELYRIN Territory, such agreement shall be treated in the same manner as provided in Section 8.4.6 below.

8.4.6 If, after the Effective Date, it is necessary for ACELYRIN to license one or more Patents from one or more Third Parties in order to Develop, Commercialize or use any Licensed Product in a country in the ACELYRIN Territory without infringing a Patent of a Third Party (each such Third Party license referred to herein as a "*Third Party License*"), then in accordance with Section 7.2.4, any royalty or other payment payable under Section 7.2 that is otherwise payable to Affibody under this Agreement with respect to Net Sales of any Licensed Product in such country shall be [***].

8.4.7 In no event shall Affibody have any liability under this Section 8.4, including to defend any claim and any liability for damages, nor shall ACELYRIN have any right to reduce any payments under Section 8.4.6, for any infringement to the extent arising out of (a) the use of the Licensed Products for any use other than in the Exclusive Field in the applicable ACELYRIN Territory, (b) the combination of a Licensed Product with any other product or service not provided by Affibody, its Affiliates or licensees, or (c) the use of any other product, method or service in connection with the Development or Commercialization of the Licensed Products not provided by Affibody, its Affiliates or licensees. Except for liabilities under Section 12.2 for breach of any representation or warranty under ARTICLE 11, Affibody's sole liability in respect of infringement of any Third Party Patents shall be as provided in this Section 8.4.

ARTICLE 9
COMPLAINTS; ADVERSE EVENTS; RECALLS

9.1 **Complaints**. Each Party shall maintain a record of any and all Complaints it receives with respect to a Licensed Product. Each Party shall investigate the Complaint and, to the extent required to be reported to any Regulatory Authority or related to any Adverse Event, notify the other Party in reasonable detail of any Complaint received by it within [***] after the initial report of the event, and in any event in sufficient time to allow such Party (or its Affiliate or licensee, including Inmagene in the case of Affibody) to comply with all Applicable Law in any country in its respective territory (i.e., the ACELYRIN Territory in the case of ACELYRIN and the Inmagene Territory in the case of Affibody). For purposes of this Section 9.1, a "*Complaint*" means any oral or written communication of dissatisfaction regarding the identity, quality, durability, reliability or performance of a Licensed Product. Examples include appearance, low fills, foreign materials, foreign product, lack of effect reports, defective packaging or defective labeling.

9.2 **Adverse Event Reporting**. Each Party shall provide the other Party with all information [***] for such other Party to comply with its pharmacovigilance responsibilities, including any Adverse Events from pre-clinical or clinical laboratory, animal toxicology and pharmacology studies, clinical trials and commercial experiences with a Licensed Product. "*Adverse Event*" means [***].

9.3 **Pharmacovigilance**. Subject to the terms of this Agreement, Affibody and ACELYRIN shall discuss an amendment to the existing pharmacovigilance agreement between Affibody and Inmagene to add ACELYRIN as a party and to accommodate ACELYRIN's reasonable comments. Until such amended pharmacovigilance agreement between the Parties and Inmagene is executed (the "*Pharmacovigilance Agreement*"), the terms of Sections 9.1 and 9.2 shall apply. Following the execution of the Pharmacovigilance Agreement, such Sections shall continue to apply unless expressly amended by the Parties, *provided* that in the event of any conflict between the terms of Sections 9.1 and 9.2 and the terms of the Pharmacovigilance Agreement, the terms of the Pharmacovigilance Agreement shall control. It is anticipated that such Pharmacovigilance Agreement shall include provisions for the exchange between the Parties of Adverse Event reports, the transfer to ACELYRIN and maintenance by ACELYRIN of an electronic database comprised of all adverse events reported on a worldwide basis with respect to the Licensed Products and the establishment of appropriate mechanisms by which Affibody and/or Inmagene can, in a timely manner, access such database to comply with Applicable Law and to perform its responsibilities and exercise its rights under this Agreement and the Inmagene Agreement. Each Party shall be responsible for its own costs incurred in connection with receiving, recording, translating, reviewing, communicating, reporting and responding to adverse events.

9.4 **Notification and Recall**. In the event that any Regulatory Authority issues or requests a recall or takes similar action in connection with a Licensed Product or in the event either Party determines that an event, incident or circumstance has occurred that may result in the need for a recall or market withdrawal, the Party notified of or desiring such recall or similar action shall, within [***], advise the other Party thereof by telephone (and confirm by email or facsimile), email or facsimile. Following notification of a recall in the ACELYRIN Territory, the GJSC shall meet to discuss such notification or recall and ACELYRIN shall decide whether to conduct a recall (except in the case of a government- mandated recall) and the manner in which any such recall shall be conducted. Following notification or a recall in the Inmagene Territory, the GJSC shall meet to discuss such notification or recall and Inmagene shall decide, subject to any applicable GJSC decision-making rights as provided in Section 6.4, whether to conduct a recall (except in the case of a government-mandated recall) and the manner in which any such recall shall be conducted.

ARTICLE 10
CONFIDENTIALITY AND NON-DISCLOSURE

10.1 **Confidentiality Obligations**. At all times during the term of this Agreement and for a period of [***] following termination or expiration hereof, each Party shall, and shall cause its officers, directors, employees and agents to, keep completely confidential and not publish or otherwise disclose and not use, directly or indirectly, for any purpose, any Confidential Information furnished or otherwise made known to it, directly or indirectly, by the other Party, except to the extent such disclosure or use is expressly permitted by the terms of this Agreement or is reasonably necessary for the performance of this Agreement. "*Confidential Information*" means the terms of this Agreement, any information provided by one Party to another before or after the Effective Date that relates to the terms of this Agreement, the Therapeutic Compound or the Licensed Products (including the Regulatory Documentation, Regulatory Approvals and any information or data contained therein), any Development or Commercialization of the Therapeutic Compound or the Licensed Products or the scientific, regulatory or business affairs or other activities of either Party. All Clinical Data shall be the Confidential Information of the Party that owns such data, regardless of which Party furnished such data. Such Confidential Information may be used by the receiving Party only for the purposes of carrying out obligations or exercising its rights set forth in this Agreement. Notwithstanding the foregoing, Confidential Information shall not include any information that:

10.1.1 is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no wrongful act, fault or negligence on the part of receiving Party;

10.1.2 can be demonstrated by documentation or other competent proof to have been in the receiving Party's possession prior to disclosure by the disclosing Party without any obligation of confidentiality with respect to said information;

10.1.3 is subsequently received by the receiving Party from a Third Party who is not bound by any obligation of confidentiality with respect to said information; or

10.1.4 has been published by a Third Party or otherwise enters the public domain through no fault of the receiving Party in breach of this Agreement.

Specific aspects or details of Confidential Information shall not be deemed to be within the public domain or in the possession of the receiving Party merely because the Confidential Information is embraced by more general information in the public domain or in the possession of the receiving Party. Further, any combination of Confidential Information shall not be considered in the public domain or in the possession of the receiving Party merely because individual elements of such Confidential Information are in the public domain or in the possession of the receiving Party unless the combination and its principles are in the public domain or in the possession of the receiving Party.

10.2 **Permitted Disclosures.** Each Party may disclose Confidential Information to the extent that such disclosure is:

10.2.1 Made in response to a valid order of a court of competent jurisdiction or other supra-national, federal, national, regional, state, provincial and local governmental or regulatory body of competent jurisdiction or, if in the reasonable opinion of the receiving Party's legal counsel, such disclosure is otherwise required by Applicable Law; *provided*, *however*, that the receiving Party shall first have given notice to the disclosing Party and given the disclosing Party a reasonable opportunity to quash such order and to obtain a protective order requiring that the Confidential Information and documents that are the subject of such order be held in confidence by such court or agency or, if disclosed, be used only for the purposes for which the order was issued; and *provided further* that if a disclosure order is not quashed or a protective order is not obtained, the Confidential Information disclosed in response to such court or governmental order shall be limited to that information which is legally required to be disclosed in response to such court or governmental order;

10.2.2 Made by the receiving Party to any Regulatory Authorities as required in connection with any request for Regulatory Approval, any filing or application (including (a) with respect to ACELYRIN (once it becomes a public company), disclosures required of public companies under Applicable Law and (b) with respect to Affibody, any disclosures required of public companies under Applicable Law in Sweden); *provided*, *however*, that prior notice of such disclosure shall be provided to the other Party and reasonable measures, to the extent available and after consultation with the other Party, shall be taken to assure confidential treatment of such information, including requests for redaction of confidential terms of this Agreement;

10.2.3 Made by either Party or its Affiliates or Sublicensees to Third Parties as may be necessary or useful in connection with the Manufacture or Exploitation of the Therapeutic Compound or the Licensed Products (to the extent permitted or contemplated hereunder) or otherwise in connection with the performance of its obligations or exercise of its rights as contemplated by this Agreement, including subcontracting and sublicensing transactions in connection therewith; *provided, however,* that such Persons shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information comparable to the obligations of confidentiality and non-use of the receiving Party pursuant to this ARTICLE 10; or

10.2.4 Made under confidentiality undertakings to any potential acquirer, merger partner, or potential providers of equity or debt financing, or other financial partners, and advisors of any of the foregoing, *provided* that such Persons shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information comparable to the obligations of confidentiality and non-use of the receiving Party pursuant to this ARTICLE 10 (provided that the confidentiality period may be shorter than provided in ARTICLE 10, so long as such period is commercially reasonable).

10.3 **Press Releases**. Press releases or other similar public communication by either Party relating to this Agreement shall be approved in advance by the other Party, which approval shall not be unreasonably withheld or delayed, except for those communications required by Applicable Law, disclosures of information for which consent has previously been obtained, information that has been previously disclosed publicly or as otherwise set forth in this Agreement; *provided* that, if reasonably practicable, the other Party is given a reasonable opportunity to review and comment on any such press release or public communication in advance thereof. Without limiting the foregoing, the Parties acknowledge and agree that there shall be no press release or other similar public communication relating to this Agreement prior to [***].

10.4 **Patient Information**. The Parties agree to abide (and to cause their respective Affiliates and Sublicensees to abide) and to take (and to cause their respective Affiliates and Sublicensees to take) all reasonable and appropriate actions to ensure that all Third Parties conducting or assisting with any clinical development activities hereunder in accordance with, and subject to the terms of, this Agreement, shall abide, to the extent applicable, by all Applicable Law concerning the confidentiality or protection of patient identifiable information and/or patient's protected health information, including the regulations at 45 C.F.R. Parts 160 and 164, the European General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679), and any other Applicable Law, in the course of their performance under this Agreement.

10.5 **Publications**. After discussion at the GJSC (or its appropriate designee), ACELYRIN shall determine the strategy for, and coordinate, the publication and presentation of results generated under this Agreement including studies of the Licensed Products or other data generated under this Agreement. Each Party recognizes that the publication of papers regarding results of and other information regarding activities under this Agreement, including oral presentations and abstracts, may be beneficial to both Parties, *provided* that such publications are subject to reasonable controls to protect Confidential Information. In particular, it is the intent of the Parties to maintain the confidentiality of any Confidential Information included in any Patent application until [***] after such Patent application has been filed. Accordingly, each Party shall have the right to review and approve any paper proposed for publication by the other Party, including any oral presentation or abstract, which pertains to results generated under this Agreement including Clinical Studies or other studies with respect to the Licensed Products or includes other data generated under this Agreement or which includes Confidential Information of the other Party. The Parties shall establish such procedures and timelines that may be required to implement the principles set forth in this Section 10.5. Any publication shall include recognition of the contributions of the other Party according to standard practice for assigning scientific credit, either through authorship or acknowledgement, as may be appropriate. Each Party shall use Commercially Reasonable Efforts to cause investigators and institutions participating in Clinical Studies for the Licensed Products under this Agreement with which it contracts to agree to terms substantially similar to those set forth in this Section 10.5, which efforts shall satisfy such Party's obligations under this Section 10.5 with respect to such investigators and institutions.

10.6 **Return of Confidential Information**. Upon the effective date of the termination of this Agreement for any reason, either Party may request in writing, and the other Party shall either, with respect to Confidential Information to which such other Party does not retain rights hereunder: (i) promptly destroy all copies of such Confidential Information in the possession of the other Party and confirm such destruction in writing to the requesting Party; or (ii) promptly deliver to the requesting Party, [***], all copies of such Confidential Information in the possession of the other Party; *provided, however,* [***]. Notwithstanding the foregoing, such other Party also shall be permitted to [***]. All Confidential Information shall continue to be subject to the terms of this Agreement for the period set forth in Section 10.1.

ARTICLE 11
REPRESENTATIONS, WARRANTIES AND COVENANTS

11.1 **Mutual Representations and Warranties**. Each Party hereby represents and warrants to the other Party that, as of the Effective Date and the ACELYRIN Financing Date:

11.1.1 Organization. It is a corporation duly organized and in good standing under the laws of its jurisdiction, and has full power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as it is contemplated to be conducted by this Agreement.

11.1.2 Corporate Authority. Such Party (a) has the power and authority and the legal right to enter into this Agreement and perform its obligations hereunder and (b) has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid and binding obligation of such Party and is enforceable against it in accordance with its terms subject to the effects of bankruptcy, insolvency or other laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered a proceeding at law or equity.

11.1.3 Litigation. Such Party is not aware of any pending or threatened litigation (and has not received any communication) that alleges that such Party's activities related to this Agreement have violated or that by conducting the activities as contemplated herein such Party would violate, any of the Patents, Trademarks or other Intellectual Property Rights of any other Person.

11.1.4 Consents and Approvals. All necessary consents, approvals and authorizations of all regulatory and governmental authorities and other Persons required to be obtained by such Party in connection with the execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained.

11.1.5 Conflicts. The execution and delivery of this Agreement and the performance of such Party's obligations hereunder (a) do not conflict with or violate any requirement of Applicable Law or regulation or any provision of the articles of association or limited partnership agreement or any similar instrument of such Party, as applicable, in any material way, and (b) do not conflict with, violate or breach or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

11.2 **Additional Representations and Warranties of Affibody**. Affibody represents and warrants to ACELYRIN that, as of the Effective Date:

11.2.1 Affibody, itself or through its Affiliates, is the sole and exclusive owner of the Licensed Affibody Patents existing on the Effective Date, free and clear of all liens. It has sufficient legal or beneficial title and ownership or sufficient license rights under the Licensed Affibody Technology to grant the right and licenses to ACELYRIN hereunder.

11.2.2 The Patents listed on **Schedule 1.100** constitute all of the Patents Controlled by Affibody as of the Effective Date that are Licensed Affibody Patents. Affibody has not granted to any Third Party any rights or licenses under any of the Licensed Affibody Know-How, Licensed Affibody Patents or Product Trademarks that would conflict with the licenses granted to ACELYRIN hereunder.

11.2.3 Affibody has no Knowledge of any actual infringement or threatened infringement of the Licensed Affibody Patents or Licensed Affibody Know-How by any Person. Affibody has complied in all material respects with Applicable Laws, including any duties of candor to applicable patent offices, in connection with the Prosecution and maintenance of the Licensed Affibody Patents listed on **Schedule 1.100.** None of the patent applications or issued Patents listed on **Schedule 1.100** has lapsed by reason of abandonment or non-payment of fees, and Affibody has paid all maintenance fees which are due with respect to such Licensed Affibody Patents.

11.2.4 No written claim or litigation has been brought or, to Affibody's Knowledge, threatened by any Person alleging that (a) the Licensed Affibody Patents or the Licensed Affibody Know-How are invalid or unenforceable or (b) the Development and Commercialization of the Therapeutic Compound or the Licensed Products as currently conducted infringes any Patent, Trademark or other Intellectual Property Right Controlled by any Third Party. Affibody has no Knowledge of any actual or alleged infringement of any Patent, Trademark or other Intellectual Property Right of a Third Party by the activities set forth in clause (b).

11.2.5 None of the existing Licensed Affibody Patents are licensed from a Third Party. Affibody will not enter into any agreement nor grant any Third Party any rights with respect to the Licensed Affibody Patents or Licensed Affibody Know-How that is inconsistent with the rights granted to ACELYRIN under this Agreement.

11.2.6 With respect to all Licensed Affibody Technology owned or purported to be owned by Affibody or its Affiliates, all Persons acting on Affibody's behalf, including its and its Affiliates' employees, have a binding obligation, whether under an enforceable written agreement or other arrangement (such as a collective agreement) or Applicable Law to assign ownership of, or grant exclusive rights to, Affibody or its Affiliate all Intellectual Property Rights created in the course of their employment or engagement, including Licensed Affibody Technology.

11.2.7 To Affibody's Knowledge, it (and any Third Party Subcontractor acting under its authority) has complied in all material respects with all Applicable Laws and applicable governmental regulations and industrial standards (including GCP and GMP) in connection with the Development, Manufacture, storage and disposition of the Therapeutic Compound and the Licensed Products (including information and data provided to Regulatory Authorities), and has not used any employee, consultant or contractor who has been debarred by any Regulatory Authority, or to its Knowledge, is the subject of a debarment proceeding by any Regulatory Authority.

11.2.8 Affibody and its Affiliates have taken, and have taken reasonable and customary measures to cause its and their respective employees, consultants, licensees and Subcontractors to take, reasonable precautions to preserve the confidentiality of Licensed Affibody Know-How and Confidential Information.

11.2.9 Other than Inmagene as forth in the Inmagene Agreement, Affibody has not granted any Third Party any rights to Develop or Commercialize the Licensed Products, Licensed Affibody Patents, or Licensed Affibody Know-How. Affibody has provided ACELYRIN with true and complete copy of the Inmagene Agreement, including any amendments thereto. There are no terms or conditions in the Inmagene Agreement that would prevent ACELYRIN from exercising the rights purportedly granted to it under this Agreement. Neither Affibody nor its Affiliates are in material breach or default under the Inmagene Agreement, nor, to Affibody's Knowledge, is Inmagene in material breach of the Inmagene Agreement, and neither Affibody nor its Affiliates have received any written notice of breach or default with respect to the Inmagene Agreement. The execution and performance of this Agreement does not constitute a material breach of the Inmagene Agreement. Following the Effective Date, Affibody shall not amend or modify, or waive any rights it may have under, the Inmagene Agreement, except with ACELYRIN's prior written consent.

11.2.10 To Affibody's Knowledge, Affibody has disclosed to ACELYRIN all material scientific and technical information and documentation relating to safety and efficacy known to it or its Affiliates with respect to the Therapeutic Compound to the extent that such information is reasonably relevant to the Development, Commercialization, Manufacture or use of a Licensed Product by ACELYRIN as contemplated by this Agreement.

11.3 Additional Representations, Warranties and Covenants of ACELYRIN. ACELYRIN represents, warrants and covenants to Affibody that:

11.3.1 As of the Effective Date, ACELYRIN has sufficient financial resources, based on the reasonable projections of ACELYRIN, to make the payments set forth in Section 7.1.1 (other than the Full Upfront Payment), if and when due. Promptly after the ACELYRIN Financing Date, ACELYRIN shall provide Affibody with a written notice, signed by one of its senior officers, stating that ACELYRIN has sufficient financial resources, based on the reasonable projections of ACELYRIN, to [***].

11.3.2 On or before the Effective Date, and each [***] thereafter unless and until ACELYRIN is subject to reporting requirements applicable to public companies under the Securities Exchange Act of 1934, as amended, ACELYRIN shall provide Affibody with [***].

11.4 **DISCLAIMER OF WARRANTY**. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN THIS ARTICLE 11, NEITHER PARTY MAKES ANY REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR ANY WARRANTY AS TO THE VALIDITY OF ANY PATENTS OR THE NONINFRINGEMENT OF ANY PATENTS OR OTHER INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

11.5 **Non-Compete**.

11.5.1 Non-Compete Obligation of ACELYRIN. During the Term and for [***] thereafter, ACELYRIN shall not, for itself or for any Third Party, provide any services to or undertake any services on behalf of a Third Party, to Develop, Manufacture, or Commercialize any Competing Products with respect the Licensed Products sold in the ACELYRIN Commercialization Territory (or intended for sale in the ACELYRIN Commercialization Territory), or grant licenses to any Third Party to do the same, other than the Development, Manufacturing, or Commercialization of the Therapeutic Compound or the Licensed Products as contemplated by this Agreement.

11.5.2 Non-Compete Obligations of Affibody. During the Term and for [***] thereafter, Affibody shall not, for itself or for any Third Party, provide any services to or undertake any services on behalf of a Third Party, to Develop, Manufacture, or Commercialize any Competing Products with respect the Licensed Products sold in the ACELYRIN Commercialization Territory (or intended for sale in the ACELYRIN Commercialization Territory), or grant licenses to any Third Party to do the same, other than the Development, Manufacturing, or Commercialization of the Therapeutic Compound or the Licensed Products as contemplated by this Agreement.

11.5.3 Change of Control of a Party. In the event that either Party or any of its Affiliates undergoes a Change of Control with a Third Party (an "*Acquirer*"), the restrictions set forth in Section 11.5.1 (in the event that such acquired Party is ACELYRIN) or Section 11.5.2 (in the event that such acquired Party is Affibody) shall not apply to (a) any activities that would otherwise constitute a breach of Section 11.5.1 (in the event that such acquired Party is ACELYRIN) or Section 11.5.2 (in the event that such acquired Party is Affibody), including a Competing Product that is being Developed, Manufactured or Commercialized (collectively, "*Competing Activities*") by the Acquirer or its Affiliates (other than such Party) at the closing of the applicable Change of Control transaction, or (b) any Competing Activities undertaken by an Acquirer or its Affiliates after closing of the Change of Control transaction, in each case of (a) and (b) as long as no Licensed Affibody Technology (with respect to a Change of Control of ACELYRIN) or ACELYRIN Background IP and ACELYRIN Foreground IP (with respect to a Change of Control of Affibody), and Confidential Information of the other Party is used, in more than a *de minimis* fashion, by or on behalf of such Party undergoing the Change of Control or Acquirer, as applicable, or their respective Affiliates in connection with any subsequent Development, Manufacture, or Commercialization of such Competing Product. For the avoidance of doubt, in the event such acquired Party is ACELYRIN, a Change of Control shall not be construed to limit the Acquirer's obligations to use Commercially Reasonable Efforts to Development and Commercialize the Licensed Product in the Exclusive Field as set forth in Sections 3.1 and 4.1.2 herein.

11.5.4 Reasonable Covenants. The Parties agree that the duration and scope of the covenants set forth in this Section 11.5 are reasonable. In the event that the arbitrator or any court determines that the duration or scope of any such provision is unreasonable and that any such provision is to that extent unenforceable, the Parties agree that such provision shall remain in full force and effect for the greatest time period and to the greatest scope that would not render it unenforceable. The Parties intend that the provisions of this Section 11.5 shall be deemed to be a series of separate covenants, one for each and every product and jurisdiction where such provision is intended to be effective.

ARTICLE 12
INDEMNITY

12.1 **Indemnification of Affibody**. ACELYRIN shall defend and indemnify Affibody, its Affiliates and their respective directors, officers, employees, licensors and agents, from and against any and all losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) (collectively, "*Losses*") in connection with any and all suits, investigations, claims or demands of Third Parties (collectively, "*Third Party Claims*") arising from or occurring as a result of:

(a) the breach by ACELYRIN or its Affiliates of ACELYRIN's Representations and Warranties in ARTICLE 11 of this Agreement;

(b) the negligence or willful misconduct on the part of ACELYRIN or its Affiliates or any Sublicensees in performing ACELYRIN's obligations under this Agreement; or

(c) the Development or Commercialization by ACELYRIN or its Affiliates of Sublicensees of the Licensed Products in the ACELYRIN Territory (subject to the terms of Section 8.4 in respect of patent infringement claims of Third Parties, and including products liability claims (except to the extent such products liability claims arise out of the Manufacturing of any Drug Product or Drug Substance Manufactured by Affibody or its designee)), except for those Losses which Affibody has an obligation to indemnify ACELYRIN pursuant to Section 12.2 hereof or a Supply Agreement, if applicable, as to which Losses each Party shall indemnify the other to the extent of their respective liability.

12.2 **Indemnification of ACELYRIN**. Affibody shall defend and indemnify ACELYRIN, its Affiliates and their respective directors, officers, employees and agents, and defend and save each of them harmless, from and against any and all Losses in connection with any and all Third Party Claims arising from or occurring as a result of:

(a) the breach by Affibody or its Affiliates of Affibody's Representations and Warranties in ARTICLE 11 of this Agreement;

(b) the negligence or willful misconduct on the part of Affibody or its Affiliates or licensees in performing Affibody's obligations under this Agreement; or

(c) the Development or Commercialization by Affibody, an Affibody Affiliate, Inmagene, or any other Affibody licensee of the Therapeutic Compound or Licensed Products in the Inmagene Territory (including patent infringement and products liability claims), except for those Losses for which ACELYRIN has an obligation to indemnify Affibody and its Affiliates pursuant to Section 12.1 hereof, as to which Losses each Party shall indemnify the other to the extent of their respective liability for the Losses.

12.3 **Notice of Claim**. All indemnification claims in respect of a Party, its Affiliates or their respective directors, officers, employees and agents shall be made solely by such Party to this Agreement (the "*Indemnified Party*"). The Indemnified Party shall give the other Party (the "*Indemnifying Party*") prompt written notice (an "*Indemnification Claim Notice*") of any Losses or discovery of fact upon which such Indemnified Party intends to base a request for indemnification under Section 12.1 or 12.2, but in no event shall the Indemnifying Party be liable

for any Losses that result from any delay in providing such notice by the Indemnified Party. Each Indemnification Claim Notice must contain a description of the claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss is known at such time). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of any Losses and Third Party Claims.

12.4 **Control of Defense.** At its option, the Indemnifying Party may assume the defense of any Third Party Claim by giving written notice to the Indemnified Party within [***] after the Indemnifying Party's receipt of an Indemnification Claim Notice. The assumption of the defense of a Third Party Claim by the Indemnifying Party shall not be construed as an acknowledgment that the Indemnifying Party is liable to indemnify the Indemnified Party in respect of the Third Party Claim, nor shall it constitute a waiver by the Indemnifying Party of any defenses it may assert against the Indemnified Party's claim for indemnification. Upon assuming the defense of a Third Party Claim, the Indemnifying Party may appoint as lead counsel in the defense of the Third Party Claim any legal counsel selected by the Indemnifying Party. In the event the Indemnifying Party assumes the defense of a Third Party Claim, the Indemnified Party shall immediately deliver to the Indemnifying Party all original notices and documents (including court papers) received by the Indemnified Party in connection with the Third Party Claim. Should the Indemnifying Party assume the defense of a Third Party Claim, except as provided in Section 12.4.1, the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by such Indemnified Party in connection with the analysis, defense or settlement of the Third Party Claim. In the event that it is ultimately determined by a court or arbitrator of competent jurisdiction that the Indemnifying Party is not obliged to indemnify, defend or hold harmless the Indemnified Party from and against the Third Party Claim, the Indemnified Party shall reimburse the Indemnifying Party for any and all costs and expenses (including reasonable attorneys' fees and costs of suit) incurred by the Indemnifying Party in its defense against the Third Party Claim.

12.4.1 Right to Participate in Defense. Without limiting Section 12.4 above, any Indemnified Party shall be entitled to participate in, but not control, the defense of such Third Party Claim and to employ counsel of its choice for such purpose; *provided* that such employment shall be at the Indemnified Party's own expense unless (a) the employment thereof has been specifically authorized by the Indemnifying Party in writing, or (b) the interests of the Indemnified Party and the Indemnifying Party with respect to such Third Party Claim are sufficiently adverse to prohibit the representation by the same counsel of the Parties under Applicable Law, ethical rules or equitable principles, or (c) the Indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 12.4 and in which case the Indemnified Party shall control the defense.

12.4.2 Settlement. With respect to any Third Party Claims relating solely to the payment of money damages in connection with a Third Party Claim and that shall not result in the Indemnified Party's becoming subject to injunctive or other relief or otherwise adversely affecting the business of the Indemnified Party in any manner, the Indemnifying Party shall have the sole right to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss, on such terms as the Indemnifying Party, in its sole discretion, shall deem appropriate. With respect to all other Losses in connection with Third Party Claims, where the Indemnifying Party has assumed the defense of the Third Party Claim in accordance with Section 12.4, the Indemnifying Party shall have authority to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss *provided* that it obtains the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed). The Indemnifying Party shall not be liable for any settlement or other disposition of a Loss by an Indemnified Party that is reached without the written consent of the Indemnifying Party.

Regardless of whether the Indemnifying Party chooses to defend or prosecute any Third Party Claim, no Indemnified Party shall admit any liability with respect to or settle, compromise or discharge, any Third Party Claim without the prior written consent of the Indemnifying Party, such consent not to be unreasonably withheld or delayed.

12.4.3 Cooperation. Regardless of whether the Indemnifying Party chooses to defend any Third Party Claim, the Indemnified Party shall cooperate in the defense or prosecution thereof and shall furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours afforded to Indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Third Party Claim, and making Indemnified Parties and other employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the Indemnifying Party shall reimburse the Indemnified Party for all its reasonable out-of-pocket expenses in connection therewith.

12.5 **Limitation on Damages and Liability**. EXCEPT IN CIRCUMSTANCES OF GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT BY A PARTY OR ITS AFFILIATES OR SUBLICENSEES, OR WITH RESPECT TO LOSSES ARISING FROM THIRD PARTY CLAIMS UNDER SECTION 12.1 OR 12.2, NO PARTY OR ANY OF THEIR RESPECTIVE AFFILIATES SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, WHETHER IN CONTRACT, WARRANTY, NEGLIGENCE, TORT, STRICT LIABILITY OR OTHERWISE.

12.6 **Insurance**. Affibody shall have and maintain during the Term such type and amounts of liability insurance covering the Manufacture, Development, and Commercialization of the Licensed Products as is normal and customary in the pharmaceutical industry generally for prudent companies similarly situated in Affibody Territory, and shall upon request provide ACELYRIN with a copy of its policies of insurance in that regard, along with any amendments and revisions thereto. ACELYRIN shall have and maintain such type and amounts of liability insurance covering the Development and Commercialization of the Licensed Products as is normal and customary in the pharmaceutical industry generally for prudent companies similarly situated in ACELYRIN Territory, and shall upon request provide Affibody with a copy of its policies of insurance in that regard, along with any amendments and revisions thereto. Each Party shall provide the other Party [***] notice of the termination of coverage in its insurance program.

ARTICLE 13
TERM AND TERMINATION

13.1 **Term**.

13.1.1 This Agreement shall commence upon the Effective Date and except as provided in Section 13.1.2, shall continue on a country by country and Licensed-Product by Licensed-Product basis, in each country until the expiry of each Party's obligation to pay royalties to the other Party under Section 7.2.3, unless earlier terminated in accordance with this ARTICLE 13.

13.1.2 Notwithstanding Section 13.1.1, this Agreement shall automatically expire if (a) the ACELYRIN Financing Date does not occur prior to [***]; or (b) ACELYRIN fails to pay, when due, any of the [***] contemplated in Section 7.1.1 or the Full Upfront Payment and does not cure such failure within [***] of receipt of written notice thereof.

13.2 **Termination of this Agreement for Material Breach**. If either Party materially breaches this Agreement and has not remedied such breach within [***] (the "*Cure Period*") after receipt of notice thereof from the other Party (the "*Notice of Breach*"), the other Party may terminate this Agreement in its entirety immediately upon expiration of such Cure Period; *provided* that such Notice of Breach shall specifically identify the provisions under this Agreement that the other Party believes to have been breached and state the intent of the other Party to terminate this Agreement upon expiration of the Cure Period. In the event that such material breach is curable but the breaching Party demonstrates that it cannot be reasonably cured within the foregoing [***] despite its diligent efforts to cure within the such period, the breaching Party shall be allowed [***] to cure such material breach. If the allegedly breaching Party disputes the occurrence of the material breach, then the Cure Period with respect to any such alleged breach will be tolled until determination under Section 14.6.2 that such breach was likely to have occurred.

13.3 **Termination upon Insolvency**. To the extent permitted by Applicable Law, either Party may terminate this Agreement upon the filing or institution of bankruptcy, reorganization, liquidation or receivership proceedings, upon the appointment of a receiver or trustee over all or substantially all property, or upon an assignment of a substantial portion of the assets for the benefit of creditors by the other Party; *provided* that in the case of any involuntary bankruptcy proceeding such right to terminate shall only become effective if the Party consents to the involuntary bankruptcy or such proceeding is not dismissed within [***] after the filing thereof (an "*Insolvency Event*").

13.3.1 In the event of an Insolvency Event relating to either Party, such Party (the "*Insolvent Party*") agrees that all rights and licenses now or hereafter granted by the Insolvent Party to the other Party under or pursuant to this Agreement will remain valid. Further, the Insolvent Party will, during the Term, create and maintain current copies or, if not amenable to copying, detailed descriptions or other appropriate embodiments of all Intellectual Property Rights licensed under this Agreement (jointly, the "*Embodiments*"). Each Party acknowledges and agrees that the Embodiments include laboratory notebooks, product samples and inventory, research studies and data, all Regulatory Approvals and Regulatory Filings and rights of reference therein, as Embodiments of the Licensed Affibody Technology or the ACELYRIN Know-How and ACELYRIN Patents, as applicable, and Joint Intellectual Property Rights and all information related thereto. In the situation where either Party would be subject to an Insolvency Event, the Insolvent Party (in any capacity, including debtor-in-possession) and its successors and assigns (including a trustee) will:

(a) provide the other Party with the Embodiments held by such Insolvent Party and such successors and assigns, or otherwise available to them, immediately upon the other Party's written request, and the other Party will have the right to perform such Insolvent Party's obligations hereunder, *provided* that neither such provision nor such performance by the other Party will release the Insolvent Party from liability resulting from rejection of the license or the failure to perform such obligations; and

(b) not interfere with the other Party's rights under this Agreement, or any agreement supplemental hereto, to such Intellectual Property Rights (including such Embodiments), including any right to obtain such Intellectual Property Rights (or such Embodiments) from another entity.

13.3.2 All rights, powers and remedies of the non-Insolvent Party provided herein are in addition to and not in substitution for any other rights, powers and remedies now or hereafter existing at law or in equity in relation to an Insolvency Event relating to an Insolvent Party. The Parties intend the following rights to apply and be extended to the maximum extent permitted by Applicable Laws:

(a) the right of access to any Intellectual Property Rights (including all Embodiments thereof) of the Insolvent Party, or any Third Party with whom the Insolvent Party contracts to perform an obligation of the Insolvent Party under this Agreement to the extent that the Insolvent Party is not performing such obligation, and, in the case of any such Third Party, which is necessary for the Development, Manufacture and Commercialization of the Therapeutic Compound or the Licensed Products; and

(b) the right to contract directly with any Third Party to complete the contracted work to the extent that the Insolvent Party is not completing or having completed the contracted work.

13.4 **Termination for Patent Challenge**. Except to the extent the following is unenforceable under the Applicable Law of a particular country where a patent application within the Licensed Affibody Patents is pending or a Patent within the Licensed Affibody Patents is issued, Affibody shall have the right to terminate this Agreement by a [***] written notice if ACELYRIN or its Affiliates or their Sublicensee or distributors directly, or indirectly through a Third Party, commence or maintain any Patent Challenge. Affibody may not exercise the right to terminate this Agreement under this Section 13.4 if (a) ACELYRIN, its Affiliates or their Sublicensee (as applicable) withdraws such Patent Challenge as identified in the written notice within [***] of such written notice; (b) such Patent Challenge is made as a defense to an assertion (of patent infringement or breach of contract) brought against ACELYRIN, its Affiliates or Sublicensees; or (c) if ACELYRIN or its Affiliate or Sublicensee is required by legal process to be joined as a party in any Patent Challenge by a Third Party. If a Sublicensee or distributor (or an Affiliate of such Sublicensee or distributor) undertakes a Patent Challenge of any such Licensed Affibody Patent, then ACELYRIN upon receipt of notice from Affibody of such Patent Challenge may terminate the applicable agreement in its entirety with such Sublicensee or distributor. If ACELYRIN fails to terminate such agreement, Affibody shall terminate all licensed rights granted to ACELYRIN covered by such agreement. A "*Patent Challenge*" means any proceeding opposing, challenging the validity or enforceability of, opposing any extension of or the grant of a supplementary protection certificate with respect to, or actively participating in any interference proceeding with respect to, any Licensed Affibody Patent. Likewise, ACELYRIN may terminate this Agreement pursuant to this Section 13.4 if Affibody or any of its Affiliates or its or their Sublicensees commence or maintain any Patent Challenge against any ACELYRIN Patent.

13.5 **Termination for Safety Reasons**. Either Party may terminate this Agreement on thirty (30) days written notice if serious adverse events or other events occur such that from clinical and ethical point of view, the continuation of any Clinical Study would lead to a serious and material risk of compromising the safety of the patients (as determined by any Regulatory Authority or Drug Safety Monitoring Board) and such issue cannot be reasonably remedied within a reasonable period of time (*e.g.,* by amending the relevant protocol).

13.6 **Termination for Convenience**. At any time during the Term, ACELYRIN may terminate this Agreement with ninety (90) days' written notice to Affibody if such termination is before the first commercial sale of Licensed Product and with one hundred and eighty (180) days' written notice to Affibody following the first commercial sale of Licensed Product.

13.7 **Consequences of Expiration or Termination**.

13.7.1 Upon Expiration.

(a) Upon expiration of this Agreement pursuant to Section 13.1.1, with respect to a particular Licensed Product in a particular country in ACELYRIN Territory or Affibody Territory, the license granted by one Party to the other Party under Section 2.1.1 and 2.1.2 will become a non-exclusive, fully paid-up, royalty free, perpetual license.

(b) The consequences of termination set forth in Section 13.7.2 shall not apply to expiration of this Agreement pursuant to Section 13.1.1 or 13.1.2.

(c) Upon expiration of this Agreement pursuant to Section 13.1.2, any and all licenses and sublicenses granted to ACELYRIN under this Agreement shall terminate, and ACELYRIN, its Affiliates, Sublicensees and distributors shall have no right in or to the Licensed Affibody Patents or to use the Licensed Affibody Know-How or Product Trademarks Controlled by Affibody.

13.7.2 Upon termination of this Agreement pursuant to Section 13.2, 13.3, 13.4, 13.5 or 13.6:

(a) *Licenses Terminate.* Subject to subsections (c) and (d) below, all licenses and sublicenses granted to ACELYRIN under this Agreement shall terminate, and ACELYRIN, its Affiliates, Sublicensees and distributors shall have no further right in or to the Licensed Affibody Patents or to use the Licensed Affibody Know-How or Product Trademarks Controlled by Affibody.

(b) *Grant to Affibody.* ACELYRIN shall and does hereby automatically and without any further consideration relinquish its rights hereunder and assign and cause its Affiliates, Sublicensees and distributors to assign to Affibody without further compensation, all rights, title and interests, if any, in and to the Regulatory Approvals and Regulatory Documentation solely in relation to the Therapeutic Compound and the Licensed Products, and shall grant to Affibody with effect from the effective date of termination a perpetual, irrevocable and exclusive, worldwide, license, with the right to grant sublicenses (through multiple tiers of Sublicensees), under the Joint Patents and Joint Know-How solely to Exploit the Therapeutic Compound and the Licensed Product. Such license shall be [***]. To the extent any assignment of Regulatory Approvals and Regulatory Documentation hereunder is not legally permissible or such Regulatory Approvals or Regulatory Documentation do not relate solely to the Therapeutic Compound and the Licensed Product, ACELYRIN shall grant Affibody the exclusive license and right (with right to sublicense) to access, use, and cross-reference such Regulatory Approvals or Regulatory Documentation solely to Develop, Manufacture and Commercialize the Therapeutic Compound and the Licensed Products worldwide.

(c) *Wind-down Clinical Studies.* ACELYRIN shall wind-down, in accordance with accepted pharmaceutical industry practices, any on-going Clinical Studies for which it has responsibility in which patient dosing has commenced or, if reasonably practicable and requested by Affibody, allow Affibody or its CRO to complete such trials (and then assign all related Regulatory Documentation and investigator and other agreements relating to such studies) at ACELYRIN's cost unless this Agreement is terminated by ACELYRIN under Section 13.2 or 13.3, in which case Affibody shall be responsible for such cost. ACELYRIN shall be responsible for any Study Costs associated with such wind-down, unless this Agreement is terminated by ACELYRIN under Sections 13.2 or 13.3, in which case Affibody shall be responsible for such Study Costs.

(d) *Ceasing Exploitation of Licensed Product.* Subject to the payment of all amounts accrued and payable under ARTICLE 7, ACELYRIN shall and its Affiliates, Sublicensees and distributors may continue to sell its existing inventories of the Licensed Products until the occurrence of either: [***]. If either such event occurs prior to the sale of all of ACELYRIN's inventories of the Licensed Products, then ACELYRIN shall [***].

(e) *Transfer of Materials.* ACELYRIN shall cooperate with Affibody in transferring to Affibody or a Third Party, as Affibody may direct, within [***] after the termination hereof, all data, files and other materials in the possession or under the control of ACELYRIN or its Affiliates, Sublicensees or distributors that were provided by Affibody, except that [***]. Notwithstanding the foregoing, [***].

(f) *Assignments.* In connection with any and all assignments contemplated by this Section 13.7, ACELYRIN shall execute and deliver, and shall cause its Affiliates and Sublicensees to execute and deliver such instruments and take such actions as may be necessary or desirable to effect such transfer.

(g) *Effect of Termination on Sublicenses.* A termination of this Agreement shall terminate any sublicense granted by ACELYRIN pursuant to Section 2.3.

(h) *Assistance.* ACELYRIN shall, and shall cause its Affiliates, Sublicensees and distributors to, at the request of Affibody, provide Affibody with such assistance as is reasonably necessary to effectuate a smooth and orderly transition of any Development and Commercialization of the Licensed Product, including any ongoing Clinical Studies, to Affibody or its designee so as to minimize any disruption of such activities, including the assignment of any such contracts (to the extent such contracts permit assignment) and the transfer of any such materials related to the Licensed Product, in each case that is the subject of such obligation, to the extent not prohibited under the terms of such contracts and requested by ACELYRIN. In performing its obligations under this Section 13.7.2, ACELYRIN shall, and shall cause its Affiliates, Sublicensees and distributors to, cooperate with Affibody (at ACELYRIN's reasonable expense) to effect such transfers and assignments in an orderly fashion and shall provide to Affibody or its designee any copies of relevant documents and rights of reference or access necessary to allow Affibody to Exploit the Licensed Products in the Affibody Territory. If this Agreement is terminated by ACELYRIN under Sections 13.2 or 13.3, Affibody shall reimburse ACELYRIN for its costs incurred for such assistance provided by ACELYRIN, its Affiliates, Sublicensees and distributors.

13.7.3 Remedies. Except as otherwise expressly provided herein, termination of this Agreement in accordance with the provisions hereof shall not limit remedies which may otherwise be available in law or equity.

13.8 **Accrued Rights; Surviving Obligations**.

13.8.1 Accrued Payments and Rights. Termination or expiration of this Agreement for any reason shall be without prejudice to any payments and rights that shall have accrued to the benefit of a Party prior to such termination or expiration. Such termination or expiration shall not relieve a Party from obligations that are expressly indicated to survive the termination or expiration of this Agreement.

13.8.2 Survival. Without limiting the foregoing, ARTICLE 1 (Definitions), Section 2.5 (Retention of Rights), Section 3.3.8 (Regulatory Records), Section 7.4 through Section 7.9 (only with respect to payments accrued before expiration or termination of this Agreement), Section 8.1 (Ownership of Intellectual Property), ARTICLE 10 (Confidentiality and Non-Disclosure), Section 11.4 (Disclaimer of Warranty), Section 11.5 (Non-Compete), ARTICLE 12 (Indemnity), Section 13.7 (Consequences of Expiration or Termination), this Section 13.8 (Accrued Rights; Surviving Obligations), and ARTICLE 14 (Miscellaneous) of this Agreement shall survive the termination or expiration of this Agreement for any reason.

ARTICLE 14
MISCELLANEOUS

14.1 **Subcontracting**. Either Party shall be free to subcontract to its Affiliates or Third Parties ("*Subcontractors*") any of its obligations under this Agreement without prior consent of the other Party, *provided* that (a) each such Subcontractor shall be subject to the relevant terms and conditions of this Agreement; and (b) each Party shall enter into agreements with its Subcontractors that contain confidentiality terms no less stringent than those set forth in ARTICLE 10 hereof and assignment of inventions provisions consistent with the requirements of this Agreement. For clarity, the subcontracting rights set forth herein shall not relieve either Affibody or ACELYRIN of any obligations hereunder. All subcontracts shall be in writing. Unless otherwise agreed in writing by the Parties, any fees or costs due to any such Subcontractor shall be at the sole expense of the Party engaging the relevant Subcontractor.

14.2 **Force Majeure**. Neither Party shall be held liable to the other Party or be deemed to have breached this Agreement for failure or delay in fulfilling or performing any term of this Agreement when such failure or delay is caused by or results from events beyond the reasonable control of the non-performing Party, including fires, floods, earthquakes, embargoes, shortages, war, acts of war (whether war be declared or not), terrorist acts, insurrections, riots, civil commotion, strikes, lockouts or other labor disturbances, acts of nature or acts, pandemic, omissions or delays in acting by any governmental authority. The non-performing Party shall notify the other Party of such force majeure promptly after such occurrence by giving written notice to the other Party stating the nature of the event, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance shall be of no greater scope and no longer duration than is necessary and the non-performing Party shall use reasonable efforts to remedy its inability to perform. If such force majeure event lasts for more than [***], such other Party shall have the right to terminate this Agreement upon [***] written notice to the non-performing Party.

14.3 **Assignment**. Without the prior written consent of the other Party hereto, neither Party shall sell, transfer, assign, delegate, pledge or otherwise dispose of, whether voluntarily, involuntarily, by operation of law or otherwise, this Agreement or any of its rights or duties hereunder; *provided* that (a) Affibody may, without such consent, assign this Agreement and its rights and obligations hereunder to an Affiliate so long as such assignee entity remains an Affiliate, or to its successor entity or acquirer in the event of a merger, consolidation or sale of substantially all of the assets of Affibody, and (b) ACELYRIN may, without such consent, assign this Agreement and its rights and obligations hereunder to an Affiliate so long as such assignee entity remains an Affiliate or to its successor entity or acquirer in the event of a merger, consolidation or sale of substantially all of the assets of ACELYRIN to which this Agreement relates; *provided, further,* that in either case ((a) or (b)), with respect to an assignment to an Affiliate, such assigning Party shall remain responsible for the performance by such Affiliate of the rights and obligations hereunder. Any attempted assignment or delegation in violation of the preceding sentence shall be void and of no effect.

14.4 **Severability**. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of either Party under this Agreement will not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and reasonably acceptable to the Parties. To the fullest extent permitted by Applicable Law, each Party hereby waives any provision of law that would render any provision hereof illegal, invalid or unenforceable in any respect.

14.5 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of [***], excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The Parties agree to exclude the application to this Agreement of [***].

14.6 **Dispute Resolution**. If a dispute arises between the Parties in connection with, relating to or otherwise arising out of this Agreement or any document or instrument delivered in connection herewith (a "*Dispute*"), it shall be resolved pursuant to this Section 14.6.

14.6.1 Executive or Third Party Mediation. Either Party shall have the right to refer any Dispute to the chief executive officers of the Parties who shall confer on the resolution of the issue. Any final decision mutually agreed to by such representatives shall be conclusive and binding on the Parties. If such officers are not able to agree on the resolution of any such issue within [***] after such issue was first referred to them, (a) the chief executive officers may agree to refer the matter to an independent Third Party mediator for resolution within [***]; or (b) either Party may, by written notice to the other Party, elect to initiate arbitration pursuant to Section 14.6.2 for purposes of having the matter settled.

14.6.2 Arbitration. All Disputes that remain unresolved after the executive mediation or Third Party mediation referred to in Section 14.6.1 shall be finally resolved through arbitration under the Commercial Arbitration Rules of the American Arbitration Association (the "*AAA Rules*").

(a) The number of arbitrators shall be [***] if the amount in dispute is less than [***] or [***] if the amount in dispute is [***] or higher. If there [***] arbitrator shall be nominated jointly by the Parties within [***] after submission of the response to the arbitration request. If there [***], the Parties shall each nominate one arbitrator within [***] after submission of such response, and the [***], shall be jointly nominated by the two- Party nominated arbitrators in consultation with the Parties within [***] of the appointment of the second arbitrator. If any arbitrator is not nominated within these time periods, the AAA shall appoint such arbitrator in accordance with the AAA Rules. Each arbitrator shall comply with the requirements of the IBA Guidelines on Conflicts of Interest in International Arbitration.

(b) The seat, or legal place of arbitration and hearing location shall be [***]. The language of the arbitration shall be English. Any written evidence originally in another language shall be submitted in English translation accompanied by the original or a true copy thereof. In addition to the authority conferred upon the arbitral tribunal by the AAA Rules, the arbitral tribunal shall have the authority to order production of documents and shall be guided by the IBA Rules on the Taking of Evidence in International Arbitration.

(c) The arbitrators shall be instructed and required (a) to deliver (a) a draft award within [***] of the conclusion of the taking of evidence, and each of the Parties may provide comments thereon within [***] after its receipt of such draft resolution; and (b) to render a final award, which shall be delivered to the Parties as expeditiously as possible, but in no event more than [***] after conclusion of the taking of evidence; *provided* that if the arbitrators are unable to meet the foregoing timelines despite the use of their respective best efforts to do so, then the arbitrators shall have the authority to extend any of the foregoing timelines as necessary in connection with delivery of a final award.

(d) Judgment on the award may be entered in any court of competent jurisdiction. Each Party agrees that, notwithstanding any provision of Applicable Law or of this Agreement, it shall not request, and the arbitrators shall have no authority to award, punitive or exemplary damages against any Party.

14.6.3 Interim Relief; Confidentiality and Other Limitations. Nothing in this Agreement shall limit the right of either Party to apply to the arbitrators or any court of competent jurisdiction for any interim relief or provisional relief, including a temporary restraining order, preliminary injunction or other interim or conservatory relief without requiring posting a bond or other security. The arbitrators shall have the authority to grant any provisional or interim remedy that would be available from a court of law or equity located in [***]. Except to the extent necessary to confirm or obtain judgment on an award or decision or as may be required by Applicable Law, neither Party may, and the Parties shall instruct the arbitrators not to, disclose the existence, content, or results of an arbitration without the prior written consent of both Parties. In no event shall an arbitration be initiated after the date when commencement of a legal or equitable proceeding based on the Dispute would be barred by the applicable statute of limitations under [***] law, or, if no [***] statute of limitation applies, the shortest of any other statutory or other time limitation under Applicable Law that may apply to the claim.

14.7 **Notices**.

14.7.1 Notice Requirements. Any notice, request, demand, waiver, consent, approval or other communication permitted or required under this Agreement shall be in writing, shall refer specifically to this Agreement and shall be deemed given only if delivered by hand or sent by facsimile transmission (with transmission

confirmed) or by internationally recognized overnight delivery service that maintains records of delivery, addressed to the Parties at their respective addresses specified in Section 14.6.2 or to such other address as the Party to whom notice is to be given may have provided to the other Party in accordance with this Section 14.7. Such notice shall be deemed to have been given as of the date delivered by hand or transmitted by facsimile (with transmission confirmed) or on the [***] Business Day (at the place of delivery) after deposit with an internationally recognized overnight delivery service. Any notice delivered by facsimile shall be confirmed by a hard copy delivered as soon as practicable thereafter. All notices given under this Section 14.7 shall be accompanied by a courtesy copy sent by email, which will not constitute notice. This Section 14.7 is not intended to govern the day-to-day business communications necessary between the Parties in performing their obligations under the terms of this Agreement.

14.7.2 Address for Notice.

If to ACELYRIN, to:
[***]

If to Affibody, to:
[***]

14.8 **Entire Agreement**. This Agreement, together with the Schedules attached hereto, sets forth and constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and all prior agreements, understandings, promises and representations, whether written or oral, with respect thereto are superseded hereby. Each Party confirms that it is not relying on any representations or warranties of the other Party except as specifically set forth herein. No amendment, modification, release or discharge shall be binding upon the Parties unless in writing and duly executed by authorized representatives of both Parties.

14.9 **English Language**. This Agreement shall be written and executed in, and all other communications under or in connection with this Agreement shall be in, the English language. Any translation into any other language shall not be an official version thereof, and in the event of any conflict in interpretation between the English version and such translation, the English version shall control.

14.10 **Waiver**. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. The waiver by either Party hereto of any right hereunder or of the failure to perform or of a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by said other Party whether of a similar nature or otherwise.

14.11 **Interpretation**. The section, paragraph and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. All references in this Agreement to an Article, Section or Schedule shall refer to an Article, Section or Schedule in or to this Agreement, unless otherwise stated. Any reference to any Applicable Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “including” and similar words mean “including without limitation.” The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision. References in this Agreement to “provisions of this Agreement” refer to the terms, conditions and promises contained in this Agreement taken as a whole, including all Schedules attached hereto. All references to months or quarters are references to calendar months or calendar quarters, respectively, unless otherwise specified. References to the singular include the plural. This Agreement will be construed without any presumption or other rule requiring construction against the Party drafting the provision to be interpreted.

14.12 **No Benefit to Third Parties**. The representations, warranties, covenants and agreements set forth in this Agreement are for the sole benefit of the Parties hereto and their successors and permitted assigns, and they shall not be construed as conferring any rights on any other Persons.

14.13 **Further Assurance**. Each Party shall duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents and instruments, as may be necessary or as the other Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes hereof, or to better assure and confirm unto such other Party its rights and remedies under this Agreement.

14.14 **Relationship of the Parties**. It is expressly agreed that Affibody, on the one hand, and ACELYRIN, on the other hand, shall be independent contractors and that the relationship between the two Parties shall not constitute a partnership, joint venture or agency. Neither Affibody, on the one hand, nor ACELYRIN, on the other hand, shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other, without the prior written consent of the other Party to do so, such consent not to be unreasonably withheld or delayed. All Persons employed by a Party shall be employees of such Party and not of the other Party and all costs and obligations incurred by reason of any such employment shall be for the account and expense of such Party.

14.15 **Counterparts**. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signatures and such signatures shall be deemed to bind each Party hereto as if they were original signature.

[SIGNATURE PAGE FOLLOWS]

THIS AGREEMENT IS EXECUTED by the authorized representatives of the Parties as of the date first written above.

AFFIBODY AB

Signature: */s/ David Bejker*
Name: David Bejker
Title: Chief Executive Officer

ACELYRIN, INC.

Signature: */s/ Shao-Lee Lin*
Name: Shao-Lee Lin
Title: Chief Executive Officer

[***] Certain information in this document has been omitted from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

ADDENDUM TO LICENSE AND COLLABORATION AGREEMENT

THIS ADDENDUM TO LICENSE AND COLLABORATION AGREEMENT (this "Addendum") is entered into as of August 9, 2021 (the "Effective Date") by and between **Affibody AB**, a Swedish company with registration no. 556665-6913, with a principal place of business at Scheeles väg 2, SE-171 65 Solna, Sweden ("Affibody") and **ACELYRIN, INC.**, a Delaware corporation with a principal place of business at 23371 Mulholland Dr., PMB 417, Woodland Hills, CA 91364 ("ACELYRIN", and collectively with Affibody, the "Parties" and each, a "Party").

INTRODUCTION

WHEREAS, the Parties entered into a License and Collaboration Agreement on the Effective Date (the "Agreement").

WHEREAS, prior to the ACELYRIN Financing Date, Affibody wishes to be informed of ACELYRIN's efforts to obtain financing, and ACELYRIN wishes to make preparations for exercising its rights and performing its obligations under the Agreement that will become effective as of the ACELYRIN Financing Date.

NOW, THEREFORE, in consideration of the premises and the mutual promises and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

AGREEMENT

Capitalized terms used but not defined herein will have the meanings set forth in the Agreement.

1. During the term of this Addendum, ACELYRIN shall keep Affibody reasonably informed of ACELYRIN's efforts to obtain financing by providing Affibody with [***] reports of such efforts, to be delivered to Affibody within [***] after the beginning of each [***] (each, a "Report"). Each Report shall include, subject to ACELYRIN's confidentiality obligations to investors and potential investors, such information pertaining to the immediately preceding [***] (the "Reporting Period") as the following: [***]. All Reports and all information included therein constitute ACELYRIN's Confidential Information under the Agreement.

2. During the term of this Addendum and consistent with Article 10 of the Agreement (Confidentiality and Non- Disclosure), Affibody shall provide, and shall use commercially reasonable efforts to ensure that Inmagene provides, cooperation and assistance necessary or reasonably requested by ACELYRIN to enable ACELYRIN to exercise its rights and to perform its obligations under the Agreement prior to the ACELYRIN Financing Date and to make preparations for exercising its rights and performing its obligations under the Agreement that will become effective as of the ACELYRIN Financing Date. The Parties shall, and Affibody shall use commercially reasonable efforts to cause Inmagene to, exchange data, information, and strategies regarding the Licensed Products and Development and regulatory activities being conducted under the Joint Development Plan, both under the Agreement and the Inmagene Agreement, to the extent necessary or reasonably useful for ACELYRIN to exercise its rights and to perform its obligations under the Agreement prior to the ACELYRIN Financing Date and to make preparations for exercising its rights and performing its obligations under the Agreement that will become effective as of the ACELYRIN Financing Date.

3. This Addendum shall commence upon the Effective Date and shall continue until the earlier of (i) the ACELYRIN Financing Date or (ii) the expiration or termination of the Agreement.

4. Sections 14.5 and 14.6 of the Agreement are hereby incorporated by reference as if set forth herein (*mutatis mutandis*), except that references therein to the Agreement shall be deemed to be references to this Addendum.

5. This Addendum may be executed in counterparts, each of which counterparts, when so executed and delivered, will be deemed to be an original, and all of which counterparts, taken together, will constitute one and the same instrument even if both Parties have not executed the same counterpart. Signatures provided by facsimile transmission or in Adobe™ Portable Document Format (PDF) sent by electronic mail will be deemed to be original signatures. No provision of this Addendum may be amended or modified other than by a written document signed by authorized representatives of each Party hereto specifically referencing this Addendum.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each Party has caused this Addendum to be duly executed by its authorized representative under seal, in duplicate on the Effective Date.

AFFIBODY AB

/s/ David Bejker
Name: David Bejker
Title: Chief Executive Officer

ACELYRIN, INC.

/s/ Shao-Lee Lin
Name: Shao-Lee Lin
Title: Chief Executive Officer

[Signature Page to Addendum to License and Collaboration Agreement]

[***] Certain information in this document has been omitted from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

CONFIDENTIAL

LICENSE AND COMMERCIALIZATION AGREEMENT

THIS LICENSE AND COMMERCIALIZATION AGREEMENT ("Agreement") dated as of March 25, 2021 ("Effective Date") is entered into between **Pierre Fabre Medicament** SAS, a company duly organized and existing under the laws of France, having offices and principal place of business at 45, Place Abel Gance 92100 Boulogne Billancourt, France ("Licensor") and **ValenzaBio Inc.**, a limited liability company organized under the laws of Delaware and having its principal place of business at 6701 Democracy Blvd, Suite 300, Bethesda, MD 20817 ("Licensee").

BACKGROUND

A. Licensor owns or controls certain patents, know-how and other intellectual property relating to an anti-IGF-1R monoclonal antibody, internally designated within Licensor as [***] identified in Exhibit 1.6, (the "Asset") that Licensor develops in an antibody drug conjugate ("ADC");

B. Licensee wishes to develop the Asset as a naked antibody for one or more non-oncology indications; and

C. The Parties wish to enter into an agreement whereby Licensor will grant to Licensee, and Licensee will obtain, certain exclusive rights and licenses under the Asset to Exploit the Product in the Field and the Territory, *provided* that Licensor will retain the right to Exploit the Asset and Product outside the Field, all on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

Article 1

DEFINITIONS

In addition to the capitalized terms defined elsewhere in this Agreement, the following terms shall have the meanings set forth below, except as otherwise provided herein.

1.1 "Acceptance" means acceptance of a Regulatory Filing by the Regulatory Authority.

1.2 "Accumulated Net Sales" means the accumulated worldwide Net Sales by or on behalf of Licensee, its Affiliates and Sublicensees since the Effective Date.

1.3 "Affiliate" of a Party means any person, corporation or other entity that, directly or indirectly, controls, is controlled by, or is under common control with such Party, as the case may be. As used in this Section 1.3, the word "control" (including, with correlative meaning, the terms "controlled by" or "under the common control with") shall mean the actual power, either directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity, whether by the ownership of more than fifty percent (50%) of the voting share capital in such person, corporation, or other entity, or by contract or otherwise.

1.4 "Annual Net Sales" means, with respect to a particular Calendar Year, all Net Sales during such Calendar Year.

1.5 "Applicable Laws" means any law or statute, any rule or regulation, or code (including written governmental interpretations thereof, the guidance related thereto, or the application thereof) issued by a Governmental Authority or Regulatory Authority and any judicial, governmental, or administrative order, judgment, decree, or ruling, in each case as applicable to the subject matter and the parties at issue.

1.6 "Asset" has the meaning set forth in the Background Section.

1.7 "BLA" means a Biologic License Application, including all supplements and amendments thereto, for the approval of the Product by the FDA.

1.8 "Business Day" means any day other than: Saturday, Sunday or any other day on which commercial banks in USA or France are authorized or required by law to remain closed.

1.9 "Calendar Year" shall mean any twelve (12) month period commencing on January 1.

1.10 "Calendar Quarter" means each three (3) consecutive calendar months ending on each March 31, June 30, September 30 and December 31.

1.11 "Change of Control" means, with respect to a Party, (a) a merger, reorganization or consolidation of such Party with or into a Third Party which results in the voting securities of such Party outstanding immediately prior thereto ceasing to represent at least [***] of the combined voting power of the surviving entity or the ultimate parent of the surviving entity immediately after such merger, reorganization or consolidation, (b) a Third Party becoming the beneficial owner of [***] or more of the combined voting power of the outstanding securities of such Party other than as a result of a bona fide financing transaction of such Party or (c) the sale or other transfer to a Third Party of all or substantially all of such Party's business or assets to which this Agreement relates; *provided*, *however*, that a Change of Control excludes any such transaction entered into [***]

1.12 "Clinical Studies" means any clinical studies with respect to a Product, including Phase 1 Studies, Phase 2 Studies, Phase 3 Studies, post-approval studies and IST's.

1.13 "Commercialization" means, with respect to a Product, any and all processes and activities directed to selling, offering for sale, including any application for pricing and reimbursement approvals and more generally, any pricing, reimbursement and market access activities, distributing, detailing, marketing, advertising, promoting, storing, transporting, distributing, importing, and other commercial exploitation activities. "Commercialize" and "Commercializing" shall have their correlative meanings.

1.14 "Commercially Reasonable Efforts" means in respect of Development, manufacturing or Commercialization activities with respect to a Product, the carrying out of such activities in a sustained and diligent manner and using efforts and resources which Licensee, its Affiliates and Sublicensees would typically devote to products with similar market potential at a similar stage in development or product life, taking into consideration their safety and efficacy, their cost to Develop, the scope of the Field and Territory, the competitiveness of alternative products, the nature and extent of their market exclusivity, the likelihood of Regulatory Approval, their profitability, and all other relevant factors (together, the "Relevant Factors"), but in any event, at least the level of efforts and resources that are comparable to the efforts and resources commonly used by biotechnology companies of similar size for products of similar market potential at a similar stage in development or product life, taking into consideration the Relevant Factors.

1.15 "Competing Products" means any pharmaceutical product developed or commercialized [***] that is not a Product.

1.16 "Control" (including any variations such as "Controlled" and "Controlling"), means, with respect to any item of information or with respect to any Intellectual Property Right: the possession (whether by ownership interest or license, other than pursuant to this Agreement) by a Party or its Affiliates of the ability to grant to the other Party access to or a license under such item or right, as provided herein, without violating the terms of any agreement or other arrangements with any Third Party; *provided*, *however*, that if (a) the grant to the other Party of access to or a license under such item or right and/or (b) the exercise by the other Party of rights under such license, as provided herein, in either case ((a) or (b)), would trigger a payment obligation by a Party to a Third Party, such item or right, as applicable, shall only be deemed to be Controlled by a Party if the other Party agrees to (i) assume such payment obligation with respect thereto and (ii) be bound by any obligations that are required to be passed on to any sublicensees with respect thereto.

1.17 "Data" means any and all research data, pharmacology data, preclinical data, clinical data and/or all Regulatory Filings and/or other regulatory documentation, information and submissions pertaining to, or made in association with an IND, NDA or Regulatory Approval, for a Product, in each case to the extent Controlled by a Party as of the Effective Date or during the Term of this Agreement.

1.18 "Data Package" with respect to the POC Clinical Study, [***] and other data and documents agreed by the JSC in accordance with Section 3.1(b).

1.19 "Development" or "Develop" means non-clinical and clinical research and drug development activities, including toxicology, pharmacology, statistical analysis, Clinical Studies (including pre- and post-approval studies and Investigator Sponsored Clinical Studies), regulatory affairs, and regulatory activities pertaining to designing and carrying out Clinical Studies and obtaining Regulatory Approvals (excluding regulatory activities directed to obtaining pricing and reimbursement approvals).

1.20 "Development Plan" means a [***].

1.21 "Divest" means, as it relates to [***].

1.22 "DP Laws" means any applicable data protection laws relating to the protection of individuals with regard to the processing of personal data including (i) EU Data Protection Directive 95/46/EC as implemented by EU member states, (ii) the General Data Protection Regulation (EU) 2016/679, from 25 May 2018 (the "GDPR"), (iii) laws implemented by EU member states which contain derogations from, or exemptions or authorisations for the purposes of, the GDPR, or which are otherwise intended to supplement the GDPR, and/or (iv) any corresponding or equivalent national laws or regulations including any amendment, update, modification to or re-enactment of such laws.

1.23 "EMA" means the European Medicines Agency, or any successor entity thereto performing similar functions.

1.24 "Exploit" means to make, have made, and otherwise manufacture, use, have used, Develop, hold or keep (whether for disposal or otherwise), export, transport, and Commercialize and otherwise dispose of "Exploitation" means the act of Exploiting.

1.25 "FDA" means the United States Food and Drug Administration or any successor entity thereto.

1.26 "Field" means Exploitation of Products for non-oncology therapeutic indications.

1.27 "First Commercial Sale" shall mean with respect to a Product, the first sale for use or consumption by an end user of such Product following receipt of the first Marketing Approval of such Product in a country in the Territory.

1.28 "Governmental Authority" shall mean any court, tribunal, arbitrator, agency, legislative body, commission, official or other instrumentality of (i) any government of any country, region, or international community or (ii) a supranational, federal, state, province, county, city or other political subdivision thereof, any of which has binding jurisdiction.

1.29 "Improvements" shall mean any invention and Patent, or other Intellectual Property Right generated by or under authority of Licensee, its Affiliates or Sublicensees in connection with Exploitation of a Product, including any Licensee Know-How and Licensee's rights in Joint Patents. For clarity, "Improvements" shall not include any inventions, Patents or other Intellectual Property owned by or generated solely by the Licensor.

1.30 "IND" shall mean an Investigational New Drug application (as such term is used in United States 21 C.F.R. Part 312, Subpart B) filed with the FDA for authorization to commence Clinical Studies.

1.31 "Indication" shall mean an initial, expanded or additional patient population for which use of a Product is indicated, as reflected or to be reflected in the approved label for such Product.

1.32 "Initial Development Plan" means the Development Plan attached hereto as Exhibit 1.32.

1.33 "Initiation" means with respect to a Clinical Study, the first patient's first visit pursuant to the applicable protocol.

1.34 "Intellectual Property Rights" means all Patents, trade secrets, copyrights, trademarks, moral rights, know-how and any and all other intellectual property or proprietary rights and applications for the same now known or hereafter recognized in any jurisdictions.

1.35 "Investigator Sponsored Clinical Study" or "IST" shall mean a clinical or non-clinical study of a Product that is sponsored and conducted by a physician, physician group or other Third Party not acting under a license from or on behalf of a Party or an Affiliate, pursuant to an IND owned by such Third Party, and with respect to which a Party or its Affiliate provides clinical supplies of the Product, funding or other support for such clinical study.

1.36 "Joint Patent" shall have a meaning set out in Section 11.3.

1.37 "Licensed Intellectual Property" shall mean the (i) Licensed Know-How, and (ii) Licensed Patents, in each case, [***].

1.38 "Licensed Know-How" means all scientific, medical, technical, Regulatory Filings and other information, including Data, (i) Controlled by Licensor as of the Effective Date and listed in Exhibit 1.38, (ii) generated pursuant to Section 9.1 (Asset Supply For Feasibility Studies), and (iii) provided pursuant to Section 4.1.

1.39 "Licensee Know-How" shall mean all scientific, medical, technical, regulatory, marketing and other information relating to the Product (including the Data) generated by or under authority of Licensee, its Affiliates or Sublicensees in connection with Exploitation of the Product.

1.40 "Licensed Patents" means (i) the Patents listed on Exhibit 1.40, any Patents issuing therefrom, and (ii) Licensor's rights in Joint Patents.

1.41 "[***]" means the License Agreement between [***] Pierre Fabre Medicament dated November 21, 2017 and any amendments thereto.

1.42 "[***]" means the Intellectual Property Rights licensed and any other rights granted to Licensor under the [***].

1.43 "Marketing Approval" means such approvals, licenses, registrations or authorizations granted, provided or otherwise issued by the applicable Regulatory Authority(ies) in a country, that are necessary to Commercialize a Product in such country, including with respect to the European Union, a Marketing Authorization Application (an "MAA") filed with the EMA pursuant to the centralized approval procedure or with the applicable Regulatory Authority of a country in Europe with respect to the mutual recognition or any other national approval procedure or with respect to the US, a BLA.

1.44 "Marketing Plan" means a written plan containing the strategy and proposed activities for marketing and selling Products in each country in the Territory to be submitted by Licensee to the JSC for approval no later than [***] and then updated on each anniversary of the date of submission of the initial marketing plan.

1.45 "Net Sales" means, with respect to a Product for any period, the gross amounts billed, received or otherwise invoiced by Licensee, its Affiliates or its or their Sublicensees for the sale of a Product to Third Parties (including Distributors) in the Territory, less the following deductions for:

[***]

1.46 "Option Territory" means any territory outside of United States and Canada.

1.47 "Party" shall mean Licensor or Licensee, individually; and "Parties" shall mean Licensor and Licensee, collectively.

1.48 "Patent(s)" shall mean any patents and patent applications, together with all additions, divisions, continuations, continued prosecution applications, continuations-in-part, substitutions, confirmations, validations, reissues, re-examinations, registrations, patent term extensions, supplementary protection certificates, restoration and renewals of any of the foregoing.

1.49 "Phase 1 Studies" a human clinical study of a product in any country, the principal purpose of which is a preliminary determination of safety in healthy individuals or patients, that would satisfy the requirements of 21 C.F.R. 312.21(a), or a similar clinical study prescribed by the relevant Regulatory Authorities or Applicable Law in a country other than the United States.

1.50 "Phase 2 Studies" means a human clinical study of a product in any country that would satisfy the requirements of 21 C.F.R. 312.21(b), or a similar clinical study prescribed by the relevant Regulatory Authorities or Applicable Law in a country other than the United States, and that is designed or intended demonstrate the safety, dose ranging and efficacy of such product for its intended use, which is prospectively designed to generate sufficient data (if successful) to commence a Phase 3 Study. After completion of the dose escalation phase of a Phase 1 Study, the extension of such study designed to establish that the drug at the selected dose is safe and efficacious for its intended use shall be deemed a Phase 2 Study for purpose of this Agreement.

1.51 "Phase 3 Studies" means a human clinical study of a product in any country that would satisfy the requirements of 21 C.F.R. 312.21(c), or a similar clinical study prescribed by the relevant Regulatory Authorities or Applicable Law in a country other than the United States, and that is designed or intended to (a) establish that the product is safe and efficacious for its intended use, (b) define warnings, precautions and adverse reactions that are associated with the product in the dosage range to be prescribed, and (c) support Regulatory Approval for such product.

1.52 "Pivotal Study" means a clinical trial of a Product on a sufficient number of subjects (a) that is conducted by Licensee, its Affiliates or its Sublicensees after positive results are obtained from a previous study for the Product, (b) is on a sufficient number of subjects that, prior to commencement of the trial, is designed to establish that such Product has an acceptable safety and efficacy profile for its intended use, and to determine warnings, precautions, and adverse reactions that are associated with such Product in the dosage range to be prescribed, and (c) which such clinical trial is intended to support Regulatory Approval of such Product, including any registration-enabling study, or amended part of a study to support registration, or trial or study that is intended to meet requirements for an expedited or accelerated approval.

1.53 "POC" means with respect to an Indication and a Product, the data generated by or behalf of Licensee, its Affiliates and Sublicensees in accordance with Sections 3.1(b)(v) and 3.7 in a Clinical Study necessary to ensure proof of concept with respect to such Product.

1.54 "Product" means a product comprising the Asset as a naked monoclonal antibody (excluding for the avoidance of doubt, any fragment or derivative of the Asset) and as its sole active ingredient.

1.55 "Recipients" shall have the meaning set out in Section 10.5.

1.56 "Regulatory Approval" shall mean, with respect to the Product in any country or jurisdiction, any and all approvals (including Marketing Approval and any pricing and reimbursement approvals, as applicable), licenses, permits, certifications, registrations or authorizations of any Regulatory Authority necessary under Applicable Laws in a country or other jurisdiction in order to commercially distribute, manufacture and have manufactured, sell or market the Product in such country or jurisdiction.

1.57 "Regulatory Authority" means any applicable supra-national, federal, national, regional, state, provincial or local regulatory agencies, departments, bureaus, commissions, councils or other government entities regulating or otherwise exercising authority with respect to the Exploitation of Product in the Territory, including the FDA in the United States and the EMA in the European Union.

1.58 "Regulatory Exclusivity" means any exclusive marketing rights or data exclusivity rights conferred by any applicable Regulatory Authority in the Territory, other than an issued and unexpired Patent, including any regulatory data protection exclusivity (including, where applicable, pediatric exclusivity and/or orphan drug exclusivity) and/or any exclusivity afforded by restrictions on the granting by a Regulatory Authority of regulatory approval to market a biosimilar product in the Territory.

1.59 "Regulatory Filing" shall mean all approvals, licenses, registrations, submissions and authorizations made to or received from a Regulatory Authority in a jurisdiction necessary for or in connection with the Development, manufacture and/or Commercialization of a pharmaceutical product, including any INDs and BLA.

1.60 "Reversion Option" shall have the meaning set out in Section 2.4.

1.61 "Royalty Term" means, with respect to a Product and each country in the Territory, the period ending on the later to occur of: (a) tenth (10th) anniversary of the First Commercial Sale in such country; (b) the expiration of the last-to-expire Valid Claim of a Licensed Patent in such country, and (c) the expiration of Regulatory Exclusivity in such country for such Product.

1.62 "Segregate" means in respect of a Product, [***].

1.63 "Sublicensee" means a Third Party that has been granted or assigned (when permitted pursuant to Section 18.8) a right to Exploit the Product in the Territory in the Field pursuant to Section 2.2 or an option to such right; and "Sublicense" shall mean an agreement or arrangement granting or assigning (when permitted pursuant to Section 18.8) such rights. As used in this Agreement, "Sublicensee" shall not include a wholesaler or similar distributor or reseller of the Product which Commercializes the Product, to the extent that Licensee or its Affiliate sells to such entity the Product at only supply prices and the arrangement does not include royalty payments or other payments tied to the revenue such wholesaler, distributor or reseller receives upon resale of the Product, whether paid in arrears or as transfer price, and /or significant lump sum payments (the "Distributors").

1.64 "Sublicense Revenues" means all [***]. Notwithstanding the foregoing, "Sublicense Revenues" will not include [***].

1.65 "Territory" means all countries in the world, *provided* that if the Reversion Option is exercised, the Territory shall exclude the Option Territory with regard to which the Reversion Option is exercised.

1.66 "Third Party" shall mean any person, corporation, or other entity, other than the Parties and their respective Affiliates, as long as they remain an Affiliate of the corresponding Party.

1.67 "Valid Claim" means (a) a claim of any issued and unexpired Patent (including the term of any patent term extension, supplementary protection certificate, renewal or other extension) whose validity, enforceability or patentability has not been affected by (i) irretrievable lapse, abandonment, revocation, dedication to the public or disclaimer or (ii) a holding, finding or decision of invalidity, unenforceability or non-patentability by a court, governmental agency, national or regional patent office or other appropriate body that has competent jurisdiction, such holding, finding or decision being final and unappealable or unappealed within the time allowed for appeal, or (b) a claim of a pending Patent application that was filed and which has not been abandoned or finally disallowed without the possibility of appeal of the application.

Article 2

GRANT OF LICENSES

2.1 Licenses.

(a) Exclusive Licenses. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee an exclusive license, with the right to grant sublicenses as provided in Section 2.2, under Licensed Intellectual Property to Exploit Products in the Field in the Territory.

(b) Certain Clarifications. The license granted in Section 2.1(a) excludes and Licensee shall not use the Asset or any part thereof or of the Licensed Intellectual Property for any other purpose than the Exploitation of a Product in the Field. Without limiting the foregoing, Licensee shall not use the Asset or any part thereof or of Licensed Intellectual Property in ADC, multispecific antibodies or any other derivative of the Asset, for each of which Licensor retains exclusive rights in all fields of use. Licensee acknowledges that Licensor is currently developing an ADC containing the Asset in oncology.

2.2 Sublicensees.

(a) Licensee shall have the right to sublicense the rights granted under Section 2.1(a), with the right to further sublicense, solely (i) in accordance with this Section 2.2, (ii) after expiry or waiver of Licensor's rights pursuant to Sections 2.3 and 2.4 below and (iii) subject to prior written notice to Licensor. Notwithstanding Section 2.2 (a)(ii), as of the Effective Date, Licensee shall be entitled to grant Sublicenses limited to Development to contract research, contract-manufacturing organization, or other service providers engaged by Licensee to Develop or manufacture a Product in accordance with the Development Plan, *provided* in each case, that rights granted to such contract research, contract manufacturing organizations, or other service providers shall not include any right to Commercialize the Product or to grant an option to such right.

(b) Licensee shall ensure that each Sublicensee is bound by a written agreement between Licensee and Sublicensee, as applicable, that does not conflict with, and contains provisions as protective of Products and Licensor as this Agreement. Without limiting any of Licensee's obligations under this Agreement, Licensee shall also ensure that each Sublicensee expressly agrees in writing to be bound by all of Licensee's obligations under this Agreement to the extent applicable to such Sublicensee. Licensee shall remain responsible for any actions of its Sublicensees exercising sublicense rights under this Section 2.2 with respect to the rights and licenses granted by Licensor to Licensee under this Agreement to the same extent as if such actions had been by Licensee itself.

(c) Promptly following the execution of each Sublicense with a Sublicensee, Licensee shall provide Licensor with [***].

2.3 Right of First Negotiation in the Option Territory. During the term of this Agreement, the Licensee shall inform the JSC promptly if Licensee intends to sublicense any rights to Develop or Commercialize a Product in the Option Territory. Prior to Licensee either offering to a Third Party a nonbinding term sheet, or responding to a Third Party's nonbinding term sheet, in each case for a Sublicense under any of the Licensed Intellectual Property for the Exploitation of the Asset and a Product in the Field in one or more countries in the Option Territory, Licensee shall notify Licensor [***] of such intent together with the material terms of such non-binding term sheet ("Licensee Notice"). If Licensor provides Licensee a written notice ("Licensor Notice") indicating its interest and intent to negotiate with Licensee for such rights in the Option Territory within [***] of receipt of such Licensee Notice, then the Parties shall [***]. If Licensor does not respond to the Licensee Notice within [***] of its receipt, or the Parties [***] ("[***] Period"), then Licensee shall thereafter have the right to enter into the Third Party Sublicense with respect to a Product in the Field and in the applicable countries in the Option Territory on terms that are no more favorable to the Third Party licensee than the terms offered by the Licensee to Licensor in writing during the [***] Period. If Licensee had not signed such license agreement with a Third Party within [***] following the expiry of the [***] Period, Licensor's right under this Section 2.3 will be reset.

2.4 Reversion Option. Until the date that is [***] after validation of the Full Data Package through the JSC, Licensor shall have the option to reclaim all exclusive rights to Exploit the Product in the Field in Option Territory and to obtain an exclusive sublicensable license in the Option Territory to Improvements, including Product trademarks, to Exploit the Product in the Field (the "Reversion Option"). If Licensor notifies Licensee of its intent to exercise the Reversion Option, the financial terms and conditions set out in Section 6.5 shall apply and the Parties shall discuss in good faith all customary adjustments to the terms and conditions of this Agreement, including with respect to governance, patent prosecution and litigation, and vigilance regulatory coordination.

2.5 The [***]. The licenses and rights granted to Licensee under this Agreement shall not be construed to grant any rights or sub-license under [***]. Licensee acknowledges that certain rights under [***] are necessary to Exploit the Asset. Licensor shall use reasonable efforts to facilitate Licensee's negotiation and entry into a direct license agreement [***]. Notwithstanding the foregoing, [***].

2.6 No Other Rights.

(a) Except for the rights and licenses expressly granted in this Agreement, Licensor retains all rights under its Intellectual Property Rights, and no additional rights shall be deemed granted to Licensee by implication, estoppel or otherwise.

(b) For clarity, the licenses and rights granted to Licensee in this Agreement shall not be construed to convey any licenses or rights under the Licensed Intellectual Property with respect to any subject matter other than a Product in the Field.

Article 3

GOVERNANCE

3.1 Joint Steering Committee.

(a) Establishment. Within [***] following the Effective Date, the Parties shall establish a Joint Steering Committee ("Joint Steering Committee" or "JSC") to oversee and review Licensee's activities with respect to a Product in the Field and the Territory.

(b) Duties. The JSC shall:

[***]

If Licensor elects to exercise its Reversion Option, the rights and responsibilities of the JSC [***].

3.2 Membership. The JSC shall be composed of [***] representatives from each of Licensee and Licensor (or a Licensor Affiliate), selected by such Party. Unless the Parties otherwise agree, the exact number of representatives for each Party shall be, with respect to the JSC, [***] representatives. Either Party may replace its respective JSC representatives at any time with prior written notice to the other Party; *provided* that the criteria for composition of the JSC set forth in the preceding sentence continues to be satisfied following any such replacement of a Party's representative on the JSC.

3.3 Meetings. The JSC shall meet at least [***], or at such other intervals as agreed to by the Parties. All JSC meetings may be conducted by telephone, video-conference or in person as determined by the JSC; *provided* that the JSC shall meet in person at least [***]. Unless otherwise agreed by the Parties, all in-person meetings for the JSC shall be held [***]. Each Party shall bear its own personnel and travel costs and expenses relating to JSC meetings. With the consent of the Parties (not to be withheld unreasonably), [***].

3.4 Decision-Making.

(a) Before exercise of the Reversion Option, after discussion at the JSC, Licensee shall have the right to cast the deciding vote in the event of a tie in votes, *provided* that [***].

(b) After exercise of the Reversion Option, (A) Licensee shall have the right to cast the deciding vote in the Territory, excluding for avoidance of doubt, the relevant countries of the Option Territory, *provided* that [***], (B) Licensor shall have the right to cast the deciding vote in the countries in the Option Territory for which it exercised the Reversion Option and (C) the provisions of this Article 3 shall be subject to customary governance adjustments to account for the Parties' respective roles following the exercise of the Reversion Option.

(c) Notwithstanding anything else in this Section 3.4, Licensor shall have the right to cast the deciding vote in respect to the decision in Section 3.1(b) (iii) and (v).

(d) For clarity, neither Party shall have the right to cast a deciding vote to excuse itself from any of its obligations specifically enumerated under this Agreement.

3.5 Alliance Managers. Within [***] following the Effective Date, each Party shall appoint a representative ("Alliance Manager") to facilitate communications between the Parties and to act as a liaison between the Parties with respect to such other matters as the Parties may mutually agree in order to maximize the efficiency of this Agreement and the collaboration hereunder. Each Party may replace its Alliance Manager with an alternative representative at any time with prior written notice to the other Party.

3.6 Scope of Governance. Notwithstanding the creation of the JSC, each Party shall retain the rights, powers and discretion granted to it under this Agreement, and the JSC shall not be delegated or vested with rights, powers or discretion unless such delegation or vesting is expressly provided in this Agreement, or the Parties expressly so agree in writing. The JSC shall not have the power to amend or modify this Agreement, and no decision of the JSC shall be in contravention of any terms and conditions of this Agreement. The Alliance Managers shall not have any rights, powers or discretion except as expressly granted to the Alliance Managers under

this Agreement and in no event shall the Alliance Managers have any power to modify or amend this Agreement. It is understood and agreed that issues to be formally decided by the JSC are only those specific issues that are expressly provided in this Agreement to be decided by the JSC. It is also understood that the JSC shall not have any authority over activities that are not related to the Exploitation of the Product in the Field, and shall not extend to the Exploitation of the Asset when not within a Product or the Exploitation of the Product outside the Field, nor to the Exploitation of the ADC by Licensor.

3.7 Full Data Package. Upon completion of the POC Clinical Study in the first Indication, Licensee shall provide to Licensor and the JSC the Data Package and respond to all reasonable questions that Licensor and the JSC may raise within [***] of the access to the Data Package, which shall be validated as complete by the JSC (the Data Package and those responses being defined as the "Full Data Package").

3.8 Day-to-Day Decision-Making Authority. For the avoidance of doubt, unless the Licensor exercises the Reversion Option, Licensee shall bear the entire responsibility for the Exploitation of Products in the Field in the Territory, provided that such decisions are not inconsistent with the Development Plan or the terms and conditions of this Agreement.

3.9 Development Plan. Once approved by the JSC, each updated or amended Development Plan shall become effective and supersede the previous Development Plan as of the date of such approval or at such other time as decided by the JSC.

3.10 Marketing Plan. Once approved by the JSC, each updated or amended Marketing Plan shall become effective and supersede the previous Marketing Plan as of the date of such approval or at such other time as decided by the JSC.

Article 4

DEVELOPMENT, REGULATORY AND COMMERCIALIZATION

4.1 Transfer of Licensed Know-How.

(a) Licensor or its Affiliates will make available to Licensee, a data room containing all materials documents within the Licensed Know-How relating to Products that exist as of the Effective Date and are Controlled by the Licensor and are necessary, or materially useful, for Licensee to Exploit Products in the Field in the Territory in accordance with the Initial Development Plan. During a period commencing on the Effective Date and expiring [***] thereafter, Licensor or its Affiliates will, upon Licensee's reasonable request, provide Licensee, [***] access to data generated by or on behalf of Licensor or its Affiliates prior to the Effective Date, if such data is Controlled by Licensor and is necessary, or materially useful, for Licensee to Exploit Products in the Field in the Territory in accordance with the Initial Development Plan. Such documents will be made available in the original language in which they were generated.

(b) Other than as expressly set forth in this Agreement, any Licensed Know-How is provided on [***] basis, without [***], and Licensor expressly disclaims [***].

4.2 Development. As between Licensor and Licensee, Licensee shall be solely responsible for Developing Products in the Field and the Territory in accordance with the Development Plan [***], *provided* that if Licensor exercises the Reversion Option, Licensee will not be responsible for Developing Products in the Field in those countries in the Option Territory for which Licensor exercised the Reversion Option.

4.3 Regulatory Submissions and Regulatory Approvals.

(a) *Regulatory Responsibilities*. As between Licensor and Licensee, Licensee shall be solely responsible for obtaining all Regulatory Approvals for Products in the Field in the Territory at its sole cost, provided that if Licensor exercises the Reversion Option, Licensee will not be responsible for obtaining Regulatory Approvals for Products in the Field in those countries in the Option Territory for which Licensor exercised the Reversion Option.

(b) *Regulatory Activities and Cooperation*.

(i) The JSC shall be informed of the overall strategy and positioning of all material regulatory submissions and filings by Licensee in the Territory prior to their submission or filing, based upon [***] to be provided by Licensee. In connection with such review, Licensee shall provide to the JSC [***] as either Party may reasonably request.

(ii) If the Reversion Option has been exercised:

a. Licensor shall have the right, but no obligation, to [***].

b. Licensee shall provide to Licensor, as well as to the JSC, [***].

4.4 Commercialization. As between Licensor and Licensee, Licensee shall be responsible for, and shall control the conduct of, the Commercialization of the Product in accordance with the Marketing Plan, in the Territory, at its sole cost, *provided* that if Licensor exercises the Reversion Option, Licensee will not be responsible for Commercializing Products in the Field in those countries in the Option Territory for which Licensor exercised the Reversion Option.

4.5 Pharmacovigilance Responsibilities.

(a) Licensee shall be responsible, [***] for all pharmacovigilance activities associated with the Products in the Field in the Territory, including filing all reports required to be filed in order to maintain any Regulatory Approvals. Licensee shall ensure that its Affiliates and Sublicensees comply with such reporting obligations. Licensee shall promptly notify Licensor with respect to any material changes or material issues that may arise with respect to the Product in the Field.

(b) The Parties shall endeavor to cooperate with each other and to enable each other to fulfil their respective pharmacovigilance obligations.

(c) Licensee shall notify Licensor about any change on the RSI (Reference Safety Information) no later than [***] from the effective change by email to [***].

(d) If a safety signal is detected and validated, Licensee shall notify Licensor about the validated signal including any emerging safety issues (which means safety signals that could have a significant impact on the benefit-risk balance for a medicinal product and/or have implications for public health and require immediate action) no later than [***] after validation by Licensee with the supportive documents by email to [***].

(e) The receiving Party shall acknowledge receipt for each information received within [***].

(f) For avoidance of doubt, the Parties are strictly prohibited from using data disclosed pursuant to this Section 4.5 for any purpose other than fulfilling their pharmacovigilance obligations.

Article 5

DILIGENCE

5.1 Development. Licensee will use Commercially Reasonable Efforts to Develop the Product in the Field and the Territory and to achieve the milestones set forth in the Development Plan (each such milestone, a "Diligence Milestone"). Without limiting the foregoing, Licensee shall use Commercially Reasonable Efforts to complete a successful subcutaneous feasibility study and to file an IND within the timelines indicated in the Development Plan (each, a "[***]") and shall use Commercially Reasonable Efforts to submit the Data Package for JSC review of POC in accordance with the Initial Development Plan.

5.2 Extension of Development Timelines Due to Issues Outside of Licensee's Reasonable Control. If Development (including safety) issues or regulatory issues outside Licensee's reasonable control arise that make a Diligence Milestone not reasonably possible for Licensee to achieve, then Licensee will provide notice without delay to Licensor, as appropriate, including a suggested mitigation strategy with new timelines to minimize impact on Development, and the Parties will [***], *provided*, *however* that the [***]. Notwithstanding the foregoing, [***].

5.3 Commercialization. Licensee shall use Commercially Reasonable Efforts to Commercialize Products in the Field in each of United States, and subject to the Reversion Option, [***].

Article 6

PAYMENTS

6.1 License Fee. In partial consideration of the rights hereunder, Licensee shall pay to Licensor a one-time initial non-creditable and non-refundable license fee (the "Initial Payment") comprised of:

(a) seven million five hundred thousand US dollars ($7,500,000) which shall be paid in cash in immediately available funds upon the Effective Date in accordance with the payment provisions of Article 7.

(b) 1,053,319 shares of Series A Preferred Stock of Licensee (the "Shares") pursuant to that certain Series A Stock Purchase Agreement of even date herewith.

6.2 Milestone Payments.

(a) *Development Milestones*. Following the first occurrence of each event described in the table below (each, a "Development Milestone") for a Product (regardless of whether such event was achieved by or on behalf of Licensee, a Licensee Affiliate or Sublicensee), Licensee will make the payment amount set forth below with respect to such Development Milestone (each such amount, a "Development Milestone Payment"). Within [***] after the occurrence of a qualified Development Milestone, Licensee will send Licensor a written notice identifying the Product that achieved the Development Milestone and the Development Milestone Payment amount set forth below with respect to such Development Milestone. Thereafter, Licensor will promptly invoice Licensee for the achievement of the Development Milestone, identifying in its invoice the Product, the Development Milestone achieved and the amount of the Development Milestone Payment, and such Development Milestone Payment will be due within [***] after Licensee's receipt of such invoice.

Development Milestones	[***]	[***]
[***]	[***]	
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

[***]

(b) *Commercial Milestones*. Following the first occurrence of each event described in the table below (each, a "Commercial Milestone"), Licensee will make the payment amount set forth below with respect to such Commercial Milestone (each such amount, a "Commercial Milestone Payment"). Within [***] of the [***] in which a Commercial Milestone occurred, Licensee will send Licensor a written notice identifying the Product that achieved the Commercial Milestone and the Commercial Milestone Payment amount set forth below with respect to such Commercial Milestone. Thereafter, Licensor will promptly invoice Licensee for the achievement of the Commercial Milestone, identifying in its invoice the Product, the Commercial Milestone achieved and the amount of the Commercial Milestone Payment, and such Commercial Milestone Payment will be due within [***] after Licensee's receipt of such invoice.

Commercial Milestones	
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

(i) *[***]*

6.3 Sublicense Revenues Sharing. Licensee will pay Licensor a percentage of any Sublicense Revenues received by Licensee or its Affiliates. The applicable percentage due to Licensor shall depend on the date on which the corresponding Sublicense (including for the avoidance of doubt, sublicense option) is entered into:

Date of entering into the Sublicense	Sublicense Revenues Sharing
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

If Licensee, or its Affiliate, receives Sublicense Revenues in [***]. If Licensee, or its Affiliate, enters into any Sublicense that is [***].

If a Sublicense includes [***] the above-referenced revenue sharing.

6.4 Royalty Payments.

(a) During the Royalty Term, Licensee shall, pay to Licensor tiered royalties on worldwide Annual Net Sales of Products ("Royalty Payments") as set forth in the table below:

Royalty	
[***]	[***]
[***]	[***]
[***]	[***]

(b) Within [***], commencing with the [***] in which the First Net Sales occurs Licensee shall deliver to Licensor a report (each, a "Royalty Report") setting out all the details necessary to calculate the payments due under this Section 6.4, meaning [***]. Licensee shall provide preliminary estimated Royalty Report within [***]. The royalty payment shall be due within [***] of receipt by Licensee of an invoice from Licensor and issued no earlier than the date of receipt of the Royalty Report by Licensor.

(c) Licensee shall have no obligation to make any Royalty Payment under this Agreement with respect to Annual Net Sales of Product after the Royalty Term has expired in the relevant country. Upon expiration of the Royalty Term in the relevant country with respect to the Product, the license granted to Licensee under Section 2.1 above with respect to the Product shall become non-exclusive, perpetual, fully-paid up in such country.

(d) *[***]* Licensee shall be solely responsible for any payment due to [***] in connection with its use of the [***].

(e) If Licensee, an Affiliate or any Sublicensee is required by (a) a future order by a court of competent jurisdiction, (b) settlement agreement, (c) license or contract, or (d) other legally binding commitment to make royalty payments to a Third Party (excluding [***]), in respect of Patents held by such Third Party that claim the composition of matter of the Asset as a naked monoclonal antibody, per se in a given country, then Licensee (or its Affiliate or Sublicensee as applicable) shall be entitled to [***]. Notwithstanding the foregoing, Licensee shall not be able to [***] pursuant to this Section 6.4 (e) if it [***].

6.5 Payments Following Exercise by Licensor of the Reversion Option. If Licensor exercises the Reversion Option, then:

(a) [***]

Article 7

PAYMENTS; BOOKS AND RECORDS

7.1 Payment Method. All payments under this Agreement shall be made by bank wire transfer in immediately available funds to an account designated by the Party to which such payments are due. Any payments or portions thereof due under this Agreement that are not paid within [***] after the date such payments are due under this Agreement shall bear interest at an annualized rate equal to the US dollar Libor interest rate at one month [***], calculated on the number of calendar days such payment is delinquent, [***], unless validly disputed. This Section 7.1 shall in no way limit any other remedies available to the Parties.

7.2 Currency Conversion. Unless otherwise expressly stated in this Agreement, all amounts specified in this Agreement are in USD, and all payments by one Party to the other Party under this Agreement shall be paid in USD. If any currency conversion shall be required in connection with the payment of royalties or other amounts under this Agreement, such conversion shall be calculated using the applicable average daily mid foreign exchange rates published in the Reuters pages over the period in which the payment obligation arises.

7.3 Taxes.

(a) *Withholding Taxes*. If Applicable Laws require withholding by Licensee of any taxes imposed upon Licensor on account of any royalties or other payments paid under this Agreement, such taxes shall be deducted by Licensee as required by Applicable Laws from such payment and shall be paid by Licensee to the proper taxing authorities. Official receipts of payment of any withholding tax shall be secured and sent to Licensor as evidence of such payment. The Parties shall exercise their reasonable efforts to ensure that any withholding taxes imposed are reduced as far as possible under the provisions of any applicable tax treaty, and shall cooperate in filing any forms required for such reduction. All payments hereunder shall be made by Licensee from an entity resident in the United States or the European Union.

(b) *Sales Taxes*. Any U.S. sales taxes (including any consumption tax or value added tax), use tax, transfer taxes, duties or similar governmental charges required to be paid in connection with any payments by Licensee to Licensor hereunder shall be the sole responsibility of Licensee. In the event that Licensor is required to pay any such amounts, Licensee shall promptly remit payment to Licensor of such amounts. In the event that Licensee is required to pay any such amounts, Licensor shall promptly remit payment to Licensee of such amounts.

7.4 Records; Inspection. Licensee shall keep, and require its Affiliates and Sublicensees to keep, complete, true and accurate books of accounts and records for the purpose of determining the amounts payable to Licensor pursuant to this Agreement. Such books and records shall be kept for at least [***] following the end of the Calendar Quarter to which they pertain. Such records will be open for inspection by an independent auditor chosen by Licensor and reasonably acceptable to Licensee for the purpose of verifying the amounts payable by Licensee hereunder. Such inspections may be made no more than [***], at reasonable times and on reasonable prior written notice. Such records for any particular Calendar Quarter shall be subject to no more than [***]. The independent auditor shall be obligated to execute a reasonable confidentiality agreement prior to commencing any such inspection. Inspections conducted under this Section 7.4 shall be at the expense of Licensor, unless a variation or error producing an underpayment in amounts payable exceeding [***] of the amount paid for a period covered by the inspection is established, in which case [***].

Article 8

CERTAIN COVENANTS

8.1 Exclusivity of Efforts.

(a) During the Term of this Agreement, Licensee shall not, and shall cause its Affiliates and Sublicensees not to, without prior written consent of Licensor, directly or indirectly, develop or commercialize any Competing Product in the Field and in the Territory.

(b) If any entity becomes an Affiliate of Licensee by virtue of a Change of Control of Licensee and such Affiliate develops or commercializes a Competing Product, Licensee shall send notice identifying all Competing Products within [***] after the Change of Control.

(c) Section 8.1 (a) shall not apply to activities of any person that become Affiliate by virtue of a Change of Control and in respect of Competing Products being developed or commercialized at the time of Change of Control, if: (i) Licensee or its Affiliates shall terminate this Agreement or Divest the Competing Products, in each case, within [***] following the Change of Control, unless Licensor determines in its sole discretion that the Competing Products are complementary to the Product, and (ii) Licensee shall not permit the use of any Licensed Intellectual Property to assist in the development or commercialization of any Competing Product; (iii) the scope of oversight, review and coordination of the JSC, including with respect to the obligations of the Parties with respect to information exchange, will be strictly limited to that required to continue the joint administration of the applicable, ongoing activities; and (iv) Licensee will Segregate all activities performed in relation to Products and this Agreement from any development and commercialization of Competing Products.

8.2 Compliance with the Laws. Licensee and Licensor shall comply with all, and shall not violate any Applicable Laws with respect to the conduct of its business or the ownership or operation of its properties or assets, including the following laws, as applicable: (i) the laws composing the Medicare and Medicaid Programs, including applicable provisions of the Social Security Act (e.g., Civil Monetary Penalties Act, 42 U.S.C. § 1320a-7a, and the Anti-Kickback Statute, 42 U.S.C. § 1320a-7b), (ii) (x) any other laws prohibiting rebates, kickbacks, fee-splitting or other financial incentives or inducements, including providing products or services below cost for the referral or continuation of business, and (y) the False Claims Act, 31 U.S.C. § 3729 et seq., and (iii) laws enforced by the FDA, including the FDCA and Section 21 of the C.F.R.

Article 9

PRODUCT SUPPLY

9.1 Asset Supply For Feasibility Studies.

(a) Within [***] after the Effective Date, Licensor shall initiate to supply Licensee with [***] of Asset as provided for in Exhibit 9.1 hereunder to allow Licensee to initiate the feasibility study of a subcutaneous formulation at a supply price of [***] to be delivered by Licensor in accordance with [***]. Licensor also agrees to supply Licensee up to [***] to be delivered by Licensor in accordance with [***], once Licensee will have signed its own agreement with [***], as provided in Section 2.5 herein.

(b) Such materials are provided on [***] basis, without any [***].

9.2 Direct Agreements. Except as provided in Section 9.1, Licensee shall be solely responsible for the manufacture and supply of its requirements of the Asset and Product.

Article 10

CONFIDENTIALITY

10.1 "Confidential Information" shall mean this Agreement and the terms and provisions of this Agreement and other proprietary information and data of a financial, commercial or technical nature (including such information or data of or relating to a Third Party) that the disclosing Party or any of its Affiliates have supplied or otherwise made available to the other Party or its Affiliates whether orally, visually or in writing.

10.2 Confidential Terms. The terms of this Agreement shall be deemed Confidential Information of both Licensee and Licensor.

10.3 Obligations. During the term of this Agreement and for [***] thereafter, the receiving Party will:

(a) protect all Confidential Information of the disclosing Party against unauthorized disclosure to Third Parties; and

(b) not use the Confidential Information of the disclosing Party except as permitted by or in furtherance of exercising rights or carrying out obligations hereunder. Each receiving Party will treat Confidential Information provided by the other Party with the same degree of care as if it were the receiving Party's own confidential information (but under no circumstances less than reasonable care).

10.4 Exceptions. The obligations under this Article 10 shall not apply to any information to the extent the receiving Party can provide convincing evidence that such information:

(a) is (at the time of disclosure) or becomes (after the time of disclosure) known to the public or part of the public domain through no breach of this Agreement by the receiving Party or any Recipients to whom it disclosed such information;

(b) was known to, or was otherwise in the possession of, the receiving Party prior to the time of disclosure by the disclosing Party other than under obligations of confidentiality;

(c) is disclosed to the receiving Party on a non-confidential basis by a Third Party who is entitled to disclose it without breaching any confidentiality obligation; or

(d) is independently developed by or on behalf of the receiving Party or any of its Affiliates, as evidenced by its written records, without use or access to the Confidential Information.

10.5 Permitted Disclosures.

(a) The restrictions set forth in this Article 10 shall not prohibit the receiving Party from disclosing or using (as specified below) any Confidential Information of the disclosing Party (i) that the receiving Party is required to disclose under Applicable Laws, a court order or other governmental order, or the rules and regulations of the Securities and Exchange Commission ("SEC") or any national securities exchange, (ii) that the receiving Party needs to disclose or use to file, prosecute or enforce any Licensed Patents or Joint Patents, or (iii) that the receiving Party needs to disclose or use for purposes of obtaining or maintaining Regulatory Filings of the Product; *provided* that the receiving Party (A) as to subsection (i), provides the disclosing Party at least [***] prior written notice of such disclosure (and the right to review and comment on the proposed disclosure), *provided*, with respect to any disclosures proposed in accordance with SEC's regulations, the disclosing Party shall provide the receiving Party a copy of the proposed redacted version of this Agreement and the corresponding draft letter to the SEC staff ("SEC Letter") seeking confidentiality treatment, *provided*, further, that any provisions of such SEC Letter that do not relate to this Agreement may be redacted, (B) as to subsection (i) afford the disclosing Party an opportunity to review and comment on the confidential treatment for such required disclosure required by the SEC or national securities exchange and use reasonable efforts to secure confidential treatment for such required disclosure, (c) as to subsection (i) discloses only that portion of the Confidential Information that the receiving Party is legally required to disclose in the receiving Party's legal counsel opinion and (D) as to subsections (ii) and (iii), the receiving Party provides reasonable advance notice to the other Party where reasonably practicable and discloses only that portion of the Confidential Information that it is reasonably necessary to disclose for such purpose and maintain confidential treatment for the longest possible period.

(b) The receiving Party may disclose the Confidential Information of the disclosing Party to its Affiliates, and their respective directors, officers, employees, subcontractors, sublicensees, consultants, attorneys, accountants, banks, acquirers and investors (collectively, "Recipients") who have a need-to-know such information for purposes related to this Agreement, *provided* that the receiving Party shall hold such Recipients to written obligations of confidentiality and non-use with terms and conditions at least as restrictive as those set forth in this Agreement.

10.6 Scientific Papers. Licensee may present, disclose or publish any information, data (including Data), and other results related to a Product in the Field that have not previously been presented, disclosed or published ("Product Information") through scientific publications in accordance with this Section 10.6.

(a) Licensee shall provide to Licensor, prior to submission for publication, a draft of the proposed submission concerning the Product Information which have been prepared by or on behalf of Licensee (or by a Clinical Study site contracted by such Party as sponsor of the relevant Clinical Study) or through any Investigator Sponsored Clinical Studies (each a "Scientific Paper") to be published in indexed medical and scientific journals and similar publications ("Medical Journals").

(b) Commencing with the receipt of such draft Scientific Paper, the Licensor shall have [***] to notify the Licensee of its consent or denial with respect to the publication of such Scientific Paper (it being understood that, during such [***] period, no submission for publication thereof shall take place).

(c) In the event the Licensor consents to the publications, but has comments thereto, Licensee shall, in good faith, consider the comments made by the Licensor, particularly if such publication may be prejudicial to the Licensor's opportunity to obtain any Patent rights.

(d) Licensor may require that the publication of such Scientific Paper be suspended for a period of time not exceeding [***] to permit a Patent to be filed on inventions, patentability of which could be negatively impacted by the prior disclosure of the proposed Scientific Paper.

(e) Neither Party will publish or present any Confidential Information of the other Party without such other Party's prior written consent.

(f) The Licensee shall provide to Licensor copies of any final Scientific Paper accepted by a Medical Journal within [***] after the approval thereof, subject to applicable Medical Journal publisher's rules, guidelines and any other health care compliance guidelines.

(g) To enable free exchange of copyrighted material between the Parties, each Party agrees that it has or shall (i) obtain and maintain, at its own expense, an annual copyright license or equivalent license from the copyright clearance center and (ii) list the other Party as a collaborator in an agreement with the copyright clearance center if required by such agreement.

(h) Notwithstanding anything to the contrary in this Section 10.6, with respect a Scientific Paper containing Asset and Product Information arising from an Investigator Sponsored Clinical Study supported by Licensee, each Party will use reasonable efforts to follow the process described above, subject to compliance with best practices guidelines in the pharma industry and the provisions of Licensee's agreement with the Third Party sponsor.

10.7 Abstracts, Posters and Slide Decks. Licensee may present any Product Information through publications, presentations, lectures, symposia or other meetings of healthcare professionals, or international congresses, conferences or meetings organized by a professional society or organization anywhere in the world (any such occasion, a "Congress") in accordance with this Section 10.7.

(a) Licensee shall provide to Licensor, prior to presentation, an initial draft of the proposed presentation concerning the Asset and Product Information which has been prepared by or on behalf of the Licensee (or by a Clinical Study site contracted by such Party as sponsor of the relevant Clinical Study) (each a "Scientific Presentation") to be presented at a Congress. Licensee shall make reasonable efforts to provide to the Licensor the initial draft of such Scientific Presentation at least [***] prior to the Congress.

(b) Commencing with the receipt of any such draft Scientific Presentation, Licensor shall have [***] to inform the sending Party of its observations and suggestions with respect thereto (it being understood that, during such review period, as applicable, no public disclosure thereof shall take place) and the Parties shall discuss such observations and suggestions in good faith, particularly if such Presentation may be prejudicial to the other Party's opportunity to obtain any Patent rights.

(c) Licensor may require that the public disclosure of the Scientific Presentation be suspended for a period of time not exceeding [***] to permit a Patent to be filed for inventions patentability of which could be negatively impacted by the prior disclosure of the proposed Presentation.

(d) Neither Party will present any Confidential Information of the other Party without such other Party's prior written consent.

(e) Licensee shall provide to Licensor copies of all final versions of the Scientific Presentation presented at a Congress within [***] after the public disclosure thereof, subject to applicable publisher's rules, guidelines and any other health care compliance guidelines.

(f) Notwithstanding anything to the contrary in this Section 10.7, with respect to a Scientific Presentation containing Asset and Product Information arising from an Investigator Sponsored Clinical Study supported by a Party, each Party will use reasonable efforts to follow the process described above, subject to compliance with best practices guidelines in the pharma industry and the provisions of Licensee with the Third Party sponsor.

10.8 Clinical Study Website Registries. Licensee shall be free to register the Clinical Studies it is sponsoring with respect to Product in the Field on ClinicalTrials.gov, clinicaltrialsregister.eu or in similar Clinical Study registries. Licensee shall not disclose or publish any Product Information on any website registries unless required by Applicable Law, in which case Licensee shall provide the Licensor a detailed description of such required disclosure at least [***] prior to such registration or disclosure and shall, in good faith, consider the comments made by Licensor regarding the proposed registration or disclosure and the protection of any Intellectual Property Rights contained therein.

10.9 Reversion Option. If Licensor exercises its Reversion Option, Sections 10.6, 10.7 and 10.8 shall apply *mutatis mutandis* to Licensor.

10.10 Other Uses. Notwithstanding anything to the contrary in this Article 10, Licensor shall be free to disclose and publish any Licensed Know-How with respect to the Asset when used other than in the Product in the Field, and with respect to the ADC.

10.11 Press Releases. Notwithstanding anything to the contrary in Section 10.2, the Parties shall agree on a mutual press release to announce the execution of this Agreement together with a corresponding Question & Answer outline for use in responding to inquiries about this Agreement which the Parties will release on a date to be agreed but no later than within [***] after the Effective Date. The Parties agree to consult with each other reasonably and in good faith with respect to the text of any subsequent press releases or other disclosures and obtain the approval of the other Party, no later than within [***] prior to the issuance thereof; *provided, however*, that a Party may not unreasonably withhold or delay consent to such releases unless such release would adversely affect the rights or interests of such Party.

10.12 Prior Non-Disclosure Agreements. Upon execution of this Agreement, the terms of this Article 10 shall supersede any prior non-disclosure, secrecy or confidentiality agreement between the Parties, including the Confidentiality Agreement between the Parties dated October 29, 2020. Any information disclosed under such prior agreements shall be deemed disclosed under this Agreement.

Article 11

PATENT PROSECUTION AND ENFORCEMENT

11.1 Ownership of Inventions. Title to all inventions and Intellectual Property Rights made solely by Licensee personnel or its independent contractors (or that of any Affiliate) in connection with this Agreement shall be owned by Licensee (or its respective Affiliate). Title to all inventions and Intellectual Property Rights made solely by Licensor personnel or its independent contractors (or that of any Affiliate) in connection with this Agreement shall be owned by Licensor (or its respective Affiliate). Title to all inventions and Intellectual Property Rights made jointly by personnel of Licensor and Licensee (or their respective Affiliates) in connection with this Agreement shall be jointly owned by the Parties. Notwithstanding the foregoing, any Patent filed by a Party that includes scientific, medical, technical, Regulatory Filings, Data and other information generated pursuant to studies carried out pursuant to Section 9.1 shall be a Joint Patent.

11.2 Prosecution of Patents Claiming Improvements Solely Owned By Licensee (or its Affiliate). Subject to Section 11.3, as between the Parties, Licensee will have the first right to file, maintain, prosecute and defend any Patents claiming Improvements at Licensee's cost, *provided* that prior to submission of a patent application claiming Improvements to a patent office and of each Patent extension, Licensee shall provide Licensor a draft of the proposed filing. Commencing with the receipt of the draft patent application, Licensor shall have [***] to notify the Licensee to require that Licensor's Confidential Information be removed or that the filing of such a patent application be suspended for a period of time not exceeding [***] to permit Licensor, at Licensor's cost, to file a patent application on Licensor's inventions related to the Know-How included in the proposed patent application. Neither Party will include the other Party's Confidential Information in its patent applications without such other Party's consent. Licensee shall inform Licensor of any decision to abandon or stop paying for prosecution or maintenance of any Patents claiming Improvements reasonably in advance of any deadline for taking action to avoid abandonment, and the Licensor shall have the right to take over prosecution at is sole expense; *provided* that the Licensee will inform the Licensor in writing with sufficient advance notice to reasonably enable Licensor to assume the filing or prosecution of such Patent at Licensor's non-reimbursable cost.

11.3 Prosecution of Jointly Owned Patents. In the event the Parties conceive or generate any invention that is jointly owned in accordance with Section 11.1, the Parties will promptly meet to discuss and determine, based on mutual consent, whether to seek patent protection thereon. Licensor will have the first right to file, maintain, prosecute and defend any jointly owned Patent (each, a "Joint Patent"). If Licensor wishes to forgo this right, Licensee shall have the right, but not the obligation, to undertake such activities at its own expense. The Party responsible for filing, prosecuting and maintaining any such Joint Patent (the "Prosecuting Party") shall not file any substantive filing with respect to such Joint Patent without first providing the non-Prosecuting Party, with (A) a copy of material communications to and from any patent authority in the Territory regarding such patents; and (B) drafts of any material filings or responses to be made to such patent authorities sufficiently in advance of submitting such filings or responses so as to allow for a reasonable opportunity for the other Party's review and comment thereupon. The Prosecuting Party shall consider in good faith, and if requested discuss with the other Party, the non-Prosecuting Party's requests and suggestions with respect to such drafts or response. Unless otherwise agreed,

[***] all out-of-pocket expenditures incurred in connection with filing, prosecuting and maintaining of Joint Patents. The non-Prosecuting Party will cooperate with the Prosecuting Party in connection with the filing, prosecution and maintenance of such Joint Patent, including by providing access to relevant persons and executing all documentation reasonably requested by the Prosecuting Party. The Prosecuting Party shall inform the non-Prosecuting Party of any decision to abandon or stop paying for prosecution or maintenance of any such Patents [***] of any deadline for taking action to avoid abandonment, and the non-Prosecuting Party shall have the right to take over prosecution at is sole expense; *provided* that the Prosecuting Party will inform the non-Prosecuting Party in writing with sufficient advance notice to reasonably enable the non-Prosecuting Party to assume the filing or prosecution of such Patent at the non-Prosecuting Party's non-reimbursable cost.

11.4 Except to the extent any such jointly-owned inventions, Joint Patents, or other jointly-owned Intellectual Property Rights are included in subject matter licensed by one Party to the other Party under this Agreement, each Party may only practice any such jointly-owned inventions, Joint Patents, or other jointly-owned Intellectual Property Rights for its own internal purposes, and neither Party shall have the right to enforce, exclusively license, or assign such jointly-owned inventions, Joint Patents or other jointly-owned Intellectual Property Right, without the prior written consent of the other Party.

11.5 Licensee hereby grants to Licensor a non-exclusive, worldwide, irrevocable, royalty-free license, with the right to sublicense, under any Improvements to make, have made, use, sell, offer for sale, import, practice and otherwise Exploit the same (i) outside the Field (including the ADC) and (ii) if Licensor exercises the Reversion Option, Section 2.4 shall apply to the relevant countries within the Option Territory.

11.6 Prosecution and Maintenance of Licensed Patents. As between the Parties, subject to Section 11.3, Licensor shall, at its expense, have responsibility for the filing, prosecution and maintenance of all Licensed Patents. Licensor agrees to keep Licensee generally informed of the course of patent prosecution or other proceedings with respect to the Licensed Patents within the Territory. Licensor will provide detailed updates with respect to the Licensed Patents upon reasonable request up to one time per year. Licensee shall hold all information disclosed to it under this Section 11.6 as Confidential Information of Licensor.

11.7 Patent Term Extensions. Licensor shall have the right with respect to the Licensed Patents, and Licensee shall have the right with respect to any Patents owned or Controlled by Licensee, or its Affiliates or Sublicensees, related to the Product, to file all applications and take actions necessary to obtain patent term extensions, or similar additional or supplemental protection, with respect to Products in the Territory, which extensions shall be owned by the Party that owns or Controls the underlying Patent. In each case, the Parties shall fully cooperate to obtain such extensions and additional protection.

11.8 Enforcement.

(a) *Enforcement Actions*. In the event that a Party becomes aware of actual or threatened infringement or misappropriation of any Licensed Intellectual Property that may impact Exploitation of the Product in the Territory in the Field (the "Infringement"), that Party shall promptly notify the other Party in writing. Licensor shall have the first right, but not the obligation, to initiate proceedings or take other appropriate action, at its own expense, against any Third Party for an Infringement and sole right in all other cases of infringement or misappropriation of any Licensed Intellectual Property. If Licensor does not initiate proceedings or take other appropriate action within [***] of receipt of a request by Licensee to initiate an enforcement proceeding for an Infringement, then if the Infringement relates to a Product, Licensee shall be entitled to initiate infringement proceedings or take other appropriate action against such Third Party for such Infringement at its own expense. The Party conducting such action for an Infringement shall have full control over its conduct, including settlement thereof; *provided, however*, that the Party conducting such action may not settle any such action, or make any admissions or assert any position in such action, in a manner that would materially adversely affect the rights or interests of the other Party, without the prior written consent of the other Party, which shall not be unreasonably withheld, conditioned or delayed.

(b) *Recovery*. A Party shall recover its respective actual out-of-pocket expenses (including attorneys' fees), or equitable proportions thereof, associated with any litigation against a Third Party undertaken for an Infringement pursuant to Section 11.8(a) above or settlement thereof from any resulting recovery made by such Party. [***]

(c) *Cooperation*. The Parties shall keep one another informed of the status of their respective activities regarding any litigation or settlement thereof concerning Licensed Intellectual Property within the Territory and shall assist one another and cooperate in any such litigation at the other's reasonable request (including joining as a party plaintiff to the extent necessary and requested by the other Party).

(d) *Third Party Infringement Claims*. If Exploitation of a Product in the Territory pursuant to this Agreement results in a claim, suit or proceeding alleging patent infringement against Licensee (or its Affiliates or Sublicensees), Licensee shall promptly notify Licensor in writing. Licensee shall have the sole right to control any defense of any such claim involving an alleged infringement of Third Party rights by Licensee's activities, at its own expense and by counsel of its own choice, and Licensor shall cooperate in such defense, as reasonably requested by Licensee and at Licensee's expense. Licensor shall have the sole right to control any defense of any such claim involving alleged infringement of Third Party rights by Licensor's activities, at its own expense and by counsel of its own choice, and Licensee shall cooperate in such defense, as reasonably requested by Licensor and at Licensor's expense. Should both Parties be named as co-defendants in a claim by a Third Party alleging infringement of Third Party rights, the Parties shall reasonably cooperate and coordinate in any necessary defense or negotiation at their own expense and through counsel of their own choice. Licensee shall not have the right to settle any patent infringement litigation under this Section 11.8 (d) in a manner that admits the invalidity or unenforceability of Licensed Patents or imposes on the Licensor restrictions or obligations, without the written consent of Licensor (which shall not be unreasonably withheld, conditioned or delayed). [***]

11.9 Patent Marking. Licensee shall mark, and have its Affiliates and Sublicensees mark, all patented Products they sell or distribute pursuant to this Agreement in accordance with the applicable patent statutes or regulations in the Territory.

Article 12

TERM AND TERMINATION

12.1 Term. The term of this Agreement shall commence on the Effective Date and continue in force and effect, unless terminated earlier pursuant to Section 12.2—12.6 below, until expiration of the latest to expire Royalty Term (such period, the "Term").

12.2 Termination for Material Breach. Either Party shall have the right to terminate this Agreement in the event the other Party has materially breached or defaulted in the performance of any of its material obligations hereunder, and such default has continued for [***] after written notice thereof was provided to the breaching Party by the non-breaching Party. Any such termination shall become effective at the end of such [***] period unless the breaching Party has cured any such breach or default prior to the expiration of the [***] period. [***] If Licensee has not cured the default by the [***] of receipt of notice of material breach, this Agreement shall automatically terminate. The [***] does not apply to any payment obligation or to the matters listed in Section 12.3.

12.3 Specific Termination. Licensor shall have the right to terminate this Agreement by written notice to Licensee in the event that Licensee does not timely achieve any of the [***].

12.4 Termination for Bankruptcy. Either Party shall have the right to terminate this Agreement upon written notice to the other Party: (a) if such other Party is declared insolvent or bankrupt by a court of competent jurisdiction; (b) if a voluntary or involuntary petition in bankruptcy is filed in any court of competent jurisdiction against such other Party and such petition is not dismissed within [***] after filing; (c) if such other Party shall make or execute an assignment of substantially all of its assets for the benefit of creditors; or (d) substantially all of the assets of such other Party are seized or attached and not released [***].

12.5 Termination for Patent Challenge. Licensor shall have the right to terminate this Agreement immediately upon notice to Licensee if Licensee, its Affiliate or its Sublicensees initiates or in any material respect, participates in or facilitates any action challenging the validity of Licensed Patents. Licensee shall include in each Sublicense entered into with a Sublicensee a right of Licensee to terminate such Sublicense if such Sublicensee commences a Patent Challenge; and Licensee shall terminate the Sublicense, effective immediately upon written notice to the Sublicensee, if the Sublicensee commences a Patent Challenge. If a Sublicensee commences a Patent Challenge and Licensee fails to terminate the applicable Sublicense, then Licensor may terminate this Agreement, effective immediately upon written notice to the Licensee. "Patent Challenge" means any action against Licensor or Licensed Intellectual Property, including an IPR, action for declaratory judgment, to declare or render invalid or unenforceable the Licensed Patents, or any claim thereof.

12.6 Termination by Licensee. Licensee may, upon nine (9) months' prior written notice to Licensor, terminate this Agreement for any reason, with or without cause, provided that Licensee shall not be entitled to terminate this Agreement while any Clinical Study with respect to the Product in the Field is ongoing.

Article 13

EFFECT OF TERMINATION

13.1 Accrued Obligations. The expiration or termination of this Agreement for any reason shall not release either Party from any liability which, at the time of such expiration or termination, has already accrued to the other Party or which is attributable to a period prior to such expiration or termination, nor will any termination of this Agreement preclude either Party from pursuing all rights and remedies it may have under this Agreement, or at law or in equity, with respect to breach of this Agreement.

13.2 Rights on Termination of Agreement in its Entirety. This Section 13.2 shall apply upon any termination of this Agreement in its entirety.

(a) *Assignment of Regulatory Filings and Regulatory Approvals*. Licensee shall, at the request of Licensor, assign (or cause to be assigned) to Licensor or its designee (or to the extent not so assignable, Licensee shall take all reasonable actions to make available to Licensor or its designee the benefits of) all Regulatory Filings for Products in the Territory, including any such Regulatory Filings made or owned by its Affiliates and/or Sublicensees. In each case, unless otherwise required by any Applicable Laws or requested by Licensor, the foregoing assignment (or availability) shall be made within [***] after the effective date of any termination of this Agreement. In addition, Licensee shall promptly provide to Licensor a copy of all Licensee Know-How pertaining to the Product and in the Territory to the extent not previously provided to Licensor and Licensor shall have the right to use and disclose Licensee Know-How pertaining to Products following termination of this Agreement. In addition, all such Licensee Know-How, to the extent specifically pertaining to the Product, shall be deemed Confidential Information of Licensor and not Confidential Information of Licensee.

(b) *Transition*. Licensee shall use diligent efforts to cooperate at Licensor's expenses (or at Licensee's expenses if this Agreement is terminated for Licensee's breach) with Licensor, and/or its designee to effect a smooth and orderly transition in Exploitation of Products in the Territory during the [***] period commencing in the effective date of any termination of this Agreement. Without limiting the foregoing, Licensee shall, upon written request from Licensor, provide Licensor copies of customer lists, customer data and other customer information relating to the Product in the Territory (except as prevented by the Applicable Laws relating to the protection of personal information), which Licensor shall have the right to use and disclose. Without limiting the foregoing, Licensee shall use diligent efforts to conduct in an expeditious manner any activities to be conducted under this Section 13.2.

(c) *Licenses*. Effective upon termination of this Agreement, Licensee hereby grants to Licensor an exclusive, worldwide, royalty-free license, with the right to grant sublicenses, under any Patents owned or Controlled by Licensee and other Intellectual Property Rights related to Products for the purposes of making, using, developing, importing, selling, distributing, marketing and otherwise Exploiting such Products.

(d) *Return of Materials*. Effective upon termination of this Agreement, upon request by Licensor, Licensee shall either return to Licensor or destroy all Products, Asset, and all tangible promotional and marketing materials related to the Asset and Products, Data, and Licensor's Confidential Information that is in Licensee's possession.

(e) *Sublicensees*. Any contracts with Sublicensees in the Territory engaged by Licensee shall, at the request of Licensor in its discretion, be assigned to Licensor to the furthest extent possible; provided that such assignment is accepted by the Sublicensee(s) in the Field in the Territory. In the event such assignment is not requested by Licensor or is not accepted by such Sublicensee(s), then the rights of such Sublicensees with respect to Products in the Field in the Territory shall terminate upon the termination of Licensee's rights to the same. Licensee shall ensure that its Affiliates and such Sublicensees (if not assigned to Licensor pursuant to this Section 13.2(e)) shall transition all rights in and to Products back to Licensor in the manner set forth in this Section 13.2 as if such Affiliate or Sublicensee were named herein.

13.3 No Renewal, Extension or Waiver. Acceptance of any order from, or sale or license of, any Product to Licensor after the notice or effective date of expiration or termination of this Agreement in its entirety shall not be construed as a renewal or extension hereof, or as a waiver of expiration or termination of this Agreement in its entirety.

13.4 Survival. Upon the expiration or termination of this Agreement, all rights and obligations of the Parties under this Agreement shall terminate except those described in the following Sections: Article 1 (Definitions), Article 6 (Payments), Article 7 (Payments, Books and Records), Article 10 (Confidentiality), Sections 11.1, 11.3, 11.4, 11.5, 11.8(b) (Patent Prosecution and Enforcement), Article 13 (Effect of Termination), Article 15 (Indemnification), Article 17 (Dispute Resolution), Article 18 (General).

Article 14

REPRESENTATIONS, WARRANTIES AND COVENANTS

14.1 Mutual Representation and Warranties. Each of Licensor and Licensee hereby represents and warrants to the other Party that:

(a) the execution, delivery and performance of this Agreement by such Party has been duly authorized by all requisite action under the provisions of its charter, bylaws and other organizational documents, and does not require any action or approval by any of its shareholders or other holders of its voting securities or voting interests;

(b) it is a corporation duly organized, validly existing and is in good standing under the laws of its incorporation;

(c) it has the power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

(d) this Agreement has been duly executed and is a legal, valid and binding obligation on each Party, enforceable against such Party in accordance with its terms; and

(e) the execution, delivery and performance by such Party of this Agreement and its compliance with the terms and provisions hereof does not and will not conflict with or result in a breach of or default under any binding obligation existing as of the Effective Date.

14.2 Representations and Warranties of Licensor. Licensor represents and warrants to Licensee that, as of the Effective Date:

(a) Licensed Patents. Licensor or its Affiliates Controls the Licensed Intellectual Property;

(b) Licensor has the full right and authority to grant the rights and licenses as provided herein on its behalf or on behalf of its Affiliates;

(c) Licensor has not previously granted any right, license or interest in or to the Licensed Patents in the Field, or any portion thereof, that is in conflict with the rights or licenses granted to Licensee under this Agreement;

(d) Licensor undertakes to comply with DP Laws when it collects, processes and otherwise uses Personal Data that are processed under the Agreement as data controller. Pierre Fabre Group Global Privacy Policy is available at the following address: www.pierre-fabre.com;

(e) To Licensor's actual knowledge after due inquiry with employees of Licensor having responsibility for or involvement in patent matters: the granted patents within the Licensed Patents listed on Exhibit 1.40 are valid and enforceable; and

(f) To Licensor's actual knowledge, after due inquiry with employees of Licensor having responsibility for or involvement in compliance, all data and information included within the Licensed Know-How was generated in accordance with all laws, regulations and standards applicable to biopharmaceutical research and development.

14.3 Covenants, Representations and Warranties of Licensee. Licensee represents and warrants to Licensor that, as of the Effective Date:

(a) It has not employed and has not used a contractor or consultant that has employed any person debarred by the FDA (or subject to a similar sanction of foreign equivalent), or any person that is the subject of an FDA debarment investigation or proceeding (or similar proceeding of foreign equivalent), in any capacity in connection with this Agreement;

(b) It has performed independent due diligence related to the subject matter of this Agreement, including but not limited through a careful review of the information provided by Licensor in the data room, and had the opportunity to obtain the information Licensor deemed relevant, to Licensor's satisfaction;

(c) It has sufficient funds to make the Initial Payment in accordance with Section 6.1;

(d) Exhibit 14.3 provides a capitalization table of Licensee; and

(e) Licensee undertakes to comply with DP Laws.

14.4 DISCLAIMER. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATION OR EXTENDS ANY WARRANTIES OF ANY KIND EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OR VALIDITY OF ANY PATENTS ISSUED OR PENDING.

Article 15

INDEMNIFICATION

15.1 Indemnification of Licensor. Licensee shall indemnify and hold harmless each of Licensor, its Affiliates and the directors, officers, shareholders and employees of such entities and the successors and assigns of any of the foregoing (the "Licensor Indemnitees"), from and against any and all liabilities, damages, penalties, fines, costs, expenses, claims, actions, suits or proceedings (including, reasonable attorneys' fees and other expenses of litigation) ("Liabilities") incurred by any Licensor Indemnitee as a result of: (a) claims, actions, suits or proceedings brought by a Third Party (a "Third Party Claim") arising from or in connection with the Development, use or Commercialization of any Product by or on behalf Licensee, its Affiliates or Sublicensees in the Territory; (b) any breach of any representations, warranties, obligations or covenants by Licensee hereunder; except to the extent such Liabilities result from the willful misconduct of a Licensor Indemnitee or breach of any representations, warranties or covenants by Licensor.

15.2 Indemnification of Licensee. Licensor shall indemnify and hold harmless each of Licensee, its Affiliates and Sublicensees and the directors, officers and employees of Licensee, its Affiliates and Sublicensees and the successors and assigns of any of the foregoing (the "Licensee Indemnitees"), from and against any and all Liabilities incurred by any Licensee Indemnitee as a result of: any breach of any representations, warranties or covenants by Licensor in this Agreement; except to the extent such Liabilities result from the willful misconduct of a Licensee Indemnitee or any breach of any representations, warranties or covenants by Licensee.

15.3 Procedure. A Party that intends to claim indemnification under this Article 15 (the "Indemnitee") shall promptly notify the other Party (the "Indemnitor") in writing of any Third Party Claim, in respect of which the Indemnitee intends to claim such indemnification, and the Indemnitor shall have sole control of the defense and/or settlement thereof. The indemnity arrangement in this Section 15.3. shall not apply to (i) claims of patent infringement which shall be managed pursuant to Section 11.8(d) and (ii) amounts paid in settlement of any action with respect to a Third Party Claim, if such settlement is effected without the consent of the Indemnitor, which consent shall not be withheld or delayed unreasonably. The failure to deliver written notice to the Indemnitor within a reasonable time after the commencement of any action with respect to a Third Party Claim, if prejudicial to its ability to defend such action, shall relieve such Indemnitor of any liability to the Indemnitee under this Section 15.3, but the omission to so deliver written notice to the Indemnitor shall not relieve the Indemnitor of any liability that it may have to any Indemnitee otherwise than under this Section 15.3. The Indemnitee under this Section 15.3 shall cooperate fully with the Indemnitor and its legal representatives in the investigation of any action with respect to a Third Party Claim covered by this indemnification.

15.4 Disclaimer of Liability. IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS RESPECTIVE AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS AND EMPLOYEES BE LIABLE UNDER THIS AGREEMENT FOR SPECIAL, INDIRECT, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES SUFFERED BY THE OTHER PARTY UNDER THIS AGREEMENT, WHETHER IN CONTRACT, WARRANTY, TORT, NEGLIGENCE OR OTHERWISE. NOTWITHSTANDING THE FOREGOING, THIS DISCLAIMER DOES NOT APPLY TO LIABILITY OR DAMAGES (A) RESULTING FROM A BREACH OF CONFIDENTIALITY OBLIGATIONS OF A PARTY UNDER ARTICLE 10, OR (B) SUBJECT TO A PARTY'S INDEMNIFICATION OBLIGATIONS FOR THIRD PARTY CLAIMS PURSUANT TO SECTIONS 15.1 AND 15.2.

15.5 Insurance. Each Party shall secure and maintain in effect, during the Term of this Agreement and for a period of [***] thereafter, comprehensive general liability insurance (including product liability insurance), underwritten by a reputable insurance carrier, in a form and having liability limits standard and customary for entities in the pharmaceutical industry based on such Party's activities and indemnification obligations under this Agreement, as applicable, with minimum coverage of [***]. Licensee has provided a certificate of insurance to Licensor prior the Effective Date. Licensee shall furnish to the Licensor, on request, certificates of insurance setting forth the amount of liability insurance and shall provide Licensor at least [***] written notice prior to any termination or material reduction to the level of coverage.

Article 16

ETHICS – COMPLIANCE

16.1 Licensee represents and warrants that it is now in compliance with, and undertakes that in its performance of its obligations under this Agreement it shall continue to comply with, all Applicable Laws, including but not limited to:

a. all Applicable Laws, including but not limited to, French Law 2016-1691 (Loi Sapin II), Articles 432 and 433 of the French Criminal Code, the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and any other local anti-corruption laws and regulations;

b. all Applicable Laws related to health, safety, environmental protection, human rights, fair labor practices, and unlawful discrimination;

c. all applicable professional standards including where applicable, ethical, business, promotional, quality, scientific and conflict of interest standards; and

d. any other laws and regulations applicable to (i) importation, distribution, promotion and/or sale of the Product in the Territory, including export control, anti-money-laundering, competition, intellectual property rights, data protection, confidentiality, tax and customs regulations, (ii) the vigilance regulations requirements in the Territory and more generally (iii) to the other responsibilities of Licensee under the Agreement.

16.2 Licensee represents and warrants that it has read and understood, complies now and will comply with the principles and requirements set forth in the Pierre Fabre Third Party Code ("3P Code") available on http://www.pierre-fabre.com. Licensee represents and warrants that it has communicated such 3P Code to all its and its Affiliates officers and employees and any persons acting on its behalf in connection with this Agreement and Licensee warrants that its practices are not unethical or inconsistent with the Pierre Fabre's business ethics values.

16.3 Licensee represents, warrants and undertakes that it and all persons employed or acting on its behalf (including but not limited to employees, directors, agents, consultants or approved sub-contractors of Licensee or its Affiliates) will not:

a. make, give, offer, or promise, directly or indirectly, any payment or anything of value (e.g., gifts, entertainment, hospitality, grants, donations, sponsorships, honoraria, discounts, rebates, fees, etc.) to any person, including any government official or private individual, to secure or reward a business advantage, to obtain or retain business, or to direct business to or away from any person/entity;

b. accept, receive or agree to accept or receive, directly or indirectly, any payment or anything of value from any person to secure or reward a business advantage, to obtain or retain business, or to direct business to or away from any person/entity.

c. provide any facilitating, expediting, or grease payment to any person, including a government official or private individual, to expedite or secure the performance of a routine government action; or

d. make any payment or contribution to a political party, an official thereof, or candidate for political office.

16.4 Licensee represents, warrants and undertakes that any information provided by Licensee to Licensor in connection with Licensor's anti-corruption due diligence, including any information provided in the "Pierre Fabre Due Diligence Questionnaire" completed by Licensee as part of such anti-corruption due diligence, is accurate, up-to-date, complete and truthful. Licensee acknowledges that Licensor has relied upon the accuracy of such questionnaire's content before deciding to enter this Agreement with Licensee. Accordingly, any significant omission or misrepresentation of information provided therein by Licensee shall constitute a material breach of this Agreement. Licensee further agrees to inform Licensor as soon as reasonably practicable of any required update to any material information provided in the "Pierre Fabre Due Diligence Questionnaire" with respect to Licensee or if any of the persons identified in such questionnaire changes during the term of this Agreement.

16.5 Licensee warrants and undertakes that neither it nor any owner, shareholder, officer, director or employee of Licensee, or any of Licensee's Affiliates, is or shall become a Government Official or Government Authority during the term of this Agreement. If at any time during the term of this Agreement, Licensee learns or anticipates that any owner, shareholder, officer, director or employee of Licensee or of any of Licensee's Affiliates has or may become a Government Official, Licensee must immediately notify Licensor, providing all relevant details of the relationship between Licensee and such Government Official. At its sole discretion, Licensor may give its written consent to Licensee's relationship with that particular Government Official and subject to Licensee complying with any conditions or safeguards as Licensor may deem appropriate. If, for any reason, Licensor is unable or unwilling to consent to the relationship and Licensee is unable or unwilling to cease the relationship with that particular Government Official, Licensor may terminate this Agreement by written notice to Licensee.

16.6 Except as otherwise notified to Licensor in writing, Licensee represents and warrants that upon the Effective Date of this Agreement Licensee is not aware of itself or one of its Affiliates, or a current or former officer, director or representative being suspended from business activities, investigated or convicted for criminal offences, fraud, corruption, money laundering or tax fraud / evasion and in general for breaches of probity, nor has Licensee been involved with any actual or threatened investigation by any Governmental Authority for any of these issues. If any of the aforementioned events occurs after the Effective Date of this Agreement, or if Licensee learns of such an event that has not been disclosed to Licensor, Licensee shall immediately notify Licensor in writing and provide all information, assistance, and cooperation requested by Licensor in connection with Licensor's compliance efforts, including taking corrective or remedial action recommended by Licensor.

16.7 Licensee represents and warrants that it has and undertakes that it shall continue to update and maintain during the term of this Agreement an internal compliance program under which the Licensee's employees or any of License's Affiliates are required more specifically to comply with all applicable local and international anti-bribery and anti-corruption laws, regulations and codes and with the 3P Code. In particular:

a. Licensee represents and warrants that it has implemented, maintains and continuously improves codes of conduct, policies, procedures, systems and processes to comply with all applicable local and international anti-bribery and anti-corruption laws, regulations and codes and with the 3P Code;

b. Licensee represents and warrants that its employees and agents are regularly trained and will continue to be regularly trained by Licensee, on the requirements of the Licensee's compliance program, including the 3P Code, and compliance with applicable anti-bribery and anti-corruption laws.

c. Licensee agrees that, if Licensor so requests, Licensee's employees and agents will attend training provided by Licensor on applicable anti-bribery and anti¬corruption laws, the standards and requirements in the 3P Code and the requirements of this Agreement.

d. Licensee agrees to perform regular risk-based monitoring of its key and riskier activities and commits to promptly and effectively deploy corrective and preventative remediation actions.

e. Licensee shall inform Licensor immediately if it becomes aware, through monitoring, auditing investigations or any other means, of any compliance issue such as allegation of improper payments to public officials or any other person or any investigation or prosecution by governmental or regulatory authorities involving allegations of corruption, fraud or serious criminal misconduct with respect of the activities performed by or on behalf of Licensee or Licensee's Affiliates under this Agreement. Licensee shall, upon request and in whatever form requested by Licensor, confirm that all appropriate measures have been taken in due time to remediate and mitigate such compliance issue.

f. Licensee shall, at [***], provide Licensor with a report in which it certifies its compliance with all aspects of this clause as relates to [***].

16.8 During the term of this Agreement, Licensor or its nominee (e.g., audit firm) shall have the right, at its cost, during reasonable business hours and at any time upon reasonable prior notice, to inspect the locations that are used by Licensee in connection with the performance of Licensee's obligations under this Agreement, and to inspect and copy the books and records related thereto and audit Licensee's compliance with the terms of this Agreement. Accordingly, if so requested by Licensor, Licensee shall cooperate and grant an audit firm engaged by Licensor, under a mutually acceptable confidentiality agreement, full access to any relevant, documents, materials, papers and financial books and records involving transactions incurred in relation to or in connection with, the Agreement for the purpose of monitoring effective compliance with the Agreement and all applicable anti-bribery and/or export control laws. Licensee shall cooperate with respect to any such inspection, including by providing access to such locations upon reasonable notice. If any such inspection reveals matters that Licensor determines should be corrected by Licensee, Licensor shall provide a list of such matters and may propose corrective actions to be taken by the Licensee. Licensee shall respond within [***] of receipt of such notification indicating the corrective actions to be taken and an estimated completion date. If Licensee does not consent to the audit, obstructs it or fails to provide access or information to Licensor's satisfaction and/or fails to implement the remediation plan recommended by Licensor, Licensor may terminate this Agreement by written notice to Licensee.

16.9 Licensee shall, at its own cost, maintain adequate, true and accurate books and records, as reasonably appropriate to accurately, truthfully and fairly reflect transactions and asset disposals with respect to Licensee's performance of its obligations under this Agreement, including records of payments made by or to, and expenses incurred by, Licensee in relation to this Agreement, and shall retain these records until the later of (i) [***] after expiry or termination of this Agreement, or (ii) as required by Applicable Laws. Licensee shall provide to Licensor (so that Licensor may provide the same to Licensor) copies of all records relating to the sale of Products in the Territory as necessary to allow Licensor or, if applicable, Licensor (under the License Agreement) to review such records when conducting an audit of Licensor.

16.10 All payments under this Agreement shall be made directly to the legal entity of Licensee by way of wire transfer upon receipt by Licensor of an invoice and documentation setting forth in reasonable detail the basis of the charge and, if applicable, the use of any Licensor assets or funds.

16.11 Should Licensee be in breach of any of its obligations under this Agreement, including, without limitation, its compliance obligations, Licensor has the right at its discretion to:

a. refuse to pay any pending invoice, reduce or reclaim the fee(s) and/or expense(s) already paid to Licensee;

b. suspend the performance of its own obligations under the Agreement, without prejudice to the potential further exercise of its termination rights.

16.12 Without prejudice to any other rights and remedies that Licensor may have, Licensor may at any time terminate the Agreement upon written notice with immediate effect if it concludes, in its sole discretion, that (1) Licensee has breached any part of the compliance undertakings with Applicable Laws or that such a breach is substantially likely to occur; (2) Licensee has provided any materially false or misleading information to Licensor in connection with this Agreement or Licensee's performance under this Agreement; (3) Licensee does not consent to an inspection and audit required by Licensor in compliance with this section and/or fails to provide access or information to Licensor's satisfaction; or (4) Licensee declines to implement any of the corrective or remedial actions that Licensor may require pursuant to its rights of inspection and auditing. Further, Licensee will indemnify and hold Licensor harmless from any claim, liability, fine, penalty, loss or damage that arises as a result of Licensee's failure to comply with its obligations under this section.

16.13 Licensee can contact Licensor at the generic e-mail address for any question related to Ethics and compliance: [***].

Article 17

DISPUTE RESOLUTION

17.1 Arbitration.

(a) In the event a dispute arises relating to the terms of this Agreement, the interpretation thereof or the compliance of the Parties therewith (each, a "Dispute"), such Dispute shall be referred to the [***] of each Party (or their respective designee who has the authority to make decisions on behalf of such Party) who shall negotiate in good faith to resolve the Dispute. If any Dispute is not resolved by these individuals (or their designees) within [***] after such Dispute is referred to them, or such longer period as they may mutually agree, either Party may submit such Dispute to arbitration for final resolution by arbitration request (the "Arbitration Request") under the Rules of Arbitration of the International Chamber of Commerce (the "Rules") by [***] arbitrators appointed in accordance with the said Rules (each such arbitration, an "Arbitration"). Each Arbitration will be conducted in English and all foreign language documents shall be submitted in the original language. The place of arbitration shall be Paris, France. The

arbitrators in any Arbitration shall enforce and not modify the terms of this Agreement. The award of the arbitrators shall be final and binding on each Party and its respective successors and assigns. All costs and expenses of any Arbitration, including reasonable attorneys' fees and expenses and the administrative and arbitrator fees and expenses, shall be borne by the Parties as determined by the arbitrators.

(b) *Confidentiality*. Except to the limited extent necessary to comply with Applicable Law, legal process, or a court order or to enforce a final settlement agreement or secure enforcement or vacatur of the arbitrators' award, the Parties agree that the existence, terms and content of any Arbitration, all information and documents disclosed in any Arbitration or evidencing any arbitration results, award, judgment or settlement, or the performance thereof, and any allegations, statements and admissions made or positions taken by either Party in any Arbitration shall be treated and maintained in confidence and are not intended to be used or disclosed for any other purpose or in any other forum.

(c) *Communications with Internal Counsel*. In the course of the negotiation and implementation of this Agreement and the resolution of any disputes, investigations, administrative or other proceedings relating thereto, each Party will call upon the members of its internal legal department to provide advice to such Party and its directors, employees and agents on legal matters. Notwithstanding any rights to the contrary under applicable procedural or substantive rules of Applicable Law, each Party agrees not to request, produce or otherwise use any such communications between members of its legal department and directors, employees or agents in connection with any such disputes, investigations, administrative or other proceedings, to the extent such communications, if they had been exchanged between such Party and external attorneys, would have been covered by legal privilege and not disclosable.

Article 18

GENERAL PROVISIONS

18.1 Force Majeure. If the performance of any part of this Agreement (except for any payment obligation under this Agreement) by either Party is prevented, restricted, interfered with or delayed by reason of any cause beyond the reasonable control of such Party (including, governmental action or inaction, infectious disease, fire, flood, earthquake, tsunami, embargo, power shortage or failure, acts of war, insurrection, riot, terrorism, strike, lockout or other labor disturbance, acts of God or any acts, omissions or delays in acting of the other Party), the Party so affected shall, upon giving written notice to the other Party, be excused from such performance to the extent of such prevention, restriction, interference or delay; if and only if the affected Party uses its commercially reasonable efforts (with respect of Licensee, Commercially Reasonable Efforts) to avoid, mitigate, or remove such causes of non-performance and shall continue performance with the utmost dispatch whenever such causes are removed.

18.2 Governing Law.

(a) This Agreement and all questions regarding its validity or interpretation, or the breach or performance of this Agreement and resolution of all Disputes and any remedies relating thereto, shall be governed by, and construed and enforced in accordance with, the laws of [***], without reference to conflict of law principles.

(b) To the fullest extent permitted under [***], Licensee irrevocably waives the benefit of any rights and obligations available to it pursuant to [***].

(c) Each Party expressly acknowledges and agrees that the other Parties may seek specific performance in the event of a breach by a Party of its obligations in accordance with the provisions of [***].

(d) Each Party hereby expressly and irrevocably waives the right to make any request for renegotiation of this Agreement, to bring any claim under, or to otherwise rely upon, the provisions of [***] to the extent applicable.

18.3 Waiver of Breach. The failure of either Party at any time or times to require performance of any provision hereof shall in no manner affect its rights at a later time to enforce the same. No waiver by either Party of any condition or term in any one or more instances shall be construed as a further or continuing waiver of such condition or term or of another condition or term.

18.4 Modification. No amendment or modification of any provision of this Agreement shall be effective unless in writing signed by both Parties hereto. No provision of this Agreement shall be varied, contradicted or explained by any oral agreement, course of dealing or performance or any other matter not set forth in an agreement in writing and signed by both Parties hereto.

18.5 Severability. In the event any provision of this Agreement should be held invalid, illegal, or unenforceable in any jurisdiction, the Parties shall negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the Parties and all other provisions of this Agreement shall remain in full force and effect in such jurisdiction. Such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction. In the event a Party seeks to avoid a provision of this Agreement by asserting that such provision is invalid, illegal or otherwise unenforceable, the other Party shall have the right to terminate this Agreement upon [***] prior written notice to the asserting Party, unless such assertion is eliminated and the effect of such assertion cured within such [***] period. Any termination in accordance with the foregoing shall be deemed a termination under Section 13.2 by reason of a breach by the Party who made such assertion.

18.6 Entire Agreement; Amendments. This Agreement (including the Exhibits attached hereto), constitute the entire agreement between the Parties relating to the subject matter hereof and supersede all prior and contemporaneous agreements, representations and/or understandings. No terms or provisions of this Agreement shall be varied or modified by any prior or subsequent statement, conduct or act of either of the Parties, except that the Parties may amend this Agreement by written instruments specifically referring to and executed in the same manner as this Agreement.

18.7 Notices. Unless otherwise agreed by the Parties or specified in this Agreement, all communications between the Parties relating to and all written documentation to be prepared and provided under this Agreement shall be in the English language. Any notice required or permitted under this Agreement shall be in writing and (a) delivered personally, (b) sent by express courier service providing evidence of receipt, postage pre-paid where applicable, or (c) by electronic transmission or facsimile (complete transmission confirmed and a copy promptly sent by another permissible method of providing notice described in paragraph (a) or (b) above), to the following addresses of the Parties (or such other address for a Party as may be specified by like notice):

To Pierre Fabre:	To ValenzaBio:
[***]	[***]
[***]	[***]

Any notice required or permitted to be given concerning this Agreement shall be effective upon receipt by the Party to whom it is addressed.

18.8 Assignment. This Agreement shall not be assignable by Licensee to any Third Party hereto without the written consent of Licensor, provided that no consent shall be required in the case of an assignment effected pursuant to a Change of Control. Licensee shall have the right to assign this Agreement to an Affiliate, with the prior written consent of Licensor (which shall not be unreasonably withheld, conditioned or delayed); provided that Licensee guarantees the performance of this Agreement by such Affiliate and such Affiliate agrees in a writing delivered to Licensor to assume all of the rights and obligations of Licensee under this Agreement; and further provided that if Licensor reasonably believes such assignment could result in material adverse tax consequences to Licensor, Licensor shall have no obligation to consent to the proposed assignment unless Licensee and the assignee agree to hold Licensor harmless with respect to such adverse tax consequences. Licensor may freely assign all or part of this Agreement, provided that if any such assignment could result in material [***], Licensor and the assignee must, as a condition to such assignment, agree to [***]. Any assignment of this Agreement in contravention of this Section 18.8 shall be null and void.

18.9 No Partnership or Joint Venture. Nothing in this Agreement is intended, or shall be deemed, to establish a joint venture or Partnership between the Parties. Neither Party to this Agreement shall have any express or implied right or authority to assume or create any obligations on behalf of, or in the name of, the other Party, or to bind the other Party to any contract, agreement or undertaking with any Third Party.

18.10 Interpretation. The captions to the several Articles and Sections of this Agreement are not a part of this Agreement, but are included for convenience of reference and shall not affect its meaning or interpretation. In this Agreement: (a) the word “including” shall be deemed to be followed by the phrase “without limitation” or like expression; (b) the singular shall include the plural and vice versa; and (c) masculine, feminine and neuter pronouns and expressions shall be interchangeable. Each accounting term used herein that is not specifically defined herein shall have the meaning given to it under generally accepted cost accounting principles, but only to the extent consistent with its usage and the other definitions in this Agreement.

18.11 Counterparts; Other Matters. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Signatures to this Agreement delivered by Docusign, facsimile or similar electronic transmission will be deemed to be binding as originals. This Agreement is established in the English language. Any translation in another language shall be deemed for convenience only and shall never prevail over the original English version.

[*Signature Page Follows*]

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

ValenzaBio, Inc.

BY: /s/ Patrick Crutcher
NAME: Patrick Crutcher
TITLE: Chief Executive Officer

Pierre Fabre Medicament SAS

BY: /s/ Jean-Luc Lowinski
NAME: Jean-Luc LOWINSKI
TITLE: President

[***] Certain information in this document has been omitted from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

AMENDMENT N°1
TO THE LICENSE AND COMMERCIALIZATION AGREEMENT

This AMENDMENT TO LICENSE AND COMMERCIALIZATION AGREEMENT is

made and entered into as of December 20, 2022 by and between **Pierre Fabre Medicament SAS**, a company duly organized and existing under the laws of France, having offices and principal place of business at Les Cauquillous 81500 Lavaur, France ("**Licensor**"), **ValenzaBio Inc**., a limited liability company organized under the laws of Delaware and having its principal place of business at 6701 Democracy Blvd, Suite 300, Bethesda, MD 20817 ("**ValenzaBio**" or "**Licensee**"), and ACELYRIN (as defined below) (the "**Guarantor**"), as long as Licensee remains an Affiliate of Guarantor. Licensor and Licensee each may be referred to herein individually as a "**Party**" or collectively as the "**Parties**."

WHEREAS Pierre Fabre Medicament SAS and ValenzaBio entered into a License and Commercialization Agreement on March 25, 2021 (hereinafter the "**Agreement**") defining the terms and conditions pursuant to which Pierre Fabre Medicament SAS granted ValenzaBio, and ValenzaBio. obtained, certain exclusive rights and licenses relating to an anti-IGF-1R monoclonal antibody, internally designated within Pierre Fabre Medicament SAS as [***] and by ValenzaBio. as VB421.

WHEREAS ValenzaBio and ACELYRIN, INC., a corporation organized under the laws of Delaware and having its principal place of business at 23371 Mulholland Dr. PMB 417 Woodland Hills, CA 91364 ("**ACELYRIN**"), are contemplating a series of merger transactions (collectively, the "**Transaction**") which will constitute a Change of Control with respect to Licensee under the Agreement.

WHEREAS the Parties agree to amend the Agreement as set out in this amendment (hereinafter referred to as the «**Amendment N°1**»);

NOW THEREFORE, THE PARTIES HAVE AGREED AS FOLLOWS:

ARTICLE 1 -CAPITALIZED TERMS AND DEFINITIONS

1.1 Unless otherwise specifically provided in this Amendment n°1, capitalized terms shall have the meaning ascribed thereto in the Agreement.

"**Closing**" shall mean the closing of the Transaction.

"**First Amendment Effective Date**" shall have the meaning set forth below.

"**Pierre Fabre Invest**" means Licensor's Affiliate Pierre Fabre Invest having its registered office Zone Industrielle de la Chartreuse 81100 Castres – France, to which Licensor has transferred the Shares on December 1, 2021.

[***]

1.2 The following definitions in the Agreement shall be deleted and replaced as follows:

"**Licensed Know-How**" means all scientific, medical, technical, Regulatory Filings and other information, including Data, (i) Controlled by Licensor as of the Effective Date and listed in Exhibit 1.38, (ii) generated pursuant to Section 9.1 (Asset Supply for Feasibility Studies), or

(iii) otherwise provided pursuant to Section 4.1.

"**Licensed Patents**" means (i) the Patents listed on Exhibit 1.40, any Patents issuing therefrom or claiming priority thereto, (ii) Licensor's rights in Joint Patents, and (iii) to the extent not described in the preceding clauses (i) and (ii), any other Patents developed and Controlled by or on behalf of Licensor or its Affiliates during the Term that are claiming the Asset and which in the absence of the license granted hereunder, would be infringed by the Exploitation of the Asset as incorporated in the Product in the Field in accordance with this Agreement.

ARTICLE 2 -AMENDED PROVISIONS

2.1 ***Reversion Option*.**

The Parties agree that Section 2.4 (Reversion Option) of the Agreement is deleted and replaced by the following:

"2.4 Reversion Option.

(a) Subject to the remainder of this Section 2.4, during the period that is [***] validation of the Full Data Package through the JSC (the "**Option Period**"), Licensor shall have the option to reclaim the exclusive right to Exploit the Product in the Field in Option Territory and to obtain an exclusive sublicensable license in the Option Territory to Improvements, including Product trademarks, to Exploit the Product in the Field (the "**Reversion Option**"). If Licensor notifies Licensee of its intent to exercise the Reversion Option during the Option Period (the "**Option Exercise Notice**"), then the financial terms and conditions set out in Section 6.5 shall apply and the Parties shall discuss in good faith all customary adjustments to the terms and conditions of this Agreement, including with respect to patent prosecution and litigation, and vigilance regulatory coordination.

It is hereby agreed that if after having exercised its Reversion Option with respect to a Product, if Licensor intends to grant to a Third Party (other than a Distributor for the sole purpose of Commercializing the Product) a license to Develop or Commercialize such Product in the Field in any country in the Option Territory (the "**Reversion License**"), Licensor shall provide Licensee with a first right to negotiate such Reversion License in accordance with the remainder of this Section 2.4. Prior to Licensor either offering to a Third Party a nonbinding term sheet, or responding to a Third Party's nonbinding term sheet, in each case for such Reversion License, Licensor shall notify Licensee [***] of such intent together with the material terms of such non-binding term sheet. If Licensee provides Licensor a written notice indicating its interest and intent to negotiate with Licensor for the Reversion License within [***] of receipt of Licensor's notice, then the Parties shall

negotiate on an exclusive basis and in good faith for a period [***] from the date of Licensor's receipt of Licensee's notice with respect to the terms and conditions under which Licensee may obtain the Reversion License. If Licensee does not respond to Licensor's notice within [***] of Licensee's receipt of Licensor's notice, or the Parties do not agree upon the terms and conditions of a Reversion License on or before the expiration of the [***], then Licensor shall thereafter have the right to enter into the Reversion License with a Third Party on terms that are (a) no more favorable to the Third Party than the terms offered by Licensor to Licensee [***] during the [***], and (b) no more favorable to Licensor than the terms already included in the Agreement with respect to the Product in the applicable country(-ies) in the Option Territory prior to Licensor's exercise of the Reversion Option; provided, however, that clause (b) shall not apply to Reversion Licenses entered into more than [***] after the exercise of the Reversion Option. If Licensor has not signed such Reversion License with a Third Party within [***] following the expiry of the [***], Licensee's first right to negotiate under this Section 2.4 will be reset. The Parties agree that Sections 6.5(d) and 6.5(e) shall not apply with respect to the countries of the Option Territory included in a Reversion License between Licensor and Licensee. [***] For clarity, if Licensor does not exercise the Reversion Option within the Option Period, then, the Reversion Option shall expire and this Section 2.4 shall no longer apply.

(b) Notwithstanding the foregoing, if Licensor delivers to Licensee the Option Exercise Notice during the Option Period, then (i) Licensor may, in the Option Exercise Notice, require Licensee to buy out Licensor's exclusive right and license to Exploit the Product in the Field in Option Territory pursuant to the Reversion Option, by making the Buy Out Payment (as defined below) and (ii) if Licensor does not require such Buy Out Payment in the Option Exercise Notice, Licensee shall have the right, within [***] following the receipt of the Option Exercise Notice, [***] to buy out Licensor's exclusive right and license to Exploit the Product in the Field in Option Territory pursuant to the Reversion Option by making the Buy Out Payment, in each case ((i) or (ii)), on conditions set out in section (d) below (the "**Buy Out Option**").

(c) If either Licensor or Licensee exercises the Buy Out Option, then (i) Licensee shall make [***] payment of [***] within the [***] from receipt of the Option Exercise Notice (the "**Buy Out Payment**"), and, upon receipt by Licensor of the Buy Out Payment, (ii) the Reversion Option shall terminate, and (iii) all of Licensor's rights and obligations with respect to the Reversion Option and Exploitation of the Product in the Field in the Option Territory upon its exercise of the Reversion Option shall terminate and no longer apply.

2.2 ***Governance.***

2.2.1 The Parties agree that Section 3.1(b) of the Agreement is deleted and replaced by the following**:**

"(b) Duties. The JSC shall:

(i) [***]

If Licensor elects to exercise its Reversion Option, the rights and responsibilities of the JSC [***].

2.2.2 The Parties agree that Section 3.4 of the Agreement is deleted and replaced by the following:

"3.4 Decision-Making.

(a) Before exercise of the Reversion Option, after discussion at the JSC, Licensee shall have the right to cast the deciding vote in the event of a tie in votes, provided [***]

(b) After exercise of the Reversion Option by Licensor (and subject to Sections 2.4(b)-(d)):

In the event that the JSC cannot unanimously agree on an issue that is subject to its decision- making authority, then the matter shall be referred to [***] within [***] after such dispute is referred to [***], or such longer period [***], then the final decision-making mechanism in Sections 3.4(b)(i) and 3.4(b)(ii) shall apply.

(i) Licensee shall have final decision-making authority with respect to Development globally in both the Territory and Option Territory and Commercialization of Products in the Field in the Territory (other than otherwise provided in Section 3.4(b)(ii) below), provided that the decision complies with the Development Principles, that any decision pursuant to Section 2.2.1(b)(iii) and (v) shall comply with the Data Package Minimum Requirements, and that Licensee shall not take (A) any decision conflicting with Licensee's diligence obligations set out in Article 5, (B) any decision that materially increases the obligations of Licensor under the Development Plan, or (C) any decision likely to have a material adverse impact on Licensor's Commercialization (including the pricing) of the Product in the Option Territory for which Licensor exercised the Reversion Option and the Parties have not entered into a Reversion License or its Exploitation of the Asset (to the extent permitted under this Agreement) or the ADC.

(ii) Licensor shall have final decision-making authority with respect to regulatory activities to seek Marketing Approval and Commercialization (including determination of the pricing) of the Product in the countries in the Option Territory for which it exercised the Reversion Option and the Parties have not entered into a Reversion License, provided that the decision complies with the Development Principles and that Licensor shall not take any decision likely to have a material adverse impact on Licensee's Commercialization (including the pricing) of the Product in the United States.

(c) Notwithstanding the foregoing, the Parties shall mutually agree on the Regulatory and Commercial Assessment and neither Party shall have final decision-making authority with respect thereto. For clarity, neither Party shall have final decision-making authority with respect to a vote to excuse itself from any of its obligations specifically enumerated under this Agreement.

2.3 ***Development.***

2.3.1 The Parties agree that Section 3.9 of the Agreement shall be deleted and replaced by the following:

"3.9 Development Plan. The approved Development Plan as of the date hereof is attached as Appendix A to this Amendment N°1 and supersedes the Initial Development Plan as of the First Amendment Effective Date. Promptly following the Closing, the Parties shall, via the JSC, jointly conduct [***]. Subject to the foregoing, the Parties will, via the JSC,

amend the Development Plan to prioritize the Development activities with respect to the Product in the Field [***]. The Development Plan shall become effective after the approval of the JSC and supersede the previous Development Plan as of the date of such approval or at such other time as decided by the JSC, and shall continue to be effective if Licensor exercises the Reversion Option. Licensee shall use Commercially Reasonable Efforts to ensure that the updated Development Plan shall [***] ((i) and (ii) together the "**Development Principles**").

2.3.2 The Parties agree that Section 4.2 of the Agreement shall be deleted and replaced by the following:

"4.2 Development. As between Licensor and Licensee, Licensee shall be solely responsible for Developing Products in the Field in the Territory in accordance with the Development Plan [***], *provided that*, for clarity, if Licensor exercises the Reversion Option, then, subject to Sections 2.4(b)-(d), Licensor shall be solely responsible for the Development and Commercialization of the Product in the Field in the Option Territory [***], in accordance with the Development Plan and the Development Principles. For the avoidance of doubt, Licensor shall have no obligation to Develop or Commercialize the Product in the Field in the Option Territory, unless the Parties have agreed to include [***]. For purposes of this Section 4.2, the definition of "Commercially Reasonable Efforts" shall apply *mutatis mutandis* to Licensor."

2.3.3 The Parties agree that following shall be added to Section 4.3(b)(ii) of the Agreement following subsection (b):

c. Licensee shall have the right, but no obligation, to [***]

Licensor shall provide to Licensee, as well as to the JSC, [***].

2.4 ***Financials***

2.4.1 The Parties acknowledge that Licensee has paid Licensor a $[***]. The Parties agree that the table set forth in Section 6.2(a) of the Agreement is deleted and replaced with the following:

Development Milestones	[***]	[***]
Initiation of first Pivotal Study	$35,000,000	
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

2.4.2 The Parties agree that the table set forth in Section 6.2(b) of the Agreement is deleted and replaced with the following:

Commercial Milestones	
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

In addition, the Parties agree that the last sentence of Section 6.2(b) of the Agreement is deleted and replaced with the following:

"[***]"

2.4.3 The Parties agree that Section 6.2(c) of the Agreement is deleted in its entirety.

2.4.4 Licensee shall pay to Licensor a non-creditable, non-refundable amount [***] Licensor.

2.4.5 The Parties agree that Section 6.5(d) shall be deleted and replaced by the following:

[***]

2.5 ***Exclusivity***

The Parties agree that Section 8.1 of the Agreement shall not apply to Development and Commercialization of ACELYRIN's compound izokibep by or on behalf of Licensee in [***] provided that either (i) the Development and Commercialization of izokibep is intended as [***] or (ii) the Parties agree [***] that the Development and Commercialization of izokibep in the [***] would not jeopardize the value of the Product.

2.6 ***Effect of Termination***

The Parties agree that Section 13.2(c) of the Agreement is deleted and replaced with the following:

"(c) Licenses. Effective upon termination of this Agreement, Licensee hereby grants to Licensor an exclusive, worldwide, royalty-free license, with the right to grant sublicenses, under any Patents and other Intellectual Property Rights related to Products that are (i) owned or Controlled by Licensee, its Affiliates or Sublicensees and (ii) developed by or on behalf of any of them under this Agreement during the Term, for the sole purpose of making, using, developing, importing, selling, distributing, marketing and otherwise Exploiting such Products."

2.7 ***Assignment***

The Parties agree that the second sentence of Section 18.8 of the Agreement is deleted and replaced with the following:

"Licensee shall have the right to assign this Agreement to an Affiliate; provided that Licensee guarantees the performance of this Agreement by such Affiliate and such Affiliate agrees in a writing delivered to Licensor to assume all of the rights and obligations of Licensee under this Agreement; and further provided that if such assignment would reasonably be expected to result in material adverse tax consequences to Licensor, Licensor's consent shall be required for such assignment unless Licensee and the assignee agree to hold Licensor harmless with respect to such adverse tax consequences."

ARTICLE 3 -MISCELLANEOUS

3.1 ***Effectiveness***. This Amendment n°1 shall come into force upon Closing (the "**First Amendment Effective Date**"), provided that either Party may terminate this Amendment n°1 if Closing has not occurred by January 15th 2023 5pm Pacific Time.

3.2 ***Guarantee*****.**

3.2.1 Starting as from the First Amendment Effective Date, for so long as Licensee remains an Affiliate of ACELYRIN, ACELYRIN shall hereby jointly and severally, absolutely, and unconditionally and irrevocably guarantee the full and prompt performance by Licensee of its obligations pursuant to the terms of the Agreement, as amended by this Amendment n°1, including any payment obligations thereunder (the "**Obligations**"), and Guarantor agrees to waive any right to require Licensor to proceed against Licensee for the Obligations.

3.2.2 Guarantor represents and warrants to Licensor that: (a) the execution, delivery and performance by Guarantor of this guaranty have been duly authorized by all necessary corporate action on its part; (b) this guaranty is being duly and validly executed by Guarantor and constitutes the legal, valid and binding agreement of Guarantor, enforceable against it in accordance with its terms, subject to any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights; and (c) the execution, delivery and performance of this guaranty do not and will not (i) contravene or conflict with Guarantor's charter documents, or (ii) contravene or constitute a default under any agreement of which Guarantor is a party.

3.3 ***Tax***. ACELYRIN hereby guarantees to Licensor and its Affiliate Pierre Fabre Invest that, provided that the applicable payee qualifies for the benefit of Article 12 of the income tax treaty between the United States and France, no US withholding tax will be withheld from the Merger consideration or the payment described under Section 2.4.4 of this Amendment n°1 or Article 6 of the Agreement, in each case, as of the date of Closing.

3.4 Except as specifically modified and amended herein, all of the terms, provisions, requirements and specifications contained in the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Amendment n°1 to be executed by their representatives thereunto duly authorized as of the First Amendment Effective Date.

[Signature page follows]

ValenzaBio, Inc.

By: /s/ Patrick Crutcher
Name: Patrick Crutcher
Title: Chief Executive Officer

Pierre Fabre Medicament SAS

By: /s/ Jean-Luc Lowinski
Name: Jean-Luc LOWINSKI
Title: President

Acelyrin, Inc (only for purposes of Sections 3.2 and 3.3)

By: /s/ Shao-Lee Lin
Name: Shao-Lee Lin
Title: Chief Executive Officer

APPENDIX A
DEVELOPMENT PLAN

[***]

Exhibit 21.1

Subsidiaries of ACELYRIN, INC.

Name	Jurisdiction of Incorporation
WH2, LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of ACELYRIN, INC. of our report dated March 24, 2023 relating to the financial statements of ACELYRIN, INC., which appears in this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
San Diego, California
April 13, 2023

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of ACELYRIN, INC. of our report dated March 24, 2023 relating to the financial statements of ValenzaBio, Inc., which appears in this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
San Diego, California
April 13, 2023

Exhibit 23.3

Consent of Independent Auditor

We hereby consent to the incorporation in the Prospectus constituting a part of the Registration Statement on Form S-1 of Acelyrin, Inc. of our report dated April 29, 2022, except for the presentation of the convertible preferred stock and common stock as described in Note 2 as to which the date is February 10, 2023, with respect to our audit of the financial statements of ValenzaBio, Inc. as of December 31, 2021, and for the year then ended.

We also consent to the reference of our firm under the caption “Experts” in this Registration Statement.

/s/ Macias Gini & O’Connell LLP

San Jose, California
April 13, 2023

Exhibit 23.5

Date: March 21, 2023

ACELYRIN, INC.
4149 Liberty Canyon Road
Agoura Hills, CA 91301

Dear Sirs or Madams:

We, Skysis LLC, a member of Fishawack Health, hereby consent to the filing with the Securities and Exchange Commission of a Registration Statement on the S-1, and any amendments thereto, of ACELYRIN, INC., and any related prospectuses of (i) our name and all references thereto, (ii) all references to our preparation of an independent market assessment of psoriatic arthritis, axial spondyloarthritis, hidradenitis suppurativa, uveitis, thyroid eye disease and chronic urticaria (collectively, the "Global Markets Reports"), and (iii) the statement(s) set out in the Schedule hereto. We also hereby consent to the filing of this letter as an exhibit to the S-1.

We further consent to the reference to our firm, under the caption "Market, Industry and Other Data" in the S-1, as acting in the capacity of an expert in relation to the preparation of the Global Markets Reports and the matters discussed therein.

Regards,

/s/ Walter Grubb

Name: Walter Grubb
Designation: VP Consulting
For and on behalf of
Skysis LLC, a member of Fishawack Health

SCHEDULE

- References in this prospectus to market research by Skysis were commissioned by us.
- Based on market research conducted for us by Skysis, a member of Fishawack Health (Skysis), the total market globally for the treatment of HS in 2022 was approximately $1.2 billion and is expected to grow to approximately $2.9 billion by 2030.
- Based on market research conducted for us by Skysis, the total market globally for the treatment of PsA in 2022 was approximately $8.8 billion and is expected to grow to approximately $17.8 billion by 2030.
- Based on market research conducted for us by Skysis, the total market globally for the treatment of AxSpA in 2022 was approximately $5.1 billion and is expected to grow to greater than $6.8 billion by 2030.
- Based on market research conducted for us by Skysis, the total market globally for the treatment of noninfectious uveitis was approximately $390 million in 2022 and is expected to grow to greater than $790 million by 2030.
- Based on market research conducted for us by Skysis, the total market globally for the treatment of TED in 2022 was approximately $2 billion and is expected to grow to more than $4.8 billion by 2030.
- Based on market research conducted for us by Skysis, the total market globally for the treatment of chronic urticaria in 2022 was approximately $1.9 billion and is expected to grow to approximately $5.8 billion by 2030.

Exhibit 107

Calculation of Filing Fee Tables

Form S-1

ACELRYIN, INC.

Table 1: Newly Registered Securities

	Security Type	Security Class Title	Fee Calculation or Carry Forward Rule	Amount Registered	Proposed Maximum Offering Price Per Unit	Maximum Aggregate Offering Price[1]	Fee Rate	Amount of Registration Fee[2]
Fees to Be Paid	Equity	Common Stock, par value $0.00001 per share[3][4]	457(o)	—	—	$100,000,000	0.00011020	$11,020.00
	Total Offering Amounts					$100,000,000	—	$11,020.00
	Total Fee Offsets					—	—	—
	Net Fee Due					—	—	$11,020.00

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act").

(2) Calculated pursuant to Rule 457(o) under the Securities Act based on an estimate of the proposed maximum aggregate offering price.

(3) Includes up to an additional 15% of the aggregate offering price to cover a 30-day option granted to the underwriters to purchase additional shares of our common stock to cover over-allotments, if any.

(4) Pursuant to Rule 416(a) of the Securities Act, the shares of common stock registered hereby also includes an indeterminable number of additional securities that may be issued to prevent dilution resulting from stock splits, stock dividends or similar transactions.