

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

For the transition period from to

Commission File Number: 001-38541

**Dianthus Therapeutics, Inc.**

(Exact name of Registrant as specified in its Charter)

Delaware

81-0724163

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

7 Times Square, 43rd Floor

New York

,

New York

10036

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (929) 999-4055

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock ,\$0.001 par value	DNTH	The Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES  NO

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES  NO

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). YES  NO

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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  
Smaller reporting company

Non-accelerated filer

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

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the Registrant's shares of Common Stock on The Nasdaq Capital Market on June 30, 2023, was \$

32.1  
million.

The number of shares of the Registrant's Common Stock outstanding as of March 14, 2024 was

29,346,760

#### DOCUMENTS INCORPORATED BY REFERENCE

Certain information required to be included in Part III of this Annual Report on Form 10-K is set forth in, and incorporated by reference from, the Registrant's definitive proxy statement for its 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 2023.

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#### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of the federal securities laws, which statements are subject to substantial risks and uncertainties and are based on estimates and assumptions. All statements, other than statements of historical fact, included in this Annual Report on Form 10-K are forward-looking statements, including, without limitation, statements concerning our plans, objectives, goals, expectations, hopes, beliefs, intentions, assumptions, projections, estimates or strategies and any underlying assumptions regarding the future, our future results of operations and financial position, including the sufficiency of our existing cash resources to fund our operations for as long as anticipated, our liquidity, capital resources, costs and expenses, capital requirements, commitments and contingencies, the development or commercial potential of DNTH103 or any other product candidate, our anticipated preclinical and clinical drug development activities, in particular with respect to DNTH103, and any timelines, developments or results in connection therewith, the efficacy, safety profile, dosing amount or frequency, method of delivery or other potential therapeutic benefits of DNTH103, the receipt or timing of potential regulatory designations, approvals and commercialization of any product candidates, market size or addressable patient population and other statements, including those included under the sections titled "Risk Factors," "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report on Form 10-K. In some cases, you can identify forward-looking statements by terms such as "aim," "may," "might," "will," "would," "shall," "objective," "intend," "target," "should," "could," "can," "expect," "anticipate," "believe," "design," "estimate," "forecast," "predict," "project," "potential," "possible," "plan," "seek," "contemplate," "goal," "likely" or "continue" or the negative of these terms and similar expressions intended to identify forward-looking statements, but the absence of these terms does not mean that a statement is not forward-looking. Forward-looking statements are not historical facts and are based on our current expectations and beliefs with respect to future events and their potential effects and impacts. There can be no assurance that future events affecting us will be those that have been anticipated. Given the significant risks and uncertainties, you should not place undue reliance on these forward-looking statements.

There are a number of risks, uncertainties and other factors that could cause our actual results or outcomes, or the timing of our results or outcomes, to differ materially from the forward-looking statements expressed or implied in this Annual Report on Form 10-K. Such risks, uncertainties and other factors include, among others, the following risks, uncertainties and factors:

- risks associated with the possible failure to realize certain anticipated benefits of the Reverse Merger (as defined below), including with respect to future financial and operating results;
- the effect of the completion of the Reverse Merger on our business relationships, operating results and business generally;
- expectations regarding the strategies, prospects, plans, expectations and objectives of our management for future operations of the Company following the closing of the Reverse Merger;
- risks associated with our ability to manage expenses and unanticipated spending and costs that could reduce our cash resources;
- risks related to our ability to correctly estimate our operating expenses and other events;
- changes in capital resource requirements;
- our ability to obtain, maintain and protect our intellectual property rights, in particular those related to our product candidates;
- our ability to advance the development of our product candidates or preclinical activities under the timelines we anticipate in planned and future clinical trials;
- our ability to replicate in later clinical trials positive results found in preclinical studies and early-stage clinical trials of our product candidates;
- our ability to realize the anticipated benefits of our research and development programs, strategic partnerships, licensing programs or other collaborations;
- regulatory requirements or developments, and our ability to obtain necessary approvals from the U.S. Food and Drug Administration (the "FDA") or other regulatory authorities;
- our ability to manufacture product candidates in conformity with the FDA requirements and to scale up manufacturing of our product candidates to commercial scale, if approved;

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- changes to clinical trial designs and regulatory pathways;
- developments and projections relating to our expected or existing competitors or industry;
- unexpected costs, charges or expenses resulting from the Reverse Merger;
- potential adverse reactions or changes to business relationships resulting from the completion of the Reverse Merger;
- legislative, regulatory, political, geopolitical and macroeconomic developments beyond our control, including inflationary pressures, general economic slowdown or a recession, high interest rates, changes in monetary policy, instability in financial institutions, the prospect of a shutdown of the U.S. federal government, the ongoing conflict in Ukraine, conflict in the Middle East and rising tensions between China and Taiwan;
- success in retaining, recruiting or changes in, our officers, key employees or directors;
- the liquidity and trading of our securities;
- regulatory actions with respect to our product candidates or our competitors' products and product candidates;
- our ability to successfully develop and commercialize any technology that we may in-license or products we may acquire;
- our ability to successfully operate in non-U.S. jurisdictions in which we may choose to do business, including compliance with applicable regulatory requirements and laws;
- our reliance on third-party contract development and manufacturer organizations to manufacture and supply product candidates;
- our ability to establish satisfactory pricing and obtain adequate reimbursement from government and third-party payors of products and product candidates that receive regulatory approvals, if any;
- our ability to successfully commercialize product candidates, if approved, and the rate and degree of market acceptance of such product candidates;
- risks related to our ability to obtain additional financing and raise capital as necessary to fund operations or pursue business opportunities;
- the direct and indirect effects of widespread health emergencies on our workforce, operations, financial results and cash flows;
- severe weather and seasonal factors;
- our inability to continue to grow and manage our growth effectively;
- our inability to comply with, and the effect on our business of, evolving legal standards and regulations, including those concerning data protection, consumer privacy and sustainability and evolving labor standards; and
- our ability to remediate material weaknesses or other deficiencies in our internal control over financial reporting or to maintain effective disclosure controls and procedures and internal control over financial reporting.

There may be other factors that may cause our actual results or outcomes, or the timing of those results or outcomes, to differ materially from the forward-looking statements expressed or implied in this Annual Report on Form 10-K, including factors disclosed in the sections titled "*Risk Factors*," "*Business*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and elsewhere in this Annual Report on Form 10-K and in our other filings with the Securities and Exchange Commission ("SEC"). You should evaluate all forward-looking statements made in this Annual Report on Form 10-K in the context of these risks and uncertainties.

We caution you that the risks, uncertainties and other factors referred to above and elsewhere in this Annual Report on Form 10-K may not contain all of the risks, uncertainties and other factors that may affect our future results, operations and outcomes. Moreover, new risks emerge from time to time. It is not possible for us to predict all risks. In addition, we cannot assure you that we will realize the results, benefits or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. Past performance is not indicative of future performance.

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Any forward-looking statements contained in this Annual Report on Form 10-K apply only as of the date of this Annual Report on Form 10-K and are expressly qualified in their entirety by the cautionary statements included in this Annual Report on Form 10-K. Except as required by law, we disclaim any intent to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

**Explanatory Note**

Unless context otherwise requires, references to "we," "our," "us," "Dianthus," the "Company," or the "combined company" in this Annual Report on Form 10-K refer to Dianthus Therapeutics, Inc. (formerly Magenta Therapeutics, Inc.) after the completion of the Reverse Merger (as defined elsewhere in this Annual Report on Form 10-K), the term "Former Dianthus" refers to Dianthus Therapeutics OpCo, Inc. (formerly Dianthus Therapeutics, Inc.), and the term "Magenta" refers to the Company prior to completion of the Reverse Merger.

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We are a clinical-stage biotechnology company. On September 11, 2023, we completed a business combination with Former Dianthus pursuant to which, among other matters, Former Dianthus became as a wholly owned subsidiary of ours (the "Reverse Merger"). In connection with the completion of the Reverse Merger, we changed our name from "Magenta Therapeutics, Inc." to "Dianthus Therapeutics, Inc.," and the business conducted by us became primarily the business conducted by Former Dianthus. We were incorporated as a Delaware corporation in June 2015 and Former Dianthus was incorporated as a Delaware corporation in May 2019.

We are focused on developing next-generation complement therapeutics for patients living with severe autoimmune and inflammatory diseases. We believe our lead novel and proprietary monoclonal antibody product candidate, DNTH103, has the potential to address a broad array of complement-dependent diseases as currently available therapies and those in development leave room for improvements in efficacy, safety, and/or dosing convenience. We have purposefully engineered DNTH103 to selectively bind to only the active form of the C1s complement protein ("C1s") and to exhibit improved potency and an extended half-life. By selectively targeting only the active form of C1s, which drives disease pathology and constitutes only a small fraction of the total protein present in circulation, we aim to reduce the amount of drug required for a therapeutic effect. We intend to deliver our product candidate through a lower dose, less frequent, self-administered, convenient subcutaneous ("S.C.") injection suitable for a pre-filled pen.

**Our Pipeline-in-a-Product Potential for DNTH103, a Next-Generation Complement Therapeutic**

Program (Target)	Target Population	2024	2025
	<b>Generalized Myasthenia Gravis (gMG)</b> ~60,000 U.S. patients	Initiate Ph. 2 trial Q1'24	Top-line Ph. 2 data 2H'25
<b>DNTH103*</b> <i>(S.C. Active C1s antibody)</i>	<b>Multifocal Motor Neuropathy (MMN)</b> ~5,000-10,000 U.S. patients	Initiate Ph. 2 trial Q2'24	
	<b>Chronic Inflammatory Demyelinating Polyneuropathy (CIDP)</b> ~15,000 U.S. patients	Initiate Ph. 2 trial 2H'24	

\* We hold world-wide rights excluding rights to Greater China, which are outlicensed to Zenas BioPharma, Inc. (formerly Zenas BioPharma Limited) ("Zenas BioPharma").

**DNTH103**

Our most advanced product candidate, DNTH103, is a clinical-stage, highly potent, highly selective and fully human monoclonal immunoglobulin G4 with picomolar binding affinity that is designed to selectively bind only to the active form of the C1s complement protein. The active form of C1s is generated during complement activation by cleavage of the inactive proC1s (as defined below). As a validated complement target in the autoimmune and inflammatory field, C1s inhibition prevents further progression of the classical pathway cascade. DNTH103 is engineered with YTE half-life extension technology, a specific three amino acid change in the Fc domain, and has a pharmacokinetic ("PK") profile designed to support less frequent, lower dose, self-administration as a convenient S.C. injection.

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### **Clinical Data and Development Plans**

Data from DNTH103's Phase 1 clinical trial in 60 healthy volunteers across eight dose cohorts validates the extended half-life and potent classical pathway inhibition and supports a potentially differentiated safety profile of DNTH103. The topline data confirmed its approximately 60-day half-life and highly potent classical pathway inhibition with every two weeks ("Q2W") S.C. dosing of 300mg/2mL surpassing the calculated IC90 (as defined below) of 87ug/mL, establishing DNTH103's best-in-class potential to be the first self-administered subcutaneous injection dosed as infrequently as Q2W to treat a range of autoimmune disorders. Based on the clinical data available to date, DNTH103 was generally well tolerated with no serious adverse events ("SAEs") or complement-related infections. DNTH103 is designed to selectively target the active form of C1s, inhibiting only the classical pathway, while leaving the lectin and alternative pathways intact. As a result, DNTH103 may have a reduced risk of infections from encapsulated bacteria when compared to C5 terminal inhibitors, thus potentially avoiding an FDA Boxed Warning and associated Risk Evaluation and Mitigation Strategy ("REMS"). We believe that DNTH103 has the potential to yield therapeutic benefit in multiple autoimmune and inflammatory disease indications where inappropriate activation of the classical pathway cascade drives or exacerbates the disease pathology by inhibiting the ability of activated C1s to effect downstream complement activity, ameliorating complement mediated cell death and disruption of normal cellular function.

We evaluated DNTH103 in a first-in-human Phase 1 single ascending dose ("SAD") and multiple ascending dose ("MAD") clinical trial in New Zealand to explore the safety, tolerability, PK, and pharmacodynamics ("PD") of DNTH103 in healthy volunteers. We reported data from 60 healthy volunteers that have been dosed across eight cohorts, including six SAD cohorts: 1mg/kg intravenous ("I.V."), 10mg/kg I.V., 30mg/kg I.V., 50mg/kg I.V., 300mg S.C. and 600mg S.C.; and two MAD cohorts: 300mg S.C. and 600mg S.C. Based on the clinical data available to date, DNTH103 has been generally well-tolerated, demonstrating favorable PK and PD data, supporting its target product profile. Based on data from the 60 healthy volunteers, DNTH103 has a half-life of approximately 60 days. With these data, we conducted a PK simulation that demonstrates the steady state serum concentration of DNTH103, when dosed 300mg S.C. Q2W following an initial I.V. loading dose, exceeds the serum concentration required to surpass 90% classical pathway inhibition in a hemolytic assay ("IC90") estimated to be 87ug/mL. We believe, based on published scientific literature related to other complement therapies, that the IC90 will be sufficient to achieve clinical activity in patients with generalized Myasthenia Gravis ("gMG").

### **Overview of Development Plans in Target Indications**

Myasthenia Gravis ("MG") is a rare, chronic autoimmune disorder characterized by muscle weakness due to complement-mediated damage to the muscle endplate. MG affects the voluntary muscles of the body, especially those that control the eyes, mouth, throat, limbs and in severe cases, muscles which support breathing. Clinically, MG can be classified as either ocular or generalized. In ocular MG, impairment is limited to the eye muscles, with symptoms such as diplopia (double vision) and ptosis (drooping of the upper eyelid). Approximately 80% of ocular MG cases progress to gMG. Patients with gMG may experience impaired vision, speech, and mobility; shortness of breath; difficulty swallowing and eating; and fatigue, all of which can have a profound negative effect on activities of daily life. gMG can result in a myasthenia crisis, a life-threatening condition, with very high fatality rates if left untreated. gMG crisis causes severe weakness of the diaphragm and chest muscles that support breathing, resulting in respiratory paralysis and requiring admission to the intensive care unit and the need for ventilatory support.

MG has an estimated prevalence of approximately 70,000 individuals in the United States. However, given this disease is often underdiagnosed, estimated diagnosed prevalence of MG in the United States has been reported to be as high as approximately 90,000 individuals. The disease affects both men and women, but often presents earlier in women. Approximately 85% of MG patients demonstrate elevated serum levels of acetylcholine receptor ("AChR") antibodies, which disrupt signal transmission at the neuromuscular junction.

As gMG becomes more severe in patients, the treatment burden meaningfully increases due to the need for higher dose or more frequent intravenous infusions. In addition, approved C5 complement inhibitor therapies which have demonstrated efficacy in AChR positive gMG patients, have an FDA Boxed Warning and an associated REMS due to the risk of serious meningococcal infections. Moreover, up to approximately 80% of patients fail to achieve complete stable remission on existing therapies.

We believe DNTH103 has the potential to meaningfully transform the standard of care in gMG as a potent, lower dose, lower frequency, self-administered S.C. injection that may not have an FDA Boxed Warning or REMS. As a more patient-friendly, predictable, convenient and a less burdensome biologic, DNTH103 has the potential to become a first-line biologic treatment option. Thus, DNTH103 could compete for early treatment of AChR positive gMG patients versus intravenous immunoglobulin ("IVIG"), terminal complement inhibitors and neonatal fragment crystallizable receptor ("FcRn") inhibitors, as well as for use in patients that do not adequately respond to other biologics such as IVIG or FcRn inhibitors.

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We initiated a global Phase 2 clinical trial of DNTH103 in gMG in the first quarter of 2024, following receipt of FDA clearance of our investigational new drug ("IND") application. We plan to submit a Clinical Trial Application ("CTA") in the European Union in the second quarter of 2024.

We plan to progress DNTH103 into Phase 2 clinical trials in additional diseases in which the classical pathway plays a significant role in the disease pathology, such as Multifocal Motor Neuropathy ("MMN") and Chronic Inflammatory Demyelinating Polyneuropathy ("CIDP"). MMN is a pure motor neuropathy associated with asymmetric deficits with predilection for upper limb involvement and has an estimated U.S. prevalence of up to approximately 10,000 individuals. MMN is progressive and causes substantial disability and loss of function, due to involvement of upper limbs. CIDP is an autoimmune and inflammatory disorder affecting the myelin that insulates and protects peripheral nerves and has an estimated U.S. prevalence of approximately 15,000 individuals. There are currently no FDA-approved complement or FcRn inhibitors in either condition and significant unmet needs remain for more effective, safe, and/or convenient therapeutics. We plan to start Phase 2 trials in these additional indications in 2024, subject to IND clearances or other regulatory authorizations. We continue to evaluate other indications where the classical pathway plays a significant role in the disease pathology and DNTH103 could address unmet medical needs.

### **Our Strategy**

Our goal is to continue to develop next-generation complement therapeutics for the treatment of severe autoimmune and inflammatory diseases by harnessing the power of selectivity. The key components of our strategy are as follows:

- **Rapidly advance DNTH103 into a global Phase 2 clinical trial in gMG.** We initiated a global Phase 2 clinical trial of DNTH103 in gMG in the first quarter of 2024, following receipt of FDA clearance of our IND application. We plan to submit a CTA in the European Union in the second quarter of 2024. Data from DNTH103's Phase 1 clinical trial in 60 healthy volunteers across eight dose cohorts supports potent inhibition of the classical pathway with 300mg/2mL S.C. dosing Q2W. Based on the clinical data available to date, DNTH103 has been generally well-tolerated, with no SAEs or complement- related infections. Additionally, data from the MG in vitro proof-of-concept experiment that demonstrated DNTH103 also reduced muscle fatigue in AChR antibody positive MG patient sera, indicating an improvement in neurotransmission and muscle contraction, provide further scientific rationale for DNTH103 in gMG. We aim to generate additional data through planned clinical trials that DNTH103 has a favorable safety profile and is a potent, next-generation monoclonal antibody that can support self-administration as a convenient, lower volume, less frequent S.C. injection in a pre-filled pen, with the potential to be highly differentiated versus current treatment options.
- **Expand DNTH103 in a broad range of diseases where the classical pathway plays a significant role in the disease pathology, starting with MMN and CIDP.** The classical pathway is activated through interaction of the C1 complex with antibody-antigen complexes. We believe that therapies specifically targeting the classical pathway and C1s, such as DNTH103, would be well-suited for the potential treatment of autoimmune or inflammatory diseases where autoantibodies are implicated and there is evidence of complement-mediated damage. Beyond gMG, we are evaluating diseases in which the classical pathway plays a significant role in the disease pathology, such as MMN and CIDP. We expect to progress DNTH103 into Phase 2 clinical trials in these additional indications in 2024, starting with MMN in the second quarter of 2024 and CIDP in the second half of 2024, subject to IND clearances or other regulatory authorizations.
- **Develop additional next-generation product candidates designed to have distinct advantages over other complement therapies.** We are focused on developing next-generation therapeutics targeting the active form of complement proteins with strong biological rationale for the treatment of autoimmune and inflammatory diseases. We have a dedicated team of scientists with extensive complement and antibody experience working to expand our pipeline of investigational complement therapeutic candidates to develop and deliver novel and highly differentiated therapies for underserved patients. We expect to nominate a new development candidate for an additional complement target in the second half of 2024.
- **Collaborate strategically to maximize the value of our product candidates.** In June 2022, we licensed development and commercialization rights to Zenas BioPharma for DNTH103 in greater China. Aside from greater China, we currently hold worldwide development and commercialization rights, including through exclusive licenses, to all of our product candidates. We intend to pursue independent development and commercialization in select indications and markets where we can maximize shareholder value with a focused commercial organization. We may opportunistically explore licensing agreements, collaborations or partnerships to enhance our development efforts, develop our product candidates in larger market indications or commercialize our products where we could create more value for patients and shareholders by utilizing the resources of larger or better positioned biopharmaceutical companies.

### **Overview of the Complement System**

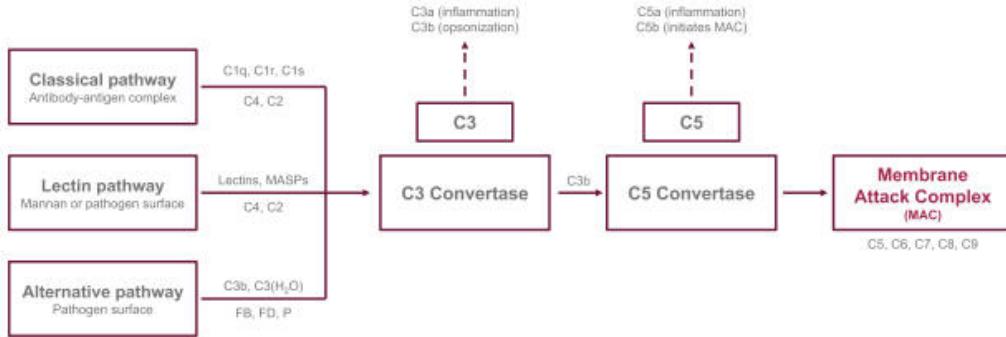
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### The Complement System—Three Main Pathways

The complement system plays a critical role in maintaining an active innate immune system, including as the first line of defense against microbial pathogens, elimination of apoptotic cells and tissue debris, and modulation of the adaptive B and T cell response. However, uncontrolled complement activation can also be a key contributor to the pathophysiology of numerous inflammatory and autoimmune conditions.

The complement system includes more than 30 component proteins, regulators, and receptors. The figure below illustrates the three complement activation pathways, each of which has a unique trigger for initiating a cascade of events:

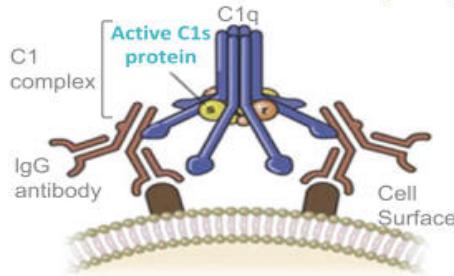
- **Classical Pathway:** Activated primarily by immune complexes.
- **Lectin Pathway:** Activated by mannose binding lectin interaction with sugars on the surface of pathogens or injured cells.
- **Alternative Pathway:** Automatically activated in a conformational, non-enzymatic process that leads to amplification of the classical and lectin pathways.



Regardless of the activation event, all complement pathways converge at common pathway components, known as C3 and C5. When the C3 and C5 proteins are activated, they enable three principal immune responses: inflammation, opsonization and formation of the membrane attack complex ("MAC"), a pore forming structure that leads to the lysis of targeted cells. In a normal immune response, C3b fragments act to mark pathogens for removal from tissues or the bloodstream by phagocytes in a process known as opsonization. C3a or C5a cleaved fragments cause inflammation in the surrounding tissues, attracting phagocytes to ingest opsonized pathogens. Downstream, C5b fragments initiate the formation of the MAC on pathogens, causing cell death and elimination. However, under conditions of excessive or uncontrolled activation, the complement system is believed to play a key role in the incidence and progression of several autoimmune and inflammatory diseases. Under these conditions, healthy cells may become part of a trigger for complement activation and/or become opsonized and destroyed.

### Classical Pathway and the Role of C1s

The classical pathway of the complement system bridges innate and adaptive immunity. Classical pathway activation is initiated by the C1 complex. The C1 complex consists of a binding protein, C1q, and two inactive proenzymes, C1r ("proC1r") and C1s ("proC1s"). Initiation of the classical pathway cascade occurs when C1q binds to the Fc portion of immunoglobulin G ("IgG") or immunoglobulin M ("IgM"), as part of an immune complex as depicted in the image below. During an immune response, C1q binding to IgM or IgG antibodies that coat the surface of a cell triggers the autoactivation of proC1r, which in turn cleaves proC1s to generate the active form of C1s. In its active form, C1s is responsible for cleaving and activating C4 and C2, which leads to the downstream cascade that culminates in the terminal pathway and MAC formation.



C1s is unique to the classical pathway and thus provides a therapeutic opportunity to selectively target antibody-driven autoimmune and inflammatory disorders mediated by the classical pathway while leaving the lectin and alternative pathways intact. This may result in distinct safety advantages over current FDA-approved downstream complement inhibitors, such as those approved for the treatment of gMG, which inhibit MAC formation from all three complement pathways and currently have an FDA Boxed Warning for serious meningococcal infections and an associated REMS program.

#### **DNTH103 for the Treatment of Generalized Myasthenia Gravis**

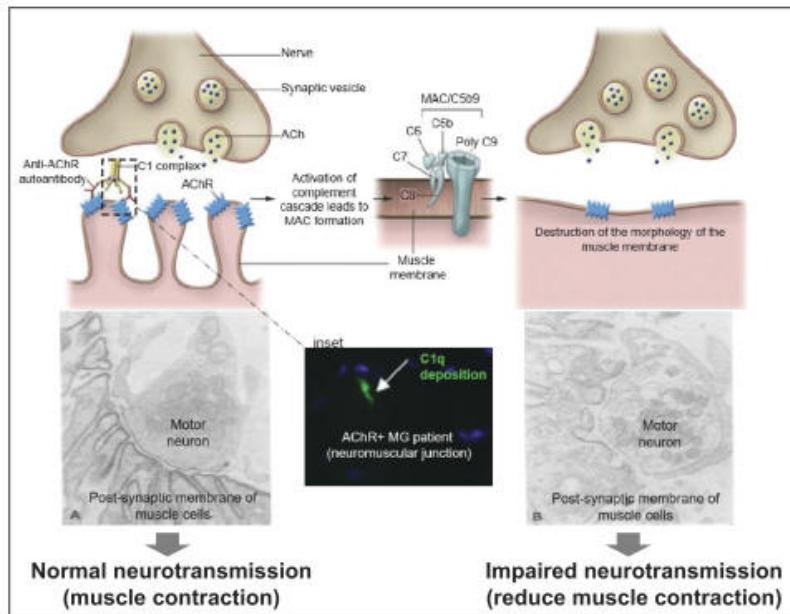
##### **Overview of Myasthenia Gravis**

MG is a rare, chronic autoimmune disease characterized by muscle weakness due to inhibition of acetylcholine mediated muscle contraction. In MG, patients have autoantibodies directed against specific proteins of the neuromuscular endplate. MG is most commonly diagnosed in women between 20 and 39 years of age, and in men between 50 and 70 years of age. Clinically, MG can be classified as either ocular or generalized (gMG). In ocular MG, impairment is limited to the eye muscles, with symptoms such as diplopia and ptosis. Approximately 80% of ocular MG cases progress to gMG. MG has an estimated prevalence of approximately 70,000 individuals in the United States. However, given this disease is often underdiagnosed, estimated diagnosed prevalence of MG in the United States has been reported to be as high as approximately 90,000 individuals. Common symptoms of gMG include weakness of limb muscles and dysphagia (difficulty swallowing) or slurred speech resulting from weakness of oropharyngeal muscles (those involved in jaw and throat movement). Weakness of respiratory muscles is of particular concern, as it may lead to myasthenic crisis, a life-threatening condition requiring ventilatory support that occurs in approximately 15-20% of gMG patients. Patients with gMG may experience impaired vision, speech, and mobility; shortness of breath; difficulty swallowing and eating; and fatigue, all of which can have a profound negative effect on activities of daily life. Measures of both mental and physical health indicate a substantially lower quality of life for patients with gMG compared with the general population. Quality of life can be further negatively impacted in patients with refractory MG in terms of disease exacerbations, emergency department visits, and hospitalizations.

##### **Role of Classical Pathway and C1s in the Pathogenesis of Myasthenia Gravis**

In approximately 85% of gMG cases antibodies to the acetylcholine receptors are identified (AChR+ gMG patients). These autoantibodies bind to the acetylcholine receptor and activate C1q which activates C1r. C1r in turn activates C1s which undergoes a conformational change allowing it to cleave C4 and initiating the classical complement pathway. Classical pathway activation ultimately results in MAC associated destruction at the motor end plate. As illustrated in the figure below, antibody-mediated classical complement activation leads to significant damage at the neuromuscular junction in patients with gMG, with the loss of characteristic anatomical folds.

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*Current gMG Treatments and their Limitations*

The acetylcholinesterase inhibitor pyridostigmine has been used to treat neuromuscular symptoms of gMG since the 1950s. However, most patients require additional immunosuppressants such as steroids, azathioprine, mycophenolate, cyclosporine A, or rituximab. Although these therapies have shown some success, many patients continue to have unmet need and experience undesirable side effects, and none of these therapies have been approved for gMG. The treatment landscape for MG has continued to evolve. Plasmapheresis ("PLEX") and IVIG therapy are therapeutic options, although these are more invasive treatments often reserved for MG crisis. FcRn targeted therapy is another treatment for gMG. FcRn promotes activity of pathogenic autoantibodies by protecting IgG from degradation. Efgartigimod, marketed as Vyvgart, is a humanized anti-FcRn-IgG1 Fc fragment that is designed to reduce the level of all serum IgG and AChR antibodies and was approved by the FDA for the treatment of gMG in adult patients who are AChR antibody positive in 2021. Vyvgart's current dosing paradigm is 10 mg/kg administered as an I.V. infusion over one hour once weekly for four weeks. In patients weighing 120 kg or more, the recommended dose is 1200 mg per infusion. An S.C. formulation of Vyvgart, Vyvgart Hytrulo, was approved by the FDA in 2023. The S.C. formulation dosing paradigm is 1008 mg per injection over approximately thirty to ninety seconds once weekly for four weeks and administration must be by a healthcare professional. For both formulations, patients are then required to go off treatment allowing IgG level to return towards baseline prior to re-dosing, with a recommended waiting period of at least 50 days from the start of the previous treatment cycle.

Complement inhibitors for the treatment of AChR antibody-positive gMG emerged in 2017 with eculizumab, marketed as Soliris, a recombinant humanized monoclonal antibody against complement protein C5. More recently, another C5 inhibitor, ravulizumab, marketed as Ultomiris, was approved by the FDA for the treatment of adult patients with gMG who are AChR antibody positive in 2022. These treatments require higher dose I.V. infusions and carry the risk of life-threatening infections such as meningococcal infections due to being terminal complement inhibitors, and, as a result, have an FDA Boxed Warning and an associated REMS program.

As such, we believe DNTH103 has the potential to meaningfully transform the standard of care in gMG as a potent, lower dose, lower frequency, self-administered S.C. injection with no FDA Boxed Warning or REMS or requirement for cycling of treatment such as with FcRn inhibitors. As it is designed to be a more patient-friendly, predictable, convenient and a less burdensome biologic, DNTH103 has the potential to become a first-line biologic treatment option. Thus, DNTH103 could compete for early treatment of AChR positive gMG patients versus IVIG, terminal complement inhibitors and FcRn inhibitors, as well as for use in patients that do not adequately respond to other biologics such as IVIG or FcRn inhibitors.

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### **DNTH103 for the Treatment of Other Autoimmune and Inflammatory Diseases**

The classical pathway is activated through interaction of the C1 complex with antibody-antigen complexes. We believe it is therefore rational to propose that compounds specifically targeting the classical pathway and specifically C1s, such as DNTH103, would be well-suited for the potential treatment of autoimmune or inflammatory disease conditions where autoantibodies are implicated, such as MMN and CIDP.

#### *Overview of Multifocal Motor Neuropathy*

Multifocal motor neuropathy is a pure motor neuropathy associated with asymmetric deficits with predilection for upper limb involvement. It is an underrecognized disease with U.S. prevalence estimates of up to 10,000 individuals. MMN predominantly affects males as compared to females (3:1). Clinical symptoms consist of progressive or stepwise muscle weakness in the distribution of affected peripheral nerves, without loss of sensory modalities. The muscle weakness is asymmetric and causes predominantly upper limb weakness, such as weakness in hand grip, finger movements or wrist drop. The disease is progressive and can cause substantial disability and loss of function, due to involvement of upper limbs.

#### *Role of Classical Pathway and C1s in the Pathogenesis of MMN*

Approximately 50% of patients have an IgM autoantibody against GM1, a genetic disorder that progressively destroys nerve cells in the brain and spinal cord, that is found at nodes of Ranvier mainly in peripheral motor nerves, causing immune mediated motor neuropathy with variable conduction block. There is evidence to support the role of complement in the pathophysiology of MMN. Sera from MMN patients has been shown to activate complement in vitro. There is complement deposition in the affected nerves, and the degree of complement deposition correlates with the response to immunoglobulin therapy. As described below, inhibition of C1s reverses the pathological effects in a recently developed MMN model.

#### *Current MMN Treatments and their Limitations*

Intravenous and subcutaneous immunoglobulin therapy is approved by the FDA for treatment of adult patients with MMN. Most patients require chronic long-term therapy with immunoglobulins with variable response in up to 80% of patients. Steroids and PLEX are generally ineffective and can worsen clinical symptoms. Other immunosuppressants, such as rituximab, have been used with variable efficacy. Treatment options are limited and there remains a significant unmet clinical need for this disease, such as a selective C1s inhibitor in patients with MMN.

#### *Overview of Chronic Inflammatory Demyelinating Polyneuropathy*

Chronic inflammatory demyelinating polyneuropathy is an autoimmune and inflammatory disorder affecting the myelin that insulates and protects peripheral nerves. CIDP is estimated to affect approximately 15,000 in the United States. Common symptoms of the disease include weakness, loss of balance, and sensation changes in the arms or legs. In the classic or typical CIDP, there is symmetric involvement of both upper and lower limbs, characterized by weakness in the proximal (for example, shoulder region or hip region) as well as distal (for example, wrist or ankle) muscle groups. In addition, there is sensory involvement. There are several atypical forms of CIDP, characterized by varying levels of motor and sensory involvement with overlap. CIDP follows a relapsing-remitting or a progressive clinical course, which can result in substantial disability, loss of motor and sensory function, and negative impact on quality of life.

#### *Role of Classical Pathway and C1s in the Pathogenesis of CIDP*

The pathogenesis of CIDP involves a complex interplay of multiple aberrant immune responses, inflicting damage on the myelin sheath. The complement system appears to play a role in promoting macrophage-mediated demyelination. Complement deposition in sural nerve biopsies, as well as signs of increased complement activation in serum and cerebrospinal fluid of patients with CIDP, suggest complement involvement in CIDP. A recently developed human-on-a-chip conduction model (with CIDP and MMN phenotype) suggests that complement activation by CIDP and MMN patient serum is sufficient to mimic neurophysiological features of each disease and that C1s inhibition is sufficient to rescue these pathological effects.

#### *Current CIDP Treatments and their Limitations*

Over 70% of CIDP patients require ongoing treatment with immunosuppressants such as IVIG, subcutaneous immune globulin, PLEX or steroids. Despite treatment, a significant number of patients do not achieve clinical remission and there remains a significant unmet clinical need for this disease. Given the role of complement system in the disease pathology, patients may benefit from a selective C1s inhibitor.

#### **Intellectual Property**

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We wholly own the patent portfolio covering our C1s selective antibodies, including three pending U.S. provisional applications, two pending PCT applications, two pending non-provisional application in the United States and pending foreign patent applications in China, Europe, Japan and Taiwan. The applications are directed to, among other things, antibodies that selectively bind to active C1s and methods of using these antibodies, including methods of treating C1s mediated disorders, and pharmaceutical formulations comprising these antibodies. Patents issuing from these applications covering DNTH103 would be expected to expire no earlier than 2043, subject to any disclaimers or extensions. We continue to develop additional pharmaceutical formulations for DNTH103 and will file patent applications to protect the same as appropriate.

### **Commercial**

Should any of our product candidates be approved for commercialization, we intend to develop a plan to commercialize them in the United States and other key markets, through internal infrastructure and/or external partnerships in a manner that will enable us to realize the full commercial value of our programs. Given the company's stage of development, we have not yet established a commercial organization or distribution capabilities. In June 2022, we entered into a license agreement with Zenas BioPharma for DNTH103, in which Zenas Biopharma has development and commercialization rights in the greater area of China. Aside from this area, we currently hold worldwide development and commercialization rights, including through exclusive licenses, to all of our product candidates.

### **Manufacturing**

We do not currently own or operate facilities for product manufacturing, testing, storage, and distribution. We contract with third parties for the manufacture and distribution of our product candidates. Because we rely on contract manufacturers, we employ personnel with extensive technical, manufacturing, analytical and quality experience. Our staff has strong knowledge and understanding of the extensive regulations that govern manufacturing, documentation, quality assurance, and quality control of drug supply that are required to support our regulatory filings.

In light of the recently introduced BIOSECURE Act, which would prohibit federal agencies from entering into procurement contracts with an entity that uses biotechnology equipment or services from a biotechnology company of concern, we are considering measures to strengthen our supply chain in the event that WuXi Biologics or one of our other manufacturers is impacted. We will closely monitor the implications of the proposed legislation and how it may impact our future manufacturing strategy, and will implement mitigations and supply chain redundancies, as needed. See the risk factor entitled "*We currently rely and expect to rely in the future on the use of manufacturing suites in third-party facilities or on third parties to manufacture DNTH103 and any other product candidates, and we may rely on third parties to produce and process our products, if approved. Our business could be adversely affected if we are unable to use third-party manufacturing suites or if the third-party manufacturers encounter difficulties in production.*"

### **Competition**

We expect to face intense competition from other biopharmaceutical companies that are developing agents for the treatment of autoimmune and inflammatory diseases.

#### *Generalized Myasthenia Gravis.*

There is significant competition in gMG. AstraZeneca's Soliris® and Ultomiris®, both I.V. as well as on-body S.C. device, C5 inhibitors, Argenx's Vyvgart® (efgartigimod) and Vyvgart® Hytrulo, an I.V. and S.C. FcRn inhibitor, respectively, and UCB S.A. Rystiggo® (rozanolixizumab), a weekly S.C. infusion FcRn inhibitor and Zilbrysq® (zilucopan), a daily S.C. injection C5 inhibitor, are approved by the FDA for the treatment of gMG in patients who are AChR positive. There are several other companies developing compounds in mid-to late-stage clinical development for the treatment of gMG using various approaches and modalities.

#### *Multifocal Motor Neuropathy.*

Currently, Takeda's Gammagard Liquid, a 10% Immune Globulin Infusion (Human), is the only therapy approved by the FDA for MMN. There are few agents in development for MMN. Argenx's empasiprabart (ARGX-117), an I.V. C2 inhibitor that blocks both the classical and lectin pathways is in a Phase 2 clinical trial. Takeda is conducting a Japan-based Phase 3 clinical trial of TAK-771, a 10% Immune Globulin and Recombinant Human Hyaluronidase (rHuPH20) delivered as an S.C. infusion.

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### *Chronic Inflammatory Demyelinating Polyneuropathy.*

There is significant competition in CIDP, including, among others, Pfizer's PANZYGA®, a 10% Immune Globulin Infusion (Human), CSL Behring's Hizentra®, a 20% Immune Globulin S.C. (Human), and Grifols Therapeutics' Gamunex-C®, a 10% Immune Globulin Injection (Human), approved by the FDA for CIDP. Argenx has submitted a Supplemental Biologic License Application to the FDA for Vyvgart® Hytrul, an FcRn inhibitor. Sanofi is conducting a Phase 2 proof-of-concept clinical trial of riliprubart (SAR445088), a C1s inhibitor. Takeda is conducting a Japan-based Phase 3 clinical trial of TAK-771, a 10% Immune Globulin and Recombinant Human Hyaluronidase (rHuPH20) delivered as an S.C. injection.

Drug development is highly competitive and subject to rapid and significant technological advancements. Our ability to compete will significantly depend upon our ability to complete necessary clinical trials and regulatory approval processes, and effectively market any drug that we may successfully develop. Our current and potential future competitors include pharmaceutical and biotechnology companies, as well as academic institutions and government agencies. The primary competitive factors that will affect the commercial success of any product candidate for which we may receive marketing approval include efficacy, safety and tolerability profile, dosing convenience, price, coverage, reimbursement and public opinion. Many of our existing or potential competitors have substantially greater financial, technical and human resources than we do and significantly greater experience in the discovery and development of product candidates, as well as in obtaining regulatory approvals of those product candidates in the United States and in foreign countries. Our current and potential future competitors also have significantly more experience commercializing drugs that have been approved for marketing. Mergers and acquisitions in the biopharmaceutical industry could result in even more resources being concentrated among a small number of our competitors.

Accordingly, competitors may be more successful than us in obtaining regulatory approval for therapies and in achieving widespread market acceptance of their drugs. It is also possible that the development of a cure or more effective treatment method for any of our targeted indications by a competitor could render our product candidate non-competitive or obsolete, or reduce the demand for our product candidate before we can recover our development and commercialization expenses.

### **Collaboration, License and Services Agreements**

#### *Zenas BioPharma*

In September 2020, we entered into an option agreement with Zenas BioPharma, under which we agreed to grant Zenas BioPharma an exclusive option for an exclusive license under certain patents and know-how with respect to antibody sequences generated in a research program directed towards the research of monoclonal antibody antagonists targeting the human Complement C1s and C2 proteins, or another human protein (each, a "Research Program"). In consideration for the option grant, we were issued Zenas BioPharma common stock equivalent to one percent of its shares outstanding prior to their Series A financing. On a Research Program-by-Research Program basis, Zenas BioPharma also agreed to pay us a one-time payment of \$1 million upon exercising the option to enter into a license agreement with respect to such Research Program. The option may only be exercised for up to two Research Programs.

On June 10, 2022, in connection with Zenas BioPharma's exercise of the option, we entered into a license agreement with Zenas BioPharma (the "Zenas License Agreement"), under which we granted Zenas BioPharma an exclusive, sublicensable license under certain patents and know-how to research, develop, manufacture, and commercialize monoclonal antibody antagonists targeting the human Complement C1s protein (including the antibody sequence of DNT103) and, if and when the option is exercised, the human Complement C2 protein, in greater China (the "Territory"). As consideration for the license, we are eligible to receive (i) development milestone payments of up to \$11 million, (ii) an approximate \$1.1 million payment for reimbursement of a portion of development costs we previously incurred; (iii) reimbursement of a portion of costs related to chemistry, manufacturing, and controls ("CMC") and expenses for the first antibody sequence through the manufacture of the first two batches of drug product; and (iv) reimbursement of a portion of certain non-CMC-related costs and expenses. Additionally, we are eligible to receive royalty payments based on a percentage of the annual net sales of the Products sold on a region-by-region basis in the Territory. The royalty rate may vary from the mid-single digits to the low double-digits based on different tiers of annual net sales of the licensed products. Zenas BioPharma is obligated to make royalty payments to us for the royalty term of the Zenas License Agreement.

#### *Biologics Master Services Agreement — WuXi Biologics (Hong Kong) Limited*

On March 22, 2021, we entered into a biologics master services agreement (the "WuXi Biologics MSA") with WuXi Biologics (Hong Kong) Limited ("WuXi Biologics"). The WuXi Biologics MSA governs development activities and good manufacturing practices ("GMP") manufacturing and testing for DNT103, as well as potential future candidates, on a work order basis. Under the WuXi Biologics MSA, we are obligated to pay WuXi Biologics a service fee and all non-cancellable obligations, including potential milestone payments, in the amount specified in each work order associated with the agreement for the provision of services.

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The WuXi Biologics MSA terminates on the later of (i) March 22, 2026 or (ii) the completion of services under all work orders executed by the parties prior to March 22, 2026, unless terminated earlier. The term of each work order terminates upon completion of the services under such work order, unless terminated earlier. We can terminate the WuXi Biologics MSA or any work order at any time upon 30 days' prior written notice and immediately upon written notice if WuXi Biologics fails to obtain or maintain required material governmental licenses or approvals. Either party may terminate a work order (i) at any time upon six months' prior notice with reasonable cause, provided however that if WuXi Biologics terminates a work order in such manner, no termination or cancellation fees shall be paid by us and (ii) immediately for cause upon (a) the other party's material breach that remains uncured for 30 days after notice of such breach, (b) the other party's bankruptcy or (c) a force majeure event that prevents performance for a period of at least 90 days.

### *Cell Line License Agreement — WuXi Biologics (Hong Kong) Limited*

On March 22, 2021, we entered into a cell line license agreement (the "Cell Line License Agreement") with WuXi Biologics. Under the Cell Line License Agreement, we received a non-exclusive, worldwide, sublicensable license to certain of WuXi Biologics' know-how, cell line, biological materials and media and feeds to make, have made, use, sell and import certain drug products produced through the use of the cell line licensed by WuXi Biologics under the Cell Line License Agreement (the "WuXi Biologics Licensed Products").

In consideration for the license, we agreed to pay WuXi Biologics a non-refundable license fee of \$150,000. Additionally, if we manufacture all of our commercial supplies of bulk drug product with a manufacturer other than WuXi Biologics or its affiliates, we are required to make royalty payments to WuXi Biologics in an amount equal to a fraction of a single digit percentage of global net sales of WuXi Biologics Licensed Products manufactured by a third-party manufacturer (the "Royalty"). If we manufacture part of our commercial supplies of the WuXi Biologics Licensed Products with WuXi Biologics or its affiliates, then the Royalty will be reduced accordingly on a pro rata basis.

The Cell Line License Agreement will continue indefinitely unless terminated (i) by us upon six months' prior written notice and our payment of all undisputed amounts due to WuXi Biologics through the effective date of termination, (ii) by WuXi Biologics for a material breach by us that remains uncured for 60 days after written notice, (iii) by WuXi Biologics if we fail to make a payment and such failure continues for 30 days after receiving notice of such failure, or (iv) by either party upon the other party's bankruptcy.

### **Government Regulation**

The U.S. Food and Drug Administration (the "FDA") and other regulatory authorities at federal, state and local levels, as well as in foreign countries, extensively regulate, among other things, the research, development, testing, manufacture, quality control, import, export, safety, effectiveness, labeling, packaging, storage, distribution, record keeping, approval, advertising, promotion, marketing, post-approval monitoring and post-approval reporting of biologics such as those we are developing. We, along with third-party contractors, will be required to navigate the various preclinical, clinical and commercial approval requirements of the governing regulatory agencies of the countries in which we wish to conduct studies or seek approval or licensure of our product candidates. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or post-market may subject an applicant to administrative or judicial sanctions. These sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, untitled or warning letters, product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

### *U.S. Biologics Regulation*

In the United States, biological products are subject to regulation under the Federal Food, Drug, and Cosmetic Act ("FDCA"), the Public Health Service Act ("PHSA") and other federal, state, local, and foreign statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, and local 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 product development process, approval process or following approval may subject an applicant to administrative action and judicial sanctions. The process required by the FDA before biologic product candidates may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests and animal studies performed in accordance with the FDA's current Good Laboratory Practices regulation;
- submission to the FDA of an IND which must become effective before clinical trials may begin and must be updated annually or when significant changes are made;

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- approval by an independent institutional review board (“IRB”), or ethics committee at each clinical site before the trial is commenced;
- manufacture of the proposed biologic candidate in accordance with current Good Manufacturing Practices (“cGMP”);
- performance of adequate and well-controlled human clinical trials in accordance with applicable IND regulations and current good clinical practices (“cGCP”) requirements to establish the safety, purity and potency of the proposed biologic product candidate for its intended purpose;
- preparation of and submission to the FDA of a biologics license application (“BLA”), after completion of all pivotal clinical trials;
- satisfactory completion of an FDA Advisory Committee review, if applicable;
- a determination by the FDA within 60 days of its receipt of a BLA to file the application for review;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities at which the proposed product is produced to assess compliance with cGMPs, and to assure that the facilities, methods and controls are adequate to preserve the biological product’s continued safety, purity and potency, and of selected clinical investigation sites to assess compliance with cGCPs; and
- FDA review and approval of a BLA to permit commercial marketing of the product for a particular indication(s) for use in the United States.

### *Preclinical and Clinical Development*

Prior to beginning any clinical trial with a product candidate in the United States, we must submit an IND to the FDA. An IND is a request for authorization from the FDA to administer an investigational new drug product to humans. The central focus of an IND submission is on the general investigational plan and the protocol or protocols for preclinical studies and clinical trials. The IND also includes results of animal and in vitro studies assessing the toxicology, pharmacokinetics, pharmacology and pharmacodynamic characteristics of the product, chemistry, manufacturing and controls information, and any available human data or literature to support the use of the investigational product. An IND must become effective before human clinical trials may begin. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day period, raises safety concerns or questions about the proposed clinical trial. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before the clinical trial can begin. Submission of an IND therefore may or may not result in FDA authorization to begin a clinical trial.

In addition to the IND submission process, supervision of human gene transfer trials includes evaluation and assessment by an institutional biosafety committee (IBC), a local institutional committee that reviews and oversees research utilizing recombinant or synthetic nucleic acid molecules at that institution. The IBC assesses the safety of the research and identifies any potential risk to public health or the environment and such review may result in some delay before initiation of a clinical trial.

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical study. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A separate submission to the existing IND must be made for each successive clinical trial conducted during product development and for any subsequent protocol amendments. Furthermore, an independent IRB for each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial and its informed consent form before the clinical trial begins at that site, and must monitor the study until completed.

Regulatory authorities, the IRB or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk or that the trial is unlikely to meet its stated objectives. Some studies also include oversight by an independent group of qualified experts organized by the clinical study sponsor, known as a data safety monitoring board, which provides authorization for whether or not a study may move forward at designated check points based on access to certain data from the study and may halt the clinical trial if it determines that there is an unacceptable safety risk for subjects or other grounds, such as no demonstration of efficacy. There are also requirements governing the reporting of ongoing preclinical studies and clinical trials and clinical study results to public registries.

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For purposes of BLA approval, human clinical trials are typically conducted in three sequential phases that may overlap.

- **Phase 1.** The investigational product is initially introduced into healthy human subjects or patients with the target disease or condition. These studies are designed to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence on effectiveness.
- **Phase 2.** The investigational product is administered to a limited patient population with a specified disease or condition to evaluate the preliminary efficacy, optimal dosages and dosing schedule and to identify possible adverse side effects and safety risks. Multiple Phase 2 clinical trials may be conducted to obtain information prior to beginning larger and more expensive Phase 3 clinical trials.
- **Phase 3.** The investigational product is administered to an expanded patient population to further evaluate dosage, to provide statistically significant evidence of clinical efficacy and to further test for safety, generally at multiple geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the investigational product and to provide an adequate basis for product approval.

In some cases, the FDA may require, or companies may voluntarily pursue, additional clinical trials after a product is approved to gain more information about the product. These so-called Phase 4 studies may be made a condition to approval of the BLA. Concurrent with clinical trials, companies may complete additional animal studies and develop additional information about the biological characteristics of the product candidate, and must 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 candidate and, among other things, must develop methods for testing the identity, strength, quality and purity of the final product, or for biologics, the safety, purity and potency. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

A sponsor may choose, but is not required, to conduct a foreign clinical study under an IND. When a foreign clinical study is conducted under an IND, all IND requirements must be met unless waived. When the foreign clinical study is not conducted under an IND, the sponsor must ensure that the study complies with certain FDA regulatory requirements in order to use the study as support for an IND or application for marketing approval or licensure, including that the study was conducted in accordance with GCP, including review and approval by an independent ethics committee and use of proper procedures for obtaining informed consent from subjects, and the FDA is able to validate the data from the study through an onsite inspection if the FDA deems such inspection necessary. The GCP requirements encompass both ethical and data integrity standards for clinical studies.

### *BLA Submission and Review*

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, the results of product development, nonclinical studies and clinical trials are submitted to the FDA as part of a BLA requesting approval to market the product for one or more indications. The BLA must include all relevant data available from pertinent preclinical studies and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls, and proposed labeling, among other things. Data can come from company-sponsored clinical studies intended to test the safety and effectiveness of the product, or from a number of alternative sources, including studies initiated and sponsored by investigators. The submission of a BLA requires payment of a substantial application user fee to the FDA, unless a waiver or exemption applies.

In addition, under the Pediatric Research Equity Act ("PREA"), a BLA or supplement to a BLA must contain data to assess the safety and effectiveness of the biological 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 is safe and effective. The Food and Drug Administration Safety and Innovation Act requires that a sponsor who is planning to submit a marketing application for a biological product that includes a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration submit an initial pediatric study plan within sixty days after an end-of-Phase 2 meeting or as may be agreed between the sponsor and FDA. Unless otherwise required by regulation, PREA does not apply to any biological product for an indication for which orphan designation has been granted.

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Within 60 days following submission of the application, the FDA reviews a BLA submitted to determine if it is substantially complete before the agency accepts it for filing. The FDA may refuse to file any BLA that it deems incomplete or not properly reviewable at the time of submission and may request additional information. In this event, the BLA must be resubmitted with the additional information. Once a BLA has been accepted for filing, the FDA's goal is to review standard applications within ten months after the filing date, or, if the application qualifies for priority review, six months after the FDA accepts the application for filing. In both standard and priority reviews, the review process may also be extended by FDA requests for additional information or clarification. The FDA reviews a BLA to determine, among other things, whether a product is safe, pure and potent and the facility in which it is manufactured, processed, packed or held meets standards designed to assure the product's continued safety, purity and potency. The FDA may convene an advisory committee to provide clinical insight on application review questions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving a BLA, the FDA will typically inspect the facility or facilities where the product is manufactured. The FDA will not approve an application 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. Additionally, before approving a BLA, the FDA will typically inspect one or more clinical sites to assure compliance with GCPs. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

After the FDA evaluates a BLA and conducts inspections of manufacturing facilities where the investigational product and/or its drug substance will be produced, the FDA may 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 will describe all of the deficiencies that the FDA has identified in the BLA, except that where the FDA determines that the data supporting the application are inadequate to support approval, the FDA may issue the Complete Response letter without first conducting required inspections, testing submitted product lots and/or reviewing proposed labeling. In issuing the Complete Response letter, the FDA may recommend actions that the applicant might take to place the BLA in condition for approval, including requests for additional information or clarification. The FDA may delay or refuse approval of a BLA if applicable regulatory criteria are not satisfied, require additional testing or information and/or require post-marketing testing and surveillance to monitor safety or efficacy of a product.

If regulatory approval of a product is granted, such approval will be granted for particular indications and may entail limitations on the indicated uses for which such product may be marketed. For example, the FDA may approve the BLA with a REMS to ensure the benefits of the product outweigh its risks. A REMS is a safety strategy to manage a known or potential serious risk associated with a product and to enable patients to have continued access to such medicines by managing their safe use, and 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. The FDA also may condition approval on, among other things, changes to proposed labeling or the development of adequate controls and specifications. Once approved, the FDA may withdraw the product approval if compliance with pre- and post-marketing requirements is not maintained or if problems occur after the product reaches the marketplace. The FDA may require one or more Phase 4 post-market studies and surveillance to further assess and monitor the product's safety and effectiveness after commercialization, and may limit further marketing of the product based on the results of these post-marketing studies.

### *Expedited Development and Review Programs*

The FDA offers a number of expedited development and review programs for qualifying product candidates. The fast track program is intended to expedite or facilitate the process for reviewing new products that meet certain criteria. Specifically, new products are eligible for fast track designation if they are intended to treat a serious or life-threatening disease or condition and data demonstrate the potential to address unmet medical needs for the disease or condition. Fast track designation applies to the combination of the product and the specific indication for which it is being studied. The sponsor of a fast track product has opportunities for more frequent interactions with the review team during product development and, once a BLA is submitted, the product may be eligible for priority review. A fast track product may also be eligible for rolling review, where the FDA may consider for review sections of the BLA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the BLA, the FDA agrees to accept sections of the BLA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the BLA.

A product intended to treat a serious or life-threatening disease or condition may also be eligible for breakthrough therapy designation to expedite its development and review. A product can receive breakthrough therapy designation if preliminary clinical evidence indicates that the product, alone or in combination with one or more other drugs or biologics, may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The designation includes all of the fast track program features, as well as more intensive FDA interaction and guidance beginning as early as Phase 1 and an organizational commitment to expedite the development and review of the product, including involvement of senior managers.

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Any marketing application for a biologic submitted to the FDA for approval, including a product with a fast track designation and/or breakthrough therapy designation, may be eligible for other types of FDA programs intended to expedite the FDA review and approval process, such as priority review and accelerated approval. A product is eligible for priority review if there is evidence it has the potential to provide a significant improvement in the treatment, diagnosis or prevention of a serious disease or condition. For original BLAs, priority review designation means the FDA's goal is to take action on the marketing application within six months of the 60-day filing date (as compared to ten months under standard review).

Additionally, products studied for their safety and effectiveness in treating serious or life-threatening diseases or conditions may receive accelerated approval upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. As a condition of accelerated approval, the FDA will generally require the sponsor to perform adequate and well-controlled post-marketing clinical studies to verify and describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. Under the Food and Drug Omnibus Reform Act of 2022, the FDA may require, as appropriate, that such studies be underway prior to approval or within a specific time period after the date of approval for a product granted accelerated approval. Products receiving accelerated approval may be subject to expedited withdrawal procedures, if the sponsor fails to conduct the required post-marketing studies or if such studies fail to verify the predicted clinical benefit. In addition, the FDA currently requires as a condition for accelerated approval pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product.

Fast track designation, breakthrough therapy designation and priority review do not change the standards for approval but may expedite the development or approval process. Even if a product qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

### *Orphan Drug Designation and Exclusivity*

Under the Orphan Drug Act of 1983, the FDA may grant orphan drug designation to a product candidate intended to treat a rare disease or condition, which is generally a disease or condition that affects fewer than 200,000 individuals in the United States, or 200,000 or more individuals in the United States for which there is no reasonable expectation that the cost of developing and making available in the United States a drug or biologic for this type of disease or condition will be recovered from sales in the United States for that product candidate. Orphan drug designation must be requested before submitting a BLA. After the FDA grants orphan drug designation, the identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. The orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review or approval process.

If a product 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 exclusive approval (or exclusivity), which means that the FDA may not approve any other applications, including a full BLA, to market the same product for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity by means of greater effectiveness, greater safety or providing a major contribution to patient care or if the holder of the orphan drug exclusivity cannot assure the availability of sufficient quantities of the orphan drug to meet the needs of patients with the disease or condition for which the product was designated. Orphan drug exclusivity does not prevent the FDA from approving a different drug or biologic for the same disease or condition, or the same drug or biologic for a different disease or condition. Among the other benefits of orphan drug designation are tax credits for certain research and a waiver of the BLA application fee.

A designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan drug designation. In addition, exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition.

### *Post-Approval Requirements*

Any products manufactured or distributed by us pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to record-keeping, reporting of adverse experiences, periodic reporting, product sampling and distribution, and advertising and promotion of the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing user fee requirements, under which the FDA assesses an annual program fee for each product identified in an approved BLA. Biologic manufacturers and their subcontractors 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 cGMPs, which impose certain procedural and documentation requirements upon us and our third-party manufacturers. Changes to the

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manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMPs and impose reporting requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMPs and other aspects of regulatory compliance.

The FDA may withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. 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 studies to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of a product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical studies;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of existing product approvals;
- product seizure or detention, or refusal of the FDA to permit the import or export of products;
- consent decrees, corporate integrity agreements, debarment or exclusion from federal healthcare programs;
- mandated modification of promotional materials and labeling and the issuance of corrective information;
- the issuance of safety alerts, Dear Healthcare Provider letters, press releases and other communications containing warnings or other safety information about the product; or
- injunctions or the imposition of civil or criminal penalties.

The FDA closely regulates the marketing, labeling, advertising and promotion of biologics. A company can make only those claims relating to safety and efficacy, purity and potency that are approved by the FDA and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties. Physicians may prescribe legally available products for uses that are not described in the product's labeling and that differ from those tested by us and approved by the FDA. Such off-label uses are common across medical specialties. Physicians may believe that such off-label uses are the best treatment for many patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, restrict manufacturer's communications on the subject of off-label use of their products.

### *Biosimilars and Reference Product Exclusivity*

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively, the "ACA"), includes a subtitle called the Biologics Price Competition and Innovation Act of 2009 ("BPCIA"), which created an abbreviated approval pathway for biological products that are highly similar, or "biosimilar," to or interchangeable with an FDA-approved reference biological product. The FDA has issued several guidance documents outlining an approach to review and approval of biosimilars.

Biosimilarity, which requires that there be no clinically meaningful differences between the biological product and the reference product in terms of safety, purity, and potency, is generally shown through analytical studies, animal studies, and a clinical study or studies. Interchangeability requires that a product is biosimilar to the reference product and the product must demonstrate that it can be expected to produce the same clinical results as the reference product in any given patient and, for products that are administered multiple times to an individual, the biologic and the reference biologic 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 biologic. A product shown to be biosimilar or interchangeable with an FDA-approved reference biological product may rely in part on the FDA's previous determination of safety and effectiveness for the reference product for approval, which can potentially reduce the cost and time required to obtain approval to market the product. Complexities associated with the larger, and often more complex, structures of

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biological products, as well as the processes by which such products are manufactured, pose significant hurdles to implementation of the abbreviated approval pathway that are still being worked out by the FDA. In September 2021, the FDA issued two guidance documents intended to inform prospective applicants and facilitate the development of proposed biosimilars and interchangeable biosimilars, as well as to describe the FDA's interpretation of certain statutory requirements added by the BPCIA.

Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date that the reference product was first licensed by the FDA. In addition, the approval of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first licensed. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA for the competing product containing that applicant's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of its product. The BPCIA also created certain exclusivity periods for biosimilars approved as interchangeable products. At this juncture, it is unclear whether products deemed "interchangeable" by the FDA will, in fact, be readily substituted by pharmacies, which are governed by state pharmacy law.

A reference biologic is granted twelve years of exclusivity from the time of first licensure of the reference product. The first biologic product submitted under the abbreviated approval pathway that is determined to be interchangeable with the reference product has exclusivity against other biologics submitted under the abbreviated approval pathway for the lesser of (i) one year after the first commercial marketing, (ii) 18 months after approval if there is no legal challenge, (iii) 18 months after the resolution in the applicant's favor of a lawsuit challenging the biologics' patents if an application has been submitted, or (iv) 42 months after the application has been approved if a lawsuit is ongoing within the 42-month period.

A biological 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.

The BPCIA is complex and continues to be interpreted and implemented by the FDA. In July 2018, the FDA announced an action plan to encourage the development and efficient review of biosimilars, including the establishment of a new office within the agency that will focus on therapeutic biologics and biosimilars. On December 20, 2020, Congress amended the PHSA as part of the COVID-19 relief bill to further simplify the biosimilar review process by making it optional to show that conditions of use proposed in labeling have been previously approved for the reference product, which used to be a requirement of the application. In addition, government proposals have sought to reduce the 12-year reference product exclusivity period. Other aspects of the BPCIA, some of which may impact the BPCIA exclusivity provisions, have also been the subject of recent litigation. As a result, the ultimate impact, implementation, and impact of the BPCIA is subject to significant uncertainty.

As discussed below, the Inflation Reduction Act of 2022 ("IRA") is a significant new law that intends to foster generic and biosimilar competition and to lower drug and biologic costs.

### *Other Healthcare Laws and Compliance Requirements*

Pharmaceutical companies are subject to additional healthcare regulation and enforcement by the federal government and by authorities in the states and foreign jurisdictions in which they conduct their business. Such laws include, without limitation: the federal Anti-Kickback Statute ("AKS"); the federal False Claims Act ("FCA"); the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and similar foreign, federal and state fraud, abuse and transparency laws.

The AKS prohibits, among other things, persons and entities from knowingly and willfully soliciting, receiving, offering or paying remuneration, to induce, or in return for, either the referral of an individual, or the purchase or recommendation of an item or service for which payment may be made under any federal healthcare program. The term remuneration has been interpreted broadly to include anything of value. The AKS has been interpreted to apply to arrangements between pharmaceutical manufacturers on one hand, and prescribers and purchasers on the other. The government often takes the position that to violate the AKS, only one purpose of the remuneration need be to induce referrals, even if there are other legitimate purposes for the remuneration. There are a number of statutory exceptions and regulatory safe harbors protecting some common activities from AKS prosecution, but they are drawn narrowly and practices that involve remuneration, such as consulting agreements, that may be alleged to be intended to induce prescribing, purchasing or recommending may be subject to scrutiny if they do not qualify for an exception or safe harbor. Our practices may not in all cases meet all of the criteria for protection under a statutory exception or regulatory safe harbor. Failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor does not make the conduct *per se* illegal under the AKS. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all of its facts and circumstances. 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.

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Civil and criminal false claims laws, including the FCA, and civil monetary penalty laws, which can be enforced through civil whistleblower or qui tam actions, prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment of federal government funds, including in federal healthcare programs, that are false or fraudulent. Pharmaceutical and other healthcare companies have been prosecuted under these laws for engaging in a variety of different types of conduct that "caused" the submission of false claims to federal healthcare programs. Under the AKS, for example, a claim resulting from a violation of the AKS is deemed to be a false or fraudulent claim for purposes of the FCA.

HIPAA created additional federal criminal statutes that prohibit, among other things, executing a scheme to defraud any healthcare benefit program, including private third-party payors, and making false statements relating to healthcare matters. A person or entity does not need to have actual knowledge of the healthcare fraud statute implemented under HIPAA or specific intent to violate the statute in order to have committed a violation.

The FDCA addresses, among other things, the design, production, labeling, promotion, manufacturing, and testing of drugs, biologics and medical devices, and prohibits such acts as the introduction into interstate commerce of adulterated or misbranded drugs or devices. The PHSA also prohibits the introduction into interstate commerce of unlicensed or mislabeled biological products.

The U.S. federal Physician Payments Sunshine Act 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 specific exceptions, to annually report to the Centers for Medicaid & Medicare Services ("CMS") information related to payments or other transfers of value made to various healthcare professionals including physicians, physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, certified nurse-midwives, and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Beginning on January 1, 2023, California Assembly Bill 1278 requires California physicians and surgeons to notify patients of the Open Payments database established under the federal Physician Payments Sunshine Act.

We are also subject to additional similar U.S. state and foreign law equivalents of each of the above federal laws, which, in some cases, differ from each other in significant ways, and may not have the same effect, thus complicating compliance efforts. If our operations are found to be in violation of any of such laws or any other governmental regulations that apply, we may be subject to penalties, including, without limitation, civil, criminal and administrative penalties, damages, fines, exclusion from government-funded healthcare programs, such as Medicare and Medicaid or similar programs in other countries or jurisdictions, integrity oversight and reporting obligations to resolve allegations of non-compliance, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits and the curtailment or restructuring of our operations.

### *Data Privacy and Security*

Numerous state, federal, and foreign laws govern the collection, dissemination, use, access to, confidentiality, and security of personal information, including health-related information. In the United States, numerous federal and state laws and regulations, including state data breach notification laws, state health information privacy laws, and federal and state consumer protection laws and regulations, govern the collection, use, disclosure, and protection of health-related and other personal information could apply to our operations or the operations of our partners. For example, HIPAA, as amended by the Health Information Technology for Economic and Clinical Health ("HITECH"), and their respective implementing regulations imposes data privacy, security, and breach notification obligations on certain health care providers, health plans, and health care clearinghouses, known as covered entities, as well as their business associates and their covered subcontractors that perform certain services that involve using, disclosing, creating, receiving, maintaining, or transmitting individually identifiable protected health information ("PHI") for or on behalf of such covered entities. These requirements imposed by HIPAA and the HITECH Act on covered entities and business associates include entering into agreements that require business associates protect PHI provided by the covered entity against improper use or disclosure, among other things; following certain standards for the privacy of PHI, which limit the disclosure of a patient's past, present, or future physical or mental health or condition or information about a patient's receipt of health care if the information identifies, or could reasonably be used to identify, the individual; ensuring the confidentiality, integrity, and availability of all PHI created, received, maintained, or transmitted in electronic form, to identify and protect against reasonably anticipated threats or impermissible uses or disclosures to the security and integrity of such PHI; and reporting of breaches of PHI to individuals and regulators.

Entities that are found to be in violation of HIPAA may be subject to significant civil, criminal, and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. A covered entity or business associate is also liable for civil money penalties for a violation that is based on an act or omission of any of its agents, which may include a downstream business associate, as determined according to the federal common law of agency. HITECH also increased the civil and criminal penalties applicable to covered entities and business associates and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce HIPAA and seek attorneys' fees and costs associated with pursuing federal civil actions. To the extent that

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we submit electronic healthcare claims and payment transactions that do not comply with the electronic data transmission standards established under HIPAA and HITECH, payments to us may be delayed or denied.

Even when HIPAA does not apply, according to the FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal information secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

In addition, certain state laws, such as the California Consumer Privacy Act of 2018 ("CCPA"), as amended by the California Privacy Rights Act of 2020 ("CPRA"), govern the privacy and security of personal information, including health-related information, in certain circumstances, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. The CCPA/CPRA applies to personal data of consumers, business representatives, and employees, and imposes obligations on certain businesses that do business in California, including to provide specific disclosures in privacy notices, rights to California residents in relation to their personal information. Health information falls under the CCPA/CPRA's definition of personal information where it identifies, relates to, describes, or is reasonably capable of being associated with or could reasonably be linked with a particular consumer or household — unless it is subject to HIPAA — and is included under a new category of personal information, "sensitive personal information," which is offered greater protection. Failure to comply with these laws, where applicable, can result in the imposition of significant civil and/or criminal penalties and private litigation. Privacy and security laws, regulations, and other obligations are constantly evolving, may conflict with each other to complicate compliance efforts, and can result in investigations, proceedings, or actions that lead to significant civil and/or criminal penalties and restrictions on data processing. Additionally, our use of artificial intelligence and machine learning may be subject to laws and evolving regulations regarding the use of artificial intelligence/machine learning, controlling for data bias, and anti-discrimination.

In addition, the CPRA expands the CCPA's requirements, including by adding a new right for individuals to correct their personal information and establishing a new regulatory agency to implement and enforce the law. Other states, such as Virginia, Colorado, Connecticut and Utah, 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 the laws in these states, like the CCPA, also exempt some data processed in the context of clinical trials, such developments further complicate compliance efforts, and increase legal risk and compliance costs for us and the third parties upon whom we rely.

### *Coverage and Reimbursement*

Significant uncertainty exists as to the coverage and reimbursement status of any pharmaceutical or biological product for which we obtain regulatory approval. Sales of any product, if approved, depend, in part, on the extent to which such product will be covered by third-party payors, such as federal, state, and foreign government healthcare programs, commercial insurance and managed healthcare organizations, and the level of reimbursement, if any, for such product by third-party payors. Decisions regarding whether to cover any of our product candidates, if approved, the extent of coverage and amount of reimbursement to be provided are made on a plan-by-plan basis. Further, no uniform policy for coverage and reimbursement exists in the United States, and coverage and reimbursement can differ significantly from payor to payor. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement rates, but also have their own methods and approval process apart from Medicare determinations. 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 product candidates to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

Third-party payors are increasingly challenging the prices charged for medical products and services, examining the medical necessity and reviewing the cost effectiveness of pharmaceutical or biological products, medical devices and medical services, in addition to questioning safety and efficacy. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit sales of any product that receives approval. Decreases in third-party reimbursement for any product or a decision by a third-party not to cover a product could reduce physician usage and patient demand for the product.

For products administered under the supervision of a physician, obtaining coverage and adequate reimbursement may be particularly difficult because of the higher prices often associated with such drugs. Additionally, separate reimbursement for the product itself or the treatment or procedure in which the product is used may not be available, which may impact physician utilization. In addition, companion diagnostic tests require coverage and reimbursement separate and apart from the coverage and reimbursement for their companion pharmaceutical or biological products. Similar challenges to obtaining coverage and reimbursement, applicable to pharmaceutical or biological products, will apply to companion diagnostics.

In addition, the U.S. government, state legislatures and foreign governments have continued implementing cost-containment programs, including price controls, restrictions on coverage and reimbursement and requirements for substitution of generic products.

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The IRA provides CMS with significant new authorities intended to curb drug costs and to encourage market competition. For the first time, CMS will be able to directly negotiate prescription drug prices and to cap out-of-pocket costs. Each year, CMS will select and negotiate a preset number of high-spend drugs and biologics that are covered under Medicare Part B and Part D that do not have generic or biosimilar competition. On August 29, 2023, HHS announced the list of the first ten drugs that will be subject to price negotiations. These price negotiations will begin in 2023, although the Medicare drug price negotiation program is currently subject to legal challenges. The IRA also provides a new "inflation rebate" covering Medicare patients that will take effect in 2023 and is intended to counter certain price increases in prescriptions drugs. The inflation rebate provision will require drug manufacturers to pay a rebate to the federal government if the price for a drug or biologic under Medicare Part B and Part D increases faster than the rate of inflation. To support biosimilar competition, beginning in October 2022, qualifying biosimilars may receive a Medicare Part B payment increase for a period of five years. Separately, if a biologic drug for which no biosimilar exists delays a biosimilar's market entry beyond two years, CMS will be authorized to subject the biologics manufacturer to price negotiations intended to ensure fair competition. Notwithstanding these provisions, the IRA's impact on commercialization and competition remains largely uncertain.

### *Healthcare Reform*

The United States and some foreign jurisdictions are considering or have enacted a number of reform proposals to change the healthcare system. There is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by federal and state legislative initiatives, including those designed to limit the pricing, coverage, and reimbursement of pharmaceutical and biopharmaceutical products, especially under government-funded health care programs, and increased governmental control of drug pricing.

The ACA, which was enacted in March 2010, 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 contains a number of provisions of particular import to the pharmaceutical and biotechnology industries, including, but not limited to, those governing enrollment in federal healthcare programs, a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, and annual fees based on pharmaceutical companies' share of sales to federal health care programs. Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future. For example, the IRA, 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 creating a new manufacturer discount program.

Other legislative changes have been proposed and adopted since the ACA was enacted, including automatic aggregate reductions of Medicare payments to providers of on average 2% per fiscal year as part of the federal budget sequestration under the Budget Control Act of 2011. These reductions went into effect in April 2013 and, due to subsequent legislative amendments, will remain in effect until 2032 unless additional action is taken by Congress.

In addition, the Bipartisan Budget Act of 2018, among other things, amended the Medicare Act (as amended by the ACA) to increase the point-of-sale discounts that manufacturers must agree to offer under the Medicare Part D coverage discount program from 50% to 70% off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs being covered under Medicare Part D.

Moreover, there has recently been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted federal and state measures designed to, among other things, reduce the cost of prescription drugs, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. For example, in May 2019, CMS adopted a final rule allowing Medicare Advantage Plans the option to use step therapy for Part B drugs, permitting Medicare Part D plans to apply certain utilization controls to new starts of five of the six protected class drugs, and requiring the Explanation of Benefits for Part D beneficiaries to disclose drug price increases and lower cost therapeutic alternatives, which went into effect on January 1, 2021. In response to the Biden administration's October 2022 executive order, on February 14, 2023, HHS released a report outlining three new models for testing by the CMS Innovation Center which will be evaluated on their ability to lower the cost of drugs, promote accessibility, and improve quality of care. It is unclear whether the models will be utilized in any health reform measures in the future. Further, on December 7, 2023, the Biden administration announced an initiative to control the price of prescription drugs through the use of march-in rights under the Bayh-Dole Act. On December 8, 2023, the National Institute of Standards and Technology published for comment a Draft Interagency Guidance Framework for Considering the Exercise of March-In Rights which for the first time includes the price of a product as one factor an agency can use when deciding to exercise march-in rights. While march-in rights have not previously been exercised, it is uncertain if that will continue under the new framework.

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Notwithstanding the IRA, continued legislative and enforcement interest exists in the United States with respect to specialty drug pricing practices. Specifically, we expect regulators to continue pushing for transparency to drug pricing, reducing the cost of prescription drugs under Medicare, reviewing the relationship between pricing and manufacturer patient programs, and reforming government program reimbursement methodologies for drugs.

### *Other Government Regulation Outside of the United States*

In addition to regulations in the United States, we are subject to a variety of regulations in other jurisdictions governing, among other things, research and development, clinical trials, testing, manufacturing, safety, efficacy, quality control, labeling, packaging, storage, record keeping, distribution, reporting, export and import, advertising, marketing and other promotional practices involving biological products as well as authorization, approval as well as post-approval monitoring and reporting of our products. Because biologically sourced raw materials are subject to unique contamination risks, their use may be restricted in some countries.

Whether or not we obtain FDA approval for a product, we must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries. Certain countries outside of the United States have a similar process that requires the submission of a clinical trial application much like the IND prior to the commencement of human clinical trials.

The requirements and process governing the conduct of clinical trials, including requirements to conduct additional clinical trials, product licensing, safety reporting, post-authorization requirements, marketing and promotion, interactions with healthcare professionals, pricing and reimbursement may vary widely from country to country. No action can be taken to market any product in a country until an appropriate approval application has been approved by the regulatory authorities in that country. The current approval process varies from country to country, and the time spent in gaining approval varies from that required for FDA approval. In certain countries, the sales price of a product must also be approved. The pricing review period often begins after market approval is granted. Even if a product is approved by a regulatory authority, satisfactory prices may not be approved for such product, which would make launch of such products commercially unfeasible in such countries.

### *Regulation in the European Union*

#### *European Data Laws*

The collection and use of personal health data and other personal data in the EU is governed by the provisions of the European General Data Protection Regulation (EU) 2016/679 ("GDPR"), which came into force in May 2018, and related data protection laws in individual EU Member States. The GDPR imposes a number of strict obligations and restrictions on the ability to process, including collecting, analyzing and transferring, personal data of individuals, in particular with respect to health data from clinical trials and adverse event reporting. The GDPR includes requirements relating to the legal basis of the processing (such as consent of the individuals to whom the personal data relates), the information provided to the individuals prior to processing their personal data, the notification obligations to the national data protection authorities, and the security and confidentiality of the personal data. EU Member States may also impose additional requirements in relation to health, genetic and biometric data through their national legislation.

In addition, the GDPR imposes specific restrictions on the transfer of personal data to countries outside of the European Economic Area ("EEA") that are not considered by the European Commission ("EC") to provide an adequate level of data protection. Appropriate safeguards are required to enable such transfers. Among the appropriate safeguards that can be used, the data exporter may use the EC approved standard contractual clauses ("SCCs"). With regard to the transfer of data from the EEA to the United States, on July 10, 2023, the EC adopted its adequacy decision for the EU-US Data Privacy Framework. On the basis of the new adequacy decision, personal data can flow from the EEA to U.S. companies participating in the framework.

Failure to comply with the requirements of the GDPR and the related national data protection laws of the EU Member States may result in significant monetary fines for noncompliance of up to €20 million or 4% of the annual global revenues of the noncompliant company, whichever is greater, other administrative penalties and a number of criminal offenses (punishable by uncapped fines) for organizations and, in certain cases, their directors and officers, as well as civil liability claims from individuals whose personal data was processed. Data protection authorities from the different EU Member States may still implement certain variations, enforce the GDPR and national data protection laws differently, and introduce additional national regulations and guidelines, which adds to the complexity of processing personal data subject in the EU data protection regimes. Guidance developed at both the EU level and at the national level in individual EU Member States concerning implementation and compliance practices are often updated or otherwise revised.

Furthermore, there is a growing trend towards the required public disclosure of clinical trial data in the EU, which adds to the complexity of obligations relating to processing health data from clinical trials. Such public disclosure obligations are provided in the

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new EU Clinical Trials Regulation No. 536/2014 ("CTR"), European Medical Agency ("EMA") disclosure initiatives and voluntary commitments by industry. Failure to comply with these obligations could lead to government enforcement actions and significant penalties against us, harm to our reputation, and adversely impact our business and operating results. The uncertainty regarding the interplay between different regulatory frameworks, such as the CTR and the GDPR, further adds to the complexity that we face with regard to data protection regulation.

With regard to the transfer of personal data from the EEA to the United Kingdom (UK), personal data may now freely flow from the EEA to the UK since the UK is deemed to have an adequate data protection level. However, the adequacy decisions include a 'sunset clause' which entails that the decisions will automatically expire four years after their entry into force. Additionally, following the UK's withdrawal from the EU and the EEA, companies also have to comply with the UK's data protection laws (including the UK GDPR (as defined in section 3(10) (as supplemented by section 205(4)) of the Data Protection Act 2018 (the DPA 2018)), the DPA 2018, and related data protection laws in the UK). Separate from the fines that can be imposed by the GDPR, the UK regime has the ability to fine up to the greater of £17.5 million or 4% of global turnover.

Following the UK's withdrawal from the EU and the EEA, companies are subject to specific transfer rules under the UK regime; personal data may flow freely from the UK to the EEA, since the EEA is deemed to have an adequate data protection level for purposes of the UK regime. These UK international transfer rules broadly mirror the GDPR rules. On February 2, 2022, the UK Secretary of State laid before the UK Parliament the international data transfer agreement (IDTA) and the international data transfer addendum to the EC's standard contractual clauses for international data transfers (Addendum) and a document setting out transitional provisions. The IDTA and Addendum came into force on March 21, 2022 and replaced the old SCCs for the purposes of the UK regime. However, the transitional provisions, adopted with the IDTA and the Addendum, provide that contracts concluded on or before September 21, 2022 on the basis of any old SCCs continue to provide appropriate safeguards for the purpose of the UK regime until March 21, 2024, provided that the processing operations that are the subject matter of the contract remain unchanged and reliance on those clauses ensures that the transfer of personal data is subject to appropriate safeguards.

With regard to the transfer of personal data from the UK to the United States, the UK government has adopted an adequacy decision for the United States, the UK-US Data Bridge, which came into force on October 12, 2023. The UK-US Data Bridge recognizes the United States as offering an adequate level of data protection where the transfer is to a U.S. company participating in the EU-US Data Privacy Framework and the UK Extension

### *Drug and Biologic Development Process*

Regardless of where they are conducted, all clinical trials included in applications for marketing authorization ("MA") for human medicines in the European EU/EEA must have been carried out in accordance with EU regulations. This means that clinical trials conducted in the EU/EEA have to comply with EU clinical trial legislation but also that clinical trials conducted outside the EU/EEA have to comply with ethical principles equivalent to those set out in the EU/EEA, including adhering to international good clinical practice and the Declaration of Helsinki. The conduct of clinical trials in the EU is governed by the CTR, which entered into force on January 31, 2022. The CTR replaced the Clinical Trials Directive 2001/20/EC, ("Clinical Trials Directive") and introduced a complete overhaul of the existing regulation of clinical trials for medicinal products in the EU.

Under the former regime, which will expire after a transition period of three years, respectively, as outlined below in more detail, before a clinical trial can be initiated it must be approved in each EU member state where there is a site at which the clinical trial is to be conducted. The approval must be obtained from two separate entities: the National Competent Authority ("NCA") in the applicable EU member state(s) and one or more Ethics Committees. The NCA of the EU Member States in which the clinical trial will be conducted must authorize the conduct of the trial, and the independent ethics committee must grant a positive opinion in relation to the conduct of the clinical trial in the relevant EU member state before the commencement of the trial. Any substantial changes to the trial protocol or other information submitted with the clinical trial applications must be submitted to or approved by the relevant NCA and Ethics Committees. Under the current regime all suspected unexpected serious adverse reactions to the investigated drug that occur during the clinical trial must be reported to the NCA and to the Ethics Committees of the EU member state where they occur.

A more unified procedure will apply under the new CTR. A sponsor will be able to submit a single application for approval of a clinical trial through a centralized EU clinical trials portal (the "CTIS"). One national regulatory authority (the reporting EU member state proposed by the applicant) will take the lead in validating and evaluating the application, consult and coordinate with the other concerned EU Member States. If an application is rejected, it may be amended and resubmitted through the EU clinical trials portal. If an approval is issued, the sponsor may start the clinical trial in all concerned EU Member States. However, a concerned EU member state may in limited circumstances declare an "opt-out" from an approval and prevent the clinical trial from being conducted in such member state. The CTR also aims to streamline and simplify the rules on safety reporting, and introduces enhanced transparency requirements such as mandatory submission of a summary of the clinical trial results to the EU Database. The CTR foresees a three-year transition period. EU Member States will work in CTIS immediately after the system has gone live. Since January 31, 2023, submission of initial clinical trial applications via CTIS is mandatory, and by January 31, 2025, all ongoing trials approved under the

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former Clinical Trials Directive will need to comply with the CTR and have to be transitioned to CTIS. On July 19, 2023, the EC published guidance concerning the steps to be taken in this transition. This guidance provides, among other things, that (i) documentation which was previously assessed will not be reassessed, (ii) templates that were developed and endorsed by the EU Clinical Trials Expert Group to provide compliance with the CTR do not need to be updated and (iii) there is no need to retrospectively create a site suitability form, which are only necessary for new trial sites.

Under both the former regime and the new CTR, national laws, regulations, and the applicable GCP and Good Laboratory Practice standards must also be respected during the conduct of the trials, including the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH) guidelines on Good Clinical Practice and the ethical principles that have their origin in the Declaration of Helsinki.

During the development of a medicinal product, the EMA and national regulators within the EU provide the opportunity for dialogue and guidance on the development program. At the EMA level, this is usually done in the form of scientific advice, which is given by the Committee for Medicinal Products for Human Use ("CHMP") on the recommendation of the Scientific Advice Working Party. A fee is incurred with each scientific advice procedure but is significantly reduced for designated orphan medicines. Advice from the EMA is typically provided based on questions concerning, for example, quality (chemistry, manufacturing and controls testing), nonclinical testing and clinical studies, and pharmacovigilance plans and risk-management programs. Advice is not legally binding with regard to any future Marketing Authorization Application ("MAA") of the product concerned.

### *Drug Marketing Authorization*

In the EEA, after completion of all required clinical testing, pharmaceutical products may only be placed on the market after obtaining a MA. To obtain an MA of a drug under European Union regulatory systems, an applicant can submit an MAA through, amongst others, a centralized or decentralized procedure. To be used or sold in the UK, a drug must have an effective MA obtained by a centralized application through EMA or a national application. National applications are governed by the Human Medicines Regulations (SI 2012/1916). Applications are made electronically through the Medicines and Healthcare products Regulatory Agency ("MHRA") Submissions Portal. The process from application to authorizations generally takes up to 210 days, excluding time taken to provide any additional information or data required by the MHRA.

On August 30, 2023, the MHRA published detailed guidance on its recently announced new International Reliance Procedure ("IRP") for MAAs. The IRP applies since January 1, 2024 and replaces existing EU reliance procedures to apply for authorizations from seven international regulators (e.g. Health Canada, Swiss Medic, FDA, EMA, among others). The IRP allows medicinal products approved in other jurisdictions that meet certain criteria to undergo a fast-tracked MHRA review to obtain and/or update a MA in the UK or Great Britain.

Applicants can submit initial MAAs to the IRP but the procedure can also be used throughout the lifecycle of a product for post-authorization procedures including line extensions, variations and renewals.

### *Centralized Authorization Procedure*

The centralized procedure provides for the grant of a single MA that is issued by the EC following the scientific assessment of the application by the "European Medicines Agency ("EMA") that is valid for all EU Member States as well as in the three additional EEA Member States. The centralized procedure is compulsory for specific medicinal products, including for medicines developed by means of certain biotechnological processes, products designated as orphan medicinal products, advanced therapy medicinal products (ATMP) and medicinal products with a new active substance indicated for the treatment of certain diseases (AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and viral diseases). For medicinal products containing a new active substance not yet authorized in EEA before May 20, 2004 and indicated for the treatment of other diseases, medicinal products that constitute significant therapeutic, scientific or technical innovations or for which the grant of a MA through the centralized procedure would be in the interest of public health at EU level, an applicant may voluntarily submit an application for a MA through the centralized procedure.

Under the centralized procedure, the CHMP established at the EMA, is responsible for conducting the initial assessment of a drug. The CHMP is also responsible for several post-authorization and maintenance activities, such as the assessment of modifications or extensions to an existing MA. Under the centralized procedure, the timeframe for the evaluation of an MAA by the EMA's CHMP is, in principle, 210 days from receipt of a valid MAA. However, this timeline excludes clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the CHMP, so the overall process typically takes a year or more, unless the application is eligible for an accelerated assessment. Accelerated evaluation might be granted by the CHMP in exceptional cases, when a medicinal product is expected to be of a major public health interest, particularly from the point of view of therapeutic innovation. Upon request, the CHMP can reduce the time frame to 150 days if the applicant provides sufficient justification for an accelerated assessment. The CHMP will provide a positive opinion regarding the application only if it meets certain

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quality, safety and efficacy requirements. This opinion is then transmitted to the EC, which has the ultimate authority for granting the MA within 67 days after receipt of the CHMP opinion.

### *Decentralized Authorization Procedure*

Medicines that fall outside the mandatory scope of the centralized procedure have three routes to authorization: (i) they can be authorized under the centralized procedure if they concern a significant therapeutic, scientific or technical innovation, or if their authorization would be in the interest of public health; (ii) they can be authorized under a decentralized procedure where an applicant applies for simultaneous authorization in more than one EU member state; or (iii) they can be authorized in an EU member state in accordance with that state's national procedures and then be authorized in other EU countries by a procedure whereby the countries concerned agree to recognize the validity of the original, national MA (mutual recognition procedure).

The decentralized procedure permits companies to file identical MA applications for a medicinal product to the competent authorities in various EU Member States simultaneously if such medicinal product has not received marketing approval in any EU Member State before. This procedure is available for pharmaceutical products not falling within the mandatory scope of the centralized procedure. The competent authority of a single EU Member State, the reference member state, is appointed to review the application and provide an assessment report. The competent authorities of the other EU Member State, the concerned member states, are subsequently required to grant a MA for their territories on the basis of this assessment. The only exception to this is where the competent authority of an EU Member State considers that there are concerns of potential serious risk to public health, the disputed points are subject to a dispute resolution mechanism and may eventually be referred to the EC, whose decision is binding for all EU Member States.

### *Risk Management Plan*

All new MAAs must include a Risk Management Plan ("RMP") describing the risk management system that the company will put in place and documenting measures to prevent or minimize the risks associated with the product. RMPs are continually modified and updated throughout the lifetime of the medicine as new information becomes available. An updated RMP must be submitted: (i) at the request of EMA or a national competent authority, or (ii) whenever the risk-management system is modified, especially as the result of new information being received that may lead to a significant change to the benefit-risk profile or as a result of an important pharmacovigilance or risk-minimization milestone being reached. The regulatory authorities may also impose specific obligations as a condition of the MA. Since October 20, 2023, all RMPs for centrally authorized products are published by EMA, subject only to limited redactions.

### *MA Validity Period*

MAAs have an initial duration of five years. After these five years, the authorization may subsequently be renewed on the basis of a reevaluation of the risk-benefit balance. Once renewed, the MA is valid for an unlimited period unless the EC or the national competent authority decides, on justified grounds relating to pharmacovigilance, to proceed with only one additional five-year renewal. Applications for renewal must be made to the EMA at least nine months before the five-year period expires.

Additionally, the holder of a MA for an ATMP must put in place and maintain a system to ensure that each individual product and its starting and raw materials, including all substances coming into contact with the cells or tissues it may contain, can be traced through the sourcing, manufacturing, packaging, storage, transport and delivery to the relevant healthcare institution where the product is used. Any authorization which is not followed by the actual placing of the drug on the EU market (in case of centralized procedure) or on the market of the authorizing member state within three years after authorization ceases to be valid.

For the UK, the period of three years during which the drug has not been marketed in Great Britain will be restarted from the date of conversion to a Great Britain MA. Conversion refers to the procedure by which, as of January 1, 2021, MAAs granted on the basis of a centralized procedure in the EU are only valid in Northern Ireland but not in Great Britain, whereas, prior EU authorizations have all been automatically converted into UK MAAs effective in Great Britain only.

On the other hand, for the EU, in the case the drug has been marketed in the UK, the placing on the UK market before the end of the period starting when the UK left the EU on January 31, 2020 and ending on December 31, 2020 (the Brexit Transition Period) will be taken into account. If, after the end of the Brexit Transition Period, the drug is not placed on any other market of the remaining member states of the EU, the three year period will start running from the last date the drug was placed on the UK market before the end of the Brexit Transition Period.

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### *Advanced Therapy Medicinal Products*

In the EU, medicinal products, including ATMPs are subject to extensive pre- and post-market regulation by regulatory authorities at both the EU and national levels. ATMPs comprise gene therapy products, somatic cell therapy products and tissue engineered products, which are genes, cells or tissues that have undergone substantial manipulation and that are administered to human beings in order to cure, diagnose or prevent diseases or regenerate, repair or replace a human tissue. Pursuant to ATMP regulation, the Committee on Advanced Therapies ("CAT") is responsible in conjunction with the CHMP for the evaluation of ATMPs. The CHMP and CAT are also responsible for providing guidelines on ATMPs. These guidelines provide additional guidance on the factors that the EMA will consider in relation to the development and evaluation of ATMPs and include, among other things, the preclinical studies required to characterize ATMPs. Although such guidelines are not legally binding, compliance with them is often necessary to gain and maintain approval for product candidates.

In addition to the mandatory RMP, the holder of a MA for an ATMP must put in place and maintain a system to ensure that each individual product and its starting and raw materials, including all substances coming into contact with the cells or tissues it may contain, can be traced through the sourcing, manufacturing, packaging, storage, transport and delivery to the relevant healthcare institution where the product is used.

### *Exceptional Circumstances/Conditional Approval*

Similar to accelerated approval regulations in the United States, conditional MAs can be granted in the EU in exceptional circumstances. A conditional MA can be granted for medicinal products where, although comprehensive clinical data referring to the safety and efficacy of the medicinal product have not been supplied, a number of criteria are fulfilled: (i) the benefit/risk balance of the product is positive, (ii) it is likely that the applicant will be in a position to provide the comprehensive clinical data, (iii) unmet medical needs will be fulfilled by the grant of the MA and (iv) the benefit to public health of the immediate availability on the market of the medicinal product concerned outweighs the risk inherent in the fact that additional data are still required. A conditional MA must be renewed annually.

### *Data and Market Exclusivity*

As in the United States, it may be possible to obtain a period of market and / or data exclusivity in the EU that would have the effect of postponing the entry into the marketplace of a competitor's generic, hybrid or biosimilar product (even if the pharmaceutical product has already received a MA) and prohibiting another applicant from relying on the MA holder's pharmacological, toxicological and clinical data in support of another MA for the purposes of submitting an application, obtaining an MA or placing the product on the market. New Chemical Entities ("NCE") approved in the EU qualify for eight years of data exclusivity and 10 years of marketing exclusivity.

An additional non-cumulative one-year period of marketing exclusivity is possible if during the data exclusivity period (the first eight years of the 10-year marketing exclusivity period), the MA holder obtains an authorization for one or more new therapeutic indications that are deemed to bring a significant clinical benefit compared to existing therapies.

The data exclusivity period begins on the date of the product's first MA in the EU. After eight years, a generic product application may be submitted and generic companies may rely on the MA holder's data. However, a generic product cannot launch until two years later (or a total of 10 years after the first MA in the EU of the innovator product), or three years later (or a total of 11 years after the first MA in the EU of the innovator product) if the MA holder obtains MA for a new indication with significant clinical benefit within the eight-year data exclusivity period. Additionally, another noncumulative one-year period of data exclusivity can be added to the eight years of data exclusivity where an application is made for a new indication for a well-established substance, provided that significant pre-clinical or clinical studies were carried out in relation to the new indication. Another year of data exclusivity may be added to the eight years, where a change of classification of a pharmaceutical product has been authorized on the basis of significant pre-trial tests or clinical trials (when examining an application by another applicant for or holder of market authorization for a change of classification of the same substance the competent authority will not refer to the results of those tests or trials for one year after the initial change was authorized).

Products may not be granted data exclusivity since there is no guarantee that a product will be considered by the European Union's regulatory authorities to include a NCE. Even if a compound is considered to be a NCE and the MA applicant is able to gain the prescribed period of data exclusivity, another company nevertheless could also market another version of the medicinal product if such company can complete a full MAA with their own complete database of pharmaceutical tests, preclinical studies and clinical trials and obtain MA of its product.

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On April 26, 2023, the EC submitted a proposal for the reform of the European pharmaceutical legislation. The current draft envisages e.g., a shortening of the periods of data exclusivity, however, there is currently neither a final version of this draft nor a date for its entry into force.

### *Orphan Designation and Exclusivity*

The criteria for designating an orphan medicinal product in the EU are similar in principle to those in the United States. The EMA grants orphan drug designation if the medicinal product is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting no more than five in 10,000 persons in the EU (prevalence criterion). In addition, Orphan Drug Designation can be granted if, for economic reasons, the medicinal product would be unlikely to be developed without incentives and if there is no other satisfactory method approved in the EU of diagnosing, preventing, or treating the condition, or if such a method exists, the proposed medicinal product is a significant benefit to patients affected by the condition. An application for orphan drug designation (which is not a MA, as not all orphan-designated medicines reach the authorization application stage) must be submitted first before an application for MA of the medicinal product is submitted. The applicant will receive a fee reduction for the MAA if the orphan drug designation has been granted, but not if the designation is still pending at the time the MAA is submitted, and sponsors must submit an annual report to EMA summarizing the status of development of the medicine. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process. Designated orphan medicines are eligible for conditional marketing authorization.

The EMA's Committee for Orphan Medicinal Products reassesses the orphan drug designation of a product in parallel with the review for a MA; for a product to benefit from market exclusivity it must maintain its orphan drug designation at the time of MA review by the EMA and approval by the EC. Additionally, any MA granted for an orphan medicinal product must only cover the therapeutic indication(s) that are covered by the orphan drug designation. Upon the grant of a MA, orphan drug designation provides up to ten years of market exclusivity in the orphan indication.

During the 10-year period of market exclusivity, with a limited number of exceptions, the regulatory authorities of the EU Member States and the EMA may not accept applications for MA, accept an application to extend an existing MA or grant MA for other similar medicinal products for the same therapeutic indication. A similar medicinal product is defined as a medicinal product containing a similar active substance or substances as contained in a currently authorized orphan medicinal product, and which is intended for the same therapeutic indication. An orphan medicinal product can also obtain an additional two years of market exclusivity for an orphan-designated condition when the results of specific studies are reflected in the Summary of Product Characteristics ("SmPC") addressing the pediatric population and completed in accordance with a fully compliant Pediatric Investigation Plan ("PIP"). No extension to any supplementary protection certificate can be granted on the basis of pediatric studies for orphan indications.

The 10-year market exclusivity may be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for orphan designation, i.e. the condition prevalence or financial returns criteria under Article 3 of Regulation (EC) No. 141/2000 on orphan medicinal products. When the period of orphan market exclusivity for an indication ends, the orphan drug designation for that indication expires as well. Orphan exclusivity runs in parallel with normal rules on data exclusivity and market protection. Additionally, a MA may be granted to a "similar medicinal product" (orphan or not) for the same or overlapping indication subject to certain requirements.

### *Pediatric Development*

In the EU, companies developing a new medicinal product are obligated to study their product in children and must therefore submit a PIP together with a request for agreement to the EMA. The EMA issues a decision on the PIP based on an opinion of the EMA's Pediatric Committee. Companies must conduct pediatric clinical trials in accordance with the PIP approved by the EMA, unless a deferral (e.g. until enough information to demonstrate its effectiveness and safety in adults is available) or waiver (e.g. because the relevant disease or condition occurs only in adults) has been granted by the EMA. The MAA for the medicinal product must include the results of all pediatric clinical trials performed and details of all information collected in compliance with the approved PIP, unless a waiver or a deferral has been granted, in which case the pediatric clinical trials may be completed at a later date. Medicinal products that are granted a MA on the basis of the pediatric clinical trials conducted in accordance with the approved PIP are eligible for a six month extension of the protection under a supplementary protection certificate (if any is in effect at the time of approval), or, in the case of orphan medicinal products, a two year extension of the orphan market exclusivity. This pediatric reward is subject to specific conditions and is not automatically available when data in compliance with the approved PIP are developed and submitted. An approved PIP is also required when a MA holder wants to add a new indication, medicinal form or route of administration for a medicine that is already authorized and covered by intellectual property rights.

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In the UK, the MHRA has published guidance on the procedures for UK PIPs which, where possible, mirror the submission format and requirements of the EU system. EU PIPs remain applicable for Northern Ireland and EU PIPs agreed by the EMA prior to January 1, 2021 have been adopted as UK PIPs.

### *PRIME Designation*

In March 2016, the EMA launched an initiative to facilitate development of product candidates in indications, often rare, for which few or no therapies currently exist. The Priority Medicines ("PRIME") scheme is intended to encourage drug development in areas of unmet medical need and provides accelerated assessment of products representing substantial innovation reviewed under the centralized procedure. Products from small- and medium-sized enterprises may qualify for earlier entry into the PRIME scheme than larger companies on the basis of compelling non-clinical data and tolerability data from initial clinical trials. Many benefits accrue to sponsors of product candidates with PRIME designation, including but not limited to, early and proactive regulatory dialogue with the EMA, frequent discussions on clinical trial designs and other development program elements, and potentially accelerated MAA assessment once a dossier has been submitted. Importantly, once a candidate medicine has been selected for the PRIME scheme, a dedicated contact point and rapporteur from the CHMP or from CAT are appointed facilitating increased understanding of the product at EMA's Committee level. A kick-off meeting with the CHMP/CAT rapporteur initiates these relationships and includes a team of multidisciplinary experts to provide guidance on the overall development plan and regulatory strategy. PRIME eligibility does not change the standards for product approval, and there is no assurance that any such designation or eligibility will result in expedited review or approval.

### *Post-Approval Regulation*

Similar to the United States, both MA holders and manufacturers of medicinal products are subject to comprehensive regulatory oversight by the EMA, the EC and/or the competent regulatory authorities of the EU Member States. This oversight applies both before and after grant of manufacturing licenses and MAs. It includes control of compliance with EU good manufacturing practices rules, manufacturing authorizations, pharmacovigilance rules and requirements governing advertising, promotion, sale, and distribution, recordkeeping, importing and exporting of medicinal products.

Failure by us or by any of our third-party partners, including suppliers, manufacturers and distributors to comply with EU laws and the related national laws of individual EU Member States governing the conduct of clinical trials, manufacturing approval, MA of medicinal products and marketing of such products, both before and after grant of MA, statutory health insurance, bribery and anti-corruption or other applicable regulatory requirements may result in administrative, civil or criminal penalties. These penalties could include delays or refusal to authorize the conduct of clinical trials or to grant MA, product withdrawals and recalls, product seizures, suspension, withdrawal or variation of the MA, total or partial suspension of production, distribution, manufacturing or clinical trials, operating restrictions, injunctions, suspension of licenses, fines and criminal penalties.

The holder of a MA for a medicinal product must also comply with EU pharmacovigilance legislation and its related regulations and guidelines, which entail many requirements for conducting pharmacovigilance, or the assessment and monitoring of the safety of medicinal products.

These pharmacovigilance rules can impose on holders of MAs the obligation to conduct a labor intensive collection of data regarding the risks and benefits of marketed medicinal products and to engage in ongoing assessments of those risks and benefits, including the possible requirement to conduct additional clinical studies or post-authorization safety studies to obtain further information on a medicine's safety, or to measure the effectiveness of risk-management measures, which may be time consuming and expensive and could impact our profitability. MA holders must establish and maintain a pharmacovigilance system and appoint an individual qualified person for pharmacovigilance, who is responsible for oversight of that system. Key obligations include expedited reporting of suspected serious adverse reactions and submission of periodic safety update reports ("PSURs") in relation to medicinal products for which they hold MAs. The EMA reviews PSURs for medicinal products authorized through the centralized procedure. If the EMA has concerns that the risk benefit profile of a product has varied, it can adopt an opinion advising that the existing MA for the product be suspended, withdrawn or varied. The agency can advise that the MA holder be obliged to conduct post-authorization Phase IV safety studies. If the EC agrees with the opinion, it can adopt a decision varying the existing MA. Failure by the MA holder to fulfill the obligations for which the EC's decision provides can undermine the ongoing validity of the MA.

More generally, non-compliance with pharmacovigilance obligations can lead to the variation, suspension or withdrawal of the MA for the product or imposition of financial penalties or other enforcement measures.

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The manufacturing process for pharmaceutical products in the EU is highly regulated and regulators may shut down manufacturing facilities that they believe do not comply with regulations. Manufacturing requires a manufacturing authorization, and the manufacturing authorization holder must comply with various requirements set out in the applicable EU laws, regulations and guidance, including Directive 2001/83/EC, Directive 2003/94/EC, Regulation (EC) No 726/2004 and the European Commission Guidelines for Good Manufacturing Practice ("GMP"). These requirements include compliance with EU GMP standards when manufacturing pharmaceutical products and active pharmaceutical ingredients, including the manufacture of active pharmaceutical ingredients outside of the EU with the intention to import the active pharmaceutical ingredients into the European Union. Similarly, the distribution of pharmaceutical products into and within the EU is subject to compliance with the applicable EU laws, regulations and guidelines, including the requirement to hold appropriate authorizations for distribution granted by the competent authorities of the EU Member States. The manufacturer or importer must have a qualified person who is responsible for certifying that each batch of product has been manufactured in accordance with GMP, before releasing the product for commercial distribution in the EU or for use in a clinical trial. Manufacturing facilities are subject to periodic inspections by the competent authorities for compliance with GMP.

### *Sales and Marketing Regulations*

The advertising and promotion of our products is also subject to EU laws concerning promotion of medicinal products, interactions with physicians, misleading and comparative advertising and unfair commercial practices. In addition, other national legislation of individual EU Member States may apply to the advertising and promotion of medicinal products and may differ from one country to another. These laws require that promotional materials and advertising in relation to medicinal products comply with the product's SmPC as approved by the competent regulatory authorities. The SmPC is the document that provides information to physicians concerning the safe and effective use of the medicinal product. It forms an intrinsic and integral part of the MA granted for the medicinal product. Promotion of a medicinal product that does not comply with the SmPC is considered to constitute off-label promotion. All advertising and promotional activities for the product must be consistent with the approved SmPC and therefore all off-label promotion is prohibited. Direct- to-consumer advertising of prescription-only medicines is also prohibited in the EU. Violations of the rules governing the promotion of medicinal products in the EU could be penalized by administrative measures, fines and imprisonment. These laws may further limit or restrict the advertising and promotion of our products to the general public and may also impose limitations on its promotional activities with healthcare professionals.

EU regulation with regards to dispensing, sale and purchase of medicines has generally been preserved in the UK following Brexit, through the HMRs. However, organizations wishing to sell medicines online need to register with the MHRA. Following Brexit, the requirements to display the common logo no longer apply to UK- based online sellers, except for those established in Northern Ireland.

### *Anti-Corruption Legislation*

In the EU, interactions between pharmaceutical companies and physicians are also governed by strict laws, regulations, industry self-regulation codes of conduct and physicians' codes of professional conduct both at EU level and in the individual EU Member States. The provision of benefits or advantages to physicians to induce or encourage the prescription, recommendation, endorsement, purchase, supply, order or use of medicinal products is prohibited in the European Union. The provision of benefits or advantages to physicians is also governed by the national anti-bribery laws of the EU Member States. Violation of these laws could result in substantial fines and imprisonment.

Payments made to physicians in certain EU Member States also must be publicly disclosed. Moreover, agreements with physicians must often be the subject of prior notification and approval by the physician's employer, his/her regulatory professional organization, and/or the competent authorities of the individual EU Member States. These requirements are provided in the national laws, industry codes, or professional codes of conduct, applicable in the individual EU Member States. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

In the UK, the pharmaceutical sector is recognized as being particularly vulnerable to corrupt practices, some of which fall within the scope of the Bribery Act 2010. Due to the Bribery Act 2010's far-reaching territorial application, the potential penalized act does not have to occur in the UK to become within its scope. If the act or omission does not take place in the UK, but the person's act or omission would constitute an offense if carried out there and the person has a close connection with the UK, an offense will still have been committed. The Bribery Act 2010 is comprised of four offenses that cover (i) individuals, companies and partnerships that give, promise or offer bribes, (ii) individuals, companies and partnerships that request, agree to receive or accept bribes, (iii) individuals, companies and partnerships that bribe foreign public officials and (iv) companies and partnerships that fail to prevent persons acting on their behalf from paying bribes. The penalties imposed under the Bribery Act 2010 depend on the offence committed, harm and culpability and penalties range from unlimited fines to imprisonment for a maximum term of ten years and in some cases both.

### *Regulations in the UK and Other Markets*

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The UK formally left the EU on January 31, 2020 and EU laws now only apply to the UK in respect of Northern Ireland as laid out in the Protocol on Ireland and Northern Ireland and as amended by the Windsor Framework sets out a long-term set of arrangements for the supply of medicines into Northern Ireland. The EU and the UK agreed on a trade and cooperation agreement ("TCA"), which includes provisions affecting the life sciences sector (including on customs and tariffs). There are some specific provisions concerning pharmaceuticals, including the mutual recognition of GMP, inspections of manufacturing facilities for medicinal products and GMP issued documents. The TCA does not, however, contain wholesale mutual recognition of UK and EU pharmaceutical regulations and product standards.

The UK government has adopted the Medicines and Medical Devices Act 2021 (the "MMDA") to enable the UK's regulatory frameworks to be updated following the UK's departure from the EU. The MMDA introduces regulation-making, delegated powers covering the fields of human medicines, clinical trials of human medicines, veterinary medicines and medical devices. The MHRA has since been consulting on future regulations for medicines and medical devices in the UK.

For other countries outside of the EU, such as countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In all cases, again, the clinical trials must be conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

If we fail to comply with applicable foreign regulatory requirements, it may be subject to, among other things, fines, suspension of clinical trials, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

### **Employees and Human Capital Resources**

As of March 14, 2024, we had 53 employees, all of whom were employed full time and 37 of whom were engaged in research and development activities. 14 of our employees hold Ph.D. or M.D. degrees. None of our employees are represented by a labor union or covered under a collective bargaining agreement. We consider our relationship with our employees to be good.

### **Available Information**

Our corporate website is [www.dianthustx.com](http://www.dianthustx.com), and our investor relations website is [investor.dianthustx.com](http://investor.dianthustx.com). Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports are available free of charge on our investor relations website as soon as reasonably practicable after we file or furnish such material electronically with the SEC. The SEC also maintains a website that contains our SEC filings at [www.sec.gov](http://www.sec.gov). We do not intend for the information contained in, or available through, our website to be part of this Annual Report on Form 10-K.

**Item 1A. Risk Factors.**

**SUMMARY OF RISK FACTORS**

- We have a limited operating history, have not completed any late-stage clinical trials and have no products approved for commercial sale, which may make it difficult for you to evaluate our current business and likelihood of success and viability;
- We will require substantial additional capital to finance our operations in the future. If we are unable to raise such capital when needed, or on acceptable terms, we may be forced to delay, reduce or eliminate clinical trials, product development programs or future commercialization efforts;
- We have incurred significant losses since inception, and we expect to incur significant losses for the foreseeable future and may not be able to achieve or sustain profitability in the future. We have no products for sale, have not generated any product revenue and may never generate product revenue or become profitable;
- We face competition from entities that have developed or may develop programs for the diseases we plan to address with DNTH103 or other product candidates;
- DNTH103 and our other programs are in early stages of development and may fail in development or suffer delays that materially and adversely affect their commercial viability. If we or our current or future collaborators are unable to complete development of, or commercialize, our product candidates, or experience significant delays in doing so, our business will be materially harmed;
- We are substantially dependent on the success of our most advanced product candidate, DNTH103, and our anticipated clinical trials of such candidate may not be successful;
- If we do not achieve our projected development goals in the time frames we announce and expect, the commercialization of DNTH103 or any other product candidates may be delayed and our expenses may increase and our stock price may decline;
- Our approach to the discovery and development of product candidates is unproven, and we may not be successful in our efforts to build a pipeline of product candidates with commercial value;
- Preclinical and clinical development involves a lengthy and expensive process that is subject to delays and with uncertain outcomes, and results of earlier studies and trials may not be predictive of future clinical trial results. If our preclinical studies and clinical trials are not sufficient to support regulatory approval of any of our product candidates, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development of such product candidate;
- If we encounter difficulties enrolling patients in our future clinical trials, our clinical development activities could be delayed or otherwise adversely affected;
- We have collaborations with third parties, including our existing license and development collaboration with Zenas BioPharma. If we are unable to maintain these collaborations, or if these collaborations are not successful, our business could be adversely affected;
- We have identified material weaknesses in our internal control over financial reporting which, if not corrected, could affect the reliability of our financial statements and have other adverse consequences;
- In order to successfully implement our plans and strategies, we will need to grow the size of our organization and we may experience difficulties in managing this growth;
- Our ability to protect our patents and other proprietary rights is uncertain, exposing us to the possible loss of competitive advantage;

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- The regulatory approval processes of the FDA and other comparable foreign regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals for our product candidates, we will not be able to commercialize, or will be delayed in commercializing, such product candidates, and our ability to generate revenue will be materially impaired;
- We may not be able to meet requirements for the chemistry, manufacturing and control of our product candidates;
- Our product candidates for which we intend to seek approval as biologics may face competition sooner than anticipated;
- The market price of our common stock is expected to be volatile, the market price of our common stock may drop, and an active trading market for our common stock may not be sustained and our stockholders may not be able to sell their shares of common stock for a profit, if at all;
- Provisions in our certificate of incorporation and bylaws and under Delaware law could make an acquisition of us more difficult and may discourage any takeover attempts which stockholders may consider favorable, and may lead to entrenchment of management; and
- We will incur additional costs and increased demands upon management as a result of complying with the laws and regulations affecting public companies.

## **Risks Related to Our Limited Operating History, Financial Position and Capital Requirements**

***We have a limited operating history, have not completed any late-stage clinical trials and have no products approved for commercial sale, which may make it difficult for you to evaluate our current business and likelihood of success and viability.***

We are a clinical-stage biotechnology company with limited operating history that have incurred significant operating losses and has utilized substantially all of our resources to conduct research and development activities (including with respect to our DNTH103 program) and undertake preclinical studies of product candidates, conducting a clinical trial of our most advanced product candidate and the manufacturing of the product candidates, business planning, developing and maintaining our intellectual property portfolio, hiring personnel, raising capital, and providing general and administrative support for these activities. We have limited experience as a company in initiating, conducting or completing clinical trials. In part because of this lack of experience, we cannot be certain that our current and planned clinical trials will begin or be completed on time, if at all. In addition, while we initiated a Phase 2 clinical trial of DNTH103 in patients with gMG in the first quarter of 2024, we have not completed a late-stage clinical trial for any product candidate, have no products approved for commercial sale and have not yet demonstrated our ability to successfully complete late-stage clinical trials (including Phase 3 or other pivotal clinical trials), obtain regulatory or marketing approvals, manufacture a commercial-scale product or arrange for a third party to do so on our behalf, or conduct sales, marketing and distribution activities necessary for successful product commercialization. Additionally, we expect our financial condition and operating results to continue to fluctuate significantly from period to period due to a variety of factors, many of which are beyond our control. Consequently, any predictions made about our future success or viability may not be as accurate as they could be if we had a longer operating history.

In addition, as our business grows, we may encounter unforeseen expenses, restrictions, difficulties, complications, delays and other known and unknown factors. We will need to transition at some point from a company with an early research and development focus to a company capable of supporting larger scale clinical trials and eventually commercial activities. We may not be successful in such a transition.

***We will require substantial additional capital to finance our operations in the future. If we are unable to raise such capital when needed, or on acceptable terms, we may be forced to delay, reduce or eliminate clinical trials, product development programs or future commercialization efforts.***

Developing biotechnology products is a very long, time-consuming, expensive and uncertain process that takes years to complete. Since our inception in 2019, we have funded our operations primarily through private financings and have incurred significant recurring losses, including net losses of \$43.6 million and \$28.5 million for the years ended December 31, 2023 and 2022, respectively. We expect our expenses to increase in connection with our ongoing activities, particularly as we prepare to conduct multiple Phase 2 clinical trials, prepare for additional IND and other regulatory filings, potentially initiate additional clinical trials, and continue to research, develop and conduct preclinical studies of our other potential product candidates. In addition, if we obtain regulatory approval for any product candidate for commercial sale, including DNTH103, we anticipate incurring significant commercialization expenses related to product manufacturing, marketing, sales and distribution activities to launch any such product. Our expenses could increase beyond expectations if we are required by the FDA or other regulatory agencies to perform preclinical studies or clinical trials in addition to those that we currently anticipate. Because the design and outcome of our current, planned and anticipated clinical trials are highly uncertain, we cannot reasonably estimate the actual amount of funding that will be necessary to

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successfully complete the development and commercialization of any product candidate we develop. Our future capital requirements depend on many factors, including factors that are not within our control.

We will also incur additional costs associated with operating as a public company that Former Dianthus did not incur as a private company. Accordingly, we will require substantial additional funding to continue our operations. Based on our current operating plan, we believe that our existing cash, cash equivalents and short-term investments, together with the proceeds from our private placement consummated in January 2024, should be sufficient to fund our operations into the second half of 2027. This estimate is based on assumptions that may prove to be materially wrong, and we could use our available capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- the timing and progress of preclinical and clinical development activities;
- the number and scope of preclinical and clinical programs we pursue;
- our ability to establish an acceptable safety profile with IND-enabling toxicology studies to enable clinical trials;
- successful patient enrollment in, and the initiation and completion of, larger and later-stage clinical trials;
- per subject trial costs;
- the number and extent of trials required for regulatory approval;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible subjects in clinical trials;
- the number of subjects that participate in the trials;
- the drop-out and discontinuation rate of subjects;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of subject participation in the trials and follow-up;
- the extent to which we encounter any serious adverse events in our clinical trials;
- the timing of receipt of regulatory approvals from applicable regulatory authorities;
- the timing, receipt and terms of any marketing approvals and post-marketing approval commitments from applicable regulatory authorities;
- the extent to which we establish collaborations, strategic partnerships, or other strategic arrangements with third parties, if any, and the performance of any such third party;
- hiring and retaining research and development personnel;
- our arrangements with our contract development and manufacturing organizations ("CDMOs"), and contract research organizations ("CROs");
- development and timely delivery of commercial-grade drug formulations that can be used in our planned clinical trials and for commercial launch;
- the impact of any business interruptions to our operations or to those of the third parties with whom we work; and
- obtaining, maintaining, defending and enforcing patent claims and other intellectual property rights.

We do not have any committed external sources of funds and adequate additional financing may not be available to us on acceptable terms, or at all. We may be required to seek additional funds sooner than planned through public or private equity

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offerings, debt financings, collaborations and licensing arrangements or other sources. Such financing may dilute our stockholders or the failure to obtain such financing may restrict our operating activities. Any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our business. 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 may include liquidation or other preferences and anti-dilution protections that adversely affect your rights as a stockholder. Debt financing may result in imposition of debt covenants, increased fixed payment obligations or other restrictions that may affect our business. For example, on January 24, 2024, we completed the 2024 Private Placement in which we issued 14,500,500 shares of Common Stock and the 2024 Pre-Funded Warrants to purchase up to 4,666,332 shares of Common Stock to certain institutional and accredited investors, which resulted in dilution to our stockholders that did not participate in the 2024 Private Placement, and, to the extent that the 2024 Pre-Funded Warrants are exercised, our stockholders' ownership interests will be further diluted. If we raise additional funds through upfront payments or milestone payments pursuant to future collaborations with third parties, we may have to relinquish valuable rights to product development programs, or grant licenses on terms that are not favorable to us. Our ability to raise additional capital may be adversely impacted by global macroeconomic conditions and volatility in the credit and financial markets in the United States and worldwide, over which we may have no or little control. Our failure to raise capital as and when needed or on acceptable terms would have a negative impact on our financial condition and our ability to pursue our business strategy, and we may have to delay, reduce the scope of, suspend or eliminate one or more clinical trials, product development programs or future commercialization efforts.

***We have incurred significant losses since inception, and we expect to incur significant losses for the foreseeable future and may not be able to achieve or sustain profitability in the future. We have no products for sale, have not generated any product revenue and may never generate product revenue or become profitable.***

Investment in biotechnology product development is a highly speculative undertaking and entails substantial upfront expenditures and significant risks that any program will fail to demonstrate adequate efficacy or an acceptable safety profile, gain regulatory approval and become commercially viable. We have no products approved for commercial sale, we have not generated any revenue from product sales to date, and we continue to incur significant research and development, and other expenses related to our ongoing operations. We do not expect to generate product revenue unless or until we successfully complete clinical development and obtains regulatory approval of, and then successfully commercialize, at least one product candidate. We may never succeed in these activities and, even if we do, may never generate product revenue or revenues that are significant or large enough to achieve profitability. If we are unable to generate sufficient revenue through the sale of any approved products, we may be unable to continue operations without additional funding.

We have incurred significant net losses in each period since inception. Our net losses were \$43.6 million and \$28.5 million for the years ended December 31, 2023 and 2022, respectively. We expect to continue to incur significant losses for the foreseeable future. Our operating expenses and net losses may fluctuate significantly from quarter to quarter and year to year. We anticipate that our expenses will increase substantially if and as we:

- advance our existing and future programs through preclinical and clinical development, including expansion into additional indications;
- seek to identify additional programs and additional product candidates;
- maintain, expand, enforce, defend and protect our intellectual property portfolio;
- seek regulatory and marketing approvals for product candidates;
- seek to identify, establish and maintain additional collaborations and license agreements;
- ultimately establish a sales, marketing and distribution infrastructure to commercialize any drug products for which we may obtain marketing approval, either by ourselves or in collaboration with others;
- generate revenue from commercial sales of products for which we receive marketing approval;
- hire additional personnel including research and development, clinical and commercial personnel;
- add operational, financial and management information systems and personnel, including personnel to support product development;
- acquire or in-license products, intellectual property and technologies; and

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- establish commercial-scale cGMP capabilities through third-parties or our own manufacturing facility.

In addition, our expenses will increase if, among other things, we are required by the FDA or other regulatory authorities to perform trials or studies in addition to, or different than, those that we currently anticipate, there are any delays in completing our clinical trials or the development of any product candidates, or there are any third-party challenges to our intellectual property or we need to defend against any intellectual property-related claim.

Even if we obtain marketing approval for, and are successful in commercializing, one or more product candidates, we expect to incur substantial additional research and development and other expenditures to develop and market additional programs and/or to expand the approved indications of any marketed product. We may 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.

Our failure to become profitable would decrease the value of our company and could impair our ability to raise capital, maintain our research and development efforts, expand our business and/or continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

Future reports on our financial statements may include an explanatory paragraph with respect to our ability to continue as a going concern. There is no assurance that adequate additional financing needed to allow us to continue as a going concern will be available to us on acceptable terms, or at all. The perception that we may not be able to continue as a going concern may cause others to choose not to do business with us due to concerns about our ability to meet our contractual obligations.

### **Risks Related to Discovery, Development and Commercialization**

#### ***We face competition from entities that have developed or may develop programs for the diseases we plan to address with DNTH103 or other product candidates.***

The development and commercialization of drugs is highly competitive. If approved, DNTH103 or other product candidates will face significant competition and our failure to effectively compete may prevent us from achieving significant market penetration. We compete with a variety of multinational biopharmaceutical companies, specialized biotechnology companies and emerging biotechnology companies, as well as academic institutions, governmental agencies, and public and private research institutions, among others. Many of the companies with which we are currently competing or will compete against in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals, and marketing approved products than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industry may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites, patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, DNTH103 or other product candidates.

Our competitors have developed, are developing or may develop programs and processes competitive with DNTH103 or other product candidates and processes. Competitive therapeutic treatments include those that have already been approved and accepted by the medical community and any new treatments. Our success will depend partially on our ability to develop and commercialize products that have a competitive safety, efficacy, dosing and/or presentation profile. Our commercial opportunity and success will be reduced or eliminated if competing products are safer, more effective, have a more attractive dosing profile or presentation or are less expensive than any products we may develop, if any, or if competitors develop competing products or if biosimilars enter the market more quickly than we are able to, if at all, and are able to gain market acceptance. See the section titled "Business — Competition" for a more detailed description of our competitors and the factors that may affect the success of the products that we develop.

#### ***DNTH103 and our other programs are in early stages of development and may fail in development or suffer delays that materially and adversely affect their commercial viability. If we or our current or future collaborators are unable to complete development of, or commercialize, our product candidates, or experience significant delays in doing so, our business will be materially harmed.***

We have no products on the market and DNTH103 and our other programs are in the early stages of development. As a result, we expect it will be many years before we commercialize any product candidate, if any. Our ability to achieve and sustain profitability depends on obtaining regulatory approvals for, and successfully commercializing, DNTH103 or other product candidates either alone or with third parties, and we cannot guarantee that we will ever obtain regulatory approval for any product candidates. We have limited experience as a company in conducting and managing the clinical trials necessary to obtain regulatory approvals, including approval by the FDA or comparable foreign regulatory authorities. We have also not yet demonstrated our ability to obtain regulatory approvals, manufacture a commercial scale product or arrange for a third party to do so on our behalf, or conduct sales and marketing

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activities necessary for successful product commercialization. Before obtaining regulatory approval for the commercial distribution of product candidates, we or an existing or future collaborator must conduct extensive preclinical tests and clinical trials to demonstrate the safety and efficacy in humans of such product candidates.

We or our collaborators may experience delays in initiating or completing clinical trials. We or our collaborators also may experience numerous unforeseen events during, or as a result of, any current or future clinical trials that we could conduct that could delay or prevent our ability to receive marketing approval or commercialize DNTH103 or any other product candidates, including:

- IRBs, the FDA or other regulators, or ethics committees may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we may experience delays in reaching, or fail to reach, agreement on acceptable terms with prospective trial sites and prospective CROs, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- clinical trial sites deviating from trial protocol or dropping out of a trial;
- clinical trials of any product candidates may fail to show safety or efficacy, produce negative or inconclusive results and we may decide, or regulators may require us, to conduct additional preclinical studies or clinical trials or we may decide to abandon product development programs;
- the number of subjects required for clinical trials of any of our product candidates may be larger than we anticipate, especially if regulatory bodies require completion of non-inferiority or superiority trials, enrollment in these clinical trials may be slower than we anticipate or subjects may drop out of these clinical trials or fail to return for post-treatment follow-up at a higher rate than we anticipate;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all, or may deviate from the clinical trial protocol or drop out of the trial, which may require that we add new clinical trial sites or investigators;
- we may elect to, or regulators, IRBs or ethics committees may require that we or our investigators, suspend or terminate clinical research or trials for various reasons, including noncompliance with regulatory requirements or a finding that the participants in our trials are being exposed to unacceptable health risks;
- the cost of clinical trials of any of our product candidates may be greater than we anticipate;
- the quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates may be inadequate to initiate or complete a given clinical trial;
- our inability to manufacture sufficient quantities of our product candidates for use in clinical trials, or delays in manufacturing or distribution;
- reports from clinical testing of other therapies may raise safety or efficacy concerns about our product candidates;
- our failure to establish an appropriate safety profile for a product candidate based on clinical or preclinical data for such product candidate as well as data emerging from other therapies in the same class as our product candidates; and
- the FDA or other regulatory authorities may require us to submit additional data such as additional toxicology studies, or impose other requirements before permitting us to initiate a clinical trial.

Commencing clinical trials in the United States is subject to acceptance by the FDA of an IND, BLA or similar application and finalizing the trial design based on discussions with the FDA and other regulatory authorities. In the event that the FDA requires us to complete additional preclinical studies or we are required to satisfy other FDA requests prior to commencing clinical trials, the start of our clinical trials may be delayed. Even after we receive and incorporate guidance from these regulatory authorities, the FDA or other regulatory authorities could disagree that we have satisfied their requirements to commence any clinical trial or change their position on the acceptability of our trial design or the clinical endpoints selected, which may require us to complete additional preclinical studies or clinical trials, delay the enrollment of our clinical trials or impose stricter approval conditions than we currently expect.

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There are equivalent processes and risks applicable to clinical trial applications in other countries, including countries in the European Union.

We may not have the financial resources to continue development of, or to modify existing or enter into new collaborations for, a product candidate if we experience any issues that delay or prevent regulatory approval of, or our ability to commercialize, DNTH103 or any other product candidates. We or our current or future collaborators' inability to complete development of, or commercialize, DNTH103 or any other product candidates or significant delays in doing so, could have a material and adverse effect on our business, financial condition, results of operations, cash flows, and prospects.

### ***We are substantially dependent on the success of our most advanced product candidate, DNTH103, and our anticipated clinical trials of such candidate may not be successful.***

Our future success is substantially dependent on our ability to timely obtain marketing approval for, and then successfully commercialize, our most advanced product candidate, DNTH103. We are investing a majority of our efforts and financial resources into the research and development of this candidate. We initiated a global Phase 2 clinical trial of DNTH103 in gMG in the first quarter of 2024, following receipt of FDA clearance of our IND application. We plan to submit a CTA in the European Union in the second quarter of 2024. In addition, pending clearance of INDs and/or CTAs that we plan to submit, we anticipate initiating Phase 2 clinical trials in MMN in the second quarter of 2024 and CIDP in the second half of 2024. The success of DNTH103 may depend on having a comparable safety and efficacy profile and a more favorable dosing schedule (i.e., less frequent dosing) and more patient-friendly administration (i.e., S.C. self-administration using a pen or other prefilled device) to products currently approved or in development for the indications we plan to pursue.

DNTH103 will require additional clinical development, evaluation of clinical, preclinical and manufacturing activities, marketing approval in multiple jurisdictions, substantial investment and significant marketing efforts before we generate any revenues from product sales, if any. We are not permitted to market or promote this product candidate, or any other product candidates, before we receive marketing approval from the FDA and/or comparable foreign regulatory authorities, and we may never receive such marketing approvals.

The success of DNTH103 will depend on a variety of factors. We do not have complete control over many of these factors, including certain aspects of clinical development and the regulatory submission process, potential threats to our intellectual property rights and the manufacturing, marketing, distribution and sales efforts of any future collaborator. Accordingly, we cannot guarantee that we will ever be able to generate revenue through the sale of this product candidate, even if approved. If we are not successful in commercializing DNTH103, or we are significantly delayed in doing so, our business will be materially harmed.

### ***If we do not achieve our projected development goals in the time frames we announce and expect, the commercialization of DNTH103 or any other product candidates may be delayed and our expenses may increase and, as a result, our stock price may decline.***

From time to time, we estimate the timing of the anticipated accomplishment of various scientific, clinical, regulatory and other product development goals, which we sometimes refer to as milestones. These milestones may include the commencement or completion of scientific studies, preclinical studies and clinical trials and the submission of regulatory filings. We have publicly announced and may in the future publicly announce the expected timing of some of these milestones. All of these milestones are and will be based on numerous assumptions. The actual timing of these milestones can vary dramatically compared to our estimates, in some cases for reasons beyond our control. If we do not meet these milestones as publicly announced, or at all, the commercialization of DNTH103 or any other product candidates may be delayed or never achieved and, as a result, our stock price may decline. Additionally, delays relative to our projected timelines are likely to cause overall expenses to increase, which may require us to raise additional capital sooner than expected and prior to achieving targeted development milestones.

### ***Our approach to the discovery and development of product candidates is unproven, and we may not be successful in our efforts to build a pipeline of product candidates with commercial value.***

Our approach to the discovery and development of DNTH103 leverages clinically validated mechanisms of action and incorporates advanced antibody engineering properties designed to overcome limitations of existing therapies. DNTH103 is purposefully designed to improve upon currently approved products and existing product candidates. However, the scientific research that forms the basis of our efforts to develop a product candidate using only the classical complement pathway and half-life extension technologies is ongoing and may not result in viable product candidates. The long-term safety and efficacy of these technologies and exposure profile of DNTH103 compared to currently approved products is unknown.

We may ultimately discover that our technologies for our specific targets and indications and DNTH103 or any product candidates resulting therefrom do not possess certain properties required for therapeutic effectiveness. We currently have only

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preclinical and topline data from our Phase 1 clinical trial regarding properties of DNTH103 and the same results may not be seen in patients in our later stage trials. In addition, product candidates using technologies may demonstrate different chemical and pharmacological properties in patients than they do in laboratory studies. This technology and DNTH103 or any product candidates resulting therefrom may not demonstrate the same chemical and pharmacological properties in humans and may interact with human biological systems in unforeseen, ineffective or harmful ways.

In addition, we may in the future seek to discover and develop product candidates that are based on novel targets and technologies that are unproven. If our discovery activities fail to identify novel targets or technologies for drug discovery, or such targets prove to be unsuitable for treating human disease, we may not be able to develop viable additional product candidates. We and our existing or future collaborators may never receive approval to market and commercialize DNTH103 or any other product candidates. Even if we or an existing or future collaborator obtains regulatory approval, the approval may be for targets, disease indications or patient populations that are not as broad as we intended or desired or may require labeling that includes significant use or distribution restrictions or safety warnings. If the products resulting from DNTH103 or any other product candidates prove to be ineffective, unsafe or commercially unviable, our product candidates and pipeline may have little, if any, value, which may have a material and adverse effect on our business, financial condition, results of operations, cash flows, and prospects.

***Preclinical and clinical development involves a lengthy and expensive process that is subject to delays and with uncertain outcomes, and results of earlier studies and trials may not be predictive of future clinical trial results. If our preclinical studies and clinical trials are not sufficient to support regulatory approval of any of our product candidates, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development of such product candidate.***

Before obtaining marketing approval from regulatory authorities for the sale of any product candidate, we must complete preclinical studies and then conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidate in humans. Our clinical trials may not be conducted as planned or completed on schedule, if at all, and failure can occur at any time during the preclinical study or clinical trial process. For example, we depend on the availability of non-human primates ("NHPs") to conduct certain preclinical studies that we are required to complete prior to submitting an IND or foreign equivalent and initiating clinical development. There is currently a global shortage of NHPs available for drug development. This could cause the cost of obtaining NHPs for our future preclinical studies to increase significantly and, if the shortage continues, could also result in delays to our development timelines. Furthermore, a failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical studies and early-stage clinical trials may not be predictive of the success of later clinical trials. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their product candidates. In addition, we expect to rely on patients to provide feedback on measures, which are subjective and inherently difficult to evaluate. These measures can be influenced by factors outside of our control and can vary widely from day to day for a particular patient, and from patient to patient and from site to site within a clinical trial.

We cannot be sure that the FDA or comparable foreign regulatory authorities will agree with our clinical development plan. We plan to use the data from our Phase 1 clinical trial of DNTH103 in healthy volunteers to support Phase 2 clinical trials in gMG, MMN, CIDP and other indications. If the FDA or comparable regulatory authorities require us to conduct additional trials or enroll additional patients, our development timelines may be delayed. We cannot be sure that submission of an IND, a CTA, or similar application will result in the FDA or comparable foreign regulatory authorities, as applicable, allowing clinical trials to begin in a timely manner, if at all. Moreover, even if these trials begin, issues may arise that could cause regulatory authorities to suspend or terminate such clinical trials. Events that may prevent successful or timely initiation or completion of clinical trials include: inability to generate sufficient preclinical, toxicology or other *in vivo* or *in vitro* data to support the initiation or continuation of clinical trials; delays in reaching a consensus with regulatory authorities on study design or implementation of the clinical trials; delays or failure in obtaining regulatory authorization to commence a trial; delays in reaching agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites; delays in identifying, recruiting and training suitable clinical investigators; delays in obtaining required IRB approval at each clinical trial site; difficulties in patient enrollment in our clinical trials for a variety of reasons; delays in manufacturing, testing, releasing, validating or importing/exporting sufficient stable quantities of our product candidates for use in clinical trials or the inability to do any of the foregoing; failure by our CROs, other third parties or us to adhere to clinical trial protocols; failure to perform in accordance with the FDA's or any other regulatory authority's GCPs or regulations or applicable regulations or regulatory guidelines in other countries; changes to the clinical trial protocols; clinical sites deviating from trial protocol or dropping out of a trial; changes in regulatory requirements and guidance that require amending or submitting new clinical protocols; selection of clinical endpoints that require prolonged periods of observation or analyses of resulting data; transfer of manufacturing processes to larger-scale facilities operated by third-party CDMOs and delays or failure by our CDMOs or us to make any necessary changes to such manufacturing process; and third parties being unwilling or unable to satisfy their contractual obligations to us.

We could also encounter delays if a clinical trial is placed on clinical hold, suspended or terminated by us, the FDA, the competent authorities of the European Union ("EU"), member states or other regulatory authorities or the IRBs or ethics committees

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of the institutions in which such trials are being conducted, if a clinical trial is recommended for suspension or termination by the data safety monitoring board or equivalent body for such trial, or on account of changes to federal, state, or local laws. If we are required to conduct additional clinical trials or other testing of DNTH103 or any other product candidates beyond those that we contemplate, if we are unable to successfully complete clinical trials of DNTH103 or any other product candidates, if the results of these trials are not positive or are only moderately positive or if there are safety concerns, our business and results of operations may be adversely affected and we may incur significant additional costs.

### ***We may not be successful in our efforts to identify or discover additional product candidates in the future.***

A key part of our business strategy is to identify and develop additional product candidates. Our preclinical research and clinical trials may initially show promise in identifying potential product candidates yet fail to yield product candidates for clinical development for a number of reasons. For example, we may be unable to identify or design additional product candidates with the pharmacological and pharmacokinetic drug properties that we desire, including, but not limited to, extended half-life, acceptable safety profile or the potential for the product candidate to be delivered in a convenient formulation. Research programs to identify new product candidates require substantial technical, financial, and human resources. If we are unable to identify suitable active selective complement targets for preclinical and clinical development, we may not be able to successfully implement our business strategy, and may have to delay, reduce the scope of, suspend or eliminate one or more of our product candidates, clinical trials or future commercialization efforts, which would negatively impact our financial condition.

### ***If we encounter difficulties enrolling patients in our future clinical trials, our clinical development activities could be delayed or otherwise adversely affected.***

We may experience difficulties in patient enrollment in our future clinical trials for a variety of reasons. The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. The enrollment of patients in future trials for DNTH103 or any other product candidates will depend on many factors, including if patients choose to enroll in clinical trials, rather than using approved products, or if our competitors have ongoing clinical trials for product candidates that are under development for the same indications as our product candidates, and patients instead enroll in such clinical trials. Additionally, the number of patients required for clinical trials of DNTH103 or any other product candidates may be larger than we anticipate, especially if regulatory bodies require the completion of non-inferiority or superiority trials. Even if we are able to enroll a sufficient number of patients for our future clinical trials, we may have difficulty maintaining patients in our clinical trials. Our inability to enroll or maintain a sufficient number of patients would result in significant delays in completing clinical trials or receipt of marketing approvals and increased development costs or may require us to abandon one or more clinical trials altogether.

### ***Preliminary, “topline” or interim data from our clinical trials that we announce or publish from time to time may change as more patient data becomes available and are subject to audit and verification procedures.***

We have publicly disclosed and may in the future publicly disclose preliminary or topline data from our preclinical studies and clinical trials, which are based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data. We also make assumptions, estimations, calculations and conclusions as part of our analyses of these data without the opportunity to fully and carefully evaluate complete data. As a result, the preliminary or topline results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated or subsequently made subject to audit and verification procedures.

Any preliminary or topline data should be viewed with caution until the final data is available. We have publicly disclosed and may in the future disclose interim data from our preclinical studies and clinical trials. Interim data are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available or as patients from our clinical trials continue other treatments. 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 product candidate, the approvability or commercialization of a particular product candidate and us in general. In addition, the information we choose to publicly disclose regarding a particular preclinical 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 preliminary, topline or interim 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, DNTH103 or any other product candidate may be harmed, which could harm our business, financial condition, results of operations, cash flows, and prospects.

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***Our current or future clinical trials or those of our future collaborators may reveal significant adverse events or undesirable side effects not seen in our preclinical studies and may result in a safety profile that could halt clinical development, inhibit regulatory approval or limit commercial potential or market acceptance of DNTH103 or any other product candidates or result in potential product liability claims.***

Results of our clinical trials could reveal a high and unacceptable severity and prevalence of side effects, adverse events or unexpected characteristics. While our completed preclinical studies in NHPs and our Phase 1 clinical trial in humans have not shown any such characteristics, we cannot assure you that such characteristics will not be observed in our future clinical trials. If significant adverse events or other side effects are observed in any of our current or future clinical trials, we may have difficulty recruiting patients to such trials, patients may drop out of our trials, patients may be harmed, or we may be required to abandon the trials or our development efforts of one or more product candidates altogether, including DNTH103. We, the FDA, EU member states, or other applicable regulatory authorities, or an IRB or ethics committee, may suspend any clinical trials of DNTH103 or any other product candidates at any time for various reasons, including a belief that subjects or patients in such trials are being exposed to unacceptable health risks or adverse side effects. Some potential products developed in the biotechnology industry that initially showed therapeutic promise in early-stage studies and trials have later been found to cause side effects that prevented their further development. Other potential products have shown side effects in preclinical studies that do not present themselves in clinical trials in humans. Even if the side effects do not preclude a product candidate from obtaining or maintaining marketing approval, undesirable side effects may inhibit market acceptance of an approved product due to its tolerability versus other therapies. In addition, a half-life extension could prolong the duration of undesirable side effects, which could also inhibit market acceptance. Treatment-emergent adverse events could also affect patient recruitment or the ability of enrolled subjects to complete our clinical trials or could result in potential product liability claims. Potential side effects associated with DNTH103, or any other product candidates, may not be appropriately recognized or managed by the treating medical staff, as toxicities resulting from DNTH103, or any other product candidates, may not be normally encountered in the general patient population and by medical personnel. Any of these occurrences could harm our business, financial condition, results of operations, cash flows, and prospects significantly.

In addition, even if we successfully advance DNTH103 or any other product candidates through clinical trials, such trials will only include a limited number of patients and limited duration of exposure to such product candidates. As a result, we cannot be assured that adverse effects of DNTH103 or any other product candidates will not be uncovered when a significantly larger number of patients are exposed to such product candidate after approval. Further, any clinical trials may not be sufficient to determine the effect and safety consequences of using our product candidate over a multi-year period.

If any of the foregoing events occur or if DNTH103 or any other product candidates prove to be unsafe, our entire pipeline could be affected, which would have a material adverse effect on our business, financial condition, results of operations, cash flows, and prospects.

***We may expend our limited resources to pursue a particular product candidate, such as DNTH103, and fail to capitalize on candidates that may be more profitable or for which there is a greater likelihood of success.***

Because we have limited financial and managerial resources, we intend to focus our research and development efforts on certain selected product candidates. For example, we are initially focused on our most advanced product candidate, DNTH103. As a result, we may forgo or delay pursuit of opportunities with other potential candidates that may later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs 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 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 candidate.

***Even if regulatory approval is obtained, any approved products resulting from DNTH103 or any other product candidate may not achieve adequate market acceptance among clinicians, patients, healthcare third-party payors and others in the medical community necessary for commercial success and we may not generate any future revenue from the sale or licensing of such products.***

Even if regulatory approval is obtained for DNTH103 or any other product candidates, they may not gain market acceptance among physicians, patients, healthcare payors or the medical community. We may not generate or sustain revenue from sales of the product due to factors such as whether the product can be sold at a competitive cost and whether it will otherwise be accepted in the market. There are several approved products and product candidates in later stages of development for the treatment of gMG, MMN and CIDP. Market participants with significant influence over acceptance of new treatments, such as clinicians and third-party payors, may not adopt a biologic with a target product profile such as that of DNTH103 or for its targeted indications, and we may not be able to convince the medical community and third-party payors to accept and use, or to provide favorable reimbursement for, any product.

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candidates developed by us or our existing or future collaborators. An extended half-life may make it more difficult for patients to change treatments and there is a perception that half-life extension could exacerbate side effects, each of which may adversely affect our ability to gain market acceptance. Market acceptance of DNTH103 or any other product candidates will depend on many factors, including factors that are not within our control.

Sales of products also depend on the willingness of clinicians to prescribe the treatment. We cannot predict whether clinicians, clinicians' organizations, hospitals, other healthcare providers, government agencies or private insurers will determine that any of our approved products are safe, therapeutically effective, cost effective or less burdensome as compared with competing treatments. If DNTH103 or any other product candidate is approved but does not achieve an adequate level of acceptance by such parties, we may not generate or derive sufficient revenue from that product and may not become or remain profitable.

***We have never commercialized a product candidate and may lack the necessary expertise, personnel and resources to successfully commercialize a product candidate on our own or together with suitable collaborators.***

We have never commercialized a product candidate, and we currently have no sales force, marketing or distribution capabilities. To achieve commercial success for a product candidate, which we may license to others, we may rely on the assistance and guidance of those collaborators. For a product candidate for which we retain commercialization rights and marketing approval, we will have to develop our own sales, marketing and supply organization or outsource these activities to a third party. Factors that may affect our ability to commercialize a product candidate, if approved, on our own include recruiting and retaining adequate numbers of effective sales and marketing personnel, developing adequate educational and marketing programs to increase public acceptance of our approved product candidate, ensuring regulatory compliance of our employees and third parties under applicable healthcare laws and other unforeseen costs associated with creating an independent sales and marketing organization. Developing a sales and marketing organization will be expensive and time-consuming and could delay the launch of a product candidate upon approval. We may not be able to build an effective sales and marketing organization. If we are unable to build our own distribution and marketing capabilities or to find suitable partners for the commercialization of an approved product candidate, we may not generate revenues from them or be able to reach or sustain profitability.

***We have never completed any late-stage clinical trials and we may not be able to file an IND, a CTA or other applications for regulatory approval to commence additional clinical trials on the timelines we expect, and, even if we are able to, the FDA, EMA or comparable foreign regulatory authorities may not permit us to proceed and could also suspend/terminate the trial after it has been initiated.***

We are early in our development efforts and will need to successfully complete later-stage and pivotal clinical trials in order to obtain FDA, EMA, or comparable foreign regulatory approval to market our product candidates. Carrying out clinical trials and the submission of a successful IND or CTA is a complicated process. As an organization, we have limited experience in preparing, submitting and prosecuting regulatory filings. We initiated a global Phase 2 clinical trial of DNTH103 in gMG in the first quarter of 2024, following receipt of FDA clearance of our IND application. We plan to submit a CTA in the European Union in the second quarter of 2024. In addition, pending clearance of the INDs and/or the CTAs that we plan to submit, we anticipate initiating Phase 2 clinical trials of DNTH103 in patients with MMN in the second quarter of 2024 and CIDP in the second half of 2024. However, we may not be able to file the IND or CTA in accordance with our desired timelines. For example, we may experience manufacturing delays or other delays with IND- or CTA-enabling studies, including with suppliers, study sites, or third-party contractors and vendors on whom we depend. Moreover, we cannot be sure that submission of an IND or a CTA or submission of a trial to an IND or a CTA will result in the FDA or EMA or comparable foreign regulatory authorities allowing further clinical trials to begin, or that, once begun, issues will not arise that lead us to suspend or terminate clinical trials. For example, upon submission of an IND or CTA for a Phase 2 clinical trial of DNTH103, the FDA or EMA may recommend changes to our proposed study designs, including the number and size of registrational clinical trials required to be conducted in such Phase 2 programs. Consequently, we may be unable to successfully and efficiently execute and complete necessary clinical trials in a way that leads to regulatory submission and approval of our product candidates. Additionally, even if regulatory authorities agree with the design and implementation of the clinical trials set forth in an IND or a CTA, such regulatory authorities may change their requirements in the future. The FDA, EMA or comparable foreign regulatory authorities may require the analysis of data from trials assessing different doses of the product candidate alone or in combination with other therapies to justify the selected dose prior to the initiation of large trials in a specific indication. Any delays or failure to file INDs or CTAs, initiate clinical trials, or obtain regulatory approvals for our trials may prevent us from completing our clinical trials or commercializing our products on a timely basis, if at all. We are subject to similar risks related to the review and authorization of our protocols and amendments by comparable foreign regulatory authorities.

## Risks Related to Our Reliance on Third Parties

**We currently rely and expect to rely in the future on the use of manufacturing suites in third-party facilities or on third parties to manufacture DNTH103 and any other product candidates, and we may rely on third parties to produce and process our products, if approved. Our business could be adversely affected if we are unable to use third-party manufacturing suites or if the third-party manufacturers encounter difficulties in production.**

We do not currently lease or own any facility that may be used as our clinical-scale manufacturing and processing facility and currently rely on a CDMO, WuXi Biologics (as defined below), to manufacture our product candidate used in our Phase 1 and planned Phase 2 clinical trials. We currently have a sole source relationship with WuXi Biologics for our supply of DNTH103 (see Item 1. "Business—Collaboration, License and Services Agreements" in this Annual Report on Form 10-K for additional information on Dianthus' relationship with WuXi Biologics). If there should be any disruption in such supply arrangement, including any adverse events affecting our sole supplier, WuXi Biologics, it could have a negative effect on the clinical development of our product candidates and other operations while we work to identify and qualify an alternate supply source. We may not control the manufacturing process of, and may be completely dependent on, our contract manufacturing partner for compliance with cGMP requirements and any other regulatory requirements of the FDA or comparable foreign regulatory authorities for the manufacture of a product candidate. We perform periodic audits of each CDMO facility that supports our supply of DNTH103 and review/approve all DNTH103 cGMP-related documentation. We also have a quality agreement with WuXi Biologics that documents our mutual agreement on compliance with cGMPs and expectations on quality-required communications to us. Beyond this, we have no control over the ability of our CDMO to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority does not approve these facilities and the associated Quality Management System for the manufacture of a product candidate or if it withdraws any approval in the future, we may need to find alternative manufacturing facilities, which would require the incurrence of significant additional costs and materially and adversely affect our ability to develop, obtain regulatory approval for or market such product candidate, if approved. Similarly, our failure, or the failure of our CDMO, to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or drugs, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of a product candidate or drug and harm our business and results of operations. In addition, we have not yet caused any product candidates to be manufactured on a commercial scale and may not be able to do so for any of our product candidates, if approved.

Moreover, our CDMO may experience manufacturing difficulties due to resource constraints, governmental restrictions or as a result of labor disputes or unstable political environments. Supply chain issues, including those resulting from the COVID-19 pandemic and the ongoing military conflicts between Russia and Ukraine and Israel and surrounding areas and the attacks on marine vessels traversing the Red Sea, may affect our third-party vendors and cause delays. Furthermore, since we have engaged WuXi Biologics, a manufacturer located in China, we are exposed to the possibility of product supply disruption and increased costs in the event of changes in the policies of the United States or Chinese governments or political unrest or unstable economic conditions in China. 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 quality standards and with all applicable regulations and guidelines. For example, in the event that we need to transfer from WuXi Biologics, which is our sole manufacturing source for DNTH103, we anticipate that the complexity of the manufacturing process may materially impact the amount of time it would take to secure a replacement manufacturer. The delays associated with the verification of a new manufacturer, if we are able to identify an alternative source, could negatively affect our ability to supply product candidates, including DNTH103, in a timely manner or within budget. If any CDMO on which we will rely fails to manufacture quantities of a product candidate at quality levels necessary to meet regulatory requirements and at a scale sufficient to meet anticipated demand at a cost that allows us to achieve profitability, our business, financial condition, cash flows, and prospects could be materially and adversely affected. In addition, our CDMO and/or distribution partners are responsible for transporting temperature-controlled materials that can be inadvertently degraded during transport due to several factors, rendering certain batches unsuitable for trial use for failure to meet, among others, our integrity and purity specifications. We and our CDMO may also face product seizure or detention or refusal to permit the import or export of products. Our business could be materially adversely affected by business disruptions to our third-party providers that could materially adversely affect our anticipated timelines, potential future revenue and financial condition and increase our costs and expenses. Each of these risks could delay or prevent the completion of our preclinical studies and clinical trials or the approval of any of our product candidates by the FDA, result in higher costs or adversely impact commercialization of our products.

In addition, we currently rely on foreign CROs and CDMOs, including WuXi Biologics, and will likely continue to rely on foreign CROs and CDMOs in the future. Foreign CDMOs may be subject to U.S. legislation, including the proposed BIOSECURE Act, sanctions, trade restrictions and other foreign regulatory requirements, which could increase the cost or reduce the supply of material available to us, delay the procurement or supply of such material or have an adverse effect on our ability to secure significant commitments from governments to purchase our potential therapies.

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For example, the biopharmaceutical industry in China is strictly regulated by the Chinese government. Changes to Chinese regulations or government policies affecting biopharmaceutical companies are unpredictable and may have a material adverse effect on our collaborators in China which could have an adverse effect on our business, financial condition, results of operations and prospects. Evolving changes in China's public health, economic, political, and social conditions and the uncertainty around China's relationship with other governments, such as the United States and the U.K., could also negatively impact our ability to manufacture our product candidates for our planned clinical trials or have an adverse effect on our ability to secure government funding, which could adversely affect our financial condition and cause us to delay our clinical development programs.

***If our CDMO, WuXi Biologics, is unable to obtain sufficient raw and intermediate materials on a timely basis or if our CDMO experiences other supply difficulties, our business may be materially and adversely affected.***

We work closely with our CDMO, WuXi Biologics, to ensure their suppliers have continuity of supply of raw and intermediate materials but cannot guarantee these efforts will always be successful. Our CDMO has experienced, and may experience in the future, raw and intermediate materials supply shortages, including those resulting from the COVID-19 pandemic, which could contribute to manufacturing delays and impact the progress of our clinical trials. Further, while we work with our CDMO to diversify their sources of raw and intermediate materials, in certain instances they acquire raw and intermediate materials from a sole supplier, and there can be no assurance that they will be able to quickly establish additional or replacement sources for some materials. A reduction or interruption in supply, and an inability to develop alternative sources for such supply, could adversely affect our ability to manufacture our product candidates in a timely or cost-effective manner and could delay completion of our clinical trials, product testing, and potential regulatory approval of our product candidates.

***We currently rely, and plan to rely in the future, on third parties to conduct and support our preclinical studies and clinical trials. If these third parties do not properly and successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval of or commercialize our product candidates.***

We utilize and plan to continue to utilize and depend upon independent investigators and collaborators, such as medical institutions, CROs, contract testing labs and strategic partners, to conduct and support our preclinical studies and clinical trials under agreements with us. We will rely heavily on these third parties over the course of our preclinical studies and clinical trials, and we control only certain aspects of their activities. As a result, we will have less direct control over the conduct, timing and completion of these preclinical studies and clinical trials and the management of data developed through preclinical studies and clinical trials than would be the case if we were relying entirely upon our own staff. Nevertheless, we are responsible for ensuring that each of our studies and trials is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on these third parties does not relieve us of our regulatory responsibilities. We and our third-party contractors and CROs are required to comply with GCP regulations, which are guidelines enforced by the FDA and comparable foreign regulatory authorities for any product candidate in clinical development. If we or any of these third parties fail to comply with applicable GCP regulations, 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 before approving our marketing applications. We cannot provide assurance that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP regulations. In addition, our clinical trials must be conducted with product generated under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process. Moreover, our business may be implicated if any of these third parties violates federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws.

Any third parties conducting our clinical trials will not be with our employees and, except for remedies available to us under our agreements with such third parties, we cannot control whether they devote sufficient time and resources to our product candidates. These third parties may be involved in mergers, acquisitions or similar transactions and may have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other product development activities, which could negatively affect their performance on our behalf and the timing thereof and could lead to products that compete directly or indirectly with our current or future product candidates. If these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to complete development of, obtain regulatory approval of or successfully commercialize DNTH103 or other product candidates.

***We have collaborations with third parties, including our existing license and development collaboration with Zenas BioPharma. If we are unable to maintain these collaborations, or if these collaborations are not successful, our business could be adversely affected.***

We have various collaboration and license arrangements, including with Zenas BioPharma for the development and commercialization of DNTH103 in the greater area of China, and we currently hold an exclusive license for worldwide (excluding the

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greater area of China) development and commercialization rights for certain potential product candidates. Further, we may in the future form or seek strategic alliances, create joint ventures or collaborations, or enter into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our product candidates. Collaborations or licensing arrangements that we enter into may not be successful, and any success will depend heavily on the efforts and activities of such collaborators or licensors. If any of our collaborators, licensors or licensees experience delays in performance of, or fail to perform their obligations under, their applicable agreements with us, disagree with our interpretation of the terms of such agreement or terminate their agreement with us, our pipeline of product candidates would be adversely affected. If we fail to comply with any of the obligations under our collaborations or license agreements, including payment terms and diligence terms, our collaborators, licensors or licensees may have the right to terminate our agreements, in which event we may lose intellectual property rights and may not be able to develop, manufacture, market or sell the products covered by such agreements or may face other penalties under our agreements. Our collaborators, licensors or licensees may also fail to properly maintain or defend the intellectual property we have licensed from, if required by our agreement with them, or even infringe upon our intellectual property rights, leading to the potential invalidation of our intellectual property or subjecting us to litigation or arbitration, any of which would be time-consuming and expensive and could harm our ability to commercialize our product candidates. Further, any of these relationships may require us to increase our near and long-term expenditures, issue securities that dilute our existing stockholders or disrupt our management and business. In addition, collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our product candidates and products if the collaborators believe that the competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours.

As part of our strategy, we plan to evaluate additional opportunities to enhance our capabilities and expand our development pipeline or provide development or commercialization capabilities that complement our own. We may not realize the benefits of such collaborations, alliances or licensing arrangements. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing stockholders or disrupt our management and business.

We may face significant competition in attracting appropriate collaborators, and more established companies may also be pursuing strategies to license or acquire third-party intellectual property rights that we consider attractive. These companies may have a competitive advantage over us due to their size, financial 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. Whether we reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. Collaborations are complex and time-consuming to negotiate, document and execute. In addition, consolidation among large pharmaceutical and biotechnology companies has reduced the number of potential future collaborators. We may not be able to negotiate additional collaborations on a timely basis, on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our product candidates or bring them to market.

### **Risks Related to Our Business and Operations**

***In order to successfully implement our plans and strategies, we will need to increase the size of our organization and we may experience difficulties in managing this growth.***

We expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of preclinical and clinical drug development, technical operations, clinical operations, regulatory affairs and, potentially, sales and marketing. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial personnel and systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team working together in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel.

***We are highly dependent on our key personnel, and we anticipate hiring new key personnel. If we are not successful in attracting and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.***

Our ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon our ability to attract and retain highly qualified managerial, scientific and medical personnel. We are highly dependent on our managerial, scientific and medical personnel, including our Chief Executive Officer, Chief Medical Officer, Chief Financial Officer, General Counsel, Chief Accounting Officer and other members of our leadership team. Although we have entered into employment agreements with our executive officers, each of them may terminate their employment with us at any time. We do not maintain "key person" insurance for any of our executives or other employees. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement

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our business strategy. Furthermore, replacing executive officers and key personnel may be difficult and may take an extended period of time. If we do not succeed in attracting and retaining qualified personnel, it could materially and adversely affect our business, financial condition, cash flows, and results of operations. We could in the future have difficulty attracting and retaining experienced personnel and may be required to expend significant financial resources on our employee recruitment and retention efforts.

### ***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 DNTH103 or other product candidates in foreign markets for which we may rely on collaboration with third parties. We are not permitted to market or promote any product candidates before we receive regulatory approval from the applicable foreign regulatory authority, and we may never receive such regulatory approval for any 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 DNTH103 or other product candidates, and we cannot predict success in these jurisdictions. If we fail to comply with the regulatory requirements in international markets or to receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of DNTH103 or other product candidates will be harmed, and our business will be adversely affected. Moreover, even if we obtain approval of DNTH103 or other product candidates and ultimately commercialize such 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 employees, independent contractors, consultants, commercial collaborators, principal investigators, CROs, CDMOs, suppliers and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.***

We are exposed to the risk that our employees, independent contractors, consultants, commercial collaborators, principal investigators, CROs, CDMOs, suppliers and vendors acting for or on our behalf may engage in misconduct or other improper activities. It is not always possible to identify and deter misconduct by these parties 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 these laws or regulations.

### ***Our internal information technology systems, or those of any of our CROs, CDMOs, other contractors, third party service providers or consultants or potential future collaborators, may fail or suffer security or data privacy breaches or other unauthorized or improper access to, use of, or destruction of proprietary or confidential data, employee data or personal data, which could result in additional costs, loss of revenue, significant liabilities, harm to our brand and material disruption of our operations.***

In the ordinary course of our business, we and the third parties upon which we rely collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, process) proprietary, confidential, and sensitive data, including personal data, intellectual property, trade secrets, and other sensitive data (collectively, sensitive information).

Despite the implementation of security measures in an effort to protect systems that store our information, given their size and complexity and the increasing amounts of information maintained on our internal information technology systems and those of our third-party CROs, CDMOs, other contractors (including sites performing our clinical trials), third party service providers and supply chain companies, and consultants, as well as other partners, these systems are potentially vulnerable to breakdown or other damage or interruption from service interruptions, system malfunction, natural disasters, terrorism, war and telecommunication and electrical failures, as well as security breaches from inadvertent or intentional actions by employees, contractors, consultants, business partners and/or other third parties, or from cyber-attacks by malicious third parties, which may compromise system infrastructure or lead to the loss, destruction, alteration or dissemination of, or damage to, data.

Some actors 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, and the third parties upon which we rely, 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 particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, ability to provide our products or services, loss of sensitive data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

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To the extent that any disruption or security breach were to result in a loss, destruction, unavailability, alteration or dissemination of, or damage to, our data or applications, or for it to be believed or reported that any of these occurred, we could incur liability and reputational damage and the development and commercialization of DNTH103, or other product candidates could be delayed. Further, our insurance policies may not be adequate to compensate us for the potential losses arising from any such disruption in, or failure or security breach of, our systems or third-party systems where information important to our business operations or commercial development is stored.

As our employees work remotely and utilize network connections, computers, and devices outside our premises or network, including working at home, while in transit and in public locations, there are risks to our information technology systems and data. Additionally, 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.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We may be unable in the future to detect vulnerabilities in our information technology systems because such threats and techniques change frequently, are often sophisticated in nature, and 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. 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.

We rely on third-party service providers and technologies to operate critical business systems to process sensitive information in a variety of contexts. 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' infrastructure in our supply chain or our third-party partners' supply chains have not been compromised.

If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences, such as government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive information (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); increased investigation and compliance costs; financial loss; and other similar harms. Security incidents and attendant consequences may cause stakeholders (including investors and potential customers) to stop supporting our platform, deter new customers from products, and negatively impact our ability to grow and operate our business.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices or from disruptions in, or failure or security breach of, our systems or third-party systems where information important to our business operations or commercial development is stored, or that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

***We are subject to stringent and changing laws, regulations and standards, and contractual obligations relating to privacy, data protection, and data security. The actual or perceived failure to comply with such obligations could lead to government enforcement actions (which could include civil or criminal penalties), fines and sanctions, private litigation and/or adverse publicity and could negatively affect our operating results and business.***

We, and third parties with whom we work, are or may become subject to numerous domestic and foreign laws, regulations, and standards relating to privacy, data protection, and data security, the scope of which are changing, subject to differing applications and interpretations, and may be inconsistent among countries, or conflict with other rules. We are or may become subject to the terms of contractual obligations related to privacy, data protection, and data security. Our obligations may also change or expand as our business grows. The actual or perceived failure by us or third parties related to us to comply with such laws, regulations and obligations could increase our compliance and operational costs, expose us to regulatory scrutiny, actions, fines and penalties, result in reputational harm, lead to a loss of customers, result in litigation and liability, and otherwise cause a material adverse effect on our business, financial condition, cash flows, and results of operations. See the sections titled "Business—Government Regulation—Data Privacy and Security" and "—Other Government Regulation Outside of the United States" located elsewhere in this Annual Report on Form 10-K for a more detailed description of the laws that may affect our ability to operate.

***If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.***

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations may involve the use of hazardous and flammable materials, including chemicals and biological and radioactive materials. In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or commercialization efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

***We may acquire businesses or products, or form strategic alliances, in the future, and may not realize the benefits of such acquisitions.***

We may acquire additional businesses or products, form strategic alliances, or create joint ventures with third parties that we believe will complement or augment our existing business. If we acquire businesses with promising markets or technologies, we may not be able to realize the benefit of acquiring such businesses if we are unable to successfully integrate them with our existing operations and company culture. We may encounter numerous difficulties in developing, manufacturing and marketing any new product candidates or products resulting from a strategic alliance or acquisition that delay or prevent us from realizing the expected benefits or enhancing our business. There is no assurance that, following any such acquisition, we will achieve the synergies expected in order to justify the transaction, which could result in a material adverse effect on our business and prospects.

***We maintain our cash at financial institutions, at times in balances that exceed federally-insured limits. The failure of financial institutions could adversely affect our ability to pay our operational expenses or make other payments.***

Our cash held in non-interest-bearing and interest-bearing accounts can at times exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. If such banking institutions were to fail, we could lose all or a portion of those amounts held in excess of such insurance limitations. For example, the FDIC took control of Silicon Valley Bank on March 10, 2023. The Federal Reserve subsequently announced that account holders would be made whole. However, the FDIC may not make all account holders whole in the event of future bank failures. In addition, even if account holders are ultimately made whole with respect to a future bank failure, account holders' access to their accounts and assets held in their accounts may be substantially delayed. For example, Former Dianthus could not access its assets held in its account with Silicon Valley Bank for a period in March 2023, which required Former Dianthus to obtain a short-term loan to fund its operations. Any material loss that we may experience in the future or inability for a material time period to access our cash and cash equivalents could have an adverse effect on our ability to pay our operational expenses or make other payments, which could adversely affect our business.

***We have identified material weaknesses in our internal control over financial reporting which, if not corrected, could affect the reliability of our financial statements and have other adverse consequences.***

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 financial statements would not be prevented or detected on a timely basis.

We have identified material weaknesses in our internal control over financial reporting that we are currently working to remediate, which relate to: (a) general segregation of duties, including the review and approval of journal entries as well as system access that has not been designed to allow for effective segregation of duties; and (b) our accounting software system has certain system limitations that do not allow for an effective control environment.

Our management has concluded that these material weaknesses in our internal control over financial reporting are due to the fact that we have limited resources and do not have the necessary business processes and related internal controls formally designed and implemented coupled with the appropriate resources to oversee our business processes and controls.

Our management is in the process of developing a remediation plan. The material weaknesses will be considered remediated when our management designs and implements effective controls that operate for a sufficient period of time and management has concluded, through testing, that these controls are effective. Our management will monitor the effectiveness of our remediation plans and will make changes management determines to be appropriate.

If not remediated, these material weaknesses could result in material misstatements to our annual or interim financial statements that might not be prevented or detected on a timely basis, or in delayed filing of required periodic reports. If we are unable to assert that our internal control over financial reporting is effective under Section 404(a) of the Sarbanes-Oxley Act, or, if we become subject to Section 404(b) of the Sarbanes-Oxley Act and our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of the internal control over financial reporting, investors may lose confidence in the accuracy and

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completeness of our financial reports, the market price of our common stock could be adversely affected and we could become subject to litigation or investigations by Nasdaq, the SEC, or other regulatory authorities, all of which could require additional financial and management resources.

### **Risks Related to Intellectual Property**

***Our ability to protect our patents and other proprietary rights is uncertain, exposing us to the possible loss of competitive advantage.***

We rely or may rely upon a combination of patents, trademarks, trade secret protection and confidentiality agreements to protect the intellectual property related to our product candidates and technologies and to prevent third parties from competing with us. Our success depends in large part on our ability to obtain and maintain patent protection for platform technologies, product candidates and their uses, as well as the ability to operate without infringing on or violating the proprietary rights of others. We own six pending patent applications, and we expect to continue to file patent applications in the United States and abroad related to discoveries and technologies that are important to our business. However, we may not be able to protect our intellectual property rights throughout the world and the legal systems in certain countries may not favor enforcement or protection of patents, trade secrets and other intellectual property. Filing, prosecuting and defending patents on product candidates worldwide would be prohibitively expensive and our intellectual property rights in some foreign jurisdictions may be less extensive than those in the United States. As such, we do not have patents in all countries or all major markets and may not be able to obtain patents in all jurisdictions even if we apply for them. Competitors may operate in countries where we do not have patent protection and could then freely use our technologies and discoveries in such countries to the extent such technologies and discoveries are publicly known or disclosed in countries where patent protection has not been requested.

Our intellectual property portfolio is at an early stage, and we do not currently own or in-license any issued patents. Our pending and future patent applications may not result in patents being issued. Any issued patents may not 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. Even if these patents are granted, they may be difficult to enforce. Further, any issued patents that we may license or own covering our product candidates could be narrowed or found invalid or unenforceable if challenged in court or before administrative bodies in the United States or abroad, including the United States Patent and Trademark Office ("USPTO"). Further, if we encounter delays in any clinical trials or delays in obtaining regulatory approval, the period of time during which we could market product candidates under patent protection would be reduced. Thus, the patents that we may own or license may not afford any meaningful competitive advantage.

In addition to seeking patents for some of our technology and product candidates, we may also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. Any disclosure, either intentional or unintentional, by our employees, the employees of third parties with whom we share facilities or third-party consultants and vendors that we engage to perform research, clinical trials or manufacturing activities, or misappropriation by third parties (such as through a cybersecurity breach) of our trade secrets or proprietary information could enable competitors to duplicate or surpass our technological achievements, thus eroding our competitive position in the market. In order to protect our proprietary technology and processes, we rely in part on confidentiality agreements with collaborators, employees, consultants, outside scientific collaborators and sponsored researchers and other advisors. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. We may need to share our proprietary information, including trade secrets, with future business partners, collaborators, contractors and others located in countries at heightened risk of theft of trade secrets, including through direct intrusion by private parties or foreign actors and those affiliated with or controlled by state actors. In addition, while we undertake efforts to protect our trade secrets and other confidential information from disclosure, others may independently discover trade secrets and proprietary information, and, in such cases, we may not be able to assert any trade secret rights against such party. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

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

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***We may not be successful in obtaining or maintaining necessary rights to 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. 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 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, we may have to abandon development of the relevant product candidate, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and prospects.

While we will normally seek to obtain the right to control prosecution, maintenance and enforcement of the patents relating to a product candidate, there may be times when the filing and prosecution activities for patents and patent applications relating to a product candidate are controlled by future licensors or collaboration partners. If any of these 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 a product candidate, we could lose rights to the intellectual property or exclusivity with respect to those rights, our ability to develop and commercialize such candidate 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 and patent applications which may be licensed to and from third parties, we may still be adversely affected or prejudiced by actions or inactions of licensees, future licensors and their counsel that took place prior to the date upon which we assumed control over patent prosecution.

Our future licensors may rely on third-party consultants or collaborators or on funds from third parties such that future licensors are not the sole and exclusive owners of the patents we in-license. If other third parties have ownership rights to future in-licensed patents, they may be able to license such patents to our competitors, and the competitors could market competing products and technology. This could have a material adverse effect on our competitive position, business, financial conditions, results of operations, cash flows, and prospects.

It is possible that we may be unable to obtain licenses at a reasonable cost or on reasonable terms, if at all. Even if we are able to obtain a license, it may be non-exclusive, thereby giving competitors access to the same technologies licensed to us. In that event, we may be required to expend significant time and resources to redesign our technology, product candidates, or the methods for manufacturing the same, or to develop or license replacement technology, 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, cash flows, and prospects significantly. We cannot provide any assurances that third-party patents do not exist which might be enforced against our current technology or manufacturing methods, our product candidates, or future methods or product candidates, resulting in either an injunction prohibiting manufacture or future sales, or, with respect to future sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties, which could be significant. For example, we are aware of a certain U.S. patent owned by a third party with claims that are directed to a method of inhibiting complement C1s activity in an individual with an antibody that selectively binds active form of complement component C1s compared to inactive C1s and inhibits complement C1s activity by at least 60% in a protease assay. Although we do not believe that this is a valid patent, this patent could be construed to cover our anti-C1s antibodies.

Disputes may arise between us and our future licensors regarding intellectual property subject to a license agreement, including: the scope of rights granted under the license agreement and other interpretation-related issues; whether and to what extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement; our right to sublicense patents and other rights to third parties; our right to transfer or assign the license; the inventorship and ownership of inventions and know-how resulting from the joint creations or use of intellectual property by future licensors and us and/or our partners; and the priority date of an invention of patented technology.

***We may be subject to patent infringement claims or may need to file claims to protect our intellectual property, which could result in substantial costs and liability and prevent us from commercializing potential products.***

Because the intellectual property landscape in the biotechnology industry is rapidly evolving and interdisciplinary, it is difficult to conclusively assess our freedom to operate and guarantee that we can operate without infringing on or violating third party rights. If certain of our product candidates are ultimately granted regulatory approval, patent rights held by third parties, if found to be valid and enforceable, could be alleged to render one or more of such product candidates infringing. If a third party successfully brings a claim

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against us, we may be required to pay substantial damages, be forced to abandon any affected product candidate and/or seek a license from the patent holder. In addition, any intellectual property claims (e.g., patent infringement or trade secret theft) brought against us, whether or not successful, may cause us to incur significant legal expenses and divert the attention of our management and key personnel from other business concerns. We cannot be certain that patents owned or licensed by us will not be challenged by others in the course of litigation. Some of our competitors may be able to sustain the costs of complex intellectual property litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise funds and on the market price of our Common Stock.

Competitors may infringe or otherwise violate our patents, trademarks, copyrights or other intellectual property. To counter infringement or other violations, we may be required to file claims, which can be expensive and time-consuming. Any such claims could provoke these parties to assert counterclaims against us, including claims alleging that it infringes their patents or other intellectual property rights. In addition, in a patent infringement proceeding, a court or administrative body may decide that one or more of the patents we assert is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly or refuse to prevent the other party from using the technology at issue on the grounds that our patents do not cover the technology. Similarly, if we assert trademark infringement claims, a court or administrative body may determine that the marks 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 such a case, we could ultimately be forced to cease use of such marks. In any intellectual property litigation, even if we are successful, any award of monetary damages or other remedy received may not be commercially valuable.

Further, we may be required to protect our patents through procedures created to attack the validity of a patent at the USPTO. An adverse determination in any such submission or proceeding could reduce the scope or enforceability of, or invalidate, our patent rights, which could adversely affect our competitive position. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in U.S. 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.

In addition, if our product candidates are found to infringe the intellectual property rights of third parties, these third parties may assert infringement claims against our future licensees and other parties with whom we had business relationships and we may be required to indemnify those parties for any damages they suffer as a result of these claims, which may require us to initiate or defend protracted and costly litigation on behalf of licensees and other parties regardless of the merits of such claims. If any of these claims succeed, we may be forced to pay damages on behalf of those parties or may be required to obtain licenses for the products they use.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or other legal proceedings relating to our intellectual property rights, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation or other proceedings.

### ***We may be subject to claims that we have wrongfully hired an employee from a competitor or that employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties.***

As is common in the biotechnology industry, in addition to our employees, we engage and may engage in the services of consultants to assist in the development of our product candidates. Many of these consultants, and many of our employees, were or may have been previously employed at, or may have previously provided or may be currently providing consulting services to, other biotechnology or pharmaceutical companies including our competitors or potential competitors. We could in the future be subject to claims that we or our employees have inadvertently or otherwise used or disclosed alleged trade secrets or other confidential information of former employers or competitors. Although we try to ensure that our employees and consultants do not use the intellectual property, proprietary information, know-how or trade secrets of others in their work for us, we may become subject to claims that we caused an employee to breach the terms of his or her non-competition or non-solicitation agreement, or that we or these individuals have, inadvertently or otherwise, used or disclosed the alleged trade secrets or other proprietary information of a former employer or competitor.

While we may litigate to defend ourselves against these claims, even if we are successful, litigation could result in substantial costs and could be a distraction to management. If our defenses to these claims fail, in addition to requiring us to pay monetary damages, a court could prohibit us from using technologies or features that are essential to our product candidates, if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. Moreover, any such litigation or the threat thereof may adversely affect our reputation, our ability to form strategic alliances or sublicense our rights to collaborators, engage with scientific advisors or hire employees or consultants, each of which would have an adverse effect on our business, results of operations, financial condition and prospects. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

***Changes to patent laws in the United States and other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our products.***

Changes in either the patent laws or interpretation of patent laws in the United States, including patent reform legislation such as the Leahy-Smith America Invents Act (the "Leahy-Smith Act") could increase the uncertainties and costs surrounding the prosecution of our owned and any future in-licensed patent applications and the maintenance, enforcement or defense of our owned and any future in-licensed issued patents. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These changes include provisions that affect the way patent applications are prosecuted, redefine prior art, provide more efficient and cost-effective avenues for competitors to challenge the validity of patents, and enable third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent at USPTO-administered post-grant proceedings, including post-grant review, inter partes review, and derivation proceedings. Assuming that other requirements for patentability are met, prior to March 16, 2013, in the United States, the first to invent the claimed invention was entitled to the patent, while outside the United States, the first to file a patent application was entitled to the patent. After March 16, 2013, under the Leahy-Smith Act, the United States transitioned to a first-to-file system in which, assuming that the other statutory requirements for patentability 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. As such, 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 issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and prospects.

In addition, the patent positions of companies in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. U.S. Supreme Court and U.S. Court of Appeals for the Federal Circuit rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations, including in the antibody arts. For example, the United States Supreme Court in Amgen, Inc. v. Sanofi (Amgen) recently held that Amgen's patent claims to a class of antibodies functionally defined by their ability to bind a particular antigen were invalid for lack of enablement where the patent specification provided twenty-six exemplary antibodies, but the claimed class of antibodies covered a "vast number" of additional antibodies not disclosed in the specification. The Court stated that if patent claims are directed to an entire class of compositions of matter, then the patent specification must enable a person skilled in the art to make and use the entire class of compositions. This decision makes it unlikely that we will be granted U.S. patents with composition of matter claims directed to antibodies functionally defined by their ability to bind a particular antigen. Even if we are granted claims directed to functionally defined antibodies, it is possible that a third party may challenge our patents, when issued, relying on the reasoning in Amgen or other recent precedential court decisions. Additionally, there have been proposals for additional changes to the patent laws of the United States and other countries that, if adopted, could impact our ability to enforce our proprietary technology. This combination of events has created uncertainty with respect to the validity and enforceability of patents once obtained. Depending on future actions by the U.S. Congress, the federal courts, the USPTO, and the relevant law-making bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our patent rights and weaken our ability to protect, defend and enforce our patent rights in the future.

Geopolitical actions in the United States and in foreign countries could increase the uncertainties and costs surrounding the prosecution or maintenance of patent applications and the maintenance, enforcement or defense of issued patents. For example, the United States and foreign government actions related to Russia's invasion of Ukraine may limit or prevent filing, prosecution and maintenance of patent applications in Russia. Government actions may also prevent maintenance of issued patents in Russia. These actions could result in abandonment or lapse of patents or patent applications, resulting in partial or complete loss of patent rights in Russia. If such an event were to occur, it could have a material adverse effect on our business. In addition, a decree was adopted by the Russian government in March 2022, allowing Russian companies and individuals to exploit inventions owned by patentees that have citizenship or nationality in, are registered in, or have predominately primary place of business or profit-making activities in the United States and other countries that Russia has deemed unfriendly without consent or compensation. Consequently, we would not be able to prevent third parties from practicing our inventions in Russia or from selling or importing products made using our inventions in and into Russia. Accordingly, our competitive position may be impaired, and our business, financial condition, results of operations, cash flows, and prospects may be adversely affected.

In addition, a European Unified Patent Court (the "UPC") came into force June 1, 2023. The UPC is a common patent court to hear patent infringement and revocation proceedings effective for member states of the European Union. This enables third parties to seek revocation of a European patent in a single proceeding at the UPC rather than through multiple proceedings in each of the jurisdictions in which the European patent is validated. Although we do not currently own any European patents or applications, if we obtain such patents and applications in the future, any such revocation and loss of patent protection could have a material adverse impact on our business and our ability to commercialize or license our technology and products. Moreover, the controlling laws and regulations of the UPC will develop over time, and may adversely affect our ability to enforce or defend the validity of any European patents we may obtain. We may decide to opt out from the UPC for any future European patent applications that we may file and any patents we may obtain. If certain formalities and requirements are not met, however, such European patents and patent applications

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could be challenged for non-compliance and brought under the jurisdiction of the UPC. We cannot be certain that future European patents and patent applications will avoid falling under the jurisdiction of the UPC, if we decide to opt out of the UPC.

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

Periodic maintenance fees, renewal fees, annuities fees and various other governmental fees on patents and/or patent applications are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of the patent and/or patent application. The USPTO and various foreign governmental patent agencies also require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we fail to maintain the patents and patent applications covering our product candidates, our competitive position would be adversely affected.

***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 products.***

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. 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 products 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 products.

In addition, because some patent applications in the United States may be maintained in secrecy until the patents are issued, patent applications in the United States and many foreign jurisdictions are typically not published until 18 months after filing, and publications in the scientific literature often lag behind actual discoveries, we cannot be certain that others have not filed patent applications for technology covered by our pending applications or any future issued patents, or that we were the first to invent the technology. Our competitors may have filed, and may in the future file, patent applications covering our products or technology similar to ours. Any such patent application may have priority over our patent applications or patents, which could require us to obtain rights to issued patents covering such technologies.

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

We may be subject to claims that former employees, collaborators or other third parties have an interest in our 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 and/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 have a material adverse effect on 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 or academic institutions, 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 have a material adverse effect on our competitive position, business, financial conditions, results of operations, cash flows, and prospects.

***Patent terms may be inadequate to protect our competitive position on our 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 filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired, 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 new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our owned and future licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

***Our technology licensed from various third parties may be subject to retained rights.***

Our future licensors may retain certain rights under the relevant agreements with us, including the right to use the underlying technology for noncommercial academic and research use, to publish general scientific findings from research related to the technology, and to make customary scientific and scholarly disclosures of information relating to the technology. It is difficult to monitor whether our licensors limit their use of the technology to these uses, and we could incur substantial expenses to enforce our rights to the licensed technology in the event of misuse.

In addition, the U.S. federal government retains certain rights in inventions produced with its financial assistance under the Patent and Trademark Law Amendments Act (the "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 in the future collaborate with academic institutions to accelerate our preclinical research or development. While 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. 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.

**Risks Related to Government Regulation**

***The regulatory approval processes of the FDA and other comparable foreign regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals for our product candidates, we will not be able to commercialize, or will be delayed in commercializing, such product candidates, and our ability to generate revenue will be materially impaired.***

The process of obtaining regulatory approvals, both in the United States and abroad, is unpredictable, expensive and typically takes many years following commencement of clinical trials, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. We cannot commercialize product candidates in the United States without first obtaining regulatory approval from the FDA. Similarly, we cannot commercialize product candidates outside of the United States without obtaining regulatory approval from comparable foreign regulatory authorities. Before obtaining regulatory approvals for the commercial sale of our product candidates, including our most advanced product candidate, DNT103, we must demonstrate through lengthy, complex and expensive preclinical and clinical trials that such product candidates are both safe and effective for each targeted indication. Securing regulatory approval also requires the submission of information about the drug manufacturing process to, and inspection of manufacturing facilities by, the relevant regulatory authority. Further, a product candidate may not be effective, may be only moderately effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude our obtaining marketing approval. The FDA and comparable foreign regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data is insufficient for approval and require additional preclinical, clinical or other data. A product candidate could be delayed in receiving, or fail to receive, regulatory approval for many reasons, including: 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 a product candidate is safe and effective for its proposed indication; the results of clinical trials may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities for approval; serious and unexpected drug-related side effects may be experienced by participants in our clinical trials or by individuals using drugs similar to a product candidate; we may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its 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 a product candidate may not be acceptable or sufficient to support the submission of a BLA or other submission or to obtain regulatory approval in the United States or elsewhere, and we may be required to conduct additional clinical trials; the FDA or the applicable foreign regulatory authority may disagree regarding the formulation,

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labeling and/or the specifications of a product candidate; the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; 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.

Of the large number of drugs in development, only a small percentage successfully complete the FDA or foreign regulatory approval processes and are commercialized. The lengthy approval process as well as the unpredictability of future clinical trial results may result in us failing to obtain regulatory approval to market DNTH103 or other product candidates, which would significantly harm our business, results of operations and prospects. If we were to obtain approval, regulatory authorities may approve any such product candidate for fewer or more limited indications than we request, including failing to approve the most commercially promising indications, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals for a product candidate, we will not be able to commercialize, or will be delayed in commercializing, such product candidate and our ability to generate revenue will be materially impaired.

### ***Disruptions at the FDA and other government agencies could negatively affect the review of our regulatory submissions, which could negatively impact our business.***

The ability of the FDA to review and approve regulatory submissions can be affected by a variety of factors, including disruptions caused by government shutdowns and public health crises. Such disruptions could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

### ***We may not be able to meet requirements for the chemistry, manufacturing and control of our product candidates.***

In order to receive approval of our products by the FDA and comparable foreign regulatory authorities, we must show that we and our contract manufacturing partners are able to characterize, control and manufacture our drug products safely and in accordance with regulatory requirements. This includes synthesizing the active ingredient, developing an acceptable formulation, performing tests to adequately characterize the formulated product, documenting a repeatable manufacturing process, meeting facility, process and testing validation requirements, and demonstrating that our drug products meet stability requirements. Meeting these CMC requirements is a complex task that requires specialized expertise. If we are not able to meet the CMC requirements, we may not be successful in getting our products approved.

### ***We intend to deliver our product candidates via a drug delivery device that will have its own regulatory, development, supply and other risks.***

We intend to deliver our product candidates via a drug delivery device, such as an injector or other delivery system. There may be unforeseen technical complications related to the development activities required to bring such a product to market, including primary container compatibility and/or dose volume requirements. Our product candidates may not be approved or may be substantially delayed in receiving approval if the devices do not gain and/or maintain their own regulatory approvals or clearances. Where approval of the drug product and device is sought under a single application, the increased complexity of the review process may delay approval. In addition, some drug delivery devices are provided by single-source unaffiliated third-party companies. We may be dependent on the sustained cooperation and effort of those third-party companies both to supply the devices and, in some cases, to conduct the studies required for approval or other regulatory clearance of the devices. Even if approval is obtained, we may also be dependent on those third-party companies continuing to maintain such approvals or clearances once they have been received. Failure of third-party companies to supply the devices, to successfully complete studies on the devices in a timely manner, or to obtain or maintain required approvals or clearances of the devices could result in increased development costs, delays in or failure to obtain regulatory approval and delays in product candidates reaching the market or in gaining approval or clearance for expanded labels for new indications.

### ***We have and may in the future conduct clinical trials for our product candidates at sites outside the United States, and the FDA may not accept data from trials conducted in such locations.***

We conducted our Phase 1 clinical trial for DNTH103 in New Zealand, and we may in the future choose to conduct more of our clinical trials outside the United States. We currently intend to conduct our Phase 2 clinical trials for DNTH103 in the United States and outside the United States. Although the FDA may accept data from clinical trials conducted outside the United States, acceptance of this data is subject to conditions imposed by the FDA. For example, the clinical trial must be well designed and conducted and performed by qualified investigators in accordance with ethical principles. The trial population must also adequately represent the U.S. population, and the data must be applicable to the U.S. population and U.S. medical practice in ways that the FDA deems clinically

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meaningful. In addition, while these clinical trials are subject to the applicable local laws, FDA acceptance of the data will depend on its determination that the trials also complied with all applicable U.S. laws and regulations. If the FDA does not accept the data from any trial that we conduct outside the United States, it would likely result in the need for additional trials, which would be costly and time-consuming and would delay or permanently halt our development of the applicable product candidates. Even if the FDA accepted such data, it could require us to modify our planned clinical trials to receive clearance to initiate such trials in the United States or to continue such trials once initiated.

Other risks inherent in conducting international clinical trials include: foreign regulatory requirements, differences in healthcare services, and differences in cultural customs that could restrict or limit our ability to conduct our clinical trials; administrative burdens of conducting clinical trials under multiple sets of foreign regulations; foreign exchange fluctuations; diminished protection of intellectual property in some countries; and political and economic risks relevant to foreign countries.

### ***Our product candidates for which we intend to seek approval as biologics may face competition sooner than anticipated.***

The ACA, includes a subtitle called the BPCIA which created an abbreviated approval pathway for biological products that are biosimilar to or interchangeable with an FDA-licensed reference biological product. Under the BPCIA, an application for a highly similar or "biosimilar" product may not be submitted to the FDA until four years following the date that the reference product was first approved by the FDA. In addition, the approval of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first approved. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA for the competing product containing the sponsor's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product.

Our investigational biological products, if approved, could be considered reference products entitled to the 12-year period of exclusivity. However, there is a risk that this exclusivity could be shortened due to congressional action or otherwise, or that the FDA will not consider a product candidate to be reference products for competing products, potentially creating the opportunity for competition sooner than anticipated. Other aspects of the BPCIA, some of which may impact the BPCIA exclusivity provisions, have also been the subject of recent litigation. Moreover, the extent to which a biosimilar, once approved, will be substituted for any 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.

### ***Even if we receive regulatory approval of DNTH103 or other product candidates, we will be subject to extensive ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense and we may 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 may receive for DNTH103 or other product candidates will require the submission of reports to regulatory authorities and surveillance to monitor the safety and efficacy of such product candidates, may contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, and may include burdensome post-approval study or risk management requirements. For example, the FDA may require a REMS in order to approve a product candidate, which could entail requirements for a medication guide, physician training and communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. In addition, if the FDA or comparable foreign regulatory authorities approve a product candidate, the products and the activities associated with their development and commercialization, including their design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale, distribution, import and export will be subject to comprehensive regulation by the FDA and other regulatory agencies in the United States and by comparable foreign regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as ongoing compliance with current cGMPs and GCPs for any clinical trials that we conduct following approval. In addition, manufacturers of drug products and their facilities are subject to continual review and periodic, unannounced inspections by the FDA and other regulatory authorities for compliance with cGMPs.

If we or a regulatory authority discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facilities where the product is manufactured, a regulatory authority may impose restrictions on that product, the manufacturing facility or us, including requiring recall or withdrawal of the product from the market or suspension of manufacturing, restrictions on our ability to conduct clinical trials, including full or partial clinical holds on ongoing or planned trials, restrictions on the manufacturing process, warning or untitled letters, civil and criminal penalties, injunctions, product seizures, detentions or import bans, voluntary or mandatory publicity requirements and imposition of restrictions on operations, including costly new manufacturing requirements. The occurrence of any event or penalty described above may inhibit our ability to commercialize DNTH103 or other product candidates and generate revenue and could require us to expend significant time and resources in response and could generate negative publicity.

**We may face difficulties from healthcare legislative reform measures.**

Existing regulatory policies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of DNTH103 or other product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability. See the section titled “Business—Government Regulation—Healthcare Reform” located elsewhere in this Annual Report on Form 10-K for a more detailed description of healthcare reforms measures that may prevent us from being able to generate revenue, attain profitability, or commercialize product candidates.

**Our business operations and current and future arrangements with investigators, healthcare professionals, consultants, third-party payors, patient organizations and customers will be subject to applicable healthcare regulatory laws, which could expose us to penalties.**

Our business operations and current and future arrangements with investigators, healthcare professionals, consultants, third-party payors, patient organizations and customers may expose us to broadly-applicable fraud and abuse and other healthcare laws and regulations. These laws may constrain the business or financial arrangements and relationships through which we conduct our operations, including how we research, market, sell and distribute our product candidates, if approved. See the section titled “Business—Government Regulation—Other Healthcare Laws and Compliance Requirements” located elsewhere in this Annual Report on Form 10-K for a more detailed description of the laws that may affect our ability to operate.

Ensuring that our internal operations and future business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. If our operations are found to be in violation of any of these laws or any other governmental laws and regulations that may apply to us, we may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, exclusion from government-funded healthcare programs, integrity oversight and reporting obligations to resolve allegations of non-compliance, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits and the curtailment or restructuring of our operations. Further, defending against any such actions can be costly and time-consuming and may require significant personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired.

**Even if we are able to commercialize DNTH103 or other product candidates, due to unfavorable pricing regulations and/or third-party coverage and reimbursement policies, we may not be able to offer such products at competitive prices which would seriously harm our business.**

We intend to seek approval to market DNTH103 and other product candidates in both the United States and in selected foreign jurisdictions. If we obtain approval in one or more foreign jurisdictions for such product candidates, we will be subject to rules and regulations in those jurisdictions. Our ability to successfully commercialize any product candidates that we may develop will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and other third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. Government authorities and other third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. These entities may create preferential access policies for a competitor’s product, including a branded or generic/biosimilar product, over our products in an attempt to reduce their costs, which may reduce our commercial opportunity. Additionally, if any of our product candidates are approved and we are found to have improperly promoted off-label uses of those programs, we may become subject to significant liability, which would materially adversely affect our business and financial condition. See the sections titled “Business—Government Regulation—Coverage and Reimbursement” and “—Regulation in the European Union” located elsewhere in this Annual Report on Form 10-K for a more detailed description of the government regulations and third-party payor practices that may affect our ability to commercialize our product candidates.

**We are subject to U.S. and certain foreign export and import controls, sanctions, embargoes, anti-corruption laws, and anti-money laundering laws and regulations. We can face criminal liability and other serious consequences for violations, which can harm our business.**

We are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, various economic and trade sanctions regulations administered by the U.S. Treasury Department’s Office of Foreign Assets Controls, the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and other state and national anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors, and other collaborators from authorizing, promising, offering, or providing, directly or indirectly,

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improper payments or anything else of value to or from recipients in the public or private sector. We may engage third parties to sell products outside the United States, to conduct clinical trials, and/or to obtain necessary permits, licenses, patent registrations, and other regulatory approvals. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities, and other organizations. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors, and other collaborators, even if we do not explicitly authorize or have actual knowledge of such activities. Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences.

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

In some countries, particularly member states of the European Union, the pricing of prescription drugs is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after receipt of marketing approval for a therapeutic. In addition, there can be considerable pressure by governments and other stakeholders on prices and reimbursement levels, including as part of cost containment measures. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various EU member states and parallel distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. To obtain coverage and reimbursement or pricing approvals in some countries, we or current or future collaborators may be required to conduct a clinical trial or other studies that compare the cost-effectiveness of a product to other available therapies in order to obtain or maintain reimbursement or pricing approval. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If reimbursement of any product approved for marketing is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business, financial condition, results of operations, cash flows, or prospects could be materially and adversely affected. Brexit could lead to legal uncertainty and potentially divergent national laws and regulations, including those related to the pricing of prescription pharmaceuticals, as the UK determines which EU laws to replicate or replace. If the UK were to significantly alter its regulations affecting the pricing of prescription pharmaceuticals, we could face significant new costs.

### ***If we decide to pursue a Fast Track Designation or Orphan Drug Designation by the FDA, it may not lead to a faster development or regulatory review or approval process.***

We may seek Fast Track Designation or Orphan Drug Designation for one or more product candidates. If a drug is intended for the treatment of a serious or life-threatening condition and the drug demonstrates the potential to address unmet medical needs for this condition, the product sponsor may apply for Fast Track Designation. The FDA has broad discretion whether or not to grant such designations, so even if we believe a particular product candidate is eligible for such designations, we cannot guarantee that the FDA would decide to grant it. Even if we do receive Fast Track Designation or Orphan Drug Designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw Fast Track Designation or Orphan Drug Designation if it believes that the designation is no longer supported by data from a clinical development program. See the section titled "*Business—Government Regulation—Expedited Development and Review Programs*" located elsewhere in this Annual Report on Form 10-K for a more detailed description of the process for seeking Fast Track Designation or Orphan Drug Designation.

### **General Risk Factors**

#### ***Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, our business may not grow at similar rates, or at all.***

Our market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. Our estimates and forecasts relating to size and expected growth of our target market may prove to be inaccurate. Even if the markets in which we compete meet our size estimates and growth forecasts, our business may not grow at similar rates, or at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties.

Our revenue will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval, the accepted price for the product, the ability to obtain coverage and reimbursement and whether we own the commercial rights for that territory. If the number of our addressable patients is not as significant as we estimate, the indication approved by regulatory authorities is narrower than we expect or the treatment population is narrowed by competition, physician choice or treatment guidelines, we may not generate significant revenue from sales of such products, even if approved.

***We may become exposed to costly and damaging liability claims, either when testing a product candidate in the clinical or at the commercial stage, and our product liability insurance may not cover all damages from such claims.***

We are exposed to potential product liability and professional indemnity risks that are inherent in the research, development, manufacturing, marketing, and use of pharmaceutical products. While we currently have no products that have been approved for commercial sale, the current and future use of a product candidate in clinical trials, and the sale of any approved products in the future, may expose us to liability claims. These claims may be made by patients that use the product, healthcare providers, pharmaceutical companies, or others selling such product. Any claims against us, regardless of their merit, could be difficult and costly to defend and could materially and adversely affect the market for our products or any prospects for commercialization of our products. Although we believe we currently maintain adequate product liability insurance for DNTH103 and other product candidates, it is possible that our liabilities could exceed our insurance coverage or that in the future we may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired.

***Litigation costs and the outcome of litigation could have a material adverse effect on our business.***

From time to time, we may be subject to litigation claims through the ordinary course of our business operations regarding, but not limited to, securities litigation, employment matters, security of patient and employee personal information, contractual relations with collaborators and licensors and intellectual property rights. Litigation to defend ourselves against claims by third parties, or to enforce any rights that we may have against third parties, could result in substantial costs and diversion of our resources, causing a material adverse effect on our business, financial condition, results of operations, cash flows, and prospects.

***Our business could be adversely affected by economic downturns, inflation, increases in interest rates, natural disasters, public health crises such as the COVID-19 pandemic, political crises, geopolitical events, such as the conflict between Russia and Ukraine, or other macroeconomic conditions, which could have a material and adverse effect on our results of operations, cash flows, and financial condition.***

The global economy, including credit and financial markets, has experienced extreme volatility and disruptions, including, among other things, diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, supply chain shortages, increases in inflation rates, higher interest rates, and uncertainty about economic stability. For example, the COVID-19 pandemic resulted in widespread unemployment, economic slowdown and extreme volatility in the capital markets. The Federal Reserve has raised interest rates multiple times in response to concerns about inflation and it may raise them again. Higher interest rates, coupled with reduced government spending and volatility in financial markets, may increase economic uncertainty and affect consumer spending. Similarly, rising tensions between China and Taiwan, the ongoing conflict in Israel and surrounding areas, the attacks on marine vessels traversing the Red Sea and the ongoing military conflict between Russia and Ukraine have created volatility in the global capital markets and may have further global economic consequences, including disruptions of the global supply chain. Any such volatility and disruptions may adversely affect our business or the third parties on whom we rely. If the equity and credit markets deteriorate, including as a result of political unrest or war, it may make any necessary debt or equity financing more costly, more dilutive, or more difficult to obtain in a timely manner or on favorable terms, if at all. Increased inflation rates can adversely affect us by increasing our costs, including labor and employee benefit costs.

We may in the future experience disruptions as a result of such macroeconomic conditions, including delays or difficulties in initiating or expanding clinical trials and manufacturing sufficient quantities of materials. Any one or a combination of these events could have a material and adverse effect on our results of operations and financial condition.

***The market price of our common stock is expected to be volatile, and the market price of our common stock may drop.***

The market price of our common stock has been and is likely to continue to be subject to significant fluctuations. Some of the factors that may cause the market price of our common stock to fluctuate include:

- results of clinical trials and preclinical studies of our product candidates, or those of our competitors or our existing or future collaborators;
- failure to meet or exceed financial and development projections we may provide to the public;
- failure to meet or exceed financial and development projections of the investment community;
- if we do not achieve the perceived benefits of the Reverse Merger as rapidly or to the extent anticipated by financial or industry analysts;

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- announcements of significant acquisitions, strategic collaborations, joint ventures or capital commitments by us or our competitors;
- actions taken by regulatory agencies with respect to our product candidates, clinical studies, manufacturing process or sales and marketing terms;
- disputes or other developments relating to proprietary rights, including patents, litigation matters, and our ability to obtain patent protection for our technologies;
- additions or departures of key personnel;
- significant lawsuits, including patent or stockholder litigation;
- if securities or industry analysts do not publish research or reports about our business, or if they issue adverse or misleading opinions regarding our business and stock;
- changes in the market valuations of similar companies;
- general market or macroeconomic conditions or market conditions in the pharmaceutical and biotechnology sectors;
- sales of securities by us or our securityholders in the future;
- if we fail to raise an adequate amount of capital to fund our operations or continued development of our product candidates;
- trading volume of our common stock;
- announcements by competitors of new commercial products, clinical progress or lack thereof, significant contracts, commercial relationships or capital commitments;
- adverse publicity relating to precision medicine product candidates, including with respect to other products in such markets;
- the introduction of technological innovations or new therapies that compete with our products and services; and
- period-to-period fluctuations in our financial results.

Moreover, the stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of individual companies. These broad market fluctuations may also adversely affect the trading price of our common stock. In addition, a recession, depression or other sustained adverse market event could materially and adversely affect our business and the value of our common stock. In the past, following periods of volatility in the market price of a company's securities, stockholders have often instituted class action securities litigation against such companies. Furthermore, market volatility may lead to increased shareholder activism if we experience a market valuation that activists believe is not reflective of our intrinsic value. Activist campaigns that contest or conflict with our strategic direction or seek changes in the composition of our Board of Directors could have an adverse effect on our operating results, financial condition and cash flows.

***We will incur additional costs and increased demands upon management as a result of complying with the laws and regulations affecting public companies.***

We will incur significant legal, accounting and other expenses as a public company that Former Dianthus did not incur as a private company, including costs associated with public company reporting obligations under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Our management team consists of the executive officers of Former Dianthus, some of whom have not previously managed and operated a public company. These executive officers and other personnel will need to devote substantial time to gaining expertise related to public company reporting requirements and compliance with applicable laws and regulations to ensure that we comply with all of these requirements. Any changes we make to comply with these obligations may not be sufficient to allow us to satisfy our obligations as a public company on a timely basis, or at all. These reporting requirements, rules and regulations, coupled with the increase in potential litigation exposure associated with being a public company, could also make it

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more difficult for us to attract and retain qualified persons to serve on the Board of Directors or on board committees or to serve as executive officers, or to obtain certain types of insurance, including directors' and officers' insurance, on acceptable terms.

***If we no longer qualify as a smaller reporting company or otherwise no longer qualify for applicable exemptions, we will be subject to additional laws and regulations affecting public companies that will increase our costs and the demands on management and could harm our operating results and cash flows.***

We are subject to the reporting requirements of the Exchange Act, which requires, among other things, that we file with the SEC, annual, quarterly and current reports with respect to our business and financial condition as well as other disclosure and corporate governance requirements. However, we expect to qualify as a "smaller reporting company," as such term is defined in Rule 12b-2 under the Exchange Act, in at least the near term, which will allow us to take advantage of many of the same exemptions from disclosure requirements, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. Once we are no longer a smaller reporting company or otherwise no longer qualify for these exemptions, we will be required to comply with additional legal and regulatory requirements applicable to public companies and will incur significant legal, accounting and other expenses to do so. If we are not able to comply with the requirements in a timely manner or at all, our financial condition or the market price of our common stock may be harmed.

***If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.***

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the rules and regulations of Nasdaq. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We must perform system and process evaluation and testing of our internal control over financial reporting to allow our management to report on the effectiveness of our internal controls over financial reporting in our Annual Report on Form 10-K filing for that year, as required by Section 404 of the Sarbanes-Oxley Act. As a private company, Former Dianthus has never been required to test its internal controls within a specified period. This will require that we incur substantial professional fees and internal costs to expand our accounting and finance functions and that we expend significant management efforts. We may experience difficulty in meeting these reporting requirements in a timely manner. For additional information related to the risks and uncertainties of our compliance with the Sarbanes-Oxley Act, see the section above titled "*Risks Related to Our Business and Operations—We have identified material weaknesses in our internal control over financial reporting which, if not corrected, could affect the reliability of our financial statements and have other adverse consequences.*"

In addition to the material weaknesses described above, we may discover additional weaknesses in our system of internal financial and accounting controls and procedures that could result in a material misstatement of our financial statements. Our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If that were to happen, the market price of our Common Stock could decline and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities.

***Our certificate of incorporation and bylaws and provisions under Delaware law could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our management.***

Provisions of our certificate of incorporation and bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which our common stockholders might otherwise receive a premium price for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our Common Stock, thereby depressing the market price of our Common Stock. In addition, because our Board of Directors will be responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors. Among other things, these provisions:

- establish a classified board of directors such that all members of the board are not elected at one time;
- allow the authorized number of our directors to be changed only by resolution of our Board of Directors;

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- limit the manner in which stockholders can remove directors from the Board of Directors;
- establish advance notice requirements for nominations for election to the Board of Directors or for proposing matters that can be acted on at stockholder meetings;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;
- limit who may call a special meeting of stockholders;
- authorize our Board of Directors to issue preferred stock without stockholder approval, which could be used to institute a "poison pill" that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our Board of Directors; and
- require the approval of the holders of at least 66.67% of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our charter or bylaws.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the DGCL, which prohibits stockholders owning in excess of 15% of our outstanding voting stock from merging or combining with us. Although we believe these provisions collectively will provide for an opportunity to receive higher bids by requiring potential acquirors to negotiate with our Board of Directors, they would apply even if the offer may be considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove then current management by making it more difficult for stockholders to replace members of the Board of Directors, which is responsible for appointing the members of management.

***Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, certain designated courts will be the sole and exclusive forum for certain legal actions between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.***

Our bylaws provide that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for state law claims for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of or based on a breach of a fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, our charter or our bylaws, or (iv) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein, which for purposes of this risk factor refers to herein as the "Delaware Forum Provision." The Delaware Forum Provision will not apply to any causes of action arising under the Securities Act of 1933, as amended (the "Securities Act") and the Exchange Act. Our bylaws further provide that, unless we consent in writing to an alternative forum, federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, which for purposes of this risk factor refers to herein as the "Federal Forum Provision." In addition, our bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing Delaware Forum Provision and Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived its compliance with the U.S. federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision may impose additional litigation costs on our stockholders in pursuing any such claims, particularly if the stockholders do not reside in or near the State of Delaware. Additionally, the forum selection clauses in our bylaws may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and employees even though an action, if successful, might benefit our stockholders.

***We do not anticipate paying any cash dividends in the foreseeable future.***

The current expectation is that we will retain our future earnings, if any, to fund the growth of our business as opposed to paying dividends. As a result, capital appreciation, if any, of our Common Stock will be your sole source of gain, if any, for the foreseeable future.

***An active trading market for our Common Stock may not be sustained and our stockholders may not be able to sell their shares of Common Stock for a profit, if at all.***

An active trading market for our shares of Common Stock may not be sustained. If an active market for our Common Stock is not sustained, it may be difficult for our stockholders to sell their shares at an attractive price or at all.

***Future sales of shares by existing stockholders could cause our stock price to decline.***

If securityholders sell, or indicate an intention to sell, substantial amounts of our Common Stock in the public market, the trading price of our Common Stock could decline. In addition, shares of Common Stock that are subject to outstanding options or warrants of Dianthus are eligible for sale in the public market to the extent permitted by the provisions of various vesting agreements and Rules 144 and 701 under the Securities Act. If any of the foregoing shares of Common Stock are sold, the trading price of our Common Stock could decline.

***Our executive officers, directors and principal stockholders will have the ability to control or significantly influence all matters submitted to our stockholders for approval.***

Our executive officers, directors and principal stockholders, in the aggregate, beneficially own approximately 66% of our outstanding shares of Common Stock as of March 14, 2024. As a result, if these stockholders were to choose to act together, they would be able to control or significantly influence all matters submitted to our stockholders for approval, as well as our management and affairs. For example, these stockholders, if they choose to act together, would control or significantly influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of us on terms that other stockholders may desire.

***If equity research analysts do not publish research or reports, or publish unfavorable research or reports, about us, our business or our market, our stock price and trading volume could decline.***

The trading market for our Common Stock will be influenced by the research and reports that equity research analysts publish about us and our business. Equity research analysts may elect to not provide research coverage of our Common Stock, and such lack of research coverage may adversely affect the market price of our Common Stock. In the event we do have equity research analyst coverage, we will not have any control over the analysts or the content and opinions included in their reports. The price of our Common Stock could decline if one or more equity research analysts downgrade our stock or issue other unfavorable commentary or research. If one or more equity research analysts ceases coverage of us or fails to publish reports on us regularly, demand for our Common Stock could decrease, which in turn could cause our stock price or trading volume to decline.

***We have broad discretion in the use of our cash and cash equivalents and the proceeds from the 2024 Private Placement and may invest or spend the proceeds in ways with which you do not agree and in ways that may not increase the value of your investment.***

We have broad discretion over the use of our cash and cash equivalents and the proceeds from the 2024 Private Placement. You may not agree with our decisions, and our use of the proceeds may not yield any return on your investment. Our failure to apply these resources effectively could compromise our ability to pursue our growth strategy and we might not be able to yield a significant return, if any, on our investment of these net proceeds. You will not have the opportunity to influence our decisions on how to use our cash resources.

***We may be subject to adverse legislative or regulatory tax changes that could negatively impact our financial condition.***

The rules dealing with U.S. federal, state and local income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect us or our stockholders. We will assess the impact of various tax reform proposals and modifications to existing tax treaties in all jurisdictions where we have operations to determine the potential effect on our business and any assumptions we will make about our future taxable income. We cannot predict whether any specific proposals will be enacted, the terms of any such proposals or what effect, if any, such proposals would have on our business if they were to be enacted. For example, the United States recently enacted the IRA, which implements, among other changes, a 1% excise tax on certain stock buybacks. In addition, beginning in 2022, the Tax Cuts and Jobs Act eliminates the currently available option to deduct research and development expenditures and requires taxpayers to amortize them generally over five years. The U.S. Congress is considering legislation that would restore the current deductibility of research and development expenditures, however, there is no assurance that the provision will be repealed or otherwise modified. Such changes, among others, may adversely affect our effective tax rate, results of operation and general business conditions.

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***Our ability to utilize our net operating loss carryforwards and certain other tax attributes is expected to be limited.***

Our ability to utilize our net operating loss carryforwards and certain other tax attributes to offset future taxable income or tax liabilities is expected to be limited. If we earn taxable income, such limitations could result in increased future income tax liability to us, and our future cash flows could be adversely affected.

In general, our ability to use our federal and state net operating loss and credits carryforwards to reduce future taxable liabilities is dependent upon our generation of future taxable income, and we cannot predict with certainty when, or whether, we will generate sufficient taxable income or tax liabilities to use all of our carryforwards. Under current law, federal net operating loss carryforwards generated in taxable periods beginning after December 31, 2017, may be carried forward indefinitely, but for taxable years beginning after December 31, 2020 the deductibility of such net operating loss carryforwards is limited to 80% of taxable income. Federal net operating losses generated prior to December 31, 2017, however, have a 20-year carryforward period, but are not subject to the 80% limitation. Similar state law limitations may apply. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), federal net operating loss and credit carryforwards may become subject to an annual limitation in the event one or more stockholders or groups of stockholders who own at least 5% of a company's stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period (referred to as an "ownership change"). Similar state law limitations may apply. There may also be periods during which the use of net operating loss carryforwards and other tax attributes are suspended or otherwise limited, which could accelerate or permanently increase taxes owed.

Following the Reverse Merger, our tax carryforwards will be attributable to both the historic pre-Reverse Merger net operating losses of Former Dianthus and the historic pre-Reverse Merger net operating losses and credits of Dianthus.

As of December 31, 2023, we had federal net operating loss carryforwards of \$320.7 million, all of which can be carried forward indefinitely. As of December 31, 2023, Dianthus had state net operating loss carryforwards of \$299.1 million, which begin to expire in 2035. As of December 31, 2023, Dianthus also had available research and orphan drug tax credit carryforwards for federal and state income tax purposes of \$14.8 million and \$3.5 million, respectively, which begin to expire in 2035 and 2030, respectively. We have not conducted a formal study to assess whether an ownership change has occurred or whether there have been multiple ownership changes since inception; however, the Reverse Merger is expected to result in an ownership change. For these reasons, we do not expect to be able to utilize a material portion of the net operating losses and research and orphan drug tax credit carryforwards.

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**Item 1B. Unresolved Staff Comments.**

None.

**Item 1C. Cybersecurity.**

We take cyber risk seriously as a part of modern enterprise risk management, protecting our stakeholders and assets, and building resilient processes. The modern threat landscape requires us to consider cyber risks, and make determinations regarding how to treat the risks. We evaluate cybersecurity risks alongside other business risks.

In the ordinary course of our business, we collect, use, store, and transmit digitally confidential, sensitive, proprietary, personal, and health-related information. The secure maintenance of this information and our information technology systems is important to our operations and business strategy. To that end, we rely on a multidisciplinary team (including from our IT function, senior management, and third-party service providers, as described further below) to assess how identified cybersecurity threats could impact our business. These assessments may leverage, among other processes, industry tools and metrics designed to assist in the assessment of risks from such cybersecurity threats.

Senior management is directly involved with our efforts to prevent, detect, and mitigate cybersecurity incidents by overseeing preparation of cybersecurity policies and procedures, testing incident response plans and engaging vendors to conduct penetration tests. Senior management participates in cybersecurity incident response efforts by being part of the incident response team and helping direct our response to cybersecurity incidents.

To augment internal knowledge, we have engaged a virtual Chief Information Security Officer ("vCISO") from a third-party firm that has provided IT and security services for over 17 years and utilizes industry expertise to recommend and implement best practice solutions for operational needs. The service provides a named vCISO as part of an advisory team to assess and help manage our cybersecurity program.

Cybersecurity risks are identified and processed in a Risk Register by an information security team that includes the vCISO and internal management. We conduct risk assessments, penetration testing, vulnerability scanning, receive alerts from security tools, and engage in an ongoing discussion of business processes and policy management. We use advanced tools to track governance, risk, and compliance tied to a security framework tailored from industry standards and best practices, and we test our tools and policies regularly.

Third parties also play a role in our cybersecurity. We engage third-party services to conduct evaluations of our security controls, whether through penetration testing, independent audits, or consulting on best practices to address new challenges. These evaluations include testing both the design and operational effectiveness of security controls. We have implemented and maintain information security processes designed to identify, assess, and manage material risks from cybersecurity threats to critical computer networks, third-party hosted services, communications systems, hardware, software, and our critical data including confidential, personal, proprietary, and sensitive data. Accordingly, we maintain risk assessment processes intended to identify cybersecurity threats, determine their likelihood of occurring, and assess any potential material impact to our business. Based on our assessment, we implement and maintain risk management processes to our information assets and mitigate harm to our business.

In addition to internal systems and concerns, we manage risks from third parties that are a part of business operations. This includes assessing cybersecurity risks during the vetting process and recurring assessments during the life of the engagements. Relative levels of assessment are considered with regard to business criticality of the relevant third parties. We rely heavily on our third party CROs and CDMOs to manage our clinical trials and manufacture our investigational products, and a cybersecurity incident at a CRO, CMDO or other third party upon which we rely could materially adversely impact us. In the last fiscal year, we have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, but we face certain ongoing cybersecurity risks threats that, if realized, are reasonably likely to materially affect us. See "Risk Factors" in this Annual Report on Form 10-K for additional information on cybersecurity risks we face.

Information from the risk management process is managed by the Information Security Team and is reported to the Board of Directors on a regular basis. We provide cybersecurity updates to our Audit Committee on a quarterly basis. In the case of an incident, relevant members of the Information Security Team are involved to assess and oversee Incident Response operations as needed, including adequate reporting of material incidents if/when appropriate.

Notwithstanding the approach we take to cybersecurity, we may not be successful in preventing or mitigating a cybersecurity incident that could have a material adverse effect on us. While we maintain cybersecurity insurance, the costs related to cybersecurity threats or disruptions may not be fully insured.

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**Item 2. Properties.**

We are currently a remote-based company, and a majority of our employees work remotely. We currently lease space for administrative offices in Waltham, Massachusetts and New York, New York and wet laboratory space in Watertown, Massachusetts. Our space in Waltham is approximately 2,750 square feet under a lease that expires in January 2025, our space in New York is approximately 3,367 square feet under a lease that expires in August 2025 and our space in Watertown varies monthly based on our needs but does not exceed 1,000 square feet under a lease that expires in August 2025. Our New York office is our corporate headquarters. As the company expands, we believe suitable additional, or substitute space will be available as and when needed.

**Item 3. Legal Proceedings.**

From time to time, we may be involved in litigation and other legal proceedings arising in the ordinary course of our business. We are not currently a party to or aware of any legal proceedings that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition, results of operations or cash flows. The outcome of any claims or litigation, regardless of the merits, is inherently uncertain. Regardless of the outcome, litigation and other legal proceedings can have a material adverse impact on us, our business, financial condition, results of operations or cash flows because of defense and settlement costs, diversion of management resources, in the case of intellectual property claims, requirements to change our product candidates, change our business practices, pay monetary damages or enter into short- or long-term royalty or licensing agreements, and other factors.

**Item 4. Mine Safety Disclosures.**

Not applicable.

## PART II

### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.** **Market Information**

Our common stock is traded on The Nasdaq Capital Market under the symbol "DNTH".

#### **Common Stockholders**

As of March 14, 2024, there were approximately 50 stockholders of record of our common stock based on information provided by our transfer agent. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

#### **Dividend Policy**

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings to support our operations and finance the growth and development of our business. We do not intend to pay cash dividends on our common stock for the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend upon a number of factors, including our results of operations, financial condition, future prospects, contractual restrictions and restrictions imposed by applicable laws and other factors the Board of Directors deems relevant.

#### **Recent Sales of Unregistered Equity Securities**

Except as previously disclosed in a Current Report on Form 8-K filed with the SEC on September 12, 2023, no other unregistered sales of our common stock were made during the year ended December 31, 2023.

#### **Issuer Purchases of Equity Securities**

We did not repurchase any of our equity securities during the quarter ended December 31, 2023.

#### **Item 6. [Reserved]**

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### **Item 7. 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 together with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties, including those described in the section titled "Special Note Regarding Forward Looking Statements" included elsewhere in this Annual Report on Form 10-K. Our actual results and the timing of selected events could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those set forth under the section titled "Risk Factors" included elsewhere in this Annual Report on Form 10-K.

#### **Overview**

We are a clinical-stage biotechnology company focused on developing next-generation complement therapeutics for patients living with severe autoimmune and inflammatory diseases. We believe our lead novel and proprietary monoclonal antibody product candidate, DNTH103, has the potential to address a broad array of complement-dependent diseases as currently available therapies or those in development leave room for improvements in efficacy, safety, and/or dosing convenience. We have purposefully engineered DNTH103 to selectively bind to only the active form of the C1s complement protein and to exhibit improved potency and an extended half-life. By selectively targeting only the active form of C1s, which drives disease pathology and constitutes only a small fraction of the total protein present in circulation, we aim to reduce the amount of drug required for a therapeutic effect. We intend to deliver our product candidate through a lower dose, less frequent, self-administered, convenient subcutaneous injection suitable for a pre-filled pen.

Our most advanced product candidate, DNTH103, is a clinical-stage, highly potent, highly selective and fully human monoclonal immunoglobulin G4 with picomolar binding affinity that is designed to selectively bind only to the active form of the C1s complement protein. The active form of C1s is generated during complement activation by cleavage of the inactive proenzyme C1s. As a validated complement target in the autoimmune and inflammatory field, C1s inhibition prevents further progression of the classical pathway cascade. DNTH103 is engineered with YTE half-life extension technology, a specific three amino acid change in the Fc domain, and has a pharmacokinetic profile designed to support less frequent, lower dose, self-administration as a convenient S.C. injection. Data reported from DNTH103's Phase 1 clinical trial in 60 healthy volunteers across eight dose cohorts validates the extended half-life and potent classical pathway inhibition and supports a potentially differentiated safety profile of DNTH103. The topline data confirmed its approximately 60-day half-life and highly potent classical pathway inhibition with every two weeks S.C. dosing of 300mg/2mL surpassing the calculated IC90 of 87ug/mL, establishing DNTH103's best-in-class potential to be the first self-administered subcutaneous injection dosed as infrequently as every two weeks to treat a range of autoimmune disorders. Based on the clinical data available to date, DNTH103 was generally well tolerated with no serious adverse events or complement-related infections. DNTH103 is designed to selectively target the active form of C1s, inhibiting only the classical pathway, while leaving the lectin and alternative pathways intact. As a result, DNTH103 may have a reduced risk of infections from encapsulated bacteria when compared to C5 terminal inhibitors, thus potentially avoiding a U.S. Food and Drug Administration Boxed Warning and associated REMS. We believe that DNTH103 has the potential to yield therapeutic benefit in multiple autoimmune and inflammatory disease indications where inappropriate activation of the classical pathway cascade drives or exacerbates the disease pathology by inhibiting the ability of activated C1s to effect downstream complement activity, ameliorating complement mediated cell death and disruption of normal cellular function.

#### **2024 Private Placement**

On January 24, 2024, in order to provide us with additional capital for our development programs, we completed a private placement of shares of Common Stock and the 2024 Pre-Funded Warrants pursuant to the Securities Purchase Agreement. Pursuant to and subject to the terms and conditions of the Securities Purchase Agreement, we issued and sold, and Selling Stockholders named in the Securities Purchase Agreement purchased 14,500,500 shares of Common Stock and 4,666,332 2024 Pre-Funded Warrants, exercisable for 4,666,332 shares of Common Stock, at a purchase price of \$12.00 per share or \$11.999 per 2024 Pre-Funded Warrant, which represents the per share purchase price of the shares of Common Stock less the \$0.001 per share exercise price for each 2024 Pre-Funded Warrant, for an aggregate purchase price of approximately \$230.0 million.

#### **Completion of the Reverse Merger and Pre-Closing Financing**

On September 11, 2023, we completed a business combination with Former Dianthus pursuant to which, among other matters, Former Dianthus became as a wholly owned subsidiary of ours (the "Reverse Merger"). In connection with the completion of the Reverse Merger, we changed our name from "Magenta Therapeutics, Inc." to "Dianthus Therapeutics, Inc.," and the business conducted by us became primarily the business conducted by Former Dianthus.

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Concurrently with the execution and delivery of the Merger Agreement, and in order to provide Former Dianthus with additional capital for its development programs, Former Dianthus entered into a subscription agreement, as amended (the "Subscription Agreement"), with certain investors named therein (the "Investors"). Pursuant to and subject to the terms and conditions of the Subscription Agreement, immediately prior to the effective time of the Reverse Merger, Former Dianthus issued and sold, and the Investors purchased, 2,873,988 shares of Former Dianthus common stock and 210,320 pre-funded warrants, exercisable for 210,320 shares of Former Dianthus common stock, at a purchase price of approximately \$23.34 per share or \$23.34 per warrant, for an aggregate purchase price of approximately \$72.0 million (the "pre-closing financing").

See Item 8. *"Financial Statements and Supplementary Data—Note 1—Organization, Description of Business and Liquidity"* for additional information.

## **Background**

Since our inception in 2019, we have devoted substantially all of our resources to conducting research and development activities (including with respect to the DNTH103 program) and undertaking preclinical studies, conducting a clinical trial and the manufacturing of the product used in our clinical trials and preclinical studies, business planning, developing and maintaining our intellectual property portfolio, hiring personnel, raising capital, and providing general and administrative support for these activities.

We do not own or operate, and currently have no plans to establish, any significant laboratory or manufacturing facilities. We rely, and expect to continue to rely, on third parties for the testing and manufacture of our product candidates, as well as for commercial manufacturing should any of our product candidates obtain marketing approval. We believe this strategy allows us to maintain a more efficient infrastructure by eliminating the need to invest in our own significant laboratory and manufacturing facilities, equipment, and personnel while also enabling us to focus expertise and resources on the development of our product candidates.

To date, we have funded our operations primarily with proceeds from the sale of capital stock and have raised aggregate gross proceeds of \$423.5 million from private placements. As of December 31, 2023, we had cash, cash equivalents and short-term investments of \$173.7 million. Based on our current operating plan, we believe that our existing cash, cash equivalents and short-term investments, together with the proceeds from our 2024 Private Placement, should be sufficient to fund our operations into the second half of 2027. Until we achieve profitability, we plan to fund our operations and capital expenditures with cash on hand and expect to seek to raise any necessary additional capital through private or public equity or debt financings, loans or other capital sources, which could include income from collaborations, partnerships or other marketing, distribution, licensing or other strategic arrangements with third parties, or from grants. There can be no assurance that we will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to us. If we are unable to raise sufficient additional capital, we may be compelled to consider actions such as reducing the scope of our operations and planned capital expenditures or sell certain assets, including intellectual property assets.

We have incurred significant recurring losses. We generated net losses of \$43.6 million and \$28.5 million for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, we had an accumulated deficit of \$89.4 million. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on a variety of factors, including the timing, scope and results of our research and development activities. We expect our expenses and capital requirements will increase substantially in connection with our ongoing activities, if and as we:

- advance the DNTH103 program through clinical development, including in any additional indications;
- advance discovery programs from preclinical development into and through clinical development;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- establish sales, marketing and distribution infrastructure to commercialize any approved product candidates;
- contract to manufacture any approved product candidates;
- expand clinical, scientific, management and administrative teams;
- maintain, expand, protect and enforce our intellectual property portfolio, including patents, trade secrets and know-how;
- acquire or in-license other product candidates or technologies;

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- implement operational, financial and management systems; and
- operate as a public company.

We do not have any products approved for commercial sale and we have not generated any commercial revenue from product sales. Our ability to generate product revenue sufficient to achieve and maintain profitability will depend upon the successful development and eventual commercialization of DNTH103 or any future product candidates, which we expect, if it ever occurs, will take many years. We expect to spend a significant amount on development and marketing costs prior to such time. We will therefore require substantial additional capital to develop DNTH103 and any future product candidates and to support our continuing operations. We may never succeed in achieving regulatory and marketing approval for DNTH103 or any future product candidates. We may obtain unexpected results from our preclinical and clinical trials. We may elect to discontinue, delay, or modify preclinical and clinical trials of DNTH103 or any future product candidates. A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. Accordingly, until such time that we can generate a sufficient amount of revenue from product sales or other sources, if ever, we expect to finance our operations through private or public equity or debt financings, loans or other capital sources, which could include income from collaborations, partnerships or other marketing, distribution, licensing or other strategic arrangements with third parties, or from grants. However, we may be unable to raise additional capital from these sources on favorable terms, or at all. Our failure to obtain sufficient capital on acceptable terms when needed could have a material adverse effect on our business, results of operations or financial condition, including requiring us to delay, reduce or curtail our research, product development or future commercialization efforts. We may also be required to license rights to product candidates at an earlier stage of development or on less favorable terms than we would otherwise choose. We cannot provide assurance that we will ever generate positive cash flow from operating activities. See the section titled “*Liquidity and Capital Resources*.”

## **Global and Macroeconomic Developments**

Uncertainty in the global economy presents significant risks to our business. We are subject to continuing risks and uncertainties in connection with the current macroeconomic environment, including increases in inflation, rising interest rates, general economic slowdown or a recession, changes in foreign currency exchange rates, recent bank failures, the prospect of a shutdown of the U.S. federal government, geopolitical factors, including rising tensions between China and Taiwan, the ongoing conflict in Israel and surrounding areas, the attacks on marine vessels traversing the Red Sea and the conflict between Russia and Ukraine and the responses thereto, pandemics or other public health crises, such as the COVID-19 pandemic, and supply chain disruptions. While we are closely monitoring the impact of the current macroeconomic conditions on all aspects of our business, including the impacts on participants in our clinical trials, employees, suppliers, vendors, business partners and regulators, the ultimate extent of the impact on our business remains highly uncertain and will depend on future developments and factors that continue to evolve. Most of these developments and factors are outside of our control and could exist for an extended period of time. We will continue to evaluate the nature and extent of the potential impacts to Dianthus' business, results of operations, liquidity and capital resources. For additional information, see the section titled Item 1A. “*Risk Factors*” found elsewhere in this Annual Report on Form 10-K.

## **Components of Results of Operations**

### **Revenue**

Since inception, we have not generated any revenue from product sales, and we do not expect to generate any revenue from the sales of products in the foreseeable future.

We are a party to an option agreement and license agreement with Zenas BioPharma, a related party. In September 2020, we entered into an option agreement with Zenas BioPharma (“Zenas Option”), through which we provided Zenas BioPharma an option to enter into an exclusive license agreement for the development and commercialization of products arising from our research of monoclonal antibody antagonists targeting certain specific complement proteins. In June 2022, we and Zenas BioPharma executed a license agreement (“Zenas License Agreement”). The Zenas Option and Zenas License Agreement are collectively referred to as the “Zenas Agreements.” The Zenas License Agreement provides Zenas BioPharma with a license in the People’s Republic of China, including Hong Kong, Macau, and Taiwan (collectively, “greater China”), for the development and commercialization of sequences and products under the first antibody sequence.

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Under the Zenas Agreements, the consideration payable by Zenas Biopharma includes the following: (i) a \$1.0 million upfront payment upon execution of the Zenas License Agreement; (ii) an approximate \$1.1 million payment representing reimbursement for a portion of development costs previously incurred by us; (iii) reimbursement of a portion of costs related to CMC and expenses for the first antibody sequence through the manufacture of the first two batches of drug product; (iv) reimbursement of a portion of non-CMC-related costs and expenses for the development of the first antibody sequence through the first regulatory approval; (v) development milestones totaling up to \$11.0 million; and (vi) royalties on net sales ranging from mid-single digits to low teen percentages.

In accordance with Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("ASC 606"), we determined that there is one combined performance obligation that consists of the license and data transfer, the CMC and non-CMC services, and the participation in a joint steering committee, and that the combined performance obligation is satisfied over time. Therefore, we will recognize the transaction price from the license agreement over our estimated period to complete our activities. We concluded that we would utilize a cost-based input method to measure our progress toward completion of our performance obligation and to calculate the corresponding amount of revenue to recognize each period. We believe this is the best measure of progress because other measures do not reflect how we transfer our performance obligation to Zenas Biopharma. In applying the cost-based input method of revenue recognition, we use actual costs incurred relative to budgeted costs expected to be incurred for the combined performance obligation. These costs consist primarily of third-party contract costs. Revenue will be recognized based on the level of costs incurred relative to the total budgeted costs for the performance obligations. A cost-based input method of revenue recognition requires us to make estimates of costs to complete the performance obligation. In making such estimates, judgment is required to evaluate assumptions related to cost estimates.

There is a sales or usage-based royalty exception within ASC 606 that applies when a license of intellectual property is the predominant item to which the royalty relates. In accordance with this royalty exception, we will recognize royalty revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). As of December 31, 2023 and 2022, no royalty revenue has been recognized.

We also determined that the milestone payments of \$11.0 million are variable consideration under ASC 606, which need to be added to the transaction price when it is probable that a significant revenue reversal will not occur. Based on the nature of the milestones, such as the regulatory approvals which are generally not within our control, we will not consider achievement of this milestone to be probable until the uncertainty associated with such milestone has been resolved. When it is probable that a significant reversal of revenue will not occur, the milestone payment will be added to the transaction price for which we recognize revenue. As of December 31, 2023 and 2022, no milestones had been achieved.

For the years ended December 31, 2023 and 2022, we recognized related party license revenue totaling \$2.8 million and \$6.4 million, respectively, associated with the Zenas Agreements.

If our development efforts for DNTH103 or any future product candidates are successful and result in regulatory approval, we may generate revenue from future product sales. If we enter into license or collaboration agreements for DNTH103 or any future product candidates or intellectual property, revenue may be generated in the future from such license or collaboration agreements. We cannot predict if, when, or to what extent we will generate revenue from the commercialization and sale of DNTH103 or any future product candidates or from license or collaboration agreements. We may never succeed in obtaining regulatory approval for DNTH103 or any future product candidates.

## **Operating Expenses**

### *Research and Development*

Research and development expenses account for a significant portion of our operating expenses and consist primarily of external and internal expenses incurred in connection with the discovery and development of DNTH103 or any future product candidates.

External expenses include:

- payments to third parties in connection with research and development, including agreements with third parties such as contract research organizations ("CROs"), clinical trial sites and consultants;
- the cost of manufacturing products for use in our clinical trials and preclinical studies, including payments to contract development and manufacturing organizations ("CDMOs") and consultants; and
- payments to third parties in connection with the preclinical development of future product candidates, including for outsourced professional scientific development services, consulting research and collaborative research.

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Internal expenses include:

- personnel-related costs, including salaries, bonuses, related benefits and stock-based compensation expenses for employees engaged in research and development functions; and
- facilities-related expenses, depreciation, supplies, travel expenses and other allocated expenses.

We recognize research and development expenses in the periods in which they are incurred. Our internal resources, employees and infrastructure are not directly tied to any one research or drug discovery program and are typically deployed across multiple programs. External expenses are recognized based on an evaluation of the progress to completion of specific tasks using information provided to us by our service providers or our estimate of the level of service that has been performed at each reporting date. We utilize CROs for research and development activities and CDMOs for manufacturing activities and we do not have significant laboratory or manufacturing facilities. Therefore, we have no material facilities expenses attributed to research and development.

Product candidates in later stages of development generally have higher development costs than those in earlier stages. As a result, we expect that our research and development expenses will increase substantially over the next several years as we advance DNTH103 into larger and later-stage clinical trials, work to discover and develop additional product candidates, seek to expand, maintain, protect and enforce our intellectual property portfolio, and hire additional research and development personnel.

The successful development of DNTH103 or any future product candidates is highly uncertain, and we do not believe it is possible at this time to accurately project the nature, timing and estimated costs of the efforts necessary to complete the development of, and obtain regulatory approval for, DNTH103 or any future product candidates. To the extent DNTH103 or any future product candidates continue to advance into larger and later-stage clinical trials, our expenses will increase substantially and may become more variable. The duration, costs and timing of development of DNTH103 or any future product candidates are subject to numerous uncertainties and will depend on a variety of factors, including:

- the timing and progress of our preclinical and clinical development activities;
- the number and scope of preclinical and clinical programs we pursue;
- our ability to establish a favorable safety profile with IND-enabling toxicology studies to enable clinical trials;
- successful patient enrollment in, and the initiation and completion of, larger and later-stage clinical trials;
- per subject trial costs;
- the number and extent of our clinical trials required for regulatory approval;
- the countries in which our clinical trials are conducted;
- the length of time required to enroll eligible subjects in our clinical trials;
- the number of subjects that participate in our clinical trials;
- the drop-out and discontinuation rate of subjects in our clinical trials;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of subject participation in our clinical trials and follow-up;
- the extent to which we encounter any serious adverse events in our clinical trials;
- the timing of receipt of regulatory approvals from applicable regulatory authorities;
- the timing, receipt and terms of any marketing approvals and post-marketing approval commitments from applicable regulatory authorities;

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- the extent to which we establish collaborations, strategic partnerships, or other strategic arrangements with third parties, if any, and the performance of any such third party;
- hiring and retaining research and development personnel;
- our arrangements with our CDMOs and CROs;
- development and timely delivery of commercial-grade drug formulations that can be used in our planned clinical trials and for commercial launch;
- the impact of any business interruptions to our operations or to those of the third parties with whom we work; and
- obtaining, maintaining, defending and enforcing patent claims and other intellectual property rights.

Any of these factors could significantly impact the costs, timing and viability associated with the development of DNTH103 or any future product candidates.

### *General and Administrative Expenses*

General and administrative expenses primarily consist of salaries, bonuses, related benefits, and stock-based compensation expense for personnel in executive, finance, and administrative functions; professional fees for legal, consulting, accounting, and audit services; and travel expenses, technology costs and other allocated expenses. General and administrative expenses also include corporate facility costs, including insurance, rent, utilities, depreciation, and maintenance, not otherwise included in research and development expenses. We recognize general and administrative expenses in the periods in which they are incurred.

We expect that our general and administrative expenses will increase in the future to support our continued research and development activities, pre-commercial preparation activities for the product candidates and, if any product candidate receives marketing approval, commercialization activities. In addition, we anticipate that we will incur additional expenses associated with being a public company, including expenses related to accounting, audit, legal, regulatory, public company reporting and compliance, director and officer insurance, investor and public relations, and other administrative and professional services.

### *Other Income, Net*

Other income, net, consists primarily of interest income generated from earnings on invested cash equivalents and short-term investments.

### *Income Tax*

Since inception, we have not recorded any U.S. federal or state income tax benefits for the net losses we have incurred in each year or for our earned research tax credits due to uncertainty of realizing a benefit from those items. We maintain a full valuation allowance on our federal and state deferred tax assets as we have concluded that it is more likely than not that the deferred assets will not be utilized.

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**Results of Operations**

**Comparison of the Years Ended December 31, 2023 and 2022**

The following table summarizes our results of operations and other comprehensive loss for the periods indicated:

	Year Ended December 31,	
	2023	2022
	(in thousands)	
<b>Revenues:</b>		
License revenue - related party	\$ 2,826	\$ 6,417
<b>Operating expenses:</b>		
Research and development	32,841	29,379
General and administrative	18,159	6,743
Total operating expenses	51,000	36,122
Loss from operations	(48,174)	(29,705)
Other income/(expense):		
Interest income	4,764	1,145
(Loss)/gain on currency exchange, net	(85)	136
Other expense	(60)	(52)
Total other income	4,619	1,229
Net loss	<u>\$ (43,555)</u>	<u>\$ (28,476)</u>
Comprehensive loss:		
Net loss	<u>\$ (43,555)</u>	<u>\$ (28,476)</u>
Other comprehensive income/(loss):		
Change in unrealized gains/(losses) related to available-for-sale debt securities	208	(161)
Total other comprehensive income/(loss)	208	(161)
Total comprehensive loss	<u><u>\$ (43,347)</u></u>	<u><u>\$ (28,637)</u></u>

*License Revenue—Related Party*

Under the terms of the Zenas Agreements, we recognized related party license revenue of \$2.8 million and \$6.4 million for the years ended December 31, 2023 and 2022, respectively. The decrease was due to a decreased amount of CMC reimbursement due from Zenas BioPharma for the year ended December 31, 2023 as a result of the substantial completion of the manufacture of the first two batches of drug product for the DNTH103 program in late 2022.

*Research and Development Expenses*

Research and development expenses were \$32.8 million for the year ended December 31, 2023, as compared to \$29.4 million for the year ended December 31, 2022, an increase of \$3.4 million. This increase was due to a \$5.3 million increase in internal research and development costs, consisting of personnel and related costs, share-based compensation, and other costs, partially offset by a \$1.9 million decrease in external research and development costs, consisting of preclinical study costs, CMC activities, third-party consulting services, clinical operation activities, license and milestone payments and discovery activities.

The \$5.3 million increase in internal research and development costs was due to a \$4.5 million increase in personnel and related costs, a \$0.5 million increase in share-based compensation, and a \$0.3 million increase in other costs. The increases were primarily due to the expansion of our research and development function with additional headcount to support the Phase 1 clinical trial activities of our lead product candidate, DNTH103.

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The \$1.9 million decrease in external research and development costs was due to a \$2.1 million decrease in expenses related to our lead product candidate, DNTH103, partially offset by a \$0.2 million increase in discovery activities. The \$2.1 million decrease in expenses related to DNTH103 resulted from decreases of \$3.9 million in CMC activity costs, \$1.3 million in preclinical study costs and \$1.2 million in license and milestone payments, partially offset by increases of \$4.1 in clinical operations activity costs and \$0.2 million in third-party consulting costs. The decreased amount of CMC activities resulted from the substantial completion of the manufacture of the first two batches of drug product for the DNTH103 program in late 2022. The decreased amount of preclinical study costs resulted from the completion of major toxicology studies related to DNTH103 in 2023. The decreased amount of license and milestone payments resulted from the achievement of certain milestones in 2022. The increased amount of clinical operations activity costs resulted from the commencement of the Phase 1 clinical trial in November 2022. The increased consulting costs resulted from the engagement of consultants to assist with regulatory filings and other activities related to DNTH103. The \$0.2 million increase in discovery expenses related to development activities of potential molecules beyond DNTH103 in 2023.

### **General and Administrative Expenses**

General and administrative expenses were \$18.2 million for the year ended December 31, 2023, as compared to \$6.7 million for the year ended December 31, 2022, an increase of \$11.5 million. The increase was primarily due to increases of \$4.0 million in severance costs related to former employees of Magenta, \$2.5 million in personnel-related costs, \$1.7 million in professional services costs, \$1.6 million in insurance costs, including director and officer insurance, \$0.9 million in share-based compensation, and \$0.8 million in other general and administrative expenses.

### **Income Tax**

The provision for income taxes consists primarily of income taxes related to federal and state jurisdictions in which we conduct business. We maintain a full valuation allowance on our federal and state deferred tax assets as we have concluded that it is more likely than not that the deferred assets will not be utilized.

### **Liquidity and Capital Resources**

#### **Sources of Liquidity**

Since inception, we have not generated any revenue from product sales and have incurred significant operating losses and negative cash flows from operations. We expect to continue to incur significant expenses and operating losses for the foreseeable future as we advance the clinical development of our lead product candidate, DNTH103, or any future product candidates. We expect that our research and development and general and administrative costs will continue to increase significantly, including in connection with conducting clinical trials and manufacturing for our lead product candidate or any future product candidates to support potential future commercialization and providing general and administrative support for our operations, including the costs associated with operating as a public company. As a result, we will need additional capital to fund our operations, which we may obtain from additional equity or debt financings, collaborations, licensing arrangements or other sources. See the section titled Item 1A. "Risk Factors" found elsewhere in this Annual Report on Form 10-K for additional risks associated with our substantial capital requirements.

To date, we have funded our operations primarily through private placements of capital stock for gross proceeds of \$423.5 million.

#### **Future Capital Requirements**

Since inception, we have not generated any revenue from product sales. We do not expect to generate any meaningful product revenue unless and until we obtain regulatory approval of and commercialize DNTH103 or any future product candidates, and we do not know when, or if, that will occur. Until we can generate significant revenue from product sales, if ever, we will continue to require substantial additional capital to develop DNTH103 or any future product candidates and fund operations for the foreseeable future. We expect our expenses to increase in connection with our ongoing activities as described in greater detail below. We are subject to all the risks incident in the development of new biopharmaceutical products, and we may encounter unforeseen expenses, difficulties, complications, delays, and other unknown factors that may harm our business.

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In order to complete the development of DNTH103 or any future product candidates and to build the sales, marketing and distribution infrastructure that we believe will be necessary to commercialize product candidates, if approved, we will require substantial additional capital. Accordingly, until such time that we can generate a sufficient amount of revenue from product sales or other sources, if ever, we expect to seek to raise any necessary additional capital through private or public equity or debt financings, loans or other capital sources, which could include income from collaborations, partnerships or other marketing, distribution, licensing or other strategic arrangements with third parties, or from grants. To the extent that we raise additional capital through equity financings 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, including restricting our operations and limiting our ability to incur liens, issue additional debt, pay dividends, repurchase our common stock, make certain investments or engage in merger, consolidation, licensing, or asset sale transactions. If we raise capital through collaborations, partnerships, and other similar arrangements with third parties, we may be required to grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves. We may be unable to raise additional capital from these sources on favorable terms, or at all. Our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and the recent disruptions to, and volatility in, the credit and financial markets in the United States and worldwide resulting from recent bank failures, other general macroeconomic conditions and otherwise. The failure to obtain sufficient capital on acceptable terms when needed could have a material adverse effect on our business, results of operations or financial condition, including requiring us to delay, reduce or curtail our research, product development or future commercialization efforts. We cannot provide assurance that we will ever generate positive cash flow from operating activities.

To date, we have funded our operations primarily with proceeds from the sale of capital stock and have raised aggregate gross proceeds of \$423.5 million. However, we have incurred significant recurring losses. We had an accumulated deficit of \$89.4 million as of December 31, 2023. As of December 31, 2023, we had cash, cash equivalents and short-term investments of \$173.7 million. Based on our current operating plan, we believe that our existing cash, cash equivalents and short-term investments, together with the proceeds from our 2024 Private Placement, should be sufficient to fund our operations into the second half of 2027. Until we achieve profitability, we plan to fund our operations and capital expenditures with cash on hand and expect to seek to raise any necessary additional capital through private or public equity or debt financings, loans or other capital sources, which could include income from collaborations, partnerships or other marketing, distribution, licensing or other strategic arrangements with third parties, or from grants. There can be no assurance that we will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to us. If we are unable to raise sufficient additional capital, we may be compelled to consider actions such as reducing the scope of our operations and planned capital expenditures or sell certain assets, including intellectual property assets.

We based projections of operating capital requirements on our current operating plan, which includes several assumptions that may prove to be incorrect, and we may use all of our available capital resources sooner than we expect.

Because of the numerous risks and uncertainties associated with research, development and commercialization of product candidates, we are unable to estimate the exact amount and timing of our capital requirements. Our future funding requirements will depend on many factors, including:

- the scope, timing, progress, results, and costs of researching and developing DNTH103, and conducting larger and later-stage clinical trials;
- the scope, timing, progress, results, and costs of researching and developing other future product candidates that we may pursue;
- the costs, timing, and outcome of regulatory review of our product candidates;
- the costs of future activities, including product sales, medical affairs, marketing, manufacturing, and distribution, for any of our product candidates for which we receive marketing approval;
- the costs of manufacturing commercial-grade products and sufficient inventory to support commercial launch;
- the revenue, if any, received from commercial sale of our products, should any of product candidates receive marketing approval;
- the cost and timing of attracting, hiring, and retaining skilled personnel to support our operations and continued growth;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;

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- our ability to establish, maintain, and derive value from collaborations, partnerships or other marketing, distribution, licensing, or other strategic arrangements with third parties on favorable terms, if at all;
- the extent to which we acquire or in-license other product candidates and technologies, if any; and
- the costs associated with operating as a public company.

A change in the outcome of any of these or other factors 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. Furthermore, our operating plans may change in the future, and we may need additional capital to meet the capital requirements associated with such operating plans.

### **Cash Flows**

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

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(in thousands)</b>	
Net cash used in operating activities	\$ (36,861)	\$ (29,070)
Net cash provided by/(used in) investing activities	20,253	(59,819)
Net cash provided by financing activities	133,574	96,676
Increase in cash, cash equivalents and restricted cash	<u>\$ 116,966</u>	<u>\$ 7,787</u>

#### *Cash Flows from Operating Activities*

For the year ended December 31, 2023, net cash used in operating activities consisted of a net loss of \$43.6 million, partially offset by a decrease in net operating assets and liabilities of \$4.9 million and net non-cash operating expenses of \$1.8 million. The decrease in net operating assets and liabilities was primarily attributable to a decrease in receivable from Zenas BioPharma of \$4.4 million, a decrease in unbilled receivable from Zenas BioPharma of \$0.8 million, an increase in accounts payable, accrued expenses and lease liabilities of \$0.7 million and a decrease in prepaid expenses and other current assets of \$0.1 million, partially offset by an increase in other assets of \$1.0 million and a decrease in deferred revenue of \$0.1 million. The non-cash operating expenses consisted mainly of stock-based compensation expense of \$2.9 million and amortization of right-of-use lease assets of \$0.3 million, partially offset by accretion of discount on short-term investments of \$1.4 million.

For the year ended December 31, 2022, net cash used in operating activities consisted of a net loss of \$28.5 million and an increase in net operating assets and liabilities of \$1.7 million, partially offset by net non-cash operating expenses of \$1.1 million. The increase in net operating assets and liabilities was primarily attributable to increases in receivable from related party of \$4.2 million and prepaid expenses and other current assets of \$0.7 million, partially offset by increases in accounts payable, accrued expenses and lease liabilities of \$2.3 million and deferred revenue of \$0.9 million. The non-cash operating expenses consisted mainly of stock-based compensation expense of \$1.5 million and amortization of right-of-use lease assets of \$0.1 million, partially offset by accretion on short-term investments of \$0.6 million.

#### *Cash Flows from Investing Activities*

For the year ended December 31, 2023, net cash provided by investing activities consisted of \$77.8 million of proceeds from maturities of short-term investments, partially offset by \$57.4 million of purchases of short-term investments and \$0.1 million of capital expenditures.

For the year ended December 31, 2022, net cash used in investing activities consisted of \$61.7 million of purchases of short-term investments and \$0.1 million of capital expenditures, partially offset by \$2.0 million of proceeds from maturities of short-term investments.

#### *Cash Flows from Financing Activities*

For the year ended December 31, 2023, net cash provided by financing activities primarily consisted of \$67.8 million of net proceeds from the sale of shares of Former Dianthus common stock in the pre-closing financing and net cash acquired in connection with the reverse recapitalization of \$69.7 million, partially offset by \$3.9 million of reverse recapitalization transaction costs.

For the year ended December 31, 2022, net cash provided by financing activities consisted of \$96.7 million of net proceeds from the issuance of the Dianthus Series A convertible preferred stock.

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### **Contractual Obligations and Commitments**

#### *Lease Obligations*

We lease space under operating leases agreements for administrative offices in New York, New York, and Waltham, Massachusetts and wet laboratory space in Watertown, Massachusetts, which expire in August 2025, January 2025 and August 2025, respectively.

#### *Research and Development and Manufacturing Agreements*

We enter into agreements with certain vendors for the provision of goods and services, which includes manufacturing services with CDMOs and development and clinical trial services with CROs. These agreements may include certain provisions for purchase obligations and termination obligations that could require payments for the cancellation of committed purchase obligations or for early termination of the agreements. The amount of the cancellation or termination payments vary and are based on the timing of the cancellation or termination and the specific terms of the agreement. These obligations and commitments are not presented separately.

#### *License and Collaboration Agreements*

In August 2019, Former Dianthus entered into a license agreement with Alloy Therapeutics, LLC ("Alloy") for (i) a worldwide, non-exclusive license to use the Alloy technology solely to generate Alloy antibodies and platform assisted antibodies for internal, non-clinical research purposes, and (ii) with respect to Alloy antibodies and platform assisted antibodies that are selected by us for inclusion into a partnered antibody program, a worldwide, assignable license to make, have made, use, offer for sale, sell, import, develop, manufacture, and commercialize products comprising partnered antibody programs selected from Alloy antibodies and platform assisted antibodies in any field of use. In addition to annual license fees, we are obligated to pay development and commercial milestone payments of up to \$12.8 million for the first partnered antibody, which has been selected for the DNTH103 program. The license agreement was amended in October 2022 to extend the agreement to a potential second partnered antibody. In addition to annual license fees, we are obligated to pay development and commercial milestone payments of up to \$18.1 million for a second partnered antibody, if and when selected.

In September 2022, Former Dianthus entered into a commercial platform license agreement and services agreement with two subsidiaries of Ligand Pharmaceuticals Incorporated ("Ligand"). In November 2022, Ligand spun-off these subsidiaries into a separate legal entity, OmniAb, Inc. ("OmniAb"), for (i) a worldwide, non-exclusive, non-sublicensable license under the OmniAb technology to use chicken animals for generation of OmniAb antibodies for research purposes and (ii) a worldwide, non-exclusive license under the OmniAb technology to use rodent animals for generation of OmniAb antibodies for research purposes. In addition to annual license fees, we are obligated to pay development milestones payments of up to \$12.2 million and to pay royalties in the low to mid-single digits.

In July 2020, Former Dianthus entered into a collaborative research agreement with IONTAS Limited ("IONTAS") to perform certain milestone-based research and development activities under our first development program. The agreement was amended in January 2023 to extend services to additional development programs. We are obligated to pay development and commercial milestone payments of up to £5.4 million (approximately \$6.9 million based on the December 31, 2023 exchange rate) with the first development program and of up to £2.5 million (approximately \$3.2 million based on the December 31, 2023 exchange rate) with the second development program.

### **Critical Accounting Policies and Estimates**

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The preparation of the financial statements and related disclosures requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, costs and expenses, and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are 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. We evaluate estimates and assumptions on a periodic basis. Our actual results may differ materially from these estimates.

We believe that the following accounting policies are critical to understanding our historical and future performance, as the policies relate to the more significant areas involving management's judgments and estimates used in the preparation of our financial statements.

### **Research and Development Expenses**

Research and development expenses are recorded as an expense, as incurred. Research and development expenses consists of (i) costs to engage contractors who specialize in our development activities; (ii) external research and development costs incurred under arrangements with third parties, such as CROs, CDMOs and consultants; and (iii) costs associated with preclinical and clinical activities and regulatory operations.

We enter consulting, research, and other agreements with commercial firms, researchers, and others for the provision of goods and services. Under such agreements, we may pay for services on a monthly, quarterly, project or other basis. Such arrangements are generally cancelable upon reasonable notice and payment of costs incurred. Costs are considered incurred based on an evaluation of the progress to completion of specific tasks under each contract using information and data provided to us by our service providers or our estimate of the level of service that has been performed at each reporting date, whereas payments are dictated by the terms of each agreement. As such, depending on the timing of payment relative to the receipt of goods or services, we may record either prepaid expenses or accrued services. These costs consist of direct and indirect costs associated with specific projects, as well as fees paid to various entities that perform certain research on our behalf.

We make estimates of our accrued expenses as of each balance sheet date in our consolidated financial statements based on facts and circumstances known to us at that time. There may also be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the expense. In accruing expenses, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from the estimate, we adjust the accrual or the amount of prepaid expenses accordingly. 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.

### **Stock-Based Compensation**

We account for stock-based compensation awards in accordance with ASC Topic 718, *Compensation—Stock Compensation*, ("ASC 718"). ASC 718 requires all stock-based payments, including grants of stock options and restricted stock, to be recognized in the consolidated statements of operations and comprehensive loss based on their fair values. All of our stock option awards are subject only to service-based vesting conditions. We estimate the fair value of our stock-based awards using the Black-Scholes option pricing model, which requires the input of assumptions, including (a) the fair value of the common stock, (b) the expected stock price volatility, (c) the calculation of expected term of the award, (d) the risk-free interest rate and (e) expected dividends. We estimate the fair value of the restricted stock awards using the fair value of our common stock. Forfeitures are recognized as they are incurred.

Prior to the Reverse Merger, management utilized valuation methodologies in accordance with the framework of the American Institute of Certified Public Accountants Technical Practice Aid, *Valuation of Privately Held Company Equity Securities Issued as Compensation*, to estimate the fair value of Former Dianthus' common stock. Each valuation methodology included estimates and assumptions that required our judgment. These estimates and assumptions included objective and subjective factors, including external market conditions, the prices at which Former Dianthus sold shares of convertible preferred stock, the superior rights and preferences of the convertible preferred stock senior to Former Dianthus' common stock at the time, and a probability analysis of various liquidity events, such as a public offering or sale of Former Dianthus, under differing scenarios. Changes to the key assumptions used in the valuations could have resulted in materially different fair values of Former Dianthus' common stock at each valuation date. Following the Reverse Merger, the fair value of our common stock is based on the closing stock price on the date of grant as reported on the Nasdaq Capital Market.

Due to a lack of company-specific historical and implied volatility data, we base our estimate of expected volatility on the historical volatility of a representative group of companies with similar characteristics to us, including stage of product development and life science industry focus. We believe the group selected has sufficiently similar economic and industry characteristics and includes companies that are most representative of our business.

We use the simplified method, as prescribed by the SEC Staff Accounting Bulletin No. 107, *Share-Based Payment*, to calculate the expected term. The risk-free interest rate is based on observed interest rates appropriate for the term of the awards. The dividend yield assumption is based on history and expectation of paying no dividends.

Compensation expense related to stock-based awards is calculated on a straight-line basis by recognizing the grant date fair value, over the associated service period of the award, which is generally the vesting term.

**Revenue Recognition—Zenas Agreements**

We analyze the Zenas Agreements pursuant to ASC 606. This assessment is performed throughout the life of the arrangement based on changes in the responsibilities of all parties in the arrangement. Under ASC 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. As part of the accounting for contracts with customers, management develops assumptions that require judgment to determine whether promised goods and services represent distinct performance obligations and the standalone selling price for each performance obligation identified in the contract. This evaluation is subjective and requires us to make judgments about the promised goods and services and whether those goods and services are separable from other aspects of the contract. Further, determining the standalone selling price for performance obligations requires significant judgment, and when an observable price of a promised good or service is not readily available, we consider relevant assumptions to estimate the standalone selling price, including, as applicable, market conditions, development timelines, probabilities of technical and regulatory success and forecasted revenues.

We evaluate the performance obligations promised in the contract that are based on goods and services that will be transferred to the customer and determined whether those obligations are both (i) capable of being distinct and (ii) distinct in the context of the contract. Goods or services that meet these criteria are considered distinct performance obligations. We estimate the transaction price based on the amount expected to be received for transferring the promised goods or services in the contract. The consideration may include fixed consideration or variable consideration. At the inception of each arrangement that includes variable consideration, we evaluate the amount of potential transaction price and the likelihood that the transaction price will be received. We utilize either the most likely amount method or expected value method to estimate the amount expected to be received based on which method best predicts the amount expected to be received. The amount of variable consideration that is included in the transaction price may be constrained and is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period.

We apply judgment in determining whether a combined performance obligation is satisfied at a point in time or over time, and, if over time, concluding upon the appropriate method of measuring progress to be applied for purposes of recognizing revenue. We evaluate the measure of progress each reporting period and, as estimates related to the measure of progress change, related revenue recognition is adjusted accordingly. Changes in the estimated measure of progress are accounted for prospectively as a change in accounting estimate.

When two or more contracts are entered into with the same customer at or near the same time, we evaluate the contracts to determine whether the contracts should be accounted for as a single arrangement. Contracts are combined and accounted for as a single arrangement if one or more of the following criteria are met: (i) the contracts are negotiated as a package with a single commercial objective; (ii) the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or (iii) the goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

Because the Zenas Agreements were negotiated with a single commercial objective, they are treated as a combined contract for accounting purposes. We assessed the Zenas Agreements in accordance with ASC 606 and concluded that it represents a contract with a customer and is within the scope of ASC 606. We determined that there is one combined performance obligation that consists of the license and data transfer, the research and development services, and the participation in the joint steering committee. We determined that Zenas BioPharma's right to exercise an option with respect to a second antibody sequence does not represent a material right.

We determined that the combined performance obligation is satisfied over time; therefore, we will recognize the transaction price from the license agreement over our estimated period to complete our activities. We concluded that we would utilize a cost-based input method to measure our progress toward completion of our performance obligation and to calculate the corresponding amount of revenue to recognize each period. We believe this is the best measure of progress because other measures do not reflect how we transfer our performance obligation to Zenas Biopharma. In applying the cost-based input method of revenue recognition, we use actual costs incurred relative to budgeted costs expected to be incurred for the combined performance obligation. These costs consist primarily of third-party contract costs. Revenue will be recognized based on the level of costs incurred relative to the total budgeted costs for the performance obligations. A cost-based input method of revenue recognition requires us to make estimates of costs to complete our performance obligation. In making such estimates, judgment is required to evaluate assumptions related to cost estimates. We will re-evaluate the estimate of expected costs to satisfy the performance obligation each reporting period and will make adjustments for any significant changes.

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Upfront payments and fees are recorded as deferred revenue upon receipt or when due and may require deferral of revenue recognition to a future period until we perform our obligations under these arrangements. Where applicable, amounts are recorded as unbilled revenue when our right to consideration is unconditional. We do not assess whether a contract with a customer has a significant financing component if the expectation at contract inception is such that the period between payment by the licensees and the transfer of the promised goods or services to the licensees will be one year or less.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

We are a smaller reporting company, as defined by Rule 12b-2 under the Exchange Act and in Item 10(f)(1) of Regulation S-K, and are not required to provide the information under this item.

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**Item 8. Financial Statements and Supplementary Data.**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of Dianthus Therapeutics, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Dianthus Therapeutics, Inc. (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, changes in convertible preferred stock and stockholders' equity/(deficit) and cash flows, for each of the two years in the period ended December 31, 2023 and 2022, and 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, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, 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 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

**Research and Development Expenses related to contract research organizations and contract development and manufacturing organizations**  
**—Refer to Note 2 to the financial statements**

*Critical Audit Matter Description*

The Company incurs certain research and development expenses from third-party contract research organizations ("CROs") and contract development and manufacturing organizations ("CDMOs"). The Company may pay for services on a monthly, quarterly, project or other basis. Costs are considered incurred based on an evaluation of the progress to completion of specific tasks under each contract using information and data provided by the service providers and vendors, whereas payments are dictated by the terms of each agreement. As such, depending on the timing of payment relative to the receipt of goods or services, management may record either prepaid expenses or accrued services.

We identified research and development expenses related to CROs and CDMOs as a critical audit matter because of the judgments necessary for the Company to estimate the extent of service performed and the associated expense incurred. A high degree of auditor judgment and an increased extent of effort was required when auditing the Company's estimates of the extent of services performed and expenses incurred and evaluating the results of those procedures.

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### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to research and development expenses related to CROs and CDMOs included the following, among others:

- We tested the design and implementation of controls over the estimation of research and development expenses related to CROs and CDMOs.
- We evaluated the Company's overall estimation methodology and assumptions to estimate the research and development expenses related to CROs and CDMOs and evaluated management's conclusions compared to the evidence obtained.
- We made selections and tested on a sample basis the research and development expenses related to CROs and CDMOs by:
  - Obtaining and reading the related contracts to understand key provisions and agree them to the Company's analysis.
  - Obtaining and inspecting third-party documents such as service contracts, status reports, and other correspondence received from the vendors related to the services provided and comparing them to the Company's schedule of estimated expenses incurred to date.
  - Obtaining and inspecting confirmations from select vendors confirming the accuracy and completeness of the data and information provided to the Company.
  - Testing the mathematical accuracy of the underlying analyses used in the estimates of the services provided.
  - We examined subsequent invoices received from vendors and cash disbursements made subsequent to December 31, 2023 and inquired of individuals within the clinical and manufacturing operations of the Company to corroborate the applicable service period in order to evaluate completeness of the research and development expenses related to CROs and CDMOs.

### **Accounting for the Reverse Merger and Pre-Funded Warrants —Refer to Notes 1 and 3 to the financial statements**

#### *Critical Audit Matter Description*

As further described in Notes 1 and 3 to the financial statements, on September 11, 2023, the Company completed a reverse merger with Magenta Therapeutics, Inc, with Dianthus Therapeutics, Inc. as the surviving entity. The reverse merger was accounted for as a reverse asset acquisition accounted for as a reverse recapitalization in accordance with U.S. GAAP with the Company as the accounting acquirer of Magenta. Concurrently with the execution and delivery of the reverse merger, the Company entered into a subscription agreement with certain investors pursuant to which the Company issued and sold and the investors purchased, (i) 2,873,988 shares of the Company's common stock and (ii) 210,320 pre-funded warrants exercisable for 210,320 shares of the Company's common stock.

We identified the evaluation of the reverse merger with Magenta Therapeutics, Inc. as a critical audit matter. Evaluating the Company's accounting treatment of the reverse merger required a high degree of auditor judgment to evaluate the Company's (i) determination of the accounting acquirer, (ii) assessment of the transaction as a reverse recapitalization, and (iii) the classification of the pre-funded warrants.

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*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the reverse merger and pre-funded warrants included the following, among others:

- We tested the design and implementation of controls related to the transaction, including controls over management's determination of the (i) reverse merger accounting acquirer, (ii) reverse merger accounting model, and (iii) classification of the pre-funded warrants.
- We evaluated the determination of the (i) reverse merger accounting acquirer, (ii) reverse merger accounting model, and (iii) classification of the pre-funded warrants with the assistance of our subject matter experts.
- We inspected minutes of board of directors' meetings, executed transaction agreements, and other information to assess the nature and structure of the reverse merger and pre-funded warrants in evaluating management's conclusions.

/s/ Deloitte & Touche LLP  
Morristown, New Jersey  
March 21, 2024  
We have served as the Company's auditor since 2022.

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**DIANTHUS THERAPEUTICS, INC.**  
**Consolidated Balance Sheets**  
(in thousands, except share and per share data)

	December 31,	
	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 132,325	\$ 15,365
Short-term investments	41,393	60,125
Receivable from related party	294	4,700
Unbilled receivable from related party	184	938
Prepaid expenses and other current assets	3,255	905
Total current assets	177,451	82,033
Property and equipment, net	185	142
Right-of-use operating lease assets	615	814
Other assets and restricted cash	1,154	121
Total assets	\$ 179,405	\$ 83,110
<b>Liabilities, Convertible Preferred Stock and Stockholders' Equity/(Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 2,610	\$ 1,167
Accrued expenses	6,504	6,608
Current portion of deferred revenue—related party	100	100
Current portion of operating lease liabilities	417	350
Total current liabilities	9,631	8,225
Deferred revenue—related party	736	791
Long-term operating lease liabilities	168	438

Total liabilities		10,535	9,454
<b>Commitments and contingencies (Note 16)</b>			
Convertible preferred stock; \$			
0.0001			
par value per share; authorized shares –			
none and			
33,336,283			
at December 31, 2023 and 2022, respectively; issued and outstanding –			
none and			
33,336,282			
at December 31, 2023 and 2022, respectively; liquidation preference –			
none and \$			
121,500			
at December 31, 2023 and 2022, respectively		—	118,024
<b>Stockholders' equity/(deficit):</b>			
Preferred stock; \$			
0.001			
par value per share; authorized shares –			
10,000,000			
and			
none			
at December 31, 2023 and 2022, respectively; issued and outstanding –			
none			
at December 31, 2023 and 2022		—	—

Common stock, par value per share—\$0.001 and \$0.0001 at December 31, 2023 and 2022, respectively; authorized shares – 150,000,000 and 8,722,279 at December 31, 2023 and 2022, respectively; issued and outstanding shares – 14,817,696 and 875,279 at December 31, 2023 and 2022, respectively	15	—
Additional paid-in capital		
Accumulated deficit	(258,231	1,661
Accumulated other comprehensive income/(loss)	(89,423	45,868
Total stockholders' equity/(deficit)	(47	161
Total liabilities, convertible preferred stock and stockholders' equity/(deficit)	(168,870	44,368
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	\$ 179,405	\$ 83,110

The accompanying notes are an integral part of these consolidated financial statements.

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**DIANTHUS THERAPEUTICS, INC.**  
**Consolidated Statements of Operations and Comprehensive Loss**  
(in thousands, except share and per share data)

	Year Ended December 31,	
	2023	2022
<b>Revenues:</b>		
License revenue—related party	\$ 2,826	\$ 6,417
<b>Operating expenses:</b>		
Research and development	32,841	29,379
General and administrative	18,159	6,743
Total operating expenses	51,000	36,122
Loss from operations	( 48,174 )	( 29,705 )
<b>Other income/(expense):</b>		
Interest income	4,764	1,145
(Loss)/gain on currency exchange, net	( 85 )	136
Other expense	( 60 )	( 52 )
Total other income	4,619	1,229
Net loss	( 43,555 )	( 28,476 )
Net loss per share attributable to common stockholders, basic and diluted	( 8.45 )	( 32.57 )
Weighted-average number of shares of common stock outstanding, used in computing net loss per share of common stock, basic and diluted	5,153,423	874,234
<b>Comprehensive loss:</b>		
Net loss	( 43,555 )	( 28,476 )
Other comprehensive income/(loss):		
Change in unrealized gains/(losses) related to available-for-sale debt securities	( 208 )	( 161 )
Total other comprehensive income/(loss)	208	161

Total comprehensive loss	(	43,347	28,637
	\$	<u>43,347</u>	\$ <u>28,637</u>

The accompanying notes are an integral part of these consolidated financial statements.

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**DIANTHUS THERAPEUTICS, INC.**  
**Consolidated Statements of Changes in Convertible Preferred Stock and Stockholders' Equity/(Deficit)**  
(in thousands, except share data)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders' Equity/(Deficit)
	Shares	Amount	Shares	Amount				
Balance, December 31, 2021							(	(
	10,329,265	21,348	875,279	\$ —	\$ 143	\$ 17,392 )	\$ —	\$ 17,249 )
Issuance of convertible preferred stock, net of issuance costs of \$	23,007,017	96,676	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	1,518	—	—	1,518
Net loss	—	—	—	—	—	(	—	(
	—	—	—	—	—	28,476 )	—	28,476 )
Other comprehensive loss	—	—	—	—	—	—	(	(
	—	—	—	—	—	—	161 )	161 )
Balance, December 31, 2022	33,336,282	118,024	875,279	\$ —	\$ 1,661	\$ 45,868 )	\$ 161 )	\$ 44,368 )
Exercise of common stock options	—	—	2,798	1	4	—	—	5
Conversion of convertible preferred stock to common stock in connection with the Reverse Merger	(	(	7,269,183	1	118,023	—	—	118,024
Issuance of common stock and pre-funded warrants in the pre-closing financing, net of issuance costs of \$	33,336,282	118,024	—	—	—	—	—	—
4,250	—	—	2,873,988	—	67,750	—	—	67,750
Issuance of common stock to former stockholders of Magenta Therapeutics, Inc. in connection with the Reverse Merger	—	—	3,796,448	—	71,825	—	—	71,825
Adjustment for change in common stock par value in connection with the Reverse Merger	—	—	—	13	13 )	—	—	—

Reverse recapitalization transaction costs		(		(							
	—	—	—	—	—	3,919	)	—	—	—	3,919
Stock-based compensation expense	—	—	—	—	—	—	)	—	—	—	)
	—	—	—	—	—	2,900		—	—	—	2,900
Net loss	—	—	—	—	—	—		—	—	—	(
	—	—	—	—	—	—	43,555	)	—	—	43,555
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	)
	—	—	—	—	—	—	—	—	—	208	208
Balance, December 31, 2023											(
	—	\$	—	14,817,69	6	15	258,23	1	\$	89,423	)
	—	\$	—						\$		
										47	168,870

The accompanying notes are an integral part of these consolidated financial statements.

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**DIANTHUS THERAPEUTICS, INC.**  
**Consolidated Statements of Cash Flows**  
(in thousands)

	Year Ended December 31,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Net loss	(	(
	\$ 43,555	\$ 28,476
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	67	30
Stock-based compensation expense	2,900	1,518
Accretion of discount on short-term investments	(	(
	1,423	606
Amortization of right-of-use operating lease assets	(	(
	288	117
Changes in operating assets and liabilities:		
Receivable from related party	(	(
	4,406	4,231
Unbilled receivable from related party	754	69
Prepaid expenses and other current assets	(	(
	123	631
Other assets	(	(
	1,027	31
Accounts payable, accrued expenses and lease liabilities	(	(
	661	2,280
Deferred revenue—related party	(	(
	55	891
Net cash used in operating activities	(	(
	36,861	29,070
<b>Cash flows from investing activities:</b>		
Capital expenditures	(	(
	110	139
Purchases of short-term investments	(	(
	57,422	61,680
Proceeds from maturities of short-term investments	(	(
	77,785	2,000
Net cash provided by/(used in) investing activities	(	(
	20,253	59,819
<b>Cash flows from financing activities:</b>		

## Proceeds from exercise of stock options

5

Proceeds from the pre-closing financing		72,000	—
Payment of issuance costs in connection with the pre-closing financing	(	4,250	—
	)		
Cash acquired in connection with the reverse recapitalization		69,738	—
Payment of reverse recapitalization transaction costs	(	3,919	—
	)		
Proceeds from issuance of promissory notes payable to related party		377	—
Repayment of promissory notes payable to related party	(	377	—
	)		
Proceeds from issuance of Series A convertible preferred stock		—	100,000
Payment of issuance costs for Series A convertible preferred stock	(	—	3,324
	)		
Net cash provided by financing activities		133,574	96,676
Increase in cash, cash equivalents and restricted cash		116,966	7,787
Cash, cash equivalents and restricted cash, beginning of period	\$	15,425	7,638
Cash, cash equivalents and restricted cash, end of period	\$	132,391	\$ 15,425
<b>Supplemental Disclosure</b>			
Cash and cash equivalents	\$	132,325	\$ 15,365
Restricted cash	\$	66	60
Total cash, cash equivalents and restricted cash	\$	132,391	\$ 15,425
Cash paid for interest	\$	—	\$ —
Cash paid for taxes	\$	—	\$ —
Conversion of convertible preferred stock into common stock	\$	118,024	\$ —
Additions to right-of-use lease assets from new operating lease liabilities	\$	89	\$ 931

The accompanying notes are an integral part of these consolidated financial statements.



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**DIANTHUS THERAPEUTICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(in thousands, except share and per share data, unless otherwise stated)

**1. Organization, Description of Business and Liquidity**

**Business**

Dianthus Therapeutics, Inc. (formerly Magenta Therapeutics, Inc.) (the "Company" or "Dianthus") is a clinical-stage biotechnology company focused on developing next-generation complement therapeutics for patients with severe autoimmune and inflammatory diseases. The Company's corporate headquarters are in New York, New York.

Currently, the Company is devoting substantially all efforts and resources toward product research and development of its product candidates. The Company has incurred losses from operations and negative operating cash flows since its inception. There can be no assurance that its research and development programs will be successful, that products developed, if any, will obtain necessary regulatory approval, or that any approved product, if any, will be commercially viable. In addition, the Company operates in an environment of rapid technological change and is largely dependent on the services of its key employees, consultants, and advisors.

**Reverse Merger and Pre-Closing Financing**

On September 11, 2023, the Company completed its business combination with Dianthus Therapeutics, OpCo Inc. (formerly Dianthus Therapeutics, Inc.) ("Former Dianthus") in accordance with the terms of the Agreement and Plan of Merger, dated as of May 2, 2023 (the "Merger Agreement"), by and among the Company, Dio Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Merger Sub"), and Former Dianthus, pursuant to which, among other matters, Merger Sub merged with and into Former Dianthus, with Former Dianthus surviving as a wholly owned subsidiary of the Company (the "Reverse Merger"). In connection with the completion of the Reverse Merger, the Company changed its name from "Magenta Therapeutics, Inc." to "Dianthus Therapeutics, Inc.," and the business conducted by the Company became primarily the business conducted by Former Dianthus. Unless context otherwise requires, references herein to "Dianthus," the "Company," or the "combined company" refer to Dianthus Therapeutics, Inc. (formerly Magenta Therapeutics, Inc.) after completion of the Reverse Merger, the term "Former Dianthus" refers to Dianthus Therapeutics OpCo, Inc. (formerly Dianthus Therapeutics, Inc.), and the term "Magenta" refers to the Company prior to completion of the Reverse Merger. The Company was incorporated in June 2015 and Former Dianthus was incorporated in May 2019.

Immediately prior to the effective time of the Reverse Merger, the Company effected a 1-for-16 reverse stock split of its common stock (the "Reverse Stock Split"). Unless noted otherwise, all references herein to share and per share amounts reflect the Reverse Stock Split.

At the effective time of the Reverse Merger, the Company issued an aggregate of

11,021,248 shares of Company common stock to the Former Dianthus stockholders, based on the exchange ratio of approximately

0.2181

shares of Company common stock for each share of Former Dianthus common stock, including those shares of Former Dianthus common stock issued upon the conversion of Former Dianthus preferred stock and those shares of the Former Dianthus common stock issued in the pre-closing financing (as defined below), resulting in

14,817,696

shares of Company common stock being issued and outstanding following the effective time of the Reverse Merger.

At the effective time of the Reverse Merger, the Dianthus Therapeutics, Inc. 2019 Stock Plan (the "2019 Stock Plan") (as discussed in Note 12) was assumed by the Company, and each outstanding and unexercised option to purchase shares of Former Dianthus common stock immediately prior to the effective time of the Reverse Merger was assumed by the Company and converted into an option to purchase shares of Company common stock, with necessary adjustments to the number of shares and exercise price to reflect the exchange ratio, and each outstanding and unexercised warrant to purchase shares of Former Dianthus common stock immediately prior to the effective time of the Reverse Merger (including the Former Dianthus pre-funded warrants sold in the pre-closing financing) was converted into a warrant to purchase shares of Company common stock, with necessary adjustments to the number of shares and exercise price to reflect the exchange ratio.

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The Reverse Merger was accounted for as a reverse recapitalization in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). Under this method of accounting, Former Dianthus was deemed to be the accounting acquirer for financial reporting purposes. This determination was primarily based on the expectation that, immediately following the Reverse Merger: (i) Former Dianthus' stockholders own a substantial majority of the voting rights in the combined company; (ii) Former Dianthus' largest stockholders retain the largest interest in the combined company; (iii) Former Dianthus designated a majority (six of eight) of the initial members of the board of directors of the combined company; and (iv) Former Dianthus' executive management team became the management team of the combined company. Accordingly, for accounting purposes: (i) the Reverse Merger was treated as the equivalent of Former Dianthus issuing stock to acquire the net assets of Magenta; (ii) the net assets of Magenta are recorded at their acquisition-date fair value in the consolidated financial statements of Former Dianthus and (iii) the reported historical operating results of the combined company prior to the Reverse Merger are those of Former Dianthus. Additional information regarding the Reverse Merger is included in Note 3. Historical common share figures of Former Dianthus have been retroactively restated based on the exchange ratio of approximately

0.2181

On September 11, 2023, prior to the effective time of the Reverse Merger, the Company entered into a contingent value rights agreement (the "CVR Agreement") with a rights agent, pursuant to which pre-Reverse Merger holders of Magenta common stock received one non-transferable contingent value right (each, a "CVR") for each outstanding share of Magenta common stock held by such stockholder immediately prior to the effective time of the Reverse Merger on September 11, 2023. Subject to, and in accordance with, the terms and conditions of the CVR Agreement, each CVR represents the contractual right to receive a pro rata portion of the proceeds, if any, received by the Company as a result of (i) contingent payments made to the Company, such as milestone, royalty or earnout, when received under any pre-Reverse Merger disposition agreements related to Magenta's pre-Reverse Merger assets and (ii) the Company's sale of assets after the effective date of the Reverse Merger and prior to December 31, 2023, in each case, received within a three-year period following the closing of the Reverse Merger. As of December 31, 2023, no payments have been received under the CVR Agreement.

Concurrently with the execution and delivery of the Merger Agreement, and in order to provide Former Dianthus with additional capital for its development programs, Former Dianthus entered into a subscription agreement, as amended (the "Subscription Agreement"), with certain investors named therein (the "Investors"), pursuant to which, subject to the terms and conditions of the Subscription Agreement, immediately prior to the effective time of the Reverse Merger, Former Dianthus issued and sold, and the Investors purchased, (i)

2,873,988  
shares of Former Dianthus common stock and (ii)

210,320  
pre-funded warrants, exercisable for

210,320  
shares of Former Dianthus common stock, at a purchase price of approximately \$

23.34  
per share or \$

23.34  
per warrant, for an aggregate purchase price of approximately \$

72.0  
million (the "pre-closing financing").

## **Risks and Uncertainties**

The Company is subject to risks and uncertainties common to early-stage companies in the biotechnology industry including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on its key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with government regulations. If the Company does not successfully commercialize any of its product candidates, it will be unable to generate recurring product revenue or achieve profitability.

The Company's lead product candidate that is in development and any future product candidates will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel and infrastructure, and extensive compliance-reporting capabilities. Even if its product development efforts are successful, it is uncertain when, if ever, the Company will generate revenue from product sales.

## **Liquidity**

In accordance with Accounting Standards Update No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* (Subtopic 205-40), the Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the accompanying consolidated financial statements were issued (the "issuance date"):

- Since its inception, the Company has funded its operations primarily with outside capital and has incurred significant recurring losses, including net losses of \$

43.6  
million and \$

28.5  
million for the years ended December 31, 2023 and 2022, respectively. In addition, the Company had an accumulated deficit of \$

89.4  
million as of December 31, 2023;



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• The Company expects to continue to incur significant recurring losses and rely on outside capital to fund its operations for the foreseeable future; and

• As of the issuance date, the Company expects that its existing cash, cash equivalents and short-term investments on hand as of the issuance date will be sufficient to fund its obligations as they become due for at least twelve months beyond the issuance date. The Company expects that its research and development and general and administrative costs will continue to increase significantly, including in connection with conducting clinical trials and manufacturing for its existing product candidate and any future product candidates to support commercialization and providing general and administrative support for its operations, including the costs associated with operating as a public company.

In the event the Company is unable to secure additional outside capital, management will be required to seek other alternatives which may include, among others, a delay or termination of clinical trials or the development of its product candidates, temporary or permanent curtailment of the Company's operations, a sale of assets, or other alternatives with strategic or financial partners.

The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. Accordingly, the consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

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

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

The financial statements have been prepared in conformity with U.S. GAAP. Any reference in these notes to applicable guidance is meant to refer to authoritative U.S. GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB").

### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results may differ materially from those estimates.

Management considers many factors in selecting appropriate financial accounting policies and controls, and in developing the estimates and assumptions that are used in the preparation of these financial statements. Management must apply significant judgment in this process. In addition, other factors may affect estimates including the following: expected business and operational changes, sensitivity and volatility associated with the assumptions used in developing estimates, and whether historical trends are expected to be representative of future trends. The estimation process often may yield a range of potentially reasonable estimates of the ultimate future outcomes, and management must select an amount that falls within that range of reasonable estimates. Significant estimates are used in the following areas, among others: the recognition of research and development expense, stock-based compensation expense and revenue recognition.

### ***Cash and Cash Equivalents***

All short-term, highly liquid investments with original maturities of 90 days or less are considered to be cash and cash equivalents. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents are valued at cost, which approximates fair value.

### ***Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents and short-term investments. The Company regularly maintains deposits in accredited financial institutions in excess of federally insured limits. The Company invests its excess cash primarily in money market funds, U.S. treasury securities and U.S. government agency securities in accordance with the Company's investment policy. The Company's investment policy defines allowable investments and establishes guidelines relating to credit quality, diversification, and maturities of its investments to preserve principal and maintain liquidity. The Company has not experienced any realized losses related to its cash, cash equivalents and short-term investments and management believes the Company is not exposed to significant risks of losses.

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As of December 31, 2023 and 2022, the Company held cash deposits at Silicon Valley Bank ("SVB") in excess of government insured limits. On March 10, 2023, SVB was closed by the California Department of Financial Protection and Innovation, and the Federal Deposit Insurance Corporation was appointed as receiver. No losses were incurred by the Company on deposits that were held at SVB. Management believes that the Company is not currently exposed to significant credit risk as the vast majority of the Company's deposits were either owned directly by the Company and held in custody at a third-party financial institution or, subsequent to March 10, 2023, have been transferred to a third-party financial institution. The Company does not currently have any other significant relationships with SVB.

### **Short-term Investments**

Short-term investments consist of investments in U.S. treasury and U.S. government agency securities. Management of the Company determines the appropriate classification of the securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. The Company classifies its short-term investments as available-for-sale pursuant to ASC 320, *Investments – Debt and Equity Securities*, and reports them at fair value in short-term investments with unrealized gains and losses reported as a component of accumulated other comprehensive income loss on the consolidated balance sheet. Realized gains and losses and declines in value judged to be other than temporary are included as a component of interest income based on the specific identification method.

Effective January 1, 2023, when the fair value is below the amortized cost of a marketable security, an estimate of expected credit losses is made in accordance with ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The credit-related impairment amount is recognized in the consolidated statements of operations and comprehensive loss. Credit losses are recognized through the use of an allowance for credit losses account in the consolidated balance sheet and subsequent improvements in expected credit losses are recognized as a reversal of an amount in the allowance account. If the Company has the intent to sell the security or it is more likely than not that the Company will be required to sell the security prior to recovery of its amortized cost basis, then the allowance for the credit loss is written-off and the excess of the amortized cost basis of the asset over its fair value is recorded in the consolidated statements of operations and comprehensive loss. There were

no credit losses recorded during the year ended December 31, 2023.

Additional information regarding short-term investments is included in Note 4.

### **Receivable from Related Party and Unbilled Receivable from Related Party**

The receivable from related party and unbilled receivable from related party results from option and license agreements with Zenas BioPharma Limited ("Zenas"), a related party. See Notes 13 and 17 for more information. The receivable represents amounts earned and billed to Zenas but not yet collected while unbilled receivable represents amounts earned but not yet billed to Zenas. The receivable and unbilled receivable are reported at net realizable value. The Company regularly evaluates the creditworthiness of Zenas and their financial condition and does not require collateral from Zenas. As of December 31, 2023 and 2022,

no

allowance for doubtful accounts was recorded as all accounts were considered collectible.

### **Property and Equipment**

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over estimated useful lives of three years for computer equipment and five years for furniture and fixtures. Expenditures for major renewals and betterments that extend the useful lives are capitalized. Expenditures for normal maintenance and repairs are expensed as incurred. The cost of assets sold or abandoned, and the related accumulated depreciation are eliminated from the accounts and any gains or losses are recognized in the accompanying consolidated statements of operations and comprehensive loss of the respective period.

### **Leases**

Operating leases are accounted for in accordance with ASU 2016-02, *Leases*, as amended ("ASC 842"). Right-of-use lease assets represent the right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. The measurement of lease liabilities is based on the present value of future lease payments over the lease term. As the Company's leases do not provide an implicit rate, management used the Company's incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future lease payments. The right-of-use asset is based on the measurement of the lease liability and includes any lease payments made prior to or on lease commencement and excludes lease incentives and initial direct costs incurred, as applicable. Rent expense for operating leases is recognized on a straight-line basis over the lease term. The Company does

no

t have any leases classified as finance leases. Management have elected the practical expedient to exclude short-term leases from right-of-use assets and lease liabilities.

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The Company's leases do not have significant rent escalation, holidays, concessions, material residual value guarantees, material restrictive covenants or contingent rent provisions. The Company's leases include both lease (e.g., fixed payments including rent, taxes, and insurance costs) and non-lease components (e.g., common-area or other maintenance costs), which are accounted for as a single lease component as management have elected the practical expedient to group lease and non-lease components for all leases.

Additional information and disclosures required under ASC 842 are included in Note 9.

### **Restricted Cash**

In accordance with ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, restricted cash is included as a component of cash, cash equivalents and restricted cash in the accompanying consolidated statements of cash flows. Restricted cash serves as collateral for a letter of credit securing office space. Restricted cash is recorded within other assets and restricted cash line item in the accompanying consolidated balance sheet.

### **Fair Value Measurements**

The Company calculates the fair value of assets and liabilities that qualify as financial instruments and includes additional information in the notes to the consolidated financial statements when the fair value is different than the carrying value of these financial instruments.

The Company is required to disclose information on all assets and liabilities reported at fair value that enables an assessment of the inputs used in determining the reported fair values. ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect management's assumptions about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. The fair value hierarchy applies only to the valuation inputs used in determining the reported fair value of the investments and is not a measure of the investment credit quality.

The three levels of the fair value hierarchy are described below:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar valuation techniques that use significant unobservable inputs.

To the extent that a valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Management has segregated all financial assets and liabilities that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the table below. The Company's valuation techniques for its Level 2 financial assets included using quoted prices for similar assets in active markets and quoted prices for similar assets in markets that are not active.

The estimated fair value of receivable from related party, unbilled receivable from related party, accounts payable and accrued expenses approximate their carrying amounts due to the relatively short maturity of these instruments.

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Additional information regarding fair value measurements is included in Note 7.

### **Classification of Convertible Preferred Stock**

Convertible preferred stock is recorded at its original issuance price, less direct and incremental offering costs, as stipulated by its terms. The Company has applied the guidance in ASC 480-10-S99, *Distinguishing Liabilities from Equity-Overall-SEC Materials*, and has therefore classified the convertible preferred stock outside of stockholders' equity/(deficit) in the accompanying consolidated balance sheet. In September 2023, all outstanding shares of convertible preferred stock were converted into common shares immediately prior to the effective time of the Reverse Merger. Additional information and disclosures are included in Note 11.

### **Segment Information**

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company's CODM is its Chief Executive Officer. The Company operates as a single operating segment and has one reportable segment .

### **License Revenue—Related Party**

To date, the Company's only revenue has been attributable to an upfront payment and cost reimbursements under the Company's license agreement with Zenas. The Company has not generated any revenue from product sales and does not expect to generate any revenue from product sales for the foreseeable future.

The Company recognizes revenue pursuant to ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). ASC 606 applies to all contracts with customers, except for contracts that are within the scope of other standards. Under ASC 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the entity performs the following five steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when the performance obligation is satisfied.

The Company evaluates the performance obligations promised in a contract that are based on goods and services that will be transferred to the customer and determine whether those obligations are both (i) capable of being distinct and (ii) distinct in the context of the contract. To the extent a contract includes multiple promised goods and services, the Company applies judgment to determine whether promised goods and services are both capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised goods and services are accounted for as a combined performance obligation. Arrangements that include rights to additional goods or services that are exercisable at a customer's discretion are generally considered options. The Company assesses if these options provide a material right to the customer and if so, they are considered performance obligations.

The Company estimates the transaction price based on the amount expected to be received for transferring the promised goods or services in the contract. The consideration may include fixed consideration or variable consideration. At the inception of each arrangement that includes variable consideration, the Company evaluates the amount of potential transaction price and the likelihood that the transaction price will be received. Variable consideration is included in the transaction price if, in management's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Any estimates, including the effect of the constraint on variable consideration, are evaluated at each reporting period for any changes. The Company then allocates the transaction price to each performance obligation and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) control is transferred to the customer and the performance obligation is satisfied.

Amounts received prior to satisfying the revenue recognition criteria are recorded as deferred revenue in the Company's consolidated balance sheets. If the related performance obligation is expected to be satisfied within the next twelve months this will be classified in current liabilities.

Additional information and disclosures required under ASC 606 are included in Note 13.

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### **Research and Development Costs**

Research and development expenses are recorded as expense, as incurred. Research and development expenses consists of (i) costs to engage contractors who specialize in the development activities of the Company; (ii) external research and development costs incurred under arrangements with third parties, such as contract research organizations and consultants; and (iii) costs associated with preclinical activities and regulatory operations.

The Company enters into consulting, research, and other agreements with commercial firms, researchers, and others for the provision of goods and services. Under such agreements, the Company may pay for services on a monthly, quarterly, project or other basis. Such arrangements are generally cancellable upon reasonable notice and payment of costs incurred. Costs are considered incurred based on an evaluation of the progress to completion of specific tasks under each contract using information and data provided by the service providers and vendors, whereas payments are dictated by the terms of each agreement. As such, depending on the timing of payment relative to the receipt of goods or services, management may record either prepaid expenses or accrued services. These costs consist of direct and indirect costs associated with specific projects, as well as fees paid to various entities that perform certain research on behalf of the Company.

### **Patent Costs**

Patent costs are expensed as incurred and recorded within general and administrative expenses.

### **Income Taxes**

Income taxes are recorded in accordance with ASC 740, *Income Taxes* ("ASC 740"), which provides for deferred taxes using an asset and liability approach. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities and for loss and credit carryforwards using enacted tax rates anticipated to be in effect for the year in which the differences are expected to reverse. Valuation allowances are provided, if, based upon the weight of available evidence, it is more likely than not that some or all the deferred tax assets will not be realized.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position, as well as consideration of the available facts and circumstances. As of December 31, 2023 and 2022, the Company did

no

have any material uncertain tax positions. The Company recognizes interest and penalties related to uncertain tax positions, if any exist, in income tax expense.

### **Stock-Based Compensation**

The Company accounts for stock-based compensation awards in accordance with ASC Topic 718, *Compensation – Stock Compensation* ("ASC 718"). ASC 718 requires all stock-based payments, including grants of stock options and restricted stock, to be recognized in the consolidated statements of operations and comprehensive loss based on their fair values. All of the stock-based awards are subject only to service-based vesting conditions. Management estimates the fair value of the stock option awards using the Black-Scholes option pricing model, which requires the input of assumptions, including (a) the fair value of the Company's common stock, (b) the expected stock price volatility, (c) the calculation of expected term of the award, (d) the risk-free interest rate and (e) expected dividends. Management estimates the fair value of the restricted stock awards using the fair value of the Company's common stock. Forfeitures are recognized as they are incurred.

Prior to the Reverse Merger, management utilized valuation methodologies in accordance with the framework of the American Institute of Certified Public Accountants Technical Practice Aid, *Valuation of Privately Held Company Equity Securities Issued as Compensation*, to estimate the fair value of Former Dianthus common stock. Each valuation methodology included estimates and assumptions that required management's judgment. These estimates and assumptions included objective and subjective factors, including external market conditions, the prices at which Former Dianthus sold shares of convertible preferred stock, the superior rights and preferences of the convertible preferred stock senior to Former Dianthus common stock at the time, and a probability analysis of various liquidity events, such as a public offering or sale of Former Dianthus, under differing scenarios. Changes to the key assumptions used in the valuations could have resulted in materially different fair values of Former Dianthus common stock at each valuation date. Following the Reverse Merger, the fair value of the Company's common stock is based on the closing stock price on the date of grant as reported on the Nasdaq Capital Market.

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Due to a lack of company-specific historical and implied volatility data, management bases its estimate of expected volatility on the historical volatility of a representative group of companies with similar characteristics to the Company, including stage of product development and life science industry focus. Management believes the group selected has sufficiently similar economic and industry characteristics and includes companies that are most representative of the Company.

Management uses the simplified method, as prescribed by the SEC Staff Accounting Bulletin No. 107, *Share-Based Payment*, to calculate the expected term. The risk-free interest rate is based on observed interest rates appropriate for the term of the awards. The dividend yield assumption is based on history and expectation of paying no dividends.

Compensation expense related to stock-based awards is calculated on a straight-line basis by recognizing the grant date fair value, over the associated service period of the award, which is generally the vesting term.

Additional information regarding share-based compensation is included in Note 12 .

### **Comprehensive Loss**

The only component of comprehensive loss other than net loss is change in unrealized losses related to available-for-sale debt securities .

### **Net Loss per Share**

Basic and diluted net loss per share attributable to common stockholders are calculated in conformity with the two-class method required for participating securities. Convertible preferred stock is a participating security in distributions of the Company. The net loss attributable to common stockholders is not allocated to the convertible preferred shares as the holders of convertible preferred shares do not have a contractual obligation to share in losses. Under the two-class method, basic net loss per share of common stock is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during each period. The weighted-average number of shares of common stock outstanding used in the basic net loss per share calculation does not include unvested restricted common stock as these shares are considered contingently issuable shares until they vest.

Diluted net loss per share of common stock includes the effect, if any, from the potential exercise or conversion of securities, such as convertible preferred stock, stock options and unvested restricted common stock, which would result in the issuance of incremental shares of common stock. For diluted net loss per share, the weighted-average number of shares of common stock is the same for basic net loss per share due to the fact that when a net loss exists, dilutive securities are not included in the calculation as the impact is anti-dilutive. For all periods presented, basic and diluted net loss per share were the same, as any additional share equivalents would be anti-dilutive.

Additional information is included in Note 15.

### **Recently Issued Accounting Pronouncements**

On January 1, 2023, the Company adopted ASU No. 2016-13 using the modified retrospective approach, and no cumulative effect adjustment to accumulated deficit was needed as of the adoption date. Additionally, no prior period amounts were adjusted. The new standard adjusts the accounting for assets held at amortized cost basis, including short-term investments accounted for as available-for-sale, and receivables. The standard eliminates the probable initial recognition threshold and requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. The adoption of this standard did not have a material impact on the Company's consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU 2023-07 expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods beginning after December 14, 2024, with early adoption permitted. The Company is currently evaluating the guidance and has not determined the impact this standard may have on the consolidated financial statements.

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In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740), Improvements to Income Tax Disclosures*, to enhance the transparency and decision usefulness of income tax disclosures. The enhancement will provide information to better assess how an entity's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. Investors currently rely on the rate reconciliation table and other disclosures, including total income taxes paid, to evaluate income tax risks and opportunities. ASU No. 2023-09 is effective for fiscal years beginning after December 15, 2024 and early adoption is permitted. The Company is currently evaluating the impact ASU No. 2023-09 will have on its consolidated financial statements and related disclosures.

### 3. Reverse Merger

As described in Note 1, Merger Sub merged with and into Former Dianthus, with Former Dianthus surviving as a wholly owned subsidiary of the Company on September 11, 2023. The Reverse Merger was accounted for as a reverse asset acquisition accounted for as a reverse recapitalization in accordance with U.S. GAAP with Former Dianthus as the accounting acquirer of Magenta. At the effective time of the Reverse Merger, substantially all the assets of Magenta consisted of cash and cash equivalents, marketable securities, as well as other nominal non-operating assets. Under such reverse recapitalization accounting, the assets and liabilities of Magenta were recorded at their fair value in Magenta's financial statements at the effective time of the Merger, which approximated book value due to the short-term nature. No goodwill or intangible assets were recognized. Consequently, the consolidated financial statements of the Company reflect the operations of Former Dianthus for accounting purposes together with a deemed issuance of shares, equivalent to the shares held by the former stockholders of Magenta, the legal acquirer, and a recapitalization of the equity of Former Dianthus, the accounting acquirer.

As part of the recapitalization, the Company obtained the assets and liabilities listed below:

Cash and cash equivalents	69,738
	\$
Other current assets	2,473
	\$
Accrued liabilities	(386)
	)
Net assets acquired	71,825
	\$

The Company incurred \$

0.5 million in stock-based compensation expense, as a result of the acceleration of vesting of stock options and restricted stock units for certain former employees of Magenta at the time of the Reverse Merger. Of this amount, \$

0.2 million was recorded in the research and development expenses line item and \$

0.3 million was recorded in the general and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss for the year ended December 31, 2023. Additionally, the Company incurred transaction costs of \$

3.9 million, and this amount was recorded as a reduction to additional paid-in capital in the consolidated statements of convertible preferred stock and stockholders' equity/(deficit) for the year ended December 31, 2023.

With respect to the CVRs issued in connection with the Reverse Merger, the Company believes that the achievement of the milestones outlined in the CVR Agreement are highly susceptible to factors outside the Company's influence that are not expected to be resolved for a long period of time, if at all. In particular, these amounts are primarily influenced by the actions and judgments of third parties and the buyers of such assets and are based on the buyers of such assets progressing the in-process research and development assets into clinical trials, and in the case of one of the agreements, to a regulatory milestone. If the Company were to record a receivable for such contingent payments, it would also record a corresponding liability. As of December 31, 2023, no receivables are recorded on the consolidated balance sheet relating to such contingent payments.

#### 4. Short-Term Investments

The table below provides a summary of short-term investments:

		December 31, 2023			
		Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
<u>Available-for-sale, short-term investments:</u>					
U.S. treasury securities					
		36,370	48	—	36,418
		\$ 36,370	\$ 48	\$ —	\$ 36,418

U.S. government agency securities				(	
	4,976	—	1		4,975
Total available-for-sale, short-term investments			)	(	
	41,346	48	1		41,393
	<u>\$ 41,346</u>	<u>\$ 48</u>	<u>\$ 1</u>		<u>\$ 41,393</u>

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	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
<u>Available-for-sale, short-term investments:</u>				
U.S. treasury securities				(
	\$ 47,630	\$ 3	\$ 122 )	\$ 47,511
U.S. government agency securities				(
	12,656	—	42 )	12,614
Total available-for-sale, short-term investments				(
	\$ 60,286	\$ 3	\$ 164 )	\$ 60,125

**5. Prepaid Expenses and Other Current Assets**

The following table provides a summary of prepaid expenses and other current assets:

	December 31, 2023	December 31, 2022
Prepaid materials, supplies and research and development services		
	\$ 2,155	\$ 820
Prepaid insurance	596	32
Prepaid subscriptions, software and other administrative services	504	53
Prepaid expenses and other current assets		
	\$ 3,255	\$ 905

**6. Property and Equipment**

The following table provides a summary of property and equipment:

	December 31, 2023	December 31, 2022
Computer equipment		
	\$ 234	\$ 131
Furniture and fixtures	48	41
Subtotal	282	172
Less: accumulated depreciation	( 97 )	( 30 )
Property and equipment, net	\$ 185	\$ 142

Depreciation expense was \$

30  
for the years ended December 31, 2023 and 2022, respectively.

## 7. Fair Value of Financial Instruments

The following table provides a summary of financial assets measured at fair value on a recurring basis:

Description	Fair Value at December 31, 2023	Level 1	Level 2	Level 3
<b>Recurring Assets:</b>				
Cash equivalents:				
Money market fund	\$ 131,193	\$ 131,193	\$ —	\$ —
Short-term investments:				
U.S. treasury securities	36,418	36,418	—	—
U.S. government agency securities	4,975	—	4,975	—
<b>Total assets measured at fair value</b>				
	\$ 172,586	\$ 167,611	\$ 4,975	\$ —

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Description	Fair Value at December 31, 2022	Level 1	Level 2	Level 3
<b>Recurring Assets:</b>				
Cash equivalents:				
Money market fund	\$ 11,846	\$ 11,846	\$ —	\$ —
U.S. government agency securities	1,999	—	1,999	—
Short-term investments:				
U.S. treasury securities	20,775	20,775	—	—
U.S. government agency securities	39,350	26,736	12,614	—
Total assets measured at fair value	\$ 73,970	\$ 59,357	\$ 14,613	\$ —

There were

no

transfers between levels for the years ended December 31, 2023 or 2022.

#### 8. Accrued Expenses

The following table provides a summary of accrued expenses:

	December 31, 2023	December 31, 2022
Accrued compensation	\$ 5,361	\$ 2,084
Accrued external research and development	456	4,329
Accrued professional fees	422	162
Accrued other expenses	265	33
Accrued expenses	\$ 6,504	\$ 6,608

#### 9. Leases

The Company leases space under operating leases for administrative offices in New York, New York, and Waltham, Massachusetts and wet laboratory space in Watertown, Massachusetts. The Company also leased office space under operating leases, which had a non-cancelable lease term of less than one year and, therefore, management elected the practical expedient to exclude these short-term leases from right-of-use assets and lease liabilities.

The following table provides a summary of the components of lease costs and rent:

	Year Ended December 31,	
	2023	2022
Operating lease cost		
	\$ 366	\$ 198
Variable lease cost	28	4
Short-term lease cost	—	34
Total operating lease costs	<u>\$ 394</u>	<u>\$ 236</u>

The Company recorded the operating lease costs of \$

0.4  
million and \$

0.2  
million within the general and administrative expenses line item in the consolidated statements of operations and comprehensive loss during the years ended December 31, 2023 and 2022, respectively. The Company recorded the operating lease costs of \$

17  
and

nil  
within the research and development expenses line item in the consolidated statements of operations and comprehensive loss during the years ended December 31, 2023 and 2022, respectively.

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Maturities of operating lease liabilities, which do not include short-term leases, as of December 31, 2023, are as follows:

2024		417
	\$	
2025		222
Total undiscounted operating lease payments		639
	\$	
Less: imputed interest	(	54
	)	
Present value of operating lease liabilities		585
	\$	
		<u>585</u>
<b>Balance sheet classification:</b>		
Current portion of lease liabilities		417
	\$	
Long-term lease liabilities		168
Total operating lease liabilities		585
	\$	
		<u>585</u>

The weighted-average remaining term of operating leases was 19 months and the weighted-average discount rate used to measure the present value of operating lease liabilities was

10.6  
% as of December 31, 2023.

**10. Common Stock**

At the effective time of the Reverse Merger on September 11, 2023, the Company issued an aggregate of

11,021,248  
shares of Company common stock to the Former Dianthus stockholders, based on the exchange ratio of approximately

0.2181  
shares of Company common stock for each share of Former Dianthus common stock, including those shares of Former Dianthus common stock issued upon the conversion of Former Dianthus preferred stock and those shares of the Former Dianthus common stock issued in the pre-closing financing, resulting in

14,817,696

shares of Company common stock being issued and outstanding immediately following the effective time of the Reverse Merger.

As of December 31, 2023 and 2022, the Company was authorized to issue up to

150,000,000  
shares of \$

0.001  
par value of Company common stock and

8,722,279  
shares of \$

0.0001  
par value of Company common stock, respectively. As of December 31, 2023 and 2022, the Company had issued and outstanding shares of

14,817,696

and

875,279

, respectively.

Each share of Company common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are entitled to receive dividends, as may be declared by the Company's board of directors, if any.

No dividends have been declared or paid by the Company through December 31, 2023.

The Company had the following shares of Company common stock reserved for future issuance as of December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Conversion of convertible preferred stock	—	7,269,183
Issuance of common stock upon exercise of stock options	1,749,475	1,273,454
Equity awards available for grant under stock awards	879,461	414,679
Shares available for issuance under the Employee Stock Purchase Plan	37,078	—
Issuance of common stock upon exercise of warrants	214,997	4,677
Total common stock reserved for future issuance	2,881,011	8,961,993

## **11. Preferred Stock and Convertible Preferred Stock**

### ***Preferred Stock***

As of December 31, 2023, the Company was authorized to issue up to

10,000,000 shares of preferred stock at a par value of \$

0.001

. As of December 31, 2023,

no

shares of preferred stock were issued and outstanding.

### ***Convertible Preferred Stock***

On September 11, 2023, the Company completed the Reverse Merger with Former Dianthus in accordance with the Merger Agreement. Under the terms of the Merger Agreement, immediately prior to the effective time of the Reverse Merger, each share of

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Former Dianthus convertible preferred stock was converted into a share of Former Dianthus common stock. At closing of the Reverse Merger, the Company issued an aggregate of

7,269,183

shares of its common stock to Former Dianthus convertible preferred stockholders, based on the exchange ratio of approximately

0.2181

shares of Company common stock for each share of Former Dianthus common stock outstanding immediately prior to the Reverse Merger.

The authorized, issued and outstanding shares of the convertible preferred stock and liquidation preferences of Former Dianthus as of December 31, 2022 were as follows:

	Issued Dates	Authorized Shares	Shares Issued and Outstanding	Per Share Liquidation Preference	Aggregate Liquidation Amount	Proceeds (Net of Issuance Costs)
Series Seed 1 Convertible Preferred Stock	July 2019 ,					
	April 2020 and		6,500,000			
	December 2020	6,500,000		\$ 1.000	\$ 6,500	\$ 6,436
Series Seed 2 Convertible Preferred Stock						
			3,829,265			
Series A Convertible Preferred Stock	May 2021	3,829,266		\$ 3.9172	15,000	14,912
			23,007,017			
	April 2022	23,007,017		\$ 4.3465	100,000	96,676
Total Convertible Preferred Stock		33,336,283	33,336,282		\$ 121,500	\$ 118,024

## **12. Stock-Based Compensation**

### ***Stock Option and Incentive Plan***

The Company grants stock-based awards under the Amended and Restated Dianthus Therapeutics, Inc. Stock Option and Incentive Plan (the "Incentive Plan"), which originally became effective on June 19, 2018 as the Magenta Therapeutics, Inc. 2018 Stock Option and Incentive Plan and was amended and restated in September 2023 and renamed the Amended and Restated Dianthus Therapeutics, Inc. Stock Option and Incentive Plan. The Incentive Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards, restricted stock units, unrestricted stock awards, cash-based awards, and dividend equivalent rights. In connection with the Reverse Merger, the Incentive Plan also provided for the assumption of shares remaining available for delivery under the 2019 Stock Plan (as defined below), and such shares will be available for the granting of awards under the Incentive Plan in accordance with applicable stock exchange requirements. The Company also has outstanding stock options under the Magenta Therapeutics, Inc. 2016 Stock Option and Grant Plan, as amended (the "2016 Plan"), but is no longer granting awards under the 2016 Plan.

As of December 31, 2023, the total number of shares reserved under the Incentive Plan was equal to

2,529,070

shares of the Company's common stock, of which

879,461

shares of the Company's common stock was available for future issuance. The Incentive Plan provides that the number of shares reserved under the Incentive Plan will automatically increase each January 1 beginning with January 1, 2024 by

4

% of the outstanding number of shares of the Company's common stock on the immediately preceding December 31 or such lesser number of shares as determined by the Company's board of directors or compensation committee of the board of directors. This number is subject to adjustment in the event of a stock split, stock dividend or other change in capitalization. Shares of common stock underlying any awards under the Incentive Plan and the 2016 Plan that are forfeited, cancelled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, reacquired by the Company prior to vesting, satisfied without any issuance of stock, expire or are otherwise terminated (other than by exercise) will be available for future awards under the Incentive Plan.

The Incentive Plan is administered by either the board of directors or the compensation committee of the board of directors. The exercise prices,

vesting and other restrictions are determined at the discretion of the administrator, except that the term of stock options and stock appreciation rights may not be greater than ten years (or five years for certain incentive stock options). Awards typically vest over 12 months to four years. The exercise price for stock options granted may not be less than the fair value of common stock as of the date of grant (or

110

% of the fair value of common stock for certain incentive stock options). The fair value of common stock is based on quoted market prices.

#### **2019 Stock Plan**

In July 2019, Former Dianthus' Board of Directors adopted, and the Former Dianthus' stockholders approved, the Dianthus Therapeutics, Inc. 2019 Stock Plan (the "2019 Stock Plan"). In connection with the Reverse Merger, the Company assumed options to purchase shares of Former Dianthus's common stock that were outstanding under the 2019 Stock Plan immediately prior to the Reverse Merger and such options were converted into options to purchase

1,273,454

shares of Company's common stock (the "Assumed

102

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Options"). No further awards will be made under the 2019 Stock Plan; however, the Assumed Options will remain outstanding under the 2019 Stock Plan in accordance with their terms, as adjusted to reflect the Reverse Merger.

### **2019 Employee Stock Purchase Plan**

Employees may elect to participate in the Dianthus Therapeutics, Inc. 2019 Employee Stock Purchase Plan (the "ESPP"). The purchase price of common stock under the ESPP is equal to

85% of the lower of the fair market value of the common stock on the offering date or the exercise date. The six-month offering periods previously began in December and June of each year. Offerings under the ESPP were suspended in May 2023. During the year ended December 31, 2023, there were

no shares of common stock purchased under the ESPP. During the year ended December 31, 2022,

7,501 shares of common stock were purchased under the ESPP at a purchase price per share of \$

15.36. As of December 31, 2023,

37,078 shares remained available for issuance under the ESPP.

The ESPP provides that the number of shares reserved and available for issuance under the ESPP will automatically increase each January 1 through January 1, 2029, by the lesser of (i)

1% of the number of shares issued and outstanding on the immediately preceding December 31, (ii)

62,500 shares and (iii) such number of shares as determined by the Company's board of directors or its appointed administrator.

### **Stock Options**

The following table summarizes stock option activity for the year ended December 31, 2023:

	Number of stock options outstanding	Weighted average exercise price per share	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Balance at January 1, 2023	529,773	\$ 94.59	8.2	\$ —
Assumption of options in connection with the Reverse Merger	1,273,454	7.95	177	
Options granted, fair value of \$ 10.30 per share	610,641	12.09	159	
Options exercised	(2,798)	1.66	46	
Options forfeited	(661,595)	74.14	456	
Balance at December 31, 2023	1,749,475	\$ 10.61	8.4	\$ 3,181
Exercisable options at December 31, 2023	650,557	\$ 11.74	7.7	\$ 1,506

Unvested options at December 31, 2023

1,098,918	9.95	8.8	1,675
	\$	\$	

The aggregate intrinsic value of options is calculated as the difference between the exercise price of the options and the fair value of the common stock for those options that had exercise prices lower than the fair value of the common stock.

The weighted average grant-date fair value per share of stock options granted during the year ended December 31, 2023 was \$ 10.30 per share.

The table below summarizes the assumptions used to determine the grant-date fair value of stock options issued, presented on a weighted average basis during the years ended December 31, 2023 and 2022:

	December 31, 2023	2022
Risk-free interest rate	4.0 %	2.5 %
Expected term (in years)	6.0	5.9
Expected volatility	87.5 %	81.2 %
Expected dividend yield	0.0 %	0.0 %

**Restricted Stock Units**

The following table summarizes restricted stock unit activity for the year ended December 31, 2023:

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	Number of units outstanding	Weighted average grant date fair value per share
Balance at January 1, 2023	16,084	70.09
Restricted stock units granted	7,696	8.80
Restricted stock units vested	(6,495)	68.96
Restricted stock units forfeited	(17,285)	43.22
Balance at December 31, 2023	—	\$ —

**Restricted Stock**

In April 2020, Former Dianthus executed a restricted stock award agreement with a consultant to purchase 3,052 shares of common stock at an exercise price of \$0.14 per share. The restricted stock award vested over a four-year requisite service period, with 25% vesting on the first anniversary of the vesting commencement date and 2.0833% per month thereafter. The agreement contained restrictions on the ability to sell, assign or pledge the shares awarded. The restricted stock agreement contained a right of repurchase whereby, at the election of the Company, the Company may purchase back all unvested stock should the relationship between the recipient and the Company cease. The fair value of the restricted stock award on the date of the award was \$0.14 per share.

Former Dianthus has not issued any restricted stock since April 2020. As of December 31, 2023, the restricted stock award was fully vested.

**Stock Warrants**

In April 2021, Former Dianthus issued 4,677 warrants for the purchase of common stock at an exercise price of \$1.65 per share. The warrants vested on July 30, 2023 and have a grant date fair value of \$1.16 per warrant. Former Dianthus has not issued any warrants since April 2021. As of December 31, 2023, the warrants have a weighted average remaining contractual term of 7.3 years.

**Stock-based Compensation Expense**

The following table provides a summary of stock-based compensation expense related to stock options, restricted stock units, restricted stock, and warrants:

	Year Ended December 31, 2023	2022
Research and development	\$ 897	\$ 416

General and administrative	2,003	1,102
<b>Total stock-based compensation expense</b>	<b>2,900</b>	<b>1,518</b>

As of December 31, 2023, there was \$

7.9 million of total unrecognized compensation cost related to granted stock options. The Company expects to recognize that cost over a remaining weighted-average period of 2.6 years.

### 13. License Revenue—Related Party

In September 2020, the Company entered into an Option Agreement with Zenas ("Zenas Option"), a related party (See Note 17). Through the Zenas Option, the Company provided Zenas an option to enter into an exclusive license agreement for the development and commercialization of products arising from its research of monoclonal antibody antagonists targeting certain specific complement proteins.

In September 2021, the Company notified Zenas that it had elected the first antibody sequence as a clinical candidate. In October 2021, Zenas notified the Company that it was exercising its option for such clinical candidate. The Zenas Option provided that upon the exercise of the option, the Company would negotiate in good faith a license agreement with Zenas pursuant to which it would grant Zenas the exclusive license with respect to the antibody sequences for the Zenas territory, which includes People's Republic of China, including Hong Kong, Macau, and Taiwan. In accordance with Zenas Option, within 60 days following the execution of a license agreement, Zenas agreed to pay the Company a one-time payment of \$

1.0 million for the exercise of the corresponding option. In addition, in connection with the exercise of the Zenas Option, Zenas was required to reimburse the Company for a portion of chemistry, manufacturing, and

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controls-related ("CMC") costs and expenses from the date of delivery of its option exercise notice through the execution of a license agreement.

In June 2022, the Company and Zenas executed the license agreement ("Zenas License"). The Zenas Option and Zenas License are collectively referred to as the "Zenas Agreements". The Zenas License provides Zenas with a license in the People's Republic of China, including Hong Kong, Macau, and Taiwan, for the development and commercialization of sequences and products under the first antibody sequence. The Company is also obligated to perform certain research and development and CMC services, and will also participate in a joint steering committee ("JSC"). Under the Zenas License, Zenas also has the right to exercise an option with respect to a second antibody sequence. If Zenas exercises the option and pays the Company the option exercise fee related to the second antibody sequence, the Company will grant Zenas an exclusive license to the sequences and products under this second antibody sequence.

Since the Zenas Agreements were negotiated with a single commercial objective, they are treated as a combined contract for accounting purposes. The Company assessed the Zenas Agreements in accordance with ASC 606 and concluded that it represents a contract with a customer and is within the scope of ASC 606. The Company determined that there is one combined performance obligation that consists of the license and data transfer, the research and development and CMC services, and the participation in the JSC. The Company determined that Zenas' right to exercise an option with respect to a second antibody sequence does not represent a material right.

The consideration under the Zenas Agreements includes the following payments by Zenas to the Company: (i) a \$

1 million upfront payment upon execution of the Zenas License; (ii) an approximate \$

1.1 million payment representing reimbursement for a portion of development costs previously incurred by the Company; (iii) reimbursement of a portion of all CMC-related costs and expenses for the first antibody sequence through the manufacture of the first two batches of drug product; (iv) reimbursement of a portion of all non-CMC-related costs and expenses for the development of the first antibody sequence through the first regulatory approval; (v) development milestones totaling up to \$

11.0 million; and (vi) royalties on net sales ranging from the mid-single digits to the low teens.

The Company determined that the combined performance obligation is satisfied over time; therefore, the Company will recognize the transaction price from the license agreement over the Company's estimated period to complete its activities. The Company concluded that it will utilize a cost-based input method to measure its progress toward completion of its performance obligation and to calculate the corresponding amount of revenue to recognize each period. The Company believes this is the best measure of progress because other measures do not reflect how the Company transfers its performance obligation to Zenas. In applying the cost-based input method of revenue recognition, the Company uses actual costs incurred relative to budgeted costs expected to be incurred for the combined performance obligation. These costs consist primarily of third-party contract costs. Revenue will be recognized based on the level of costs incurred relative to the total budgeted costs for the combined performance obligation. A cost-based input method of revenue recognition requires management to make estimates of costs to complete the Company's performance obligation. In making such estimates, judgment is required to evaluate assumptions related to cost estimates.

The Company also determined that the milestone payments of \$

11.0 million are variable consideration under ASC 606 which need to be added to the transaction price when it is probable that a significant revenue reversal will not occur. Based on the nature of the milestones, such as the regulatory approvals which are generally not within the Company's control, the Company will not consider achievement of this milestone to be probable until the uncertainty associated with such milestone has been resolved. When it is probable that a significant reversal of revenue will not occur, the milestone payment will be added to the transaction price for which the Company recognizes revenue. As of December 31, 2023, no milestones had been achieved.

There is a sales or usage-based royalty exception within ASC 606 that applies when a license of intellectual property is the predominant item to which the royalty relates. In accordance with this royalty exception, the Company will recognize royalty revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). We have

no recorded any royalty revenue to date.

For the years ended December 31, 2023 and 2022, the Company recognized related party license revenue totaling \$

2.8 million and \$

6.4 million, respectively, associated with the Zenas Agreements. As of December 31, 2023, the Company recorded a related party receivable of \$

0.3 million, unbilled related party receivable of \$

0.2 million, current deferred related party revenue of \$

0.1 million and noncurrent deferred related party revenue of \$

0.7 million on its consolidated balance sheet. As of December 31, 2022, the Company recorded a related party receivable of \$

4.7 million, unbilled related party receivable of \$

0.9

million, current deferred related party revenue of \$  
0.1  
million and noncurrent deferred related party revenue of \$  
0.8  
million on its consolidated balance sheet.

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**14. Income Taxes**

For the years ended December 31, 2023 and 2022, the Company recorded

no

current or deferred income tax expenses or benefits as it has incurred losses since inception and has provided a full valuation allowance against its deferred tax assets.

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended December 31,	
	2023	2022
Federal statutory income tax rate	21.0 %	21.0 %
State taxes, net of federal benefit	2.1 %	2.2 %
Research tax credits	34.5 %	2.2 %
Tax attributes acquired as part of reverse merger	201.1 %	—
Other	(1.7 )%	(3.0 )%
Increase in deferred tax asset valuation allowance	(257.0 )%	(22.4 )%
Effective income tax rate	0.0 %	0.0 %

The following table provides a summary of net deferred tax assets:

	December 31,	
	2023	2022
<b>Deferred tax assets:</b>		
Net operating loss carryforwards	\$ 73,580	\$ 5,383
Capitalized research and development costs	22,446	4,315
Tax credit carryforwards	16,147	1,120
Lease liabilities	14,063	183
Share-based compensation	6,462	273
Amortization of license fees	3,209	—

Accrued expenses	795	484
Other	59	4
Gross deferred tax assets	136,761	11,762
Valuation allowance	(	(
	123,452	11,566
Total deferred tax assets	13,309	196
Deferred tax liabilities:		
Right-of-use lease assets	(	(
	12,499	189
Depreciation and amortization	(	(
	810	—
Other	—	7
Total deferred tax liabilities	(	(
	13,309	196
Net deferred tax assets	\$ —	\$ —

As of December 31, 2023, the Company had federal net operating loss carryforwards of approximately \$

320.7

million, all of which can be carried forward indefinitely. As of December 31, 2023, the Company had state tax net operating loss carryforwards of approximately \$

299.1

million, which begin to expire in 2035. As of December 31, 2023, the Company also had available research and orphan drug tax credit carryforwards for federal and state income tax purposes of \$

14.8

million and \$

3.5

million, respectively, which begin to expire in 2035 and 2030, respectively.

In assessing the realizability of the net deferred tax assets, management considers all relevant positive and negative evidence in determining whether it is more likely than not that some portion or all the deferred income tax assets will not be realized. The realization of the gross deferred tax assets is dependent on several factors, including the generation of sufficient taxable income prior to the expiration of the net operating loss carryforwards. Management believes that it is more likely than not that the Company's deferred income tax assets will not be realized.

Changes in the valuation allowance for deferred tax assets during the years ended December 31, 2023 and 2022 related primarily to the increase in net operating loss carryforwards, capitalized research and development expenses and research tax credit carryforwards. During the years ended December 31, 2023 and 2022, capitalized research and development expenses increased pursuant to Section 174

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of the Internal Revenue Code of 1986, as amended (the "Code"). The changes in the valuation allowance for the years ended December 31, 2023 and 2022 were as follows:

	Year Ended December 31,	
	2023	2022
Valuation allowance as of beginning of year		
	\$ 11,566	\$ 5,194
Net increases recorded to income tax provision		
	111,886	6,372
Valuation allowance as of end of year		
	\$ 123,452	\$ 11,566

Net operating loss carryforwards are subject to review and possible adjustment by the Internal Revenue Service and may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant shareholders over a three-year period in excess of 50% as defined under Sections 382 and 383 in the Code, which could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the Company's value immediately prior to the ownership change. Subsequent ownership changes may further affect the limitation in future years. The Company has not yet conducted a study to determine if any such changes have occurred that could limit the ability to use the net operating loss carryforwards. However, the Reverse Merger is expected to result in an ownership change. Therefore, the Company does not expect to be able to utilize a material portion of the net operating losses and research and orphan drug tax credit carryforwards.

The Company has

no

recorded any liabilities for unrecognized tax benefits as of December 31, 2023 or 2022. The Company will recognize interest and penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2023 and 2022, the Company had

no

accrued interest or penalties related to uncertain tax positions.

**15. Net Loss Per Share**

Basic and diluted net loss per share of common stock were calculated as follows:

	Year Ended December 31,	
	2023	2022
<b>Numerator:</b>		
Net loss	( 43,555 )	( 28,476 )
<b>Denominator:</b>		
Weighted-average shares of common stock outstanding	5,153,711	875,279
Less: weighted-average unvested restricted shares of common stock	( 288 )	( 1,045 )
Weighted-average shares used to compute net loss per share of common stock, basic and diluted	5,153,423	874,234

Net loss per share attributable to common stockholders, basic and diluted	(	(
	8.45	32.57
	\$ _____)	\$ _____)

The Company's potential dilutive securities, which include convertible preferred stock, stock options, unvested restricted shares of common stock, and warrants for the purchase of common stock, have been excluded from the computation of diluted net loss per share as the effect would be antidilutive. Therefore, the weighted-average number of shares of common stock outstanding used to calculate both basic and diluted net loss per share is the same. The following potential dilutive securities, presented on an as converted basis, were excluded from the calculation of net loss per share due to their anti-dilutive effect:

	Year Ended December 31, 2023	2022
Convertible preferred stock (as converted)	—	7,269,183
Stock options outstanding	1,749,475	1,273,454
Unvested restricted shares of common stock	—	635
Warrants for the purchase of common stock	214,997	4,677
<b>Total</b>	<b>1,964,472</b>	<b>8,547,949</b>

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### **16. Commitments and Contingencies**

#### Alloy Therapeutics, LLC:

In August 2019, the Company entered into a license agreement with Alloy Therapeutics, LLC ("Alloy"). The license agreement was amended in October 2022. The license agreement with Alloy grants to the Company the following:

- A worldwide, non-exclusive license to use the Alloy technology solely to generate Alloy antibodies and platform assisted antibodies for internal, non-clinical research purposes, and
- With respect to Alloy antibodies and platform assisted antibodies that are selected by the Company for inclusion into a partnered antibody program, a worldwide, assignable license to make, have made, use, offer for sale, sell, import, develop, manufacture, and commercialize products comprising partnered antibody programs selected from Alloy antibodies and platform assisted antibodies in any field of use.

The Company pays annual license fees and annual partnered antibody program fees totaling \$

0.1 million to Alloy. The Company is also obligated to pay a \$

0.1 million fee to Alloy if the Company sublicenses a product developed with Alloy antibodies or platform assisted antibodies. Upon the achievement, with the first selected antibody for products developed with Alloy, of (i) certain development milestones and (ii) certain commercial milestones, the Company is obligated to make additional payments to Alloy of up to \$

1.8 million and \$

11.0 million, respectively. Upon the achievement, with the second selected antibody for products developed with Alloy, of (i) certain development milestones and (ii) certain commercial milestones, the Company is obligated to make additional payments to Alloy of up to \$

3.1 million and \$

15.0 million, respectively. The Company recorded \$

0.1 million and \$

0.5 million for amounts owed under the Alloy license agreement within the research and development expenses line item in the consolidated statements of operations and comprehensive loss during the years ended December 31, 2023 and 2022, respectively.

#### OmniAb, Inc.:

In September 2022, the Company entered into a commercial platform license agreement and services agreement with two subsidiaries of Ligand Pharmaceuticals Incorporated. In November 2022, Ligand spun-off these subsidiaries into a separate legal entity, OmniAb, Inc. ("OmniAb"). The platform license agreement and services agreement with OmniAb grants to the Company the following:

- A worldwide, non-exclusive, non-sublicensable license under the OmniAb technology to use chicken animals (solely at OmniAb's facilities and through OmniAb personnel) for generation of OmniAb antibodies for research purposes.
- A worldwide, non-exclusive license under the OmniAb technology to use rodent animals (solely at approved contract research organization ("CRO") facilities and through approved CRO personnel) for generation of OmniAb antibodies for research purposes. Such license is non-sublicensable except to an approved CRO.

Upon the achievement of certain development milestones, the Company is obligated to make additional payments to OmniAb of up to \$

12.2 million. Upon the achievement of certain commercial milestones, the Company is obligated to make royalty payments in the low to mid-single digits. The Company has recorded \$

0.3 and \$

0.1 million for amounts owed under the OmniAb license agreement within research and development expenses line item in the consolidated statements of operations and comprehensive loss during the years ended December 31, 2023 and 2022, respectively.

#### IONTAS Limited:

In July 2020, the Company entered into a collaborative research agreement with IONTAS Limited ("IONTAS") to perform certain milestone-based research and development activities for the Company under its first development program. This agreement was amended in January 2023 to extend their services to additional development programs. IONTAS provides dedicated resources to perform the research and development activities and receives compensation for those resources as well as success-based milestone payments.

Upon the achievement, with the first development program with IONTAS, of (i) certain development milestones and (ii) certain commercial milestones, the Company is obligated to make additional payments to IONTAS of up to £

3.1  
million and £

2.3  
million, respectively. Upon the achievement, with the second development program with IONTAS, of certain development milestones, the Company is obligated to make additional payments to IONTAS of up to £

2.5  
million. The Company has recorded \$

2.1  
million and \$

1.7  
million for amounts owed under the IONTAS collaborative research license agreement within the research and development expenses line

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item in the consolidated statements of operations and comprehensive loss during the years ended December 31, 2023 and 2022, respectively.

### ***Indemnification Agreements***

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to employees, consultants, vendors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. To date, the Company has not incurred any material costs as a result of such indemnification agreements. The Company is not aware of any indemnification arrangements that could have a material effect on its financial position, results of operations or cash flows, and has not accrued any liabilities related to such obligations in its consolidated financial statements as of December 31, 2023 or 2022.

### ***Litigation***

From time to time, the Company may be exposed to litigation relating to potential products and operations. The Company is not currently engaged in any legal proceedings that are expected, individually or in the aggregate, to have a material adverse effect on its financial condition, results of operations or cash flows.

### ***Other***

As of December 31, 2023 and 2022, the Company had standing agreements with consultants, contractors or service providers whose terms do not yield material long-term commitments.

## **17. Related Party Transactions**

### **Zenas BioPharma Limited:**

The Company is a party to option and license agreements with Zenas, a related party. The Company considers Zenas to be a related party because (i) Tellus BioVentures LLC ("Tellus"), whose sole member is a significant shareholder in the Company and serves as Chairman of the Board of Directors of the Company, is also a significant shareholder in Zenas and serves as Chief Executive Officer and Chairman of the Board of Directors of Zenas and (ii) Fairmount Healthcare Fund LP and Fairmount Healthcare Fund II LP (together, the "Fairmount Funds"), who are significant shareholders in the Company and have a seat on the Board of Directors of the Company, are also significant shareholders in Zenas and have a seat on the Board of Directors of Zenas. As of December 31, 2023, Tellus and affiliated entities owned approximately

10%  
, and the Fairmount Funds and affiliated entities owned approximately

13%  
of the Company's outstanding shares. See Note 13 for more information. In connection with these agreements, the Company recognized \$

2.8 million and \$

6.4 million within the license revenue – related party line item in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, the Company recorded a related party receivable of \$

0.3 million, unbilled related party receivable of \$

0.2 million, current deferred related party revenue of \$

0.1 million and noncurrent deferred related party revenue of \$

0.7 million on its consolidated balance sheet. As of December 31, 2022, the Company recorded a related party receivable of \$

4.7 million, unbilled related party receivable of \$

0.9 million, current deferred related party revenue of \$

0.1 million and noncurrent deferred related party revenue of \$

0.8 million on its consolidated balance sheet.

In 2020, Zenas issued

156,848

common shares to the Company in exchange for the Zenas Option. The Company determined that the fair value on the date of issuance and as of December 31, 2023 and 2022, respectively, was not material to its consolidated financial statements. The Company used the measurement alternative as the measurement attribute for accounting for the Zenas common shares which does not require it to assess the fair value of the common stock at each reporting period as the fair value of the Zenas common shares is not readily determinable nor is there a reliable source for observable transactions from which the Company could determine a fair value. In addition, the Company does not have ready access to significant events occurring at Zenas. If the Company does identify observable price changes in orderly transactions for the identical or similar common shares of Zenas, the Company will measure the common shares at fair value as of the date that the observable transaction occurred.

On March 13, 2023, the Fairmount Funds issued promissory notes in the aggregate principal amount of \$

377

thousand to Former Dianthus at an interest rate of

4.5

% per annum. On March 15, 2023, Former Dianthus repaid principal and interest in the amount of \$

377

thousand to the Fairmount Funds in satisfaction of its obligations under the promissory notes.

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**18. Subsequent Events**

The Company evaluated subsequent events from December 31, 2023, the date of these consolidated financial statements, through March 21, 2024, which represents the date the consolidated financial statements were issued, for events requiring recording or disclosure in the consolidated financial statements for the year ended December 31, 2023. The Company concluded that no events have occurred that would require recognition or disclosure in the consolidated financial statements except as noted below.

On January 22, 2024, the Company entered into a securities purchase agreement for a private placement with certain institutional and accredited investors. At the closing of the private placement on January 24, 2024, the Company sold and issued

14,500,500  
shares of common stock at a price per share of \$

12.00  
, and pre-funded warrants to purchase

4,666,332  
shares of common stock at a purchase price of \$

11.999  
per pre-funded warrant, which represents the per share purchase price of the common stock less the \$

0.001  
per share exercise price for each pre-funded warrant, for an aggregate purchase price of approximately \$

230  
million. The pre-funded warrants are exercisable at any time after the date of issuance. A holder of pre-funded warrants may not exercise the warrant if the holder, together with its affiliates, would beneficially own more than

9.99  
% of the number of shares of common stock outstanding immediately after giving effect to such exercise. A holder of pre-funded warrants may increase or decrease this percentage to a percentage not in excess of

19.99  
% by providing at least 61 days' prior notice to the Company.

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**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

***Management's Evaluation of Disclosure Controls and Procedures***

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, due to the previously identified material weaknesses described below, our disclosure controls and procedures were not effective as of December 31, 2023.

***Management's Report on Internal Control Over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

As of December 31, 2023, our management assessed the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in its 2023 Internal Control-Integrated Framework. Based on this assessment, our management concluded that our internal control over financial reporting was not effective as of December 31, 2023 due to the previously identified material weaknesses described below. A material weakness (as defined in Rule 12b-2 under the Exchange Act) is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Specifically, as previously disclosed in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, filed with the SEC on November 9, 2023, we previously identified material weaknesses in our internal control over financial reporting related to: (a) our general segregation of duties, including the review and approval of journal entries as well as system access that has not been designed to allow for effective segregation of duties, which limits our ability to perform sufficient reviews and approval of journal entries posted to the general ledger and to consistently execute review procedures over general ledger account reconciliations, financial statement preparation and accounting for vendor and payroll transactions; and (b) our accounting software system has certain system limitations, including limited user access controls and change management controls, which limits our ability to ensure appropriate authorization and segregation of duties when processing transactions. We have concluded that these material weaknesses in our internal control over financial reporting are due to the fact that we have limited resources and do not have the necessary business processes and related internal controls formally designed and implemented coupled with the appropriate resources to oversee our business processes and controls. These material weaknesses did not result in any identified material misstatements to the financial statements, and there were no changes to previously released financial results. However, the deficiencies created a reasonable possibility that material misstatements to the consolidated financial statements would not be prevented or detected on a timely basis.

Management has analyzed the material weaknesses and performed additional analysis and procedures in preparing our consolidated financial statements. We have concluded that our consolidated financial statements fairly present, in all material respects, our financial condition, results of operations and cash flows at and for the periods presented. This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm on internal control over financial reporting due to an exemption for "non-accelerated filers."

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**Remediation Efforts to Address Material Weaknesses**

We are in the process of implementing measures designed to improve our internal control over financial reporting to remediate the material weaknesses identified above. Our planned remediation actions include the following:

- Formalizing our internal control documentation and strengthening supervisory reviews by our management;
- Adding additional accounting personnel and segregating duties among accounting personnel; and
- Implementing new applications and systems that focus on creating strong internal controls, including user access controls and defined approval processes for posting of journal entries, recording of vendor invoices, payments expenses, payroll processing and general ledger maintenance.

We are currently working to improve our internal processes and implement enhanced controls, as described above, to address the material weaknesses in our internal control over financial reporting and to remedy the ineffectiveness of our disclosure controls and procedures. These material weaknesses will not be considered to be remediated until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We are committed to continuing to improve our internal control processes, and, as we continue to evaluate and work to improve our internal control over financial reporting, we may take additional measures to address control deficiencies, or we may modify certain of the remediation measures described above.

**Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information.**

**(a) Amended Bylaws**

**Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

On March 19, 2024, our Board of Directors adopted an amendment and restatement of our second amended and restated bylaws, effective as of such date, to update our name from Magenta Therapeutics, Inc. to Dianthus Therapeutics, Inc. due to our name change in connection with the Reverse Merger.

*(b) Trading Plans.* During the quarter ended December 31, 2023, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not applicable.

### **PART III**

#### **Item 10. Directors, Executive Officers and Corporate Governance.**

Except as disclosed below, the information required under this item is incorporated herein by reference to our Definitive Proxy Statement for our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of our fiscal year ended December 31, 2023 (the "Proxy Statement"), including under the heading "Management and Corporate Governance" and "Delinquent Section 16(a) reports."

We have adopted a Code of Business Conduct and Ethics (the "Code of Ethics") that applies to all of our directors, officers and employees, including our principal executive, principal financial and principal accounting officers, or persons performing similar functions. Our Code of Ethics is posted on our website at [investor.dianthustx.com](http://investor.dianthustx.com). We intend to disclose future amendments to certain provisions of the Code of Ethics, and waivers of the Code of Ethics granted to executive officers and directors, on the website within four business days following the date of the amendment or waiver.

#### **Item 11. Executive Compensation.**

The information required under this item is incorporated herein by reference to the Proxy Statement, including under the heading "Executive Compensation."

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information required under this item is incorporated herein by reference to the Proxy Statement, including under the headings "Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters" and "Proposal No. 4 - Amendment and Restatement of the Amended and Restated Dianthus Therapeutics, Inc. Stock Option and Incentive Plan."

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required under this item is incorporated herein by reference to the Proxy Statement, including under the headings "Certain Relationships and Related Party Transactions" and "Management and Corporate Governance - Director Independence."

#### **Item 14. Principal Accountant Fees and Services.**

The information required under this item is incorporated herein by reference to the Proxy Statement, including under the heading "Information About Our Independent Accountants."

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**PART IV**

**Item 15. Exhibits, Financial Statement Schedules.**

(1) For a list of the financial statements included herein, see the Index to the Consolidated Financial Statements on page 82 of this Annual Report on Form 10-K, incorporated into this item by reference.

(2) Financial statement schedules have been omitted because they are either not required, not applicable or the information is included in the consolidated financial statements or the notes thereto.

(3) Exhibits:

<b>Exhibit Number</b>	<b>Description</b>
2.1†**	<a href="#">Agreement and Plan of Merger, dated as of May 2, 2023, by and among Magenta Therapeutics, Inc., Dio Merger Sub, Inc. and Dianthus Therapeutics, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement on Form S-4 filed with the SEC on July 31, 2023).</a>
3.1**	<a href="#">Fifth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 12, 2023).</a>
3.2*	<a href="#">Third Amended and Restated By-laws.</a>
4.1**	<a href="#">Form of Pre-Funded Warrant of Dianthus Therapeutics, Inc. (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 12, 2023).</a>
4.2**	<a href="#">Registration Rights Agreement, dated September 11, 2023, by and among Dianthus Therapeutics, Inc., Dianthus Therapeutics, OpCo, Inc. and certain parties thereto (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on September 12, 2023).</a>
4.3**	<a href="#">Form of Pre-Funded Warrant of Dianthus Therapeutics, Inc. (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 22, 2024).</a>
4.4**	<a href="#">Registration Rights Agreement, dated January 22, 2024, by and among Dianthus Therapeutics, Inc. and certain parties thereto (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on January 22, 2024).</a>
4.5*	<a href="#">Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.</a>
10.1**	<a href="#">Contingent Value Rights Agreement, dated September 11, 2023, by and between Dianthus Therapeutics, Inc. and the Rights Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 12, 2023).</a>
10.2#**	<a href="#">Form of Lock-Up Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on May 3, 2023).</a>
10.3#**	<a href="#">Form of Indemnification Agreements for Directors of the Company (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on September 12, 2023).</a>
10.4#**	<a href="#">Form of Indemnification Agreements for Officers of the Company (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on September 12, 2023).</a>
10.5#**	<a href="#">Amended and Restated Dianthus Therapeutics, Inc. Stock Option and Incentive Plan (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on September 12, 2023).</a>
10.6#*	<a href="#">Dianthus Therapeutics, Inc. 2019 Employee Stock Purchase Plan.</a>
10.7#**	<a href="#">Form of Stock Option Agreement for Directors under the Amended and Restated Dianthus Therapeutics, Inc. Stock Option and Incentive Plan (incorporated by reference to Exhibit 99.2 to the Registrant's Registration Statement on Form S-8 filed with the SEC on October 4, 2023).</a>
10.8#*	<a href="#">Form of Stock Option Agreement for Executives under the Amended and Restated Dianthus Therapeutics, Inc. Stock Option and Incentive Plan.</a>
10.9#**	<a href="#">Dianthus Therapeutics, Inc. 2019 Stock Plan (incorporated by reference to Exhibit 10.17 to Amendment No. 1 to the Registrant's Registration Statement on Form S-4 filed with the SEC on June 22, 2023).</a>
10.10#**	<a href="#">Form of Nonstatutory Stock Option Agreement under the Dianthus Therapeutics, Inc. 2019 Stock Plan (incorporated by reference to Exhibit 10.18 to Amendment No. 1 to the Registrant's Registration Statement on Form S-4 filed with the SEC on June 22, 2023).</a>

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10.11#**	<a href="#">Form of Incentive Stock Option Agreement under the Dianthus Therapeutics, Inc. 2019 Stock Plan (incorporated by reference to Exhibit 10.19 to Amendment No. 1 to the Registrant's Registration Statement on Form S-4 filed with the SEC on June 22, 2023).</a>
10.12#**	<a href="#">Employment Agreement, dated October 23, 2021, by and between Dianthus Therapeutics, Inc. and Marino Garcia (incorporated by reference to Exhibit 10.13 to Amendment No. 1 to the Registrant's Registration Statement on Form S-4 filed with the SEC on June 22, 2023).</a>
10.13#**	<a href="#">Amendment to Offer Letter, dated September 11, 2023, by and between Dianthus Therapeutics OpCo, Inc. and Marino Garcia (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the SEC on September 12, 2023).</a>
10.14#**	<a href="#">Offer Letter, as amended, dated March 11, 2022, by and between Dianthus Therapeutics, Inc. and Simrat Randhawa (incorporated by reference to Exhibit 10.14 to Amendment No. 1 to the Registrant's Registration Statement on Form S-4 filed with the SEC on June 22, 2023).</a>
10.15#*	<a href="#">Amendment to Offer Letter, dated September 11, 2023, by and between Dianthus Therapeutics OpCo, Inc. and Simrat Randhawa.</a>
10.16#**	<a href="#">Offer Letter, dated January 18, 2022, by and between Dianthus Therapeutics, Inc. and Ryan Savitz (incorporated by reference to Exhibit 10.15 to Amendment No. 1 to the Registrant's Registration Statement on Form S-4 filed with the SEC on June 22, 2023).</a>
10.17#**	<a href="#">Amendment to Offer Letter, dated September 11, 2023, by and between Dianthus Therapeutics OpCo, Inc. and Ryan Savitz (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the SEC on September 12, 2023).</a>
10.18#**	<a href="#">Director Compensation Letter, dated May 6, 2022, by and between Dianthus Therapeutics, Inc. and Paula Soteropoulos (incorporated by reference to Exhibit 10.16 to Amendment No. 1 to the Registrant's Registration Statement on Form S-4 filed with the SEC on June 22, 2023).</a>
10.19#*	<a href="#">Separation Agreement, dated February 7, 2023, by and between Magenta Therapeutics, Inc. and Jason Gardner.</a>
10.20#*	<a href="#">Separation Agreement, dated May 12, 2023, by and between Magenta Therapeutics, Inc. and Lisa Olson.</a>
10.21#**	<a href="#">Separation Agreement, dated September 11, 2023, by and between Magenta Therapeutics, Inc. and Stephen Mahoney (incorporated by reference to Exhibit 10.12 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 9, 2023).</a>
10.22#*	<a href="#">Separation Agreement, dated September 11, 2023, by and between Magenta Therapeutics, Inc. and Thomas Beetham.</a>
10.23††**	<a href="#">Biologics Master Services Agreement, dated as of March 22, 2021, by and between Dianthus Therapeutics, Inc. and WuXi Biologics (Hong Kong) Limited (incorporated by reference to Exhibit 10.24 to Amendment No. 2 to the Registrant's Registration Statement on Form S-4 filed with the SEC on July 17, 2023).</a>
10.24††**	<a href="#">Cell Line License Agreement, dated as of March 22, 2021, by and between Dianthus Therapeutics, Inc. and WuXi Biologics (Hong Kong) Limited (incorporated by reference to Exhibit 10.25 to Amendment No. 2 to the Registrant's Registration Statement on Form S-4 filed with the SEC on July 17, 2023).</a>
10.25**	<a href="#">Securities Purchase Agreement, dated as of January 22, 2024, by and between the Company and each purchaser identified in Annex A thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 22, 2024).</a>
16.1**	<a href="#">Letter from KPMG LLP, dated September 12, 2023 (incorporated by reference to Exhibit 16.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 12, 2023).</a>
21.1*	<a href="#">Subsidiaries of the Registrant.</a>
23.1*	<a href="#">Consent of Deloitte &amp; Touche LLP, independent registered public accounting firm of Dianthus Therapeutics, Inc.</a>
31.1*	<a href="#">Principal Executive Officer Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Principal Financial Officer Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1***	<a href="#">Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
97.1*	<a href="#">Dianthus Therapeutics, Inc. Rule 10D-1 Clawback Policy.</a>
101.INS	<a href="#">Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.</a>
101.SCH	<a href="#">Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents.</a>
104	<a href="#">Cover Page Interactive Data File (embedded within the Inline XBRL document).</a>

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\* Filed herewith.

\*\* Previously filed.

\*\*\*Furnished herewith. The certifications on Exhibit 32.1 hereto are deemed not "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

† The annexes, schedules and certain exhibits to the Merger Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Dianthus Therapeutics, Inc. hereby agrees to furnish supplementally a copy of any omitted annex, schedule or exhibit to the SEC upon request.

†† Portions of this exhibit (indicated by asterisks) have been omitted in accordance with the rules of the SEC.

# Management contract or compensatory plan or arrangement.

**Item 16. Form 10-K Summary.**

None.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

**DIANTHUS THERAPEUTICS, INC.**

Date: March 21, 2024

By: /s/ Ryan Savitz  
Ryan Savitz  
Chief Financial Officer and Chief Business Officer  
(Principal Financial Officer)

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Marino Garcia Marino Garcia	President, Chief Executive Officer and Director ( <i>Principal Executive Officer</i> )	March 21, 2024
/s/ Ryan Savitz Ryan Savitz	Chief Financial Officer and Chief Business Officer ( <i>Principal Financial Officer</i> )	March 21, 2024
/s/ Edward Carr Edward Carr	Chief Accounting Officer ( <i>Principal Accounting Officer</i> )	March 21, 2024
/s/ Leon O. Moulder, Jr. Leon O. Moulder, Jr.	Director and Chair of the Board	March 21, 2024
/s/ Tomas Kiselak Tomas Kiselak	Director	March 21, 2024
/s/ Alison F. Lawton Alison F. Lawton	Director	March 21, 2024
/s/ Anne McGeorge Anne McGeorge	Director	March 21, 2024
/s/ Lei Meng Lei Meng	Director	March 21, 2024
/s/ Paula Soteropoulos Paula Soteropoulos	Director	March 21, 2024
/s/ Jonathan Violin, Ph.D. Jonathan Violin, Ph.D.	Director	March 21, 2024

**THIRD AMENDED AND RESTATED  
BY-LAWS  
OF**

**DIANTHUS THERAPEUTICS, INC.**

(the "Corporation")

**ARTICLE I**

**Stockholders**

**SECTION 1. Annual Meeting.** The annual meeting of stockholders (any such meeting being referred to in these By-laws as an "Annual Meeting") shall be held at the hour, date and place within or without the United States which is fixed by the Board of Directors, which time, date and place may subsequently be changed at any time by vote of the Board of Directors. If no Annual Meeting has been held for a period of thirteen (13) months after the Corporation's last Annual Meeting, a special meeting in lieu thereof may be held, and such special meeting shall have, for the purposes of these By-laws or otherwise, all the force and effect of an Annual Meeting. Any and all references hereafter in these By-laws to an Annual Meeting or Annual Meetings also shall be deemed to refer to any special meeting(s) in lieu thereof.

**SECTION 2. Notice of Stockholder Business and Nominations.**

**(a) Annual Meetings of Stockholders.**

(1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of other business to be considered by the stockholders may be brought before an Annual Meeting (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this By-law, who is entitled to vote at the meeting, who is present (in person or by proxy) at the meeting and who complies with the notice procedures set forth in this By-law as to such nomination or business. For the avoidance of doubt, the foregoing clause (ii) shall be the exclusive means for a stockholder to bring nominations or business properly before an Annual Meeting (other than matters properly brought under Rule 14a-8 (or any successor rule) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), and such stockholder must comply with the notice and other procedures set forth in Article I, Section 2(a)(2) and (3) of this By-law to bring such nominations or business properly before an Annual Meeting. In addition to the other requirements set forth in this By-law, for any proposal of business to be considered at an Annual Meeting, it must be a proper subject for action by stockholders of the Corporation under Delaware law.

(2) For nominations or other business to be properly brought before an Annual Meeting by a stockholder pursuant to clause (ii) of Article I, Section 2(a)(1) of this By-law, the stockholder must (i) have given Timely Notice (as defined below) thereof in writing to the Secretary of the Corporation, (ii) have provided any updates or supplements to such notice at the times and in the forms required by this By-law and (iii) together with the beneficial owner(s), if any, on whose behalf the nomination or business proposal is made, have acted in accordance with the representations set forth in the Solicitation Statement (as defined below) required by this By-law. To be timely, a stockholder's written notice shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the one-year

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anniversary of the preceding year's Annual Meeting; provided, however, that in the event the Annual Meeting is first convened more than thirty (30) days before or more than sixty (60) days after such anniversary date, or if no Annual Meeting were held in the preceding year, notice by the stockholder to be timely must be received by the Secretary of the Corporation not later than the close of business on the later of the ninetieth (90th) day prior to the scheduled date of such Annual Meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made (such notice within such time periods shall be referred to as "Timely Notice"). Notwithstanding anything to the contrary provided herein, for the first Annual Meeting following the initial public offering of common stock of the Corporation, a stockholder's notice shall be timely if received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the ninetieth (90th) day prior to the scheduled date of such Annual Meeting or the tenth (10th) day following the day on which public announcement of the date of such Annual Meeting is first made or sent by the Corporation. Such stockholder's Timely Notice shall set forth:

(A) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of the nominee, (ii) the principal occupation or employment of the nominee, (iii) the class and number of shares of the corporation that are held of record or are beneficially owned by the nominee and any derivative positions held or beneficially held by the nominee, (iv) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of the nominee with respect to any securities of the corporation, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, or to increase or decrease the voting power of the nominee, (v) a description of all arrangements or understandings between or among the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder or concerning the nominee's potential service on the Board of Directors, (vi) a written statement executed by the nominee acknowledging that as a director of the corporation, the nominee will owe fiduciary duties under Delaware law with respect to the corporation and its stockholders, and (vii) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected);

(B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, the text, if any, of any resolutions or By-law amendment proposed for adoption, and any material interest in such business of each Proposing Person (as defined below);

(C) (i) the name and address of the stockholder giving the notice, as they appear on the Corporation's books, and the names and addresses of the other Proposing Persons (if any) and (ii) as to each Proposing Person, the following information: (a) the class or series and number of all shares of capital stock of the Corporation which are, directly or indirectly, owned beneficially or of record by such Proposing Person or any of its affiliates or associates (as such terms are defined in Rule 12b-2 promulgated under the Exchange Act), including any shares of any class or series of capital stock of the Corporation as to which such Proposing Person or any of its affiliates or associates has a right to acquire beneficial ownership at any time in the future, (b) all Synthetic Equity Interests (as defined below) in

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which such Proposing Person or any of its affiliates or associates, directly or indirectly, holds an interest including a description of the material terms of each such Synthetic Equity Interest, including without limitation, identification of the counterparty to each such Synthetic Equity Interest and disclosure, for each such Synthetic Equity Interest, as to (x) whether or not such Synthetic Equity Interest conveys any voting rights, directly or indirectly, in such shares to such Proposing Person, (y) whether or not such Synthetic Equity Interest is required to be, or is capable of being, settled through delivery of such shares and (z) whether or not such Proposing Person and/or, to the extent known, the counterparty to such Synthetic Equity Interest has entered into other transactions that hedge or mitigate the economic effect of such Synthetic Equity Interest, (c) any proxy (other than a revocable proxy given in response to a public proxy solicitation made pursuant to, and in accordance with, the Exchange Act), agreement, arrangement, understanding or relationship pursuant to which such Proposing Person has or shares a right to, directly or indirectly, vote any shares of any class or series of capital stock of the Corporation, (d) any rights to dividends or other distributions on the shares of any class or series of capital stock of the Corporation, directly or indirectly, owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, and (e) any performance-related fees (other than an asset based fee) that such Proposing Person, directly or indirectly, is entitled to based on any increase or decrease in the value of shares of any class or series of capital stock of the Corporation or any Synthetic Equity Interests (the disclosures to be made pursuant to the foregoing clauses (a) through (e) are referred to, collectively, as "Material Ownership Interests") and (iii) a description of the material terms of all agreements, arrangements or understandings (whether or not in writing) entered into by any Proposing Person or any of its affiliates or associates with any other person for the purpose of acquiring, holding, disposing or voting of any shares of any class or series of capital stock of the Corporation;

(D) (i) a description of all agreements, arrangements or understandings by and among any of the Proposing Persons, or by and among any Proposing Persons and any other person (including with any proposed nominee(s)) pertaining to the nomination(s) or other business proposed to be brought before the meeting of stockholders (which description shall identify the name of each other person who is party to such an agreement, arrangement or understanding), and (ii) identification of the names and addresses of other stockholders (including beneficial owners) known by any of the Proposing Persons to support such nominations or other business proposal(s), and to the extent known the class and number of all shares of the Corporation's capital stock owned beneficially or of record by such other stockholder(s) or other beneficial owner(s); and

(E) a statement whether or not the stockholder giving the notice and/or the other Proposing Person(s), if any, will deliver a proxy statement and form of proxy to holders of, in the case of a business proposal, at least the percentage of voting power of all of the shares of capital stock of the Corporation required under applicable law to approve the proposal or, in the case of a nomination or nominations, at least the percentage of voting power of all of the shares of capital stock of the Corporation reasonably believed by such Proposing Person to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder (such statement, the "Solicitation Statement").

For purposes of this Article I of these By-laws, the term "Proposing Person" shall mean the following persons: (i) the stockholder of record providing the notice of nominations or business proposed to be brought before a stockholders' meeting, and (ii) the beneficial owner(s), if different, on whose behalf the nominations or business proposed to be brought before a stockholders' meeting is made. For purposes of this Section 2 of Article I of these

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By-laws, the term "Synthetic Equity Interest" shall mean any transaction, agreement or arrangement (or series of transactions, agreements or arrangements), including, without limitation, any derivative, swap, hedge, repurchase or so-called "stock borrowing" agreement or arrangement, the purpose or effect of which is to, directly or indirectly: (a) give a person or entity economic benefit and/or risk similar to ownership of shares of any class or series of capital stock of the Corporation, in whole or in part, including due to the fact that such transaction, agreement or arrangement provides, directly or indirectly, the opportunity to profit or avoid a loss from any increase or decrease in the value of any shares of any class or series of capital stock of the Corporation, (b) mitigate loss to, reduce the economic risk of or manage the risk of share price changes for, any person or entity with respect to any shares of any class or series of capital stock of the Corporation, (c) otherwise provide in any manner the opportunity to profit or avoid a loss from any decrease in the value of any shares of any class or series of capital stock of the Corporation, or (d) increase or decrease the voting power of any person or entity with respect to any shares of any class or series of capital stock of the Corporation.

(3) A stockholder providing Timely Notice of nominations or business proposed to be brought before an Annual Meeting shall further update and supplement such notice, if necessary, so that the information (including, without limitation, the Material Ownership Interests information) provided or required to be provided in such notice pursuant to this By-law shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to such Annual Meeting, and such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the fifth (5th) business day after the record date for the Annual Meeting (in the case of the update and supplement required to be made as of the record date), and not later than the close of business on the eighth (8th) business day prior to the date of the Annual Meeting (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting).

(4) Notwithstanding anything in the second sentence of Article I, Section 2(a)(2) of this By-law to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least ten (10) days before the last day a stockholder may deliver a notice of nomination in accordance with the second sentence of Article I, Section 2(a)(2), a stockholder's notice required by this By-law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

**(b) General.**

(1) Only such persons who are nominated in accordance with the provisions of this By-law shall be eligible for election and to serve as directors and only such business shall be conducted at an Annual Meeting as shall have been brought before the meeting in accordance with the provisions of this By-law or in accordance with Rule 14a-8 under the Exchange Act. The Board of Directors or a designated committee thereof shall have the power to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the provisions of this By-law. If neither the Board of Directors nor such designated committee makes a determination as to whether any stockholder proposal or nomination was made in accordance with the provisions of this By-law, the presiding officer of the Annual Meeting shall have the power and duty to determine whether the stockholder proposal or nomination was made in accordance with the provisions of this By-law. If the Board of Directors or a designated committee thereof or the

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presiding officer, as applicable, determines that any stockholder proposal or nomination was not made in accordance with the provisions of this By-law, such proposal or nomination shall be disregarded and shall not be presented for action at the Annual Meeting.

(2) Except as otherwise required by law, nothing in this Article I, Section 2 shall obligate the Corporation or the Board of Directors to include in any proxy statement or other stockholder communication distributed on behalf of the Corporation or the Board of Directors information with respect to any nominee for director or any other matter of business submitted by a stockholder.

(3) Notwithstanding the foregoing provisions of this Article I, Section 2, if the nominating or proposing stockholder (or a qualified representative of the stockholder) does not appear at the Annual Meeting to present a nomination or any business, such nomination or business shall be disregarded, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Article I, Section 2, to be considered a qualified representative of the proposing stockholder, a person must be authorized by a written instrument executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such written instrument or electronic transmission, or a reliable reproduction of the written instrument or electronic transmission, to the presiding officer at the meeting of stockholders.

(4) For purposes of this By-law, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(5) Notwithstanding the foregoing provisions of this By-law, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-law. Nothing in this By-law shall be deemed to affect any rights of (i) stockholders to have proposals included in the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor rule), as applicable, under the Exchange Act and, to the extent required by such rule, have such proposals considered and voted on at an Annual Meeting or (ii) the holders of any series of Undesignated Preferred Stock to elect directors under specified circumstances.

**SECTION 3. Special Meetings.** Except as otherwise required by statute and subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock, special meetings of the stockholders of the Corporation may be called only by the Board of Directors acting pursuant to a resolution approved by the affirmative vote of a majority of the Directors then in office. The Board of Directors may postpone or reschedule any previously scheduled special meeting of stockholders. Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation. Nominations of persons for election to the Board of Directors of the Corporation and stockholder proposals of other business shall not be brought before a special meeting of stockholders to be considered by the stockholders unless such special meeting is held in lieu of an annual meeting of stockholders in accordance with Article I, Section 1 of these By-laws, in which case such special meeting in lieu thereof shall be deemed an Annual Meeting for purposes of these By-laws and the provisions of Article I, Section 2 of these By-laws shall govern such special meeting.

**SECTION 4. Notice of Meetings: Adjournments.**

(a) A notice of each Annual Meeting stating the hour, date and place, if any, of such Annual Meeting and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given not less than ten (10) days nor

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more than sixty (60) days before the Annual Meeting, to each stockholder entitled to vote thereat by delivering such notice to such stockholder or by mailing it, postage prepaid, addressed to such stockholder at the address of such stockholder as it appears on the Corporation's stock transfer books. Without limiting the manner by which notice may otherwise be given 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 ("DGCL").

(b) Unless otherwise required by the DGCL, notice of all special meetings of stockholders shall be given in the same manner as provided for Annual Meetings, except that the notice of all special meetings shall state the purpose or purposes for which the meeting has been called.

(c) Notice of an Annual Meeting or special meeting of stockholders need not be given to a stockholder if a waiver of notice is executed, or waiver of notice by electronic transmission is provided, before or after such meeting by such stockholder or if such stockholder attends such meeting, unless such attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened.

(d) The Board of Directors may postpone and reschedule any previously scheduled Annual Meeting or special meeting of stockholders and any record date with respect thereto, regardless of whether any notice or public disclosure with respect to any such meeting has been sent or made pursuant to Section 2 of this Article I of these By-laws or otherwise. In no event shall the public announcement of an adjournment, postponement or rescheduling of any previously scheduled meeting of stockholders commence a new time period for the giving of a stockholder's notice under this Article I of these By-laws.

(e) When any meeting is convened, the presiding officer may adjourn the meeting if (i) no quorum is present for the transaction of business, (ii) the Board of Directors determines that adjournment is necessary or appropriate to enable the stockholders to consider fully information which the Board of Directors determines has not been made sufficiently or timely available to stockholders, or (iii) the Board of Directors determines that adjournment is otherwise in the best interests of the Corporation. When any Annual Meeting or special meeting of stockholders is adjourned to another hour, date or place, notice need not be given of the adjourned meeting other than an announcement at the meeting at which the adjournment is taken of the hour, date and place, if any, to which the meeting is adjourned 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; provided, however, that if the adjournment is for more than thirty (30) days from the meeting date, or if after the adjournment a new record date is fixed for the adjourned meeting, notice 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 of record entitled to vote thereat and each stockholder who, by law or under the Certificate of Incorporation of the Corporation (as the same may hereafter be amended and/or restated, the "Certificate") or these By-laws, is entitled to such notice.

**SECTION 5. Quorum.** A majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at any meeting of stockholders. If less than a quorum is present at a meeting, the holders of voting stock representing a majority of the voting power present at the meeting or the presiding officer may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice, except as provided in Section 4 of this Article I. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed. The stockholders present at a duly constituted meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

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SECTION 6. Voting and Proxies. Stockholders shall have one vote for each share of stock entitled to vote owned by them of record according to the stock ledger of the Corporation as of the record date, unless otherwise provided by law or by the Certificate. Stockholders may vote either (i) in person, (ii) by written proxy or (iii) by a transmission permitted by Section 212(c) of the DGCL. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission permitted by Section 212(c) of the DGCL may be substituted for 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. Proxies shall be filed in accordance with the procedures established for the meeting of stockholders. Except as otherwise limited therein or as otherwise provided by law, proxies authorizing a person to vote at a specific meeting shall entitle the persons authorized thereby to vote at any adjournment of such meeting, but they shall not be valid after final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by or on behalf of any one of them unless at or prior to the exercise of the proxy the Corporation receives a specific written notice to the contrary from any one of them.

SECTION 7. Action at Meeting. When a quorum is present at any meeting of stockholders, any matter before any such meeting (other than an election of a director or directors) shall be decided by a majority of the votes properly cast for and against such matter, except where a larger vote is required by law, by the Certificate or by these By-laws. Any election of directors by stockholders shall be determined by a plurality of the votes properly cast on the election of directors.

SECTION 8. Stockholder Lists. The Secretary or an Assistant Secretary (or the Corporation's transfer agent or other person authorized by these By-laws or by law) shall prepare and make, at least ten (10) days before every Annual Meeting or special meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for a period of at least ten (10) days prior to the meeting in the manner provided by law. The list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law.

SECTION 9. Presiding Officer. The Board of Directors shall designate a representative to preside over all Annual Meetings or special meetings of stockholders, provided that if the Board of Directors does not so designate such a presiding officer, then the Chairman of the Board, if one is elected, shall preside over such meetings. If the Board of Directors does not so designate such a presiding officer and there is no Chairman of the Board or the Chairman of the Board is unable to so preside or is absent, then the Chief Executive Officer, if one is elected, shall preside over such meetings, provided further that if there is no Chief Executive Officer or the Chief Executive Officer is unable to so preside or is absent, then the President shall preside over such meetings. The presiding officer at any Annual Meeting or special meeting of stockholders shall have the power, among other things, to adjourn such meeting at any time and from time to time, subject to Sections 4 and 5 of this Article I. The order of business and all other matters of procedure at any meeting of the stockholders shall be determined by the presiding officer.

SECTION 10. Inspectors of Elections. The Corporation 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 persons as 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 presiding officer shall appoint one or more inspectors to act at the meeting. Any inspector may, but need not, be an officer, employee or agent of the Corporation. 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. The inspectors shall perform such duties as are required by the

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DGCL, including the counting of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. The presiding officer may review all determinations made by the inspectors, and in so doing the presiding officer shall be entitled to exercise his or her sole judgment and discretion and he or she shall not be bound by any determinations made by the inspectors. All determinations by the inspectors and, if applicable, the presiding officer, shall be subject to further review by any court of competent jurisdiction.

## ARTICLE II

### Directors

SECTION 1. Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors except as otherwise provided by the Certificate or required by law.

SECTION 2. Number and Terms. The number of directors of the Corporation shall be fixed solely and exclusively by resolution duly adopted from time to time by the Board of Directors. The directors shall hold office in the manner provided in the Certificate.

SECTION 3. Qualification. No director need be a stockholder of the Corporation.

SECTION 4. Vacancies. Vacancies in the Board of Directors shall be filled in the manner provided in the Certificate.

SECTION 5. Removal. Directors may be removed from office only in the manner provided in the Certificate.

SECTION 6. Resignation. A director may resign at any time by electronic transmission or by giving written notice to the Chairman of the Board, if one is elected, the President or the Secretary. A resignation shall be effective upon receipt, unless the resignation otherwise provides.

SECTION 7. Regular Meetings. The regular annual meeting of the Board of Directors shall be held, without notice other than this Section 7, on the same date and at the same place as the Annual Meeting following the close of such meeting of stockholders. Other regular meetings of the Board of Directors may be held at such hour, date and place as the Board of Directors may by resolution from time to time determine and publicize by means of reasonable notice given to any director who is not present at the meeting at which such resolution is adopted.

SECTION 8. Special Meetings. Special meetings of the Board of Directors may be called, orally or in writing, by or at the request of a majority of the directors, the Chairman of the Board, if one is elected, or the President. The person calling any such special meeting of the Board of Directors may fix the hour, date and place thereof.

SECTION 9. Notice of Meetings. Notice of the hour, date and place of all special meetings of the Board of Directors shall be given to each director by the Secretary or an Assistant Secretary, or in case of the death, absence, incapacity or refusal of such persons, by the Chairman of the Board, if one is elected, or the President or such other officer designated by the Chairman of the Board, if one is elected, or the President. Notice of any special meeting of the Board of Directors shall be given to each director in person, by telephone, or by facsimile, electronic mail or other form of electronic communication, sent to his or her business or home address, at least twenty-four (24) hours in advance of the meeting, or by written notice mailed to his or her business or home address, at least forty-eight (48) hours in advance of the meeting. Such notice shall be deemed to be delivered when hand-delivered to such address, read to

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such director by telephone, deposited in the mail so addressed, with postage thereon prepaid if mailed, dispatched or transmitted if sent by facsimile transmission or by electronic mail or other form of electronic communications. A written waiver of notice signed or electronically transmitted before or after a meeting by a director and filed with the records of the meeting shall be deemed to be equivalent to notice of the meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because such meeting is not lawfully called or convened. Except as otherwise required by law, by the Certificate or by these By-laws, neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

**SECTION 10. Quorum.** At any meeting of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business, but if less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice. Any business which might have been transacted at the meeting as originally noticed may be transacted at such adjourned meeting at which a quorum is present. For purposes of this section, the total number of directors includes any unfilled vacancies on the Board of Directors.

**SECTION 11. Action at Meeting.** At any meeting of the Board of Directors at which a quorum is present, the vote of a majority of the directors present shall constitute action by the Board of Directors, unless otherwise required by law, by the Certificate or by these By-laws.

**SECTION 12. Action by Consent.** Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing or by electronic transmission and the writings or writings or electronic transmission or transmissions are filed with the records of the meetings 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. Such consent shall be treated as a resolution of the Board of Directors for all purposes.

**SECTION 13. Manner of Participation.** Directors may participate in meetings of the Board of Directors by means of conference telephone or other communications equipment by means of which all directors participating in the meeting can hear each other, and participation in a meeting in accordance herewith shall constitute presence in person at such meeting for purposes of these By-laws.

**SECTION 14. Presiding Director.** The Board of Directors shall designate a representative to preside over all meetings of the Board of Directors, provided that if the Board of Directors does not so designate such a presiding director or such designated presiding director is unable to so preside or is absent, then the Chairman of the Board, if one is elected, shall preside over all meetings of the Board of Directors. If both the designated presiding director, if one is so designated, and the Chairman of the Board, if one is elected, are unable to preside or are absent, the Board of Directors shall designate an alternate representative to preside over a meeting of the Board of Directors.

**SECTION 15. Committees.** The Board of Directors, by vote of a majority of the directors then in office, may elect one or more committees, including, without limitation, a Compensation Committee, a Nominating & Corporate Governance Committee and an Audit Committee, and may delegate thereto some or all of its powers except those which by law, by the Certificate or by these By-laws may not be delegated. Except as the Board of Directors may otherwise determine, any such committee may make rules for the conduct of its business, but unless otherwise provided by the Board of Directors or in such rules, its business shall be conducted so far as possible in the same manner as is provided by these

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By-laws for the Board of Directors. All members of such committees shall hold such offices at the pleasure of the Board of Directors. The Board of Directors may abolish any such committee at any time. Any committee to which the Board of Directors delegates any of its powers or duties shall keep records of its meetings and shall report its action to the Board of Directors.

SECTION 16. Compensation of Directors. Directors shall receive such compensation for their services as shall be determined by a majority of the Board of Directors, or a designated committee thereof, provided that directors who are serving the Corporation as employees and who receive compensation for their services as such, shall not receive any salary or other compensation for their services as directors of the Corporation.

## ARTICLE III

### Officers

SECTION 1. Enumeration. The officers of the Corporation shall consist of a President, a Treasurer, a Secretary and such other officers, including, without limitation, a Chairman of the Board of Directors, a Chief Executive Officer and one or more Vice Presidents (including Executive Vice Presidents or Senior Vice Presidents), Assistant Vice Presidents, Assistant Treasurers and Assistant Secretaries, as the Board of Directors may determine.

SECTION 2. Election. At the regular annual meeting of the Board of Directors following the Annual Meeting, the Board of Directors shall elect the President, the Treasurer and the Secretary. Other officers may be elected by the Board of Directors at such regular annual meeting of the Board of Directors or at any other regular or special meeting.

SECTION 3. Qualification. No officer need be a stockholder or a director. Any person may occupy more than one office of the Corporation at any time.

SECTION 4. Tenure. Except as otherwise provided by the Certificate or by these By-laws, each of the officers of the Corporation shall hold office until the regular annual meeting of the Board of Directors following the next Annual Meeting and until his or her successor is elected and qualified or until his or her earlier resignation or removal.

SECTION 5. Resignation. Any officer may resign by delivering his or her written or electronically transmitted resignation to the Corporation addressed to the President or the Secretary, and such resignation shall be effective upon receipt, unless the resignation otherwise provides.

SECTION 6. Removal. Except as otherwise provided by law or by resolution of the Board of Directors, the Board of Directors may remove any officer with or without cause by the affirmative vote of a majority of the directors then in office.

SECTION 7. Absence or Disability. In the event of the absence or disability of any officer, the Board of Directors may designate another officer to act temporarily in place of such absent or disabled officer.

SECTION 8. Vacancies. Any vacancy in any office may be filled for the unexpired portion of the term by the Board of Directors.

SECTION 9. President. The President shall, subject to the direction of the Board of Directors, have such powers and shall perform such duties as the Board of Directors may from time to time designate.

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SECTION 10. Chairman of the Board. The Chairman of the Board, if one is elected, shall have such powers and shall perform such duties as the Board of Directors may from time to time designate.

SECTION 11. Chief Executive Officer. The Chief Executive Officer, if one is elected, shall have such powers and shall perform such duties as the Board of Directors may from time to time designate.

SECTION 12. Vice Presidents and Assistant Vice Presidents. Any Vice President (including any Executive Vice President or Senior Vice President) and any Assistant Vice President shall have such powers and shall perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 13. Treasurer and Assistant Treasurers. The Treasurer shall, subject to the direction of the Board of Directors and except as the Board of Directors or the Chief Executive Officer may otherwise provide, have general charge of the financial affairs of the Corporation and shall cause to be kept accurate books of account. The Treasurer shall have custody of all funds, securities, and valuable documents of the Corporation. He or she shall have such other duties and powers as may be designated from time to time by the Board of Directors or the Chief Executive Officer. Any Assistant Treasurer shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 14. Secretary and Assistant Secretaries. The Secretary shall record all the proceedings of the meetings of the stockholders and the Board of Directors (including committees of the Board of Directors) in books kept for that purpose. In his or her absence from any such meeting, a temporary secretary chosen at the meeting shall record the proceedings thereof. The Secretary shall have charge of the stock ledger (which may, however, be kept by any transfer or other agent of the Corporation). The Secretary shall have custody of the seal of the Corporation, and the Secretary, or an Assistant Secretary shall have authority to affix it to any instrument requiring it, and, when so affixed, the seal may be attested by his or her signature or that of an Assistant Secretary. The Secretary shall have such other duties and powers as may be designated from time to time by the Board of Directors or the Chief Executive Officer. In the absence of the Secretary, any Assistant Secretary may perform his or her duties and responsibilities. Any Assistant Secretary shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 15. Other Powers and Duties. Subject to these By-laws and to such limitations as the Board of Directors may from time to time prescribe, the officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the Board of Directors or the Chief Executive Officer.

## ARTICLE IV

### Capital Stock

SECTION 1. Certificates of Stock. Each stockholder shall be entitled to a certificate of the capital stock of the Corporation in such form as may from time to time be prescribed by the Board of Directors. Such certificate shall be signed by any two authorized officers of the Corporation. The Corporation seal and the signatures by the Corporation's officers, the transfer agent or the registrar may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the time of its issue. Every certificate for shares of stock which are subject to any restriction on transfer and every certificate issued when the Corporation is authorized to issue more than

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one class or series of stock shall contain such legend with respect thereto as is required by law. Notwithstanding anything to the contrary provided in these Bylaws, the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares (except that the foregoing shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation), and by the approval and adoption of these Bylaws the Board of Directors has determined that all classes or series of the Corporation's stock may be uncertificated, whether upon original issuance, re-issuance, or subsequent transfer.

SECTION 2. Transfers. Subject to any restrictions on transfer and unless otherwise provided by the Board of Directors, shares of stock that are represented by a certificate may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate theretofore properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require. Shares of stock that are not represented by a certificate may be transferred on the books of the Corporation by submitting to the Corporation or its transfer agent such evidence of transfer and following such other procedures as the Corporation or its transfer agent may require.

SECTION 3. Record Holders. Except as may otherwise be required by law, by the Certificate or by these By-laws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the Corporation in accordance with the requirements of these By-laws.

SECTION 4. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof or entitled to receive payment of any dividend or other distribution or allotment of any rights, or 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 by the Board of Directors, and which record date: (a) in the case of determination of stockholders entitled to vote at any meeting of stockholders, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting and (b) in the case of any other action, shall not be more than sixty (60) days prior to such other action. If no record date is fixed: (i) the record date for determining stockholders entitled to notice of or 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; and (ii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

SECTION 5. Replacement of Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock of the Corporation, a duplicate certificate may be issued in place thereof, upon such terms as the Board of Directors may prescribe.

## ARTICLE V

### Indemnification

SECTION 1. Definitions. For purposes of this Article:

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(a) "Corporate Status" describes the status of a person who is serving or has served (i) as a Director of the Corporation, (ii) as an Officer of the Corporation, (iii) as a Non-Officer Employee of the Corporation, or (iv) as a director, partner, trustee, officer, employee or agent of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan, foundation, association, organization or other legal entity which such person is or was serving at the request of the Corporation. For purposes of this Section 1(a), a Director, Officer or Non-Officer Employee of the Corporation who is serving or has served as a director, partner, trustee, officer, employee or agent of a Subsidiary shall be deemed to be serving at the request of the Corporation. Notwithstanding the foregoing, "Corporate Status" shall not include the status of a person who is serving or has served as a director, officer, employee or agent of a constituent corporation absorbed in a merger or consolidation transaction with the Corporation with respect to such person's activities prior to said transaction, unless specifically authorized by the Board of Directors or the stockholders of the Corporation;

(b) "Director" means any person who serves or has served the Corporation as a director on the Board of Directors of the Corporation;

(c) "Disinterested Director" means, with respect to each Proceeding in respect of which indemnification is sought hereunder, a Director of the Corporation who is not and was not a party to such Proceeding;

(d) "Expenses" means all attorneys' fees, retainers, court costs, transcript costs, fees of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), travel expenses, duplicating costs, printing and binding costs, costs of preparation of demonstrative evidence and other courtroom presentation aids and devices, costs incurred in connection with document review, organization, imaging and computerization, telephone charges, postage, delivery service fees, and all other disbursements, costs or expenses of the type customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or otherwise participating in, a Proceeding;

(e) "Liabilities" means judgments, damages, liabilities, losses, penalties, excise taxes, fines and amounts paid in settlement;

(f) "Non-Officer Employee" means any person who serves or has served as an employee or agent of the Corporation, but who is not or was not a Director or Officer;

(g) "Officer" means any person who serves or has served the Corporation as an officer of the Corporation appointed by the Board of Directors of the Corporation;

(h) "Proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, inquiry, investigation, administrative hearing or other proceeding, whether civil, criminal, administrative, arbitrative or investigative; and

(i) "Subsidiary" shall mean any corporation, partnership, limited liability company, joint venture, trust or other entity of which the Corporation owns (either directly or through or together with another Subsidiary of the Corporation) either (i) a general partner, managing member or other similar interest or (ii) (A) fifty percent (50%) or more of the voting power of the voting capital equity interests of such corporation, partnership, limited liability company, joint venture or other entity, or (B) fifty percent (50%) or more of the outstanding voting capital stock or other voting equity interests of such corporation, partnership, limited liability company, joint venture or other entity.

## SECTION 2. *Indemnification of Directors and Officers.*

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(a) Subject to the operation of Section 4 of this Article V of these By-laws, each Director and Officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, 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), and to the extent authorized in this Section 2.

(1) Actions, Suits and Proceedings Other than By or In the Right of the Corporation. Each Director and Officer shall be indemnified and held harmless by the Corporation against any and all Expenses and Liabilities that are incurred or paid by such Director or Officer or on such Director's or Officer's behalf in connection with any Proceeding or any claim, issue or matter therein (other than an action by or in the right of the Corporation), which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director's or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

(2) Actions, Suits and Proceedings By or In the Right of the Corporation. Each Director and Officer shall be indemnified and held harmless by the Corporation against any and all Expenses that are incurred by such Director or Officer or on such Director's or Officer's behalf in connection with any Proceeding or any claim, issue or matter therein by or in the right of the Corporation, which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director's or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation; provided, however, that no indemnification shall be made under this Section 2(a)(2) in respect of any claim, issue or matter as to which such Director or Officer shall have been finally adjudged by a court of competent jurisdiction to be liable to the Corporation, unless, and only to the extent that, the Court of Chancery or another court in which such Proceeding was brought shall determine upon application that, despite adjudication of liability, but in view of all the circumstances of the case, such Director or Officer is fairly and reasonably entitled to indemnification for such Expenses that such court deems proper.

(3) Survival of Rights. The rights of indemnification provided by this Section 2 shall continue as to a Director or Officer after he or she has ceased to be a Director or Officer and shall inure to the benefit of his or her heirs, executors, administrators and personal representatives.

(4) Actions by Directors or Officers. Notwithstanding the foregoing, the Corporation shall indemnify any Director or Officer seeking indemnification in connection with a Proceeding initiated by such Director or Officer only if such Proceeding (including any parts of such Proceeding not initiated by such Director or Officer) was authorized in advance by the Board of Directors of the Corporation, unless such Proceeding was brought to enforce such Officer's or Director's rights to indemnification or, in the case of Directors, advancement of Expenses under these By-laws in accordance with the provisions set forth herein.

SECTION 3. Indemnification of Non-Officer Employees. Subject to the operation of Section 4 of this Article V of these By-laws, each Non-Officer Employee may, in the discretion of the Board of Directors of the Corporation, be indemnified by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, against any or all Expenses and Liabilities that are incurred by such Non-Officer Employee or on such Non-Officer Employee's behalf in connection with any threatened, pending or completed Proceeding, or any claim, issue or matter therein, which such Non-Officer Employee is, or is threatened to be made, a party to or participant in by reason of such

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Non-Officer Employee's Corporate Status, if such Non-Officer Employee acted in good faith and in a manner such Non-Officer Employee reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this Section 3 shall exist as to a Non-Officer Employee after he or she has ceased to be a Non-Officer Employee and shall inure to the benefit of his or her heirs, personal representatives, executors and administrators. Notwithstanding the foregoing, the Corporation may indemnify any Non-Officer Employee seeking indemnification in connection with a Proceeding initiated by such Non-Officer Employee only if such Proceeding was authorized in advance by the Board of Directors of the Corporation.

**SECTION 4. Determination.** Unless ordered by a court, no indemnification shall be provided pursuant to this Article V to a Director, to an Officer or to a Non-Officer Employee unless a determination shall have been made that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal Proceeding, such person had no reasonable cause to believe his or her conduct was unlawful. Such determination shall be made by (a) a majority vote of the Disinterested Directors, even though less than a quorum of the Board of Directors, (b) a committee comprised of Disinterested Directors, such committee having been designated by a majority vote of the Disinterested Directors (even though less than a quorum), (c) if there are no such Disinterested Directors, or if a majority of Disinterested Directors so directs, by independent legal counsel in a written opinion, or (d) by the stockholders of the Corporation.

**SECTION 5. Advancement of Expenses to Directors Prior to Final Disposition.**

(a) The Corporation shall advance all Expenses incurred by or on behalf of any Director in connection with any Proceeding in which such Director is involved by reason of such Director's Corporate Status within thirty (30) days after the receipt by the Corporation of a written statement from such Director requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Director and shall be preceded or accompanied by an undertaking by or on behalf of such Director to repay any Expenses so advanced if it shall ultimately be determined that such Director is not entitled to be indemnified against such Expenses. Notwithstanding the foregoing, the Corporation shall advance all Expenses incurred by or on behalf of any Director seeking advancement of expenses hereunder in connection with a Proceeding initiated by such Director only if such Proceeding (including any parts of such Proceeding not initiated by such Director) was (i) authorized by the Board of Directors of the Corporation, or (ii) brought to enforce such Director's rights to indemnification or advancement of Expenses under these By-laws.

(b) If a claim for advancement of Expenses hereunder by a Director is not paid in full by the Corporation within thirty (30) days after receipt by the Corporation of documentation of Expenses and the required undertaking, such Director may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and if successful in whole or in part, such Director shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such advancement of Expenses under this Article V shall not be a defense to an action brought by a Director for recovery of the unpaid amount of an advancement claim and shall not create a presumption that such advancement is not permissible. The burden of proving that a Director is not entitled to an advancement of expenses shall be on the Corporation.

(c) 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

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adjudication that the Director has not met any applicable standard for indemnification set forth in the DGCL.

**SECTION 6. Advancement of Expenses to Officers and Non-Officer Employees Prior to Final Disposition.**

(a) The Corporation may, at the discretion of the Board of Directors of the Corporation, advance any or all Expenses incurred by or on behalf of any Officer or any Non-Officer Employee in connection with any Proceeding in which such person is involved by reason of his or her Corporate Status as an Officer or Non-Officer Employee upon the receipt by the Corporation of a statement or statements from such Officer or Non-Officer Employee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Officer or Non-Officer Employee and shall be preceded or accompanied by an undertaking by or on behalf of such person to repay any Expenses so advanced if it shall ultimately be determined that such Officer or Non-Officer Employee is not entitled to be indemnified against such Expenses.

(b) 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 Officer or Non-Officer Employee has not met any applicable standard for indemnification set forth in the DGCL.

**SECTION 7. Contractual Nature of Rights.**

(a) The provisions of this Article V shall be deemed to be a contract between the Corporation and each Director and Officer entitled to the benefits hereof at any time while this Article V is in effect, in consideration of such person's past or current and any future performance of services for the Corporation. Neither amendment, repeal or modification of any provision of this Article V nor the adoption of any provision of the Certificate of Incorporation inconsistent with this Article V shall eliminate or reduce any right conferred by this Article V in respect of any act or omission occurring, or any cause of action or claim that accrues or arises or any state of facts existing, at the time of or before such amendment, repeal, modification or adoption of an inconsistent provision (even in the case of a proceeding based on such a state of facts that is commenced after such time), and all rights to indemnification and advancement of Expenses granted herein or arising out of any act or omission shall vest at the time of the act or omission in question, regardless of when or if any proceeding with respect to such act or omission is commenced. The rights to indemnification and to advancement of expenses provided by, or granted pursuant to, this Article V shall continue notwithstanding that the person has ceased to be a director or officer of the Corporation and shall inure to the benefit of the estate, heirs, executors, administrators, legatees and distributees of such person.

(b) If a claim for indemnification hereunder by a Director or Officer is not paid in full by the Corporation within sixty (60) days after receipt by the Corporation of a written claim for indemnification, such Director or Officer may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, such Director or Officer shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such indemnification under this Article V shall not be a defense to an action brought by a Director or Officer for recovery of the unpaid amount of an indemnification claim and shall not create a presumption that such indemnification is not permissible. The burden of proving that a Director or Officer is not entitled to indemnification shall be on the Corporation.

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(c) In any suit brought by a Director or Officer to enforce a right to indemnification hereunder, it shall be a defense that such Director or Officer has not met any applicable standard for indemnification set forth in the DGCL.

SECTION 8. Non-Exclusivity of Rights. The rights to indemnification and to advancement of Expenses set forth in this Article V shall not be exclusive of any other right which any Director, Officer, or Non-Officer Employee may have or hereafter acquire under any statute, provision of the Certificate or these By-laws, agreement, vote of stockholders or Disinterested Directors or otherwise.

SECTION 9. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer or Non-Officer Employee against any liability of any character asserted against or incurred by the Corporation or any such Director, Officer or Non-Officer Employee, or arising out of any such person's Corporate Status, whether or not the Corporation would have the power to indemnify such person against such liability under the DGCL or the provisions of this Article V.

SECTION 10. Other Indemnification. The Corporation's obligation, if any, to indemnify or provide advancement of Expenses to any person under this Article V as a result of such person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount such person may collect as indemnification or advancement of Expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or enterprise (the "Primary Indemnitor"). Any indemnification or advancement of Expenses under this Article V owed by the Corporation as a result of a person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall only be in excess of, and shall be secondary to, the indemnification or advancement of Expenses available from the applicable Primary Indemnitor(s) and any applicable insurance policies.

## ARTICLE VI

### Miscellaneous Provisions

SECTION 1. Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

SECTION 2. Seal. The Board of Directors shall have power to adopt and alter the seal of the Corporation.

SECTION 3. Execution of Instruments. 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 Chairman of the Board, if one is elected, the President or the Treasurer or any other officer, employee or agent of the Corporation as the Board of Directors or the executive committee of the Board may authorize.

SECTION 4. Voting of Securities. Unless the Board of Directors otherwise provides, the Chairman of the Board, if one is elected, the President or the Treasurer may waive notice of and act on behalf of the Corporation, or appoint another person or persons to act as proxy or attorney in fact for the Corporation with or without discretionary power and/or power of substitution, at any meeting of stockholders or shareholders of any other corporation or organization, any of whose securities are held by the Corporation.

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SECTION 5. Resident Agent. The Board of Directors may appoint a resident agent upon whom legal process may be served in any action or proceeding against the Corporation.

SECTION 6. Corporate Records. The original or attested copies of the Certificate, By-laws and records of all meetings of the incorporators, stockholders and the Board of Directors and the stock transfer books, which shall contain the names of all stockholders, their record addresses and the amount of stock held by each, may be kept outside the State of Delaware and shall be kept at the principal office of the Corporation, at an office of its counsel, at an office of its transfer agent or at such other place or places as may be designated from time to time by the Board of Directors.

SECTION 7. Certificate. All references in these By-laws to the Certificate shall be deemed to refer to the Amended and Restated Certificate of Incorporation of the Corporation, as amended and/or restated and in effect from time to time.

SECTION 8. Exclusive Jurisdiction of Delaware Courts and the United States Federal District Courts for Certain Claims. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of or based on a fiduciary duty owed by any current or former 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 or any current or former director, officer or other employee or stockholder of the Corporation arising pursuant to any provision of the Delaware General Corporation Law or the Certificate or By-laws, or (iv) any action asserting a claim against the Corporation or any current or former director or officer or other employee of the Corporation governed by the internal affairs doctrine. Unless the Corporation consents 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 of 1933, as amended. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 8.

SECTION 9. Amendment of By-laws.

(a) Amendment by Directors. Except as provided otherwise by law, these By-laws may be amended or repealed by the Board of Directors by the affirmative vote of a majority of the directors then in office.

(b) Amendment by Stockholders. These By-laws may be amended or repealed at any Annual Meeting, or special meeting of stockholders called for such purpose in accordance with these By-Laws, by the affirmative vote of not less than two thirds (2/3) of the outstanding shares entitled to vote on such amendment or repeal, voting together as a single class; provided, however, that if the Board of Directors recommends that stockholders approve such amendment or repeal at such meeting of stockholders, such amendment or repeal shall only require the affirmative vote of the majority of the outstanding shares entitled to vote on such amendment or repeal, voting together as a single class. Notwithstanding the foregoing, stockholder approval shall not be required unless mandated by the Certificate, these By-laws, or other applicable law.

SECTION 10. 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 to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the DGCL.

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**SECTION 11. 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 to be transacted at, nor the purpose of, any meeting need be specified in such a waiver.

Updated effective as of March 19, 2024

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**Description of the Registrant's Securities Registered Pursuant  
to Section 12 of the Securities Exchange Act of 1934, as amended**

The common stock, par value \$0.001 per share ("Common Stock"), of Dianthus Therapeutics, Inc. ("Dianthus," "we," or "our") is registered under Section 12 of the Securities Exchange Act of 1934, as amended. The following is a description of our capital stock and does not purport to be complete and is subject to, and qualified in its entirety by, our fifth amended and restated certificate of incorporation ("charter") and our second amended and restated bylaws ("bylaws"), each of which is incorporated herein by reference. You should refer to our charter and our bylaws for the actual terms of our capital stock. Copies of our charter and bylaws are incorporated by reference as exhibits to our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission.

**Authorized Capital Stock**

Our authorized capital stock consists of 150,000,000 shares of Common Stock and 10,000,000 shares of undesignated preferred stock, par value \$0.001 per share ("Preferred Stock").

**Common Stock**

*Dividends*

Holders of Common Stock are entitled to receive dividends ratably, if any, as may be declared by our board of directors out of legally available funds, subject to any preferential dividend rights of any Preferred Stock then outstanding.

*Voting*

Holders of Common Stock are entitled to one vote for each share of Common Stock held of record for the election of directors of Dianthus and on all matters submitted to a vote of the stockholders. The holders of Common Stock do not have any cumulative voting rights.

*Distributions on Liquidation*

In the event of our dissolution, liquidation or winding up, holders of Common Stock are entitled to share ratably in our net assets legally available after the payment of all our debts and other liabilities, subject to the preferential rights of any Preferred Stock then outstanding. The rights, preferences and privileges of holders of Common Stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of Preferred Stock that we may designate and issue in the future.

*Other Rights*

Holders of Common Stock are not entitled to preemptive, subscription, redemption or conversion rights, and no sinking fund provisions are applicable to Common Stock.

**Preferred Stock**

Under our charter, our board of directors is authorized, without further action by the stockholders, to designate and issue up to an aggregate of 10,000,000 shares of Preferred Stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting, or the designation of, such series, any or all of which may be greater than the rights of Common Stock. 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 Common Stock and the likelihood that such holders will receive dividend payments and payments upon our liquidation.

The purpose of authorizing our board of directors to issue Preferred Stock in one or more series and determine the number of shares in the series and its rights, preferences, privileges and restrictions is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of Preferred Stock, while providing flexibility in connection with possible future financings and acquisitions and other corporate purposes could, under certain circumstances, have the effect of delaying, deferring or preventing a change in control of the company.

#### **Anti-Takeover Effects of Delaware Law and Provisions of Our Charter and Bylaws**

Certain provisions of the General Corporation Law of Delaware (the "DGCL") and of our charter and bylaws could have the effect of delaying, deferring or discouraging another party from acquiring control of Dianthus. These provisions, which are summarized below, are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and, as a consequence, they might also inhibit temporary fluctuations in the market price of our Common Stock that often result from actual or rumored hostile takeover attempts. These provisions are also designed in part to encourage anyone seeking to acquire control of Dianthus to first negotiate with our board of directors. These provisions might also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests. However, we hold that the advantages gained by protecting our ability to negotiate with any unsolicited and potentially unfriendly acquirer outweigh the disadvantages of discouraging such proposals, including those priced above the then-current market value of our Common Stock, because, among other reasons, the negotiation of such proposals could improve their terms.

#### *Delaware Anti-Takeover Statute*

We are subject to the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the date that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which 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 commenced, excluding for purposes of determining the voting stock outstanding shares owned by persons who are directors and also officers, and employee stock plans, in some instances, but not the outstanding voting stock owned by the interested stockholder; or
- at or after the time the stockholder became interested, the business combination was approved by the board of directors and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation or any direct or indirect majority-owned subsidiary of the corporation and the interested stockholder;

- any sale, transfer, lease, pledge or other disposition (in one or more transactions) involving the interested stockholder of 10% or more of either the aggregate market value of all (i) the assets of the corporation or (ii) the outstanding capital stock of the corporation, involving the interested stockholder;
- subject to 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 any subsidiary to the interested stockholder;
- subject to exceptions, 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 of any class or series of the corporation or of any subsidiary beneficially owned by the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation or any direct or indirect majority-owned subsidiary.

In general, Section 203 defines an “interested stockholder” as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person that is an affiliate or associate of the corporation and who beneficially owned 15% or more of the outstanding voting stock of the corporation at any time within the three year period immediately prior to the date of determining whether such entity or person is an interested stockholder, and any affiliate or associate of that entity or person.

*Choice of Forum*

Our bylaws provide that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for state law claims for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of or based on a breach of a fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders, (iii) any action asserting a claim against us or any of our current or former directors, officers, employees or stockholders arising pursuant to any provision of the DGCL, our charter or our bylaws, or (iv) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein, which we refer to herein as the “Delaware Forum Provision.” The Delaware Forum Provision will not apply to any causes of action arising under the Securities Act or the Exchange Act. Our bylaws further provide that, unless we consent in writing to 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, which we refer to herein as the “Federal Forum Provision.” In addition, our bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing Delaware Forum Provision and Federal Forum Provision.

We recognize that the Delaware Forum Provision and the Federal Forum Provision may impose additional litigation costs on stockholders in pursuing any such claims, particularly if the stockholders do not reside in or near the State of Delaware. Additionally, the forum selection clauses in our bylaws may limit our stockholders’ ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage the filing of lawsuits against us and our directors, officers and employees even though an action, if successful, might benefit our stockholders. Alternatively, if the Federal Forum Provision is found inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could have an

adverse effect on our business, financial condition or results of operations. The Court of Chancery of the State of Delaware or the federal district courts of the United States may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

#### *Board Composition and Filling Vacancies*

In accordance with our charter, our board is divided into three classes serving staggered three-year terms, with one class being elected each year. Our charter also provides that directors may be removed only for cause and then only by the affirmative vote of the holders of two-thirds or more of the shares then entitled to vote at an election of directors. Furthermore, any vacancy on our board of directors, however occurring, including a vacancy resulting from an increase in the size of our board, may only be filled by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum. The classification of directors, together with the limitations on removal of directors and treatment of vacancies, has the effect of making it more difficult for stockholders to change the composition of our board of directors.

#### *No Written Consent of Stockholders*

Our charter provides that all stockholder actions are required to be taken by a vote of the stockholders at an annual or special meeting, and that stockholders may not take any action by written consent in lieu of a meeting. This requirement may lengthen the amount of time required to take stockholder actions and would prevent the amendment of our bylaws or removal of directors by our stockholders without holding a meeting of stockholders.

#### *Meetings of Stockholders*

Our charter and our bylaws provide that only a majority of the members of our board of directors then in office may call special meetings of stockholders and only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders. Our bylaws limit the business that may be conducted at an annual meeting of stockholders to those matters properly brought before the meeting.

#### *Advance Notice Requirements*

Our bylaws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. Our bylaws specify the requirements as to form and content of all stockholders' notices. These requirements may preclude stockholders from bringing matters before the stockholders at an annual or special meeting.

#### *Amendment to Our Charter and Our Bylaws*

As required by the DGCL, any amendment of our charter must first be approved by a majority of our board of directors, and, if required by law or our charter, must thereafter be approved by a majority of the outstanding shares entitled to vote on the amendment and a majority of the outstanding shares of each class entitled to vote thereon as a class, except that the amendment of the provisions relating to stockholder action, board composition, limitation of liability, the amendment of our bylaws and the amendment of our charter must be approved by not less than two-thirds of the outstanding shares.

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entitled to vote on the amendment, and not less than two-thirds of the outstanding shares of each class entitled to vote thereon as a class.

Our bylaws may be amended by the affirmative vote of a majority of the directors then in office, subject to any limitations set forth in the bylaws, and may also be amended by the affirmative vote of at least two-thirds of the outstanding shares entitled to vote on the amendment, or, if our board of directors recommends that the stockholders approve the amendment, by the affirmative vote of the majority of the outstanding shares entitled to vote on the amendment, in each case voting together as a single class.

*Undesignated Preferred Stock*

Our charter provides for 10,000,000 authorized shares of Preferred Stock. The existence of authorized but unissued shares of Preferred Stock may enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations, our board of directors were to determine that a takeover proposal is not in the best interests of our stockholders, our board of directors could cause shares of Preferred Stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer or insurgent stockholder or stockholder group. The issuance of shares of Preferred Stock could decrease the amount of earnings and assets available for distribution to holders of shares of Common Stock. The issuance may also adversely affect the rights and powers, including voting rights, of these holders and may have the effect of delaying, deterring or preventing a change in control of us.

**Nasdaq Capital Market Listing**

Our Common Stock is listed on The Nasdaq Capital Market under the symbol "DNTH."

**Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A. The transfer agent and registrar's address is 150 Royall Street, Canton, Massachusetts 02021, and its telephone number is (800) 962-4284.

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**DIANTHUS THERAPEUTICS, INC.**  
**2019 EMPLOYEE STOCK PURCHASE PLAN**

The purpose of the Dianthus Therapeutics, Inc. 2019 Employee Stock Purchase Plan (“the Plan”) is to provide eligible employees of Dianthus Therapeutics, Inc. (the “Company”) and each Designated Subsidiary (as defined in Section 11) with opportunities to purchase shares of the Company’s common stock, par value \$0.001 per share (the “Common Stock”). 166,525 shares of Common Stock in the aggregate have been approved and reserved for this purpose, plus on January 1, 2020, and each January 1 thereafter through January 1, 2029, the number of shares of Common Stock reserved and available for issuance under the Plan shall be cumulatively increased by the least of (i) one percent (1%) percent of the number of shares of Common Stock issued and outstanding on the immediately preceding December 31st, (ii) 1,000,000 shares of Common Stock or (iii) such number of shares of Common Stock as determined by the Administrator.

The Plan is intended to constitute an “employee stock purchase plan” within the meaning of Section 423(b) of the Internal Revenue Code of 1986, as amended (the “Code”), and shall be interpreted in accordance with that intent.

1. Administration. The Plan will be administered by the person or persons (the “Administrator”) appointed by the Company’s Board of Directors (the “Board”) for such purpose. The Administrator has authority at any time to: (i) adopt, alter and repeal such rules, guidelines and practices for the administration of the Plan and for its own acts and proceedings as it shall deem advisable; (ii) interpret the terms and provisions of the Plan; (iii) make all determinations it deems advisable for the administration of the Plan; (iv) decide all disputes arising in connection with the Plan; and (v) otherwise supervise the administration of the Plan.

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All interpretations and decisions of the Administrator shall be binding on all persons, including the Company and the Participants. No member of the Board or individual exercising administrative authority with respect to the Plan shall be liable for any action or determination made in good faith with respect to the Plan or any option granted hereunder.

2. Offerings. The Company will make one or more offerings to eligible employees to purchase Common Stock under the Plan ("Offerings"). Each Offering will begin at such time and on such dates as the Administrator shall determine, provided that no Offering shall exceed 27 months in duration or overlap any other Offering.

3. Eligibility. All individuals classified as employees on the payroll records of the Company and each Designated Subsidiary are eligible to participate in any one or more of the Offerings under the Plan, provided that as of the first day of the applicable Offering (the "Offering Date") they are customarily employed by the Company or a Designated Subsidiary for more than 20 hours a week and have completed at least 30 days of employment. Notwithstanding any other provision herein, individuals who are not contemporaneously classified as employees of the Company or a Designated Subsidiary for purposes of the Company's or applicable Designated Subsidiary's payroll system are not considered to be eligible employees of the Company or any Designated Subsidiary and shall not be eligible to participate in the Plan. In the event any such individuals are reclassified as employees of the Company or a Designated Subsidiary for any purpose, including, without limitation, common law or statutory employees, by any action of any third party, including, without limitation, any government agency, or as a result of any private lawsuit, action or administrative proceeding, such individuals shall, notwithstanding such reclassification, remain ineligible for participation. Notwithstanding the foregoing, the exclusive means for individuals who are not

contemporaneously classified as employees of the Company or a Designated Subsidiary on the Company's or Designated Subsidiary's payroll system to become eligible to participate in this Plan is through an amendment to this Plan, duly executed by the Company, which specifically renders such individuals eligible to participate herein.

**4. Participation.**

(a) **Participants in Subsequent Offerings.** An eligible employee who is not a Participant in any prior Offering may participate in a subsequent Offering by submitting an enrollment form to his or her appropriate payroll location at least 15 business days before the Offering Date (or by such other deadline as shall be established by the Administrator for the Offering).

(b) **Enrollment.** The enrollment form will (a) state a whole percentage or the amount to be deducted from an eligible employee's Compensation (as defined in Section 11) per pay period, (b) authorize the purchase of Common Stock in each Offering in accordance with the terms of the Plan and (c) specify the exact name or names in which shares of Common Stock purchased for such individual are to be issued pursuant to Section 10. An employee who does not enroll in accordance with these procedures will be deemed to have waived the right to participate. Unless a Participant files a new enrollment form or withdraws from the Plan, such Participant's deductions and purchases will continue at the same percentage or amount of Compensation for future Offerings, provided he or she remains eligible.

(c) Notwithstanding the foregoing, participation in the Plan will neither be permitted nor be denied contrary to the requirements of the Code.

5. **Employee Contributions.** Each eligible employee may authorize payroll deductions at a minimum of 1 percent up to a maximum of 15 percent of such employee's

Compensation for each pay period. The Company will maintain book accounts showing the amount of payroll deductions made by each Participant for each Offering. No interest will accrue or be paid on payroll deductions.

6. Deduction Changes. Except as may be determined by the Administrator in advance of an Offering, a Participant may not increase or decrease his or her payroll deduction during any Offering, but may increase or decrease his or her payroll deduction with respect to the next Offering (subject to the limitations of Section 5) by filing a new enrollment form at least 15 business days before the next Offering Date (or by such other deadline as shall be established by the Administrator for the Offering). The Administrator may, in advance of any Offering, establish rules permitting a Participant to increase, decrease or terminate his or her payroll deduction during an Offering.

7. Withdrawal. A Participant may withdraw from participation in the Plan by delivering a written notice of withdrawal to his or her appropriate payroll location. The Participant's withdrawal will be effective as of the next business day. Following a Participant's withdrawal, the Company will promptly refund such individual's entire account balance under the Plan to him or her (after payment for any Common Stock purchased before the effective date of withdrawal). Partial withdrawals are not permitted. Such an employee may not begin participation again during the remainder of the Offering, but may enroll in a subsequent Offering in accordance with Section 4.

8. Grant of Options. On each Offering Date, the Company will grant to each eligible employee who is then a Participant in the Plan an option ("Option") to purchase on the last day of such Offering (the "Exercise Date"), at the Option Price hereinafter provided for, the lowest of (a) a number of shares of Common Stock determined by dividing such Participant's accumulated

payroll deductions on such Exercise Date by the lower of (i) 85 percent of the Fair Market Value of the Common Stock on the Offering Date, or (ii) 85 percent of the Fair Market Value of the Common Stock on the Exercise Date, (b) 3,000 shares; or (c) such other lesser maximum number of shares as shall have been established by the Administrator in advance of the Offering; provided, however, that such Option shall be subject to the limitations set forth below. Each Participant's Option shall be exercisable only to the extent of such Participant's accumulated payroll deductions on the Exercise Date. The purchase price for each share purchased under each Option (the "Option Price") will be 85 percent of the Fair Market Value of the Common Stock on the Offering Date or the Exercise Date, whichever is less.

Notwithstanding the foregoing, no Participant may be granted an option hereunder if such Participant, immediately after the option was granted, would be treated as owning stock possessing 5 percent or more of the total combined voting power or value of all classes of stock of the Company or any Parent or Subsidiary (as defined in Section 11). For purposes of the preceding sentence, the attribution rules of Section 424(d) of the Code shall apply in determining the stock ownership of a Participant, and all stock which the Participant has a contractual right to purchase shall be treated as stock owned by the Participant. In addition, no Participant may be granted an Option which permits his or her rights to purchase stock under the Plan, and any other employee stock purchase plan of the Company and its Parents and Subsidiaries, to accrue at a rate which exceeds \$25,000 of the fair market value of such stock (determined on the option grant date or dates) for each calendar year in which the Option is outstanding at any time. The purpose of the limitation in the preceding sentence is to comply with Section 423(b)(8) of the Code and shall be applied taking Options into account in the order in which they were granted.

**9. Exercise of Option and Purchase of Shares.** Each employee who continues to be a Participant in the Plan on the Exercise Date shall be deemed to have exercised his or her Option on such date and shall acquire from the Company such number of whole shares of Common Stock reserved for the purpose of the Plan as his or her accumulated payroll deductions on such date will purchase at the Option Price, subject to any other limitations contained in the Plan. Any amount remaining in a Participant's account at the end of an Offering solely by reason of the inability to purchase a fractional share will be carried forward to the next Offering; any other balance remaining in a Participant's account at the end of an Offering will be refunded to the Participant promptly.

**10. Issuance of Certificates.** Certificates representing shares of Common Stock purchased under the Plan may be issued only in the name of the employee, in the name of the employee and another person of legal age as joint tenants with rights of survivorship, or in the name of a broker authorized by the employee to be his, her or their, nominee for such purpose.

**11. Definitions.**

The term "Compensation" means the amount of gross base pay (including overtime), prior to salary reduction pursuant to Sections 125, 132(f) or 401(k) of the Code, but excluding commissions, incentive or bonus awards, allowances and reimbursements for expenses such as relocation allowances or travel expenses, income or gains on the exercise of Company stock options, and similar items.

The term "Designated Subsidiary" means any present or future Subsidiary (as defined below) that has been designated by the Board to participate in the Plan. The Board may so designate any Subsidiary, or revoke any such designation, at any time and from time to time, either before or after the Plan is approved by the stockholders.

The term "Fair Market Value of the Common Stock" on any given date means the fair market value of the Common Stock determined in good faith by the Administrator; provided, however, that if the Common Stock is admitted to quotation on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), NASDAQ Global Market or another national securities exchange, the determination shall be made by reference to the closing price on such date. 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.

The term "Parent" means a "parent corporation" with respect to the Company, as defined in Section 424(e) of the Code.

The term "Participant" means an individual who is eligible as determined in Section 3 and who has complied with the provisions of Section 4.

The term "Subsidiary" means a "subsidiary corporation" with respect to the Company, as defined in Section 424(f) of the Code.

**12. Rights on Termination of Employment.** If a Participant's employment terminates for any reason before the Exercise Date for any Offering, no payroll deduction will be taken from any pay due and owing to the Participant and the balance in the Participant's account will be paid to such Participant or, in the case of such Participant's death, to his or her designated beneficiary as if such Participant had withdrawn from the Plan under Section 7. An employee will be deemed to have terminated employment, for this purpose, if the corporation that employs him or her, having been a Designated Subsidiary, ceases to be a Subsidiary, or if the employee is transferred to any corporation other than the Company or a Designated Subsidiary. An employee will not be deemed to have terminated employment for this purpose, if the employee is on an approved leave of absence for military service or sickness or for any other purpose approved by

the Company, if the employee's right to reemployment 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 Administrator otherwise provides in writing.

13. Special Rules. Notwithstanding anything herein to the contrary, the Administrator may adopt special rules applicable to the employees of a particular Designated Subsidiary, whenever the Administrator determines that such rules are necessary or appropriate for the implementation of the Plan in a jurisdiction where such Designated Subsidiary has employees; provided that such rules are consistent with the requirements of Section 423(b) of the Code. Any special rules established pursuant to this Section 13 shall, to the extent possible, result in the employees subject to such rules having substantially the same rights as other Participants in the Plan.

14. Optionees Not Stockholders. Neither the granting of an Option to a Participant nor the deductions from his or her pay shall constitute such Participant a holder of the shares of Common Stock covered by an Option under the Plan until such shares have been purchased by and issued to him or her.

15. Rights Not Transferable. Rights under the Plan are not transferable by a Participant other than by will or the laws of descent and distribution, and are exercisable during the Participant's lifetime only by the Participant.

16. Application of Funds. All funds received or held by the Company under the Plan may be combined with other corporate funds and may be used for any corporate purpose.

17. Adjustment in Case of Changes Affecting Common Stock. In the event of a subdivision of outstanding shares of Common Stock, the payment of a dividend in Common Stock or any other change affecting the Common Stock, the number of shares approved for the

Plan and the share limitation set forth in Section 8 shall be equitably or proportionately adjusted to give proper effect to such event.

18. Amendment of the Plan. The Board may at any time and from time to time amend the Plan in any respect, except that without the approval within 12 months of such Board action by the stockholders, no amendment shall be made increasing the number of shares approved for the Plan or making any other change that would require stockholder approval in order for the Plan, as amended, to qualify as an "employee stock purchase plan" under Section 423(b) of the Code.

19. Insufficient Shares. If the total number of shares of Common Stock that would otherwise be purchased on any Exercise Date plus the number of shares purchased under previous Offerings under the Plan exceeds the maximum number of shares issuable under the Plan, the shares then available shall be apportioned among Participants in proportion to the amount of payroll deductions accumulated on behalf of each Participant that would otherwise be used to purchase Common Stock on such Exercise Date.

20. Termination of the Plan. The Plan may be terminated at any time by the Board. Upon termination of the Plan, all amounts in the accounts of Participants shall be promptly refunded.

21. Governmental Regulations. The Company's obligation to sell and deliver Common Stock under the Plan is subject to obtaining all governmental approvals required in connection with the authorization, issuance, or sale of such stock.

22. Governing Law. This Plan and all Options and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

23.Issuance of Shares. Shares may be issued upon exercise of an Option from authorized but unissued Common Stock, from shares held in the treasury of the Company, or from any other proper source.

24.Tax Withholding. Participation in the Plan is subject to any minimum required tax withholding on income of the Participant in connection with the Plan. Each Participant agrees, by entering the Plan, that the Company and its Subsidiaries shall have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant, including shares issuable under the Plan.

25.Notification Upon Sale of Shares. Each Participant agrees, by entering the Plan, to give the Company prompt notice of any disposition of shares purchased under the Plan where such disposition occurs within two years after the date of grant of the Option pursuant to which such shares were purchased or within one year after the date such shares were purchased.

26.Effective Date and Approval of Shareholders. The Plan shall take effect on the later of the date it is adopted by the Board and the date it is approved by the holders of a majority of the votes cast at a meeting of stockholders at which a quorum is present.

DATE APPROVED BY BOARD OF DIRECTORS: April 18, 2019

DATE APPROVED BY STOCKHOLDERS: June 7, 2019

**EXECUTIVE FORM**

**AMENDED AND RESTATED DIANTHUS THERAPEUTICS, INC.**  
**STOCK OPTION AND INCENTIVE PLAN**

**STOCK OPTION AGREEMENT**

Pursuant to the Amended and Restated Dianthus Therapeutics, Inc. Stock Option and Incentive Plan (the “*Plan*”), Dianthus Therapeutics, Inc. (the “**Company**”) hereby grants to the Optionee named below an option (the “**Stock Option**”) to purchase on or prior to the Expiration Date set forth below all or part of the number of shares of Stock set forth below (the “**Option Shares**”) at the Exercise Price per Share set forth below subject to the terms and conditions set forth herein and in the Plan. Capitalized terms in this Stock Option Agreement (this “**Agreement**”) shall have the meanings specified in the Plan, unless a different meaning is specified herein.

Name of Optionee:

Number of Shares of Stock Covered  
by the Stock Option:

Exercise Price per Share:

Grant Date:

Expiration Date:

Type of Stock Option:  Incentive Stock Option  
 Non-Qualified Stock Option

Vesting Commencement Date:

Vesting Schedule: Subject to the Plan and this Agreement, the Stock Option shall vest and become exercisable in equal monthly installments over the four-year period following the Vesting Commencement Date (rounded down on each such vesting date to the nearest whole share except as to the last such date on which all then remaining unvested shares shall vest), in each case, provided the Optionee remains in a Service Relationship with the Company or a Subsidiary through the applicable vesting date.

**1. Vesting and Exercisability.**

(a) No portion of this Stock Option may be exercised until such portion has become vested and exercisable in accordance with the Vesting Schedule set forth above and this Section 1. In determining the number of vested Option Shares at the time of exercise, the number

of Option Shares shall be rounded down to the nearest whole Share. Once exercisable, this Stock Option shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions hereof and of the Plan.

(b) Notwithstanding the Vesting Schedule set forth above, if the Optionee's Service Relationship is terminated as a result of a Qualifying Termination within 12 months following a Sale Event, then 100% of the then-outstanding unvested Option Shares shall vest and become exercisable on the Termination Date.

(c) For purposes of this Section 1:

(i) "**Cause**" shall have the meaning ascribed to such term in any offer letter or employment, consulting or severance agreement between the Optionee and the Company (or an applicable Subsidiary).

(ii) "**Good Reason**" shall have the meaning ascribed to such term in any offer letter or employment, consulting or severance agreement between the Optionee and the Company (or an applicable Subsidiary).

(iii) "**Qualifying Termination**" means a termination of the Optionee's Service Relationship by the Company or a Subsidiary without Cause or by the Optionee for Good Reason.

(iv) "**Termination Date**" means the date of the termination of the Optionee's Service Relationship.

## 2. Manner of Exercise.

(a) The Optionee may exercise this Stock Option from time to time on or prior to the Expiration Date of the Stock Option by giving written notice to the Administrator of his or her election to purchase some or all of the Option Shares exercisable at the time of such notice and specifying the number of shares of Stock to be purchased.

(b) Payment of the exercise price for the Option Shares may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) through the delivery (or attestation to the ownership) of shares of Stock 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 any restrictions under any Company plan and that otherwise satisfy any holding periods as may be required by the Administrator; (iii) 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 to pay the option exercise price, provided that in the event the Optionee chooses to pay the option exercise 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 Administrator shall prescribe as a condition of such payment procedure; (iv) if permitted by the Administrator, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares of Stock with a Fair Market

Value that does not exceed the aggregate exercise price, or (v) any combination of the foregoing. Payment instruments will be received subject to collection.

(c) The transfer to the Optionee on the records of the Company or of the transfer agent of the Option Shares will be contingent upon (i) the Company's receipt from the Optionee of the full exercise price for the Option Shares, as set forth above, (ii) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (iii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of Stock Options under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations. In the event the Optionee chooses to pay the exercise price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the Optionee upon the exercise of the Stock Option shall be net of the shares of Stock attested to.

(d) The shares of Stock purchased upon exercise of this Stock Option shall be transferred to the Optionee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such transfer and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to this Stock Option unless and until this Stock Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Optionee, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

(e) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date.

**3. Termination of Service Relationship.** If the Optionee's Service Relationship with the Company or a Subsidiary is terminated, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.

(a) **Termination Due to Death.** If the Optionee's Service Relationship terminates by reason of the Optionee's death, (i) any vested and exercisable portion of this Stock Option outstanding on the Termination Date may be exercised by the Optionee's legal or personal representative until the first anniversary of the Termination Date (or until the Expiration Date, if earlier) and (ii) any portion of this Stock Option that is not vested and exercisable on the Termination Date shall terminate immediately and be of no further force or effect.

(b) **Termination Due to Disability.** If the Optionee's Service Relationship terminates by reason of the Optionee's disability (within the meaning of Section 22(e)(3) of the Code), (i) any vested and exercisable portion of this Stock Option outstanding on the Termination Date may be exercised by the Optionee until the first anniversary of the Termination Date (or until the Expiration Date, if earlier) and (ii) any portion of this Stock Option that is not vested and

exercisable on the Termination Date shall terminate immediately and be of no further force or effect.

(c) Termination for Cause. If the Optionee's Service Relationship terminates by the Company or a Subsidiary for Cause, any portion of this Stock Option outstanding on the Termination Date shall terminate immediately and be of no further force and effect. If the Optionee is given notice of the termination of Optionee's Service Relationship by the Company or a Subsidiary for Cause, and the effective date of such termination is subsequent to the date of delivery of such notice, the right to exercise this Stock Option shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Optionee's Service Relationship shall not be terminated for Cause as provided in such notice or (ii) the Termination Date (in which case the right to exercise this Stock Option shall, pursuant to the preceding sentence, terminate upon the Termination Date).

(d) Other Termination. If the Optionee's Service Relationship terminates for any reason other than as set forth in Section 3(a), 3(b) or 3(c), (i) any vested and exercisable portion of this Stock Option outstanding on the Termination Date may be exercised by the Optionee until 90 days following the Termination Date (or until the Expiration Date, if earlier) and (ii) any portion of this Stock Option that is not vested and exercisable on the Termination Date shall terminate immediately and be of no further force or effect.

The Administrator'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.

4. 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, including the powers of the Administrator set forth in Section 2 of the Plan. In the event of any conflict between this Agreement and the Plan, this Agreement shall control.

5. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. This Stock Option is exercisable, during the Optionee's lifetime, only by the Optionee, and thereafter, only by the Optionee's legal representative or legatee.

6. Status of the Stock Option. If the Stock Option is designated as an "Incentive Stock Option" above, then this Stock Option is intended to qualify as an "incentive stock option" under Section 422 of the Code. However, the Company does not represent or warrant that this Stock Option qualifies as such. The Optionee should consult with his or her own tax advisors regarding the tax effects of this Stock Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including the holding period requirements. If this Stock Option is intended to qualify as an "incentive stock option" and the Optionee disposes (whether by sale, gift, transfer or otherwise) any shares of Stock acquired upon exercise of this Stock Option within the one-year period beginning on the exercise date or within the two-year period beginning on the Grant Date, the Optionee shall notify the Company within 30 days after such disposition. To the extent that the aggregate Fair Market Value (determined as of the Grant Date) of the shares of Stock with respect to which the Stock Option (plus all other incentive stock options held by the Optionee) are exercisable for the first time by the Optionee during any calendar year (under all

plans of the Company and its affiliates) exceeds \$100,000, the Stock Option or portions thereof that exceed such limit (according to the order in which they were granted) will be treated as Non-Qualified Stock Options. In addition, to the extent any portion of this Stock Option does not qualify as an "incentive stock option," such portion shall be deemed to be a Non-Qualified Stock Option.

**7.Tax Withholding.** The Optionee shall, not later than the date as of which the exercise of this Stock Option becomes a taxable event for federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the required tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Optionee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due. The Company shall not be obligated to issue any shares of Stock pursuant to the exercise of this Stock Option unless and until the Optionee satisfies such withholding obligations.

**8.No Obligation to Continue Service Relationship.** Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Service Relationship of the Optionee and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the Service Relationship of the Optionee at any time.

**9.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.

**10.Data Privacy Consent.** In order to administer the Plan and this Agreement and to implement or structure future equity grants, the Company, its Subsidiaries and affiliates and certain agents thereof (together, the "**Relevant Companies**") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Agreement (the "**Relevant Information**"). By entering into this Agreement, the Optionee (i) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (ii) waives any privacy rights the Optionee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Optionee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

**11.Notices.** Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

**12. Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware applied without regard to conflict of law principles.

**13. Interpretation.** The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect. Words in the masculine gender shall include the feminine gender, and where appropriate, the plural shall include the singular and the singular shall include the plural. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation", "but not limited to", or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. References herein to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan or this Agreement.

**14. Electronic Delivery of Documents.** The Optionee agrees to accept by email all documents relating to the Company, the Plan or this Stock Option and all other documents that the Company is required to deliver to its security holders (including disclosures that may be required by the Securities and Exchange Commission). The Optionee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Optionee by email of their availability. The Optionee acknowledges that the Optionee may incur costs in connection with electronic delivery, including the cost of accessing the internet and printing fees, and that an interruption of internet access may interfere with the Optionee's ability to access the documents.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer.

DIANTHUS THERAPEUTICS, INC.

By: \_\_\_\_\_

Name:

Title:

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Optionee (including through an online acceptance process) is acceptable.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Optionee's Signature

\_\_\_\_\_  
Optionee's Name and Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SEPTEMBER 11, 2023

Simrat Randhawa, MD, MBA

**Re: Amendment to Offer Letter**

Dear Sim:

By way of this letter, Section 5 of your Offer Letter dated January 17, 2022 (the “Offer Letter”) by and between you and Dianthus Therapeutics OpCo, Inc. (f/k/a Dianthus Therapeutics, Inc.) (the “Company”) is hereby amended to and restated in its entirety to read as follows:

**“5. Severance Benefits.**

(a) General. If you are subject to a Termination Without Cause, or a Resignation for Good Reason, then you will be entitled to the benefits described in this Section 5. However, this Section 5 will not apply unless you (i) have returned all Company property in your possession, and (ii) have executed a general release of all claims that you may have against the Company or persons affiliated with the Company. The release must be in the form prescribed by the Company. You must execute and return the release on or before the date specified by the Company in the prescribed form (the “Release Deadline”). The Release Deadline will in no event be later than 50 days after your Separation. If you fail to return the release on or before the Release Deadline, or if you revoke the release, then you will not be entitled to the benefits described in this Section 5.

(b) Termination Not In Connection With A Change in Control. If you are subject to a Termination Without Cause, or a Resignation for Good Reason outside of the CIC Protection Period (as defined below), then you will be eligible for the following benefits, subject to Section 5(a).

(i) Salary Continuation. The Company will continue to pay your base salary for a period of nine months after your Separation. Your base salary will be paid at the rate in effect at the time of your Separation and in accordance with the Company’s standard payroll procedures. The salary continuation payments will commence on the first payroll date after the effective date (without revocation) of the release, and, once they commence, will include any unpaid amounts accrued from the date of your Separation. However, if the 50-day period described in the preceding subsection spans two calendar years, then the payments will in any event begin in the second calendar year.

(ii) COBRA. If you elect to continue any then-available Company-sponsored health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act (“COBRA”) following your Separation, then the

Company will pay the same portion of your monthly premium under COBRA as it pays for active employees until the earliest of (i) the close of the nine-month period following your Separation, (ii) the expiration or termination of continuation coverage available under COBRA, or (iii) the date when you become eligible for health insurance coverage in connection with new employment. Notwithstanding the foregoing, in the event that the Company's payment of the COBRA premium contributions, as described in this Section would subject the Company to any tax or penalty under Section 105(h) of the Internal Revenue Code of 1986, as amended (the "**Code**"), the Patient Protection and Affordable Care Act, as amended (the "**ACA**"), any regulations or guidance issued thereunder, or any other applicable law, in each case, as determined by the Company, then you and the Company agree to work together in good faith to restructure such benefit.

(c) Termination In Connection With A Change in Control. If you are subject to a Termination Without Cause, or a Resignation for Good Reason within the CIC Protection Period, then you will be eligible for the following benefits in lieu of the benefits provided under Section 5(b), subject to Section 5(a).

(i) Salary and Bonus Continuation. For a period of 12 months after your Separation, you will receive severance payments equal to 1.0 times the sum of (A) your base salary at the rate in effect at the time of your Separation and (b) your target annual bonus in effect at the time of your Separation, payable in accordance with the Company's standard payroll procedures. The salary and bonus continuation payments will commence on the first payroll date after the effective date (without revocation) of the release, and, once they commence, will include any unpaid amounts accrued from the date of your Separation. However, if the 50-day period described in the preceding subsection spans two calendar years, then the payments will in any event begin in the second calendar year.

(ii) COBRA. If you elect to continue any then-available Company-sponsored health insurance coverage under COBRA following your Separation, then the Company will pay the same portion of your monthly premium under COBRA as it pays for active employees until the earliest of (i) the close of the 12-month period following your Separation, (ii) the expiration or termination of continuation coverage available under COBRA, or (iii) the date when you become eligible for health insurance coverage in connection with new employment. Notwithstanding the foregoing, in the event that the Company's payment of the COBRA premium contributions, as described in this Section would subject the Company to any tax or penalty under Section 105(h) of the Code, the ACA, any regulations or guidance issued thereunder, or any other applicable law, in each case, as determined by the Company, then you and the Company agree to work together in good faith to restructure such benefit.

(iii) **Equity Award Acceleration.** Unless otherwise set forth in the terms of the applicable award agreement, your outstanding equity and equity-based awards will immediately accelerate and become vested or nonforfeitable on the effective date (without revocation) of the release

(d) **CIC Protection Period.** For purposes of this Section 5, “**CIC Protection Period**” means the period beginning on a Sale Event (as defined in the Amended and Restated Dianthus Therapeutics, Inc. Stock Option and Incentive Plan) and ending on the first anniversary of such Sale Event.

(e) **Section 280G Best After Tax Result.** In the event that any payment or benefit received or to be received by you pursuant to the Offer Letter or otherwise (“**Payments**”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this Section 5(e), be subject to the excise tax imposed by Section 4999 of the Code, any successor provisions, or any comparable federal, state, local or foreign excise tax (“**Excise Tax**”), then, subject to Section 409A of the Code, such Payments shall be either (A) provided in full pursuant to the terms of the Offer Letter or any other applicable agreement, or (B) provided as to such lesser extent which would result in the Payments being \$1.00 less than the amount at which any portion of the Payments would be subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state, local and foreign income, employment and other taxes and the Excise Tax (including, without limitation, any interest or penalties on such taxes), results in the receipt, on an after-tax basis, of the greatest amount of payments and benefits provided for hereunder or otherwise, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Unless the Company and you otherwise agree in writing, any determination required under this Section shall be made by independent tax counsel designated by the Company and reasonably acceptable to you (“**Independent Tax Counsel**”), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required under this Section 5(e), Independent Tax Counsel may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code; provided that Independent Tax Counsel shall assume that you pay all taxes at the highest marginal rate. The Company and you shall furnish to Independent Tax Counsel such information and documents as Independent Tax Counsel may reasonably request in order to make a determination under this Section. The Company shall bear all costs that Independent Tax Counsel may reasonably incur in connection with any calculations contemplated by this Section. In the event that Section 5(e)(ii)(B) above applies, then based on the information provided to you and the Company by Independent Tax Counsel, the cutback described hereunder will apply as to compensation not subject to Section 409A of the Code prior to compensation subject to Section 409A of the Code and will otherwise apply on a reverse chronological basis from

payments latest in time. If the Internal Revenue Service (the “**IRS**”) determines that any Payment is subject to the Excise Tax, then Section 5(f) hereof shall apply, and the enforcement of Section 5(f) shall be the exclusive remedy to the Company.

(f) **Section 280G Adjustments.** If, notwithstanding any reduction described in Section 5(e) hereof (or in the absence of any such reduction), the IRS determines that you are liable for the Excise Tax as a result of the receipt of one or more Payments, then you shall be obligated to surrender or pay back to the Company within one-hundred 120 days after a final IRS determination, an amount of such payments or benefits equal to the “**Repayment Amount**.” The Repayment Amount with respect to such Payments shall be the smallest such amount, if any, as shall be required to be surrendered or paid to the Company so that your net proceeds with respect to such Payments (after taking into account the payment of the Excise Tax imposed on such Payments) shall be maximized. Notwithstanding the foregoing, the Repayment Amount with respect to such Payments shall be zero if a Repayment Amount of more than zero would not eliminate the Excise Tax imposed on such Payments or if a Repayment Amount of more than zero would not maximize the net amount received from the Payments. If the Excise Tax is not eliminated pursuant to this Section 5(f), you shall pay the Excise Tax.

Except as expressly amended hereby, the Offer Letter shall remain in full force and effect in accordance with its terms. This amendment will be governed by Massachusetts law, excluding laws relating to conflicts or choice of law.

Very truly yours,

**DIANTHUS THERAPEUTICS OPCo, INC.**

By: /s/ Marino Garcia

Name: Marino Garcia

Title: President and Chief Executive Officer

I have read and accept this amendment to the Offer Letter:

/s/ Simrat Randhawa  
Simrat Randhawa

Dated September 15, 2023

**Exhibit 10.19**

February 7, 2023  
Jason Gardner

Dear Jason:

The purpose of this letter agreement ("Agreement") is to confirm the terms of your separation of employment from Magenta Therapeutics, Inc. ("Magenta" or the "Company").<sup>1</sup> The Consideration being offered below is contingent on your agreement to and compliance with the provisions of this Agreement. This Agreement shall be effective on the eighth (8th) day after you sign it (the "Effective Date"), at which time it shall become final and binding on all parties.

**1. Separation Date/ Final Wages/ Benefits Cessation.**

a. Separation Date / Board Resignation. Your last day of work with Magenta shall be February 7, 2023 (the "Separation Date"). Regardless of whether you sign this Agreement, you shall be entitled to the payments and benefits set forth in this Section 1 in accordance with applicable law. You acknowledge that from and after the Separation Date, you shall have no authority to represent yourself as an employee of Magenta, and you agree not to represent yourself in the future as an employee or agent of Magenta. In connection with the separation of your employment, you have already resigned, or hereby do resign effective immediately, from the Board and from all officer, director and manager positions you hold with the Company and any of its respective direct or indirect subsidiaries or controlled entities. You agree to execute any documents reasonably requested by the Company or any controlled entities in order to effectuate your resignations.

b. Final Wages. On or about the Separation Date, the Company will pay you your final pay for wages earned through the Separation Date in accordance with applicable law.

c. 2022 Bonus. Within thirty (30) days after the Effective Date, you will receive a payment of \$326,287.55 (less all required payroll taxes and withholdings), which represents your 2022 Bonus.

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<sup>1</sup> Except for the obligations set forth in Section 2, which shall be solely the obligations of Magenta, whenever the terms "Magenta Therapeutics, Inc.," "Magenta" or the "Company" are otherwise used in this Agreement (including, without limitation, Section 5), it shall be deemed to include Magenta Therapeutics, Inc. and any and all of its investors, divisions, affiliates and subsidiaries and all related entities, and its and their directors, officers, employees, agents, successors and assigns.

**d. Group Medical, Dental, and Vision Plans.** Regardless of whether you sign this Agreement, if you and/or your dependents are enrolled in Company- sponsored medical, dental and/or vision plans, coverage for you and any enrolled dependents will end on the last day of the month in which the Separation Date falls. Under the Federal Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), following the Separation Date you and your dependents may be eligible to continue your group health plan benefits. You will receive COBRA continuation information by separate correspondence.

**2. Consideration.** If you sign this Agreement, then Magenta will provide you with the following severance pay and benefits (collectively, the "Consideration"):

a.a single, lump sum payment of \$597,352.14 (less all required payroll taxes and withholdings), which is equivalent to twelve (12) months of your base salary (the "Severance Period") and your pro-rated 2023 bonus at target, and which will be paid within thirty (30) days after the Separation Date;

b. provided you timely elect COBRA continuation coverage (within sixty (60) days after the date you receive the related Notice of Election forms) and remain eligible for coverage, payment of all premiums and administrative fees required to continue the participation of you and/or your dependents in the Company's group medical, dental and vision insurance plans to the extent permitted by COBRA for a period of up to twelve (12) months (the "COBRA Reimbursement Period"). The "qualifying event" under COBRA shall be deemed to occur on the Separation Date. Should you obtain other employment during the COBRA Reimbursement Period and become eligible for group health coverage through such employment, you are obligated to immediately inform the COBRA administrator in writing to cancel as of the date of eligibility for such coverage (the "Eligibility Date") and the Company's premium contributions will cease on the Eligibility Date; and

c.outplacement services with a provider chosen by you, and reimbursable by Magenta not to exceed \$1,000, with such services to begin at a time of your choosing but in no event later than sixty (60) days after the Separation Date.

**3. Acknowledgements.** You acknowledge and agree that the Consideration being offered herein is not otherwise due or owing to you unless you sign this Agreement. The Consideration is not intended to and shall not be construed to constitute a severance plan and shall confer no benefit on anyone other than the parties hereto. You further acknowledge and agree that except for (i) the specific Consideration set forth in this Agreement, (ii) earned but unpaid regular wages earned through the Separation Date which is being or has been provided to you; and (iii) reasonable and documented business expenses incurred by you on behalf of the Company which are timely submitted for reimbursement, you have been paid all wages, commissions, bonuses, incentives, paid time off (including but not limited to vacation pay, holiday pay, earned paid sick time, or any other paid time off), family and medical leave, equity or stock, phantom units, or any other form of compensation or benefit that may be due to you now or which would have been due to you in the future in connection with your employment with or separation of employment with the Company.

**4. Confidentiality, Additional Acknowledgements and Other Obligations.** You expressly acknowledge and agree to the following:

a. That you immediately shall return to Magenta all Magenta property

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including, without limitation, keys, computer access codes, Company files and documents, and any copies thereof (including, without limitation, financial plans, management reports, and other similar documents and information), and that you will abide by any and all common law and/or statutory obligation relating to the protection and non-disclosure of Magenta's trade secrets and/or confidential and proprietary documents and information. Consistent with applicable law, the Company is providing you with the Notice of Immunity set forth in ***Exhibit A***.

b. That you remain obligated to and will comply with any existing agreements or covenants you have with the Company, including (without limitation) any confidentiality, non-solicitation and/or intellectual property assignment agreement (the "*Existing Agreement(s)*"), the terms of which are hereby incorporated into this Agreement by reference; provided that, to the extent any post-employment non- competition covenant contained in any such agreement is enforceable, it is hereby waived by the Company. For the avoidance of doubt, all other covenants contained in the Existing Agreement(s) shall remain in full force and effect, including (without limitation) covenants of non-disclosure and customer and personnel non-solicitation and non-dealing, and covenants requiring you to assign any intellectual property rights to the Company.

c. That all information relating in any way to this Agreement, including the terms and amount of financial Consideration provided for in this Agreement, shall be held confidential by you and shall not be publicized or disclosed to any person or entity (other than an immediate family member, legal counsel or financial advisor, provided that any such individual to whom disclosure is made agrees to be bound by these confidentiality obligations), except as mandated by law.

d. That you will not make any statements that are professionally or personally disparaging about, or adverse to, the interests of Magenta (including its officers, directors, and employees) including, but not limited to, any statements that disparage any person, product, service, finances, financial condition, capability or any other aspect of the business of Magenta, and that you will not engage in any conduct which is intended to harm professionally or personally the reputation of Magenta (including its officers, directors, and employees).

**5. Release of Claims.** You hereby acknowledge and agree that by signing this Agreement and accepting the Consideration, you are waiving your right to assert any Claim (as defined below) against Magenta arising from acts or omissions that occurred on or before the Effective Date of this Agreement. Please note the definition of Magenta contained in footnote 1 of this Agreement. You agree that you are making this release of Claims on behalf of yourself, your representatives, agents, estate, heirs, attorneys, insurers, servants, spouse, executors, administrators, successors, and assigns, and any other person, entity, and (to the extent allowed by law) government agency acting on your behalf.

a. Your waiver and release is intended to bar any form of legal claim, lawsuit, charge, complaint or any other form of action (jointly referred to as "*Claims*") against the Company seeking money or any other form of relief, including but not limited to equitable relief (whether declaratory, injunctive or otherwise), damages or any other form of monetary recovery (including but not limited to back pay, front pay, compensatory damages, emotional distress damages, punitive damages, attorneys' fees and any other costs). You understand that there could be unknown or unanticipated Claims resulting from your employment with the Company and the termination of your

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employment, and you agree that such Claims are included in this waiver and release. You specifically waive and release the Company from any Claims arising from or related to your employment relationship with the Company or the termination of your employment, including without limitation Claims under any statute, ordinance, regulation, executive order, common law, constitution and/or other source of law of any state, country and/or locality (collectively and individually referred to as "Law"), including but not limited to the United States and the Commonwealth of Massachusetts.

b. Without limiting the foregoing general waiver and release, except for Claims resulting from the failure of the Company to perform its obligations under this Agreement, you specifically waive and release the Company from any Claims arising from or related to your employment relationship with the Company or the termination thereof, including without limitation:

(i) Claims under any Law concerning discrimination, harassment, retaliation, or other fair employment practices, including, but not limited to, the Massachusetts Anti-Discrimination and Anti-Harassment Law (Mass. Gen. L. ch. 151B), the Massachusetts Sexual Harassment Law (Mass. Gen. L. ch. 214, § 1C), the Massachusetts Equal Pay Act (Mass. Gen. L. ch. 149, § 105A), the Massachusetts Civil Rights Act (Mass. Gen. L. ch. 12, §§ 11H, 11I), the Massachusetts Equal Rights Act (Mass. Gen. L. ch. 93, §§ 102, 103, Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2000e et seq.), 42 U.S.C. § 1981, the Americans with Disabilities Act (the "ADA") (42 U.S.C. § 12101 et seq.), the Age Discrimination in Employment Act (the "ADEA") (29 U.S.C. § 621 et seq.), the Older Workers Benefits Protection Act ("OWBPA") (29 U.S.C. § 621 et seq.), and the Genetic Information Nondiscrimination Act of 2008 ("GINA") (42 C.F.R. § 2000ff et seq.), each as they may have been amended through the Effective Date of this Agreement;

(ii) Claims under any Law relating to wages, hours, whistleblowing, leaves of absence or any other terms and conditions of employment including, but not limited to, the Massachusetts Payment of Wages Law (Mass. Gen. L. ch. 149, §§ 148, 150), Massachusetts General Laws Chapter 149 in its entirety, Massachusetts General Laws Chapter 151 in its entirety (including but not limited to the minimum wage and overtime provisions), the Massachusetts Privacy Act (Mass. Gen. L. ch. 214, § 1B), the Massachusetts Paid Family and Medical Leave Act ("PFML") (Mass. Gen. L. ch. 175M), the Fair Labor Standards Act ("FLSA") (29 U.S.C. § 201 et seq.), the Family and Medical Leave Act of 1993 (29 U.S.C. § 2601 et seq.), and the Worker Adjustment and Retraining Notification (WARN) Act (42 U.S.C. § 2601 et seq.), each as they may have been amended through the Effective Date of this Agreement. You specifically acknowledge that you are waiving any Claims for unpaid wages under these and other Laws;

(iii) Claims under any local, state or federal common law theory including, without limitation, any Claim for breach of contract, implied contract, promissory estoppel, quantum meruit, or any Claim sounding in tort;

(iv) Claims arising under the Company's policies or benefit plans;  
and

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(v) Claims arising under any other Law or constitution.

c. You specifically and expressly acknowledge that this Agreement is intended to include and extinguish all claims, known and unknown, which exist up to and including the Effective Date of this Agreement and which arise from or are in any related to your employment with Company or separation from employment and that no possible claim against Magenta would materially affect or change your complete and voluntary acceptance of this Agreement, even if such claim were unknown at the Effective Date of this Agreement and discovered after that Effective Date.

d. You represent and agree that (i) the payments and benefits set forth in this Agreement, together with payments and benefits previously provided to you, are complete payment, settlement, accord and satisfaction with respect to all obligations and liabilities of Magenta to you, and with respect to all claims, causes of action and damages that could be asserted by you against Magenta regarding your employment with, change in employment status with, and/or termination from employment, including, without limitation, all claims for wages, salary, commissions, vacation pay, draws, car allowances, incentive pay, bonuses, business expenses, paid time off, earned sick time, paid family and medical leave, stock and stock options, severance pay, attorneys' fees, compensatory damages, exemplary damages, or other compensation, benefits, costs or sums; (ii) you have no known workplace injuries or occupational diseases and that you either have been provided or you have not been denied any leave requested under the Family and Medical Leave Act and/or the Massachusetts Paid Family and Medical Leave Act; and (iii) you have not complained of and you are not aware of any fraudulent activity or any act(s) which would form the basis of a claim of fraudulent or illegal activity by Magenta.

e. Because you are over 40 years of age, you are granted specific rights under the Older Workers Benefit Protection Act ("OWBPA") and the Age Discrimination in Employment Act ("ADEA"), which prohibits discrimination on the basis of age. The release set forth in this Section 5 is intended to release any rights you may have against the Company alleging discrimination on the basis of age. Consistent with the OWBPA, you have forty-five (45) days to consider and accept the provisions of this Agreement, and any changes to this Agreement, whether material or immaterial,

will not restart the running of this 45-day period. In addition, you may rescind your assent to this Agreement if, within seven (7) days after the date you sign this Agreement, you email a written notice of rescission to Linsey George at [lgeorge@magentatx.com](mailto:lgeorge@magentatx.com). You also are being provided with certain information, in the chart attached as **Exhibit B**, pertaining to the ages and job titles of employees in the relevant decisional unit who are affected and who are not affected by the reduction in force.

f. Notwithstanding anything to the contrary in this Section 5, this release does not limit any right you may have to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission.

g. In addition, nothing in this Agreement shall waive, release, or discharge: (i) any right to file an administrative charge or complaint with, or testify, assist, or participate in an investigation, hearing, or proceeding conducted by, the Equal Employment Opportunity Commission, the Massachusetts Commission Against Discrimination, or other federal or state administrative or regulatory agencies, although you waive any right to monetary relief related to any filed charge or complaint; (ii) any

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right to report possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, Congress, any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation; (iii) claims that cannot be waived by law, such as claims for unemployment benefit rights and workers' compensation; (iv) indemnification rights you have or may have against the Company; (v) any right to file an unfair labor practice charge under the National Labor Relations Act; any; and (vi) any rights to vested benefits, such as pension or retirement benefits, the rights to which are governed by the terms of the applicable plan documents and award agreements. You also acknowledge and agree that, but for providing this waiver and release, you would not be receiving the Consideration provided for in this Agreement.

h. Breach of Section 4 or 5. In addition to any other remedies set forth in this Agreement, a breach by you of any of your obligations set forth in Sections 4 or 5 of this Agreement shall constitute a material breach of this Agreement and, in addition to any other legal or equitable remedy available to Magenta, shall entitle Magenta to cease any further payment of Consideration and to recover any Consideration paid to you under Section 2 of this Agreement, to the extent allowed by law.

i. You represent that you have not filed or asserted any cause of action, claim, charge or other action or proceeding against the Company, and to the best of your knowledge, no other person, organization, or entity has done so on your behalf.

6. Unemployment Benefits. You may seek unemployment benefits as a result of the termination of your employment from the Company. Decisions regarding eligibility for and amounts of unemployment benefits are made by the applicable state unemployment agency, not by the Company. The Company agrees to provide any and all requested or necessary documents to enable you to seek unemployment benefits.

7. Cooperation.

a. During the Severance Period, you agree to make yourself available to the Company, upon reasonable notice, to assist the Company in any matter relating to the services performed by you during your employment with the Company including, but not limited to, transitioning your duties to others.

b. During the Severance Period and thereafter, you further agree to cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought or threatened in the future against or on behalf of the Company or its successor(s), including any claim or action against its and their directors, officers and employees. Your cooperation in connection with such claims or actions shall include, without limitation, your being reasonably available (in a manner that does not unreasonably interfere with any employment obligations you may have) to speak or meet with the Company to prepare for any proceeding, to provide truthful affidavits, to assist with any audit, inspection, proceeding or other inquiry, and to act as a witness in connection with any litigation or other legal proceeding affecting the Company.

8. Entire Agreement/Choice of Law/Enforceability/Jury Waiver/Severability. You hereby acknowledge and agree as follows:

a. Except for the Existing Agreements (as amended herein) and those

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obligations and covenants that survive the termination of your employment as set forth in your Amended and Restated Employment Agreement with the Company dated March 3, 2022, this Agreement supersedes any and all other prior oral and/or written agreements, and sets forth the entire agreement between you and Magenta. No variations or modifications hereof shall be deemed valid unless reduced to writing and signed by the parties hereto.

b. This Agreement shall be deemed to have been made in the Commonwealth of Massachusetts, shall take effect as an instrument under seal, and the validity, interpretation and performance of this Agreement shall be governed by, and construed in accordance with, the internal laws of the Commonwealth of Massachusetts, without giving effect to conflict of law principles. Both parties agree that any action, demand, claim or counterclaim relating to (i) your employment and separation of your employment, and (ii) the terms and provisions of this Agreement or to its breach, shall be commenced only and exclusively in the Commonwealth of Massachusetts in a court of competent jurisdiction, and shall be resolved by a judge alone. Both parties hereby waive and forever renounce the right to a trial before a civil jury.

c. The terms of this Agreement are severable, and if for any reason any part hereof shall be found to be unenforceable, the remaining terms and conditions shall be enforced in full; except that if your release of claims pursuant to Section 5 is determined to be unenforceable, in whole or part, the Company will have the option, in its sole discretion, to either (i) declare the entire Agreement null and void and require you to refund the Consideration paid pursuant to this Agreement to the Company or (ii) enforce the portions of the Agreement not found to be unenforceable.

**10. Knowing and Voluntary Acknowledgment.** You specifically agree and acknowledge that:

a. You have read this Agreement in its entirety and understands all of its terms;

b. By this Agreement, you have been advised to consult with an attorney before executing this Agreement and have consulted with such counsel as you deemed necessary;

c. You knowingly, freely, and voluntarily assent to all of this Agreement's terms and conditions including, without limitation, the waiver, release, and covenants contained in it;

d. Neither Magenta nor its agents or representatives have made any representations inconsistent with the provisions of this Agreement;

e. You are signing this Agreement, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which you are otherwise entitled; and

f. You are not waiving or releasing rights or claims that may arise after the Effective Date of this Agreement.

If you agree to the terms of this Agreement, please sign, date and return the enclosed copy of this Agreement to Linsey George by email at [lgeorge@magentatx.com](mailto:lgeorge@magentatx.com), or by mail to Linsey George at

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Magenta Therapeutics, Inc., 100 Technology Square, 5<sup>th</sup> Floor, Cambridge, Massachusetts, 02139, within the time frame set forth above.

Very truly yours,

/s/ Thomas Beetham

Thomas Beetham Chief Legal Officer

Accepted and Agreed to Under Seal:

/s/ Jason Gardner

Jason Gardner

Dated:

2/10/2023

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May 12, 2023

Lisa Olson

Dear Lisa:

The purpose of this letter agreement ("Agreement") is to confirm the terms of your separation of employment from Magenta Therapeutics, Inc. ("Magenta" or the "Company").<sup>1</sup> The Consideration being offered below is contingent on your agreement to and compliance with the provisions of this Agreement. This Agreement shall be effective on the eighth (8<sup>th</sup>) day after you sign it (the "Effective Date"), at which time it shall become final and binding on all parties.

**1. Separation.** Your employment with Magenta shall end effective May 15, 2023 (the "Separation Date"). You acknowledge that from and after the Separation Date, you shall have no authority to represent yourself as an employee of Magenta, and you agree not to represent yourself in the future as an employee or agent of Magenta.

**a. Final Wages.** On or about the Separation Date, the Company will pay you your final pay for wages earned through the Separation Date in accordance with applicable law.

**b. Group Medical, Dental, and Vision Plans.** Regardless of whether you sign this Agreement, if you and/or your dependents are enrolled in Company-sponsored medical, dental and/or vision plans, coverage for you and any enrolled dependents will end on the last day of the month in which the Separation Date falls. Under the Federal Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), following the Separation Date you and your dependents may be eligible to continue your group health plan benefits. You will receive COBRA continuation information by separate correspondence.

**c. Incentive Bonus.** Pursuant to your March 1, 2023 Incentive Bonus Agreement, within thirty (30) days after the Separation Date you will receive a payment of \$277,027.40 (less all required payroll taxes and withholdings).

**2. Consideration.** If you sign and do not rescind this Agreement as set forth in Section 5 below, then Magenta will provide you with the following severance pay and benefits (collectively, the "Consideration"):

a.a single, lump sum payment of \$384,320.55 (less all required payroll taxes and withholdings), which is equivalent to nine (9) months of your base salary (the "Severance Period") and your pro-rated 2023 Target Incentive Compensation as defined in your Amended and Restated Employment Agreement with the Company dated May 2, 2022 (the "Employment Agreement"), and which will be paid within thirty (30) days after the Effective Date;

<sup>1</sup> Except for the obligations set forth in Section 2, which shall be solely the obligations of Magenta, whenever the terms "Magenta Therapeutics, Inc.," "Magenta" or the "Company" are otherwise used in this Agreement (including, without limitation, Section 5), it shall be deemed to include Magenta Therapeutics, Inc. and any and all of its investors, divisions, affiliates and subsidiaries and all related entities, and its and their directors, officers, employees, agents, successors and assigns.

b. provided you timely elect COBRA continuation coverage (within sixty (60) days after the date you receive the related Notice of Election forms) and remain eligible for coverage, payment of all premiums and administrative fees required to continue the participation of you and/or your dependents in the Company's group medical, dental and vision insurance plans to the extent permitted by COBRA for a period of up to nine (9) months (the "COBRA Reimbursement Period"). The "qualifying event" under COBRA shall be deemed to occur on the Separation Date. Should you obtain other employment during the COBRA Reimbursement Period and become eligible for group health coverage through such employment, you are obligated to immediately inform the COBRA administrator in writing to cancel as of the date of eligibility for such coverage (the "Eligibility Date") and the Company's premium contributions will cease on the Eligibility Date; and

c.outplacement services for a period of forty-five (45) days with a provider chosen by Magenta and at Magenta's expense, with such services to begin at a time of your choosing but in no event later sixty (60) days after the Effective Date.

2A. Change in Control. If a Change in Control (as defined in Section 6(c) of your Employment Agreement) occurs:

a. either on or before August 15, 2023, then the Company will:

(i)provide you with a lump sum payment of \$214,879.45 (less all required payroll taxes and withholdings), which is equivalent to the sum of twelve (12) months of your base salary (the "Severance Period") and one-hundred percent (100%) of your 2023 Target Incentive Compensation, less the amounts paid in Section 2 above, and which will be paid within thirty (30) days after the occurrence of the Change in Control;

(ii)provided you remain eligible for coverage, pay all premiums and administrative fees required to continue the participation of you and/or your dependents in the Company's group medical, dental and vision insurance plans to the extent permitted by COBRA for an additional three (3) months; and

(iii)immediately accelerate all time-based stock options and other time- based stock awards held by you;

b. or after August 15, 2023 but before December 31, 2023, then the Company will:

(i)provide you with a one-time, lump sum payment of \$171,000, which will be paid within thirty (30) days after the occurrence of the Change in Control; and

(ii)provided you remain eligible for coverage, pay all premiums and administrative fees required to continue the participation of you and/or your dependents in the Company's group medical, dental and vision insurance plans to the extent permitted by COBRA for an additional three (3) months.

3.Acknowledgements. You acknowledge and agree that signing this Agreement is a condition for receipt of such Consideration. The Consideration is not intended to and shall not be construed to constitute a severance plan and shall confer no benefit on anyone other than the parties hereto. You further acknowledge and agree that except for (i) the specific Consideration set forth in this Agreement, (ii) earned but unpaid regular wages earned through the Separation

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Date which is being or has been provided to you; and (iii) reasonable and documented business expenses incurred by you on behalf of the Company which are timely submitted for reimbursement, you have been paid all wages, commissions, bonuses, incentives, paid time off (including but not limited to vacation pay, holiday pay, earned paid sick time, or any other paid time off), family and medical leave, equity or stock, phantom units, or any other form of compensation or benefit that may be due to you now or which would have been due to you in the future in connection with your employment with or separation of employment with the Company.

**4. Confidentiality, Additional Acknowledgements and Other Obligations.** You expressly acknowledge and agree to the following:

a. That you immediately shall return to Magenta all Magenta property including, without limitation, keys, computer access codes, Company files and documents, and any copies thereof (including, without limitation, financial plans, management reports, and other similar documents and information), and that you will abide by any and all common law and/or statutory obligation relating to the protection and non-disclosure of Magenta's trade secrets and/or confidential and proprietary documents and information. Consistent with applicable law, the Company is providing you with the Notice of Immunity set forth in **Exhibit A**.

b. That you remain obligated to and will comply with any existing agreements or covenants you have with the Company, including (without limitation) any confidentiality, non-solicitation and/or intellectual property assignment agreement (the "*Existing Agreement(s)*"), the terms of which are hereby incorporated into this Agreement by reference; provided that, to the extent any post-employment non-competition covenant contained in any such agreement is enforceable, it is hereby waived by the Company. For the avoidance of doubt, all other covenants contained in the Existing Agreement(s) shall remain in full force and effect, including (without limitation) covenants of non-disclosure and customer and personnel non-solicitation and non-dealing, and covenants requiring you to assign any intellectual property rights to the Company.

**5. Release of Claims.** You hereby acknowledge and agree that by signing this Agreement and accepting the Consideration, you are waiving your right to assert any Claim (as defined below) against Magenta arising from acts or omissions that occurred on or before the Effective Date of this Agreement. Please note the definition of Magenta contained in footnote 1 of this Agreement. You agree that you are making this release of Claims on behalf of yourself, your representatives, agents, estate, heirs, attorneys, insurers, servants, spouse, executors, administrators, successors, and assigns, and any other person, entity, and (to the extent allowed by law) government agency acting on your behalf.

a. Your waiver and release is intended to bar any form of legal claim, lawsuit, charge, complaint or any other form of action (jointly referred to as "*Claims*") against the Company seeking money or any other form of relief, including but not limited to equitable relief (whether declaratory, injunctive or otherwise), damages or any other form of monetary recovery (including but not limited to back pay, front pay, compensatory damages, emotional distress damages, punitive damages, attorneys' fees and any other costs). You understand that there could be unknown or unanticipated Claims resulting from your employment with the Company and the termination of your employment, and you agree that such Claims are included in this waiver and release. You specifically waive and release the Company from any Claims arising from or related

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to your employment relationship with the Company or the termination of your employment, including without limitation Claims under any statute, ordinance, regulation, executive order, common law, constitution and/or other source of law of any state, country and/or locality (collectively and individually referred to as "Law"), including but not limited to the United States and the Commonwealth of Massachusetts.

b. Without limiting the foregoing general waiver and release, except for Claims resulting from the failure of the Company to perform its obligations under this Agreement, you specifically waive and release the Company from any Claims arising from or related to your employment relationship with the Company or the termination thereof, including without limitation:

(i) Claims under any Law concerning discrimination, harassment, retaliation, or other fair employment practices, including, but not limited to, the Massachusetts Anti-Discrimination and Anti-Harassment Law (Mass. Gen. L. ch. 151B), the Massachusetts Sexual Harassment Law (Mass. Gen. L. ch. 214, § 1C), the Massachusetts Equal Pay Act (Mass. Gen. L. ch. 149, § 105A), the Massachusetts Civil Rights Act (Mass. Gen. L. ch. 12, §§ 11H, 11I), the Massachusetts Equal Rights Act (Mass. Gen. L. ch. 93, §§ 102, 103, Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2000e et seq.), 42 U.S.C. § 1981, the Americans with Disabilities Act (the "ADA") (42 U.S.C. § 12101 et seq.), the Pennsylvania Human Relations Act (43 P.S. § 951 et seq.), the New Jersey Law Against Discrimination (N.J.S.A. 10:5-1 et seq.), the New Jersey Conscientious Employee Protection Act (N.J.S.A. 34:19-1 et seq.), the Age Discrimination in Employment Act (the "ADEA") (29 U.S.C. § 621 et seq.), the Older Workers Benefits Protection Act ("OWBPA") (29 U.S.C. § 621 et seq.), and the Genetic Information Nondiscrimination Act of 2008 ("GINA") (42 C.F.R. § 2000ff et seq.), each as they may have been amended through the Effective Date of this Agreement;

(ii) Claims under any Law relating to wages, hours, whistleblowing, leaves of absence or any other terms and conditions of employment including, but not limited to, the Massachusetts Payment of Wages Law (Mass. Gen. L. ch. 149, §§ 148, 150), Massachusetts General Laws Chapter 149 in its entirety, Massachusetts General Laws Chapter 151 in its entirety (including but not limited to the minimum wage and overtime provisions), the Massachusetts Privacy Act (Mass. Gen. L. ch. 214, § 1B), the Massachusetts Paid Family and Medical Leave Act ("PFML") (Mass. Gen. L. ch. 175M), the Fair Labor Standards Act ("FLSA") (29 U.S.C. § 201 et seq.), the Family and Medical Leave Act of 1993 (29 U.S.C. § 2601 et seq.), the New Jersey Family Leave Act (N.J.S.A. 34:11B-1 et seq.), the New Jersey Temporary Disability Leave Law (N.J.S.A. 43:21-25 et seq.), the New Jersey Equal Pay Act (N.J.S.A. 34:11- 56.2 et seq.), the New Jersey Wage Payment Law (N.J.S.A. 34:11-4.1 et seq.), the New Jersey Wage and Hour Law (N.J.S.A. 34:11-56a et seq.), and the Worker Adjustment and Retraining Notification (WARN) Act (42 U.S.C. § 2601 et seq.), each as they may have been amended through the Effective Date of this Agreement. You specifically acknowledge that you are waiving any Claims for unpaid wages under these and other Laws;

(iii) Claims under any local, state or federal common law theory including, without limitation, any Claim for breach of contract, implied contract, promissory estoppel, *quantum meruit*, or any Claim sounding in tort;

(iv) Claims arising under the Company's policies or benefit plans; and

(v) Claims arising under any other Law or constitution.

c. You specifically and expressly acknowledge that this Agreement is intended to include and extinguish all claims, known and unknown, which exist up to and including the Effective Date of this Agreement and which arise from or are in any related to your employment with Company or separation from employment and that no possible claim against Magenta would materially affect or change your complete and voluntary acceptance of this Agreement, even if such claim were unknown at the Effective Date of this Agreement and discovered after that Effective Date.

d. You represent and agree that (i) the payments and benefits set forth in this Agreement, together with payments and benefits previously provided to you, are complete payment, settlement, accord and satisfaction with respect to all obligations and liabilities of Magenta to you, and with respect to all claims, causes of action and damages that could be asserted by you against Magenta regarding your employment with, change in employment status with, and/or termination from employment, including, without limitation, all claims for wages, salary, commissions, vacation pay, draws, car allowances, incentive pay, bonuses, business expenses, paid time off, earned sick time, paid family and medical leave, stock and stock options, severance pay, attorneys' fees, compensatory damages, exemplary damages, or other compensation, benefits, costs or sums; (ii) you have no known workplace injuries or occupational diseases and that you either have been provided or you have not been denied any leave requested under the Family and Medical Leave Act and/or the Massachusetts Paid Family and Medical Leave Act; and (iii) you have not complained of and you are not aware of any fraudulent activity or any act(s) which would form the basis of a claim of fraudulent or illegal activity by Magenta.

e. Because you are over 40 years of age, you are granted specific rights under the Older Workers Benefit Protection Act ("OWBPA") and the Age Discrimination in Employment Act ("ADEA"), which prohibits discrimination on the basis of age. The release set forth in this Section 5 is intended to release any rights you may have against the Company alleging discrimination on the basis of age. Consistent with the OWBPA, you have forty-five

(45) days to consider and accept the provisions of this Agreement, and any changes to this Agreement, whether material or immaterial, will not restart the running of this 45-day period. In addition, you may rescind your assent to this Agreement if, within seven (7) days after the date you sign this Agreement, you email a written notice of rescission to Thomas Beetham, Chief Legal Officer, at [tbeetham@magentatx.com](mailto:tbeetham@magentatx.com). You also are being provided with certain information, in the chart attached as **Exhibit B**, pertaining to the ages and job titles of employees in the relevant decisional unit who are affected and who are not affected by the reduction in force.

f. Notwithstanding anything to the contrary in this Section 5, this release does not limit any right you may have to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission.

g. In addition, nothing in this Agreement shall waive, release, or discharge: (i) any right to file an administrative charge or complaint with, or testify, assist, or participate in an investigation, hearing, or proceeding conducted by, the Equal Employment Opportunity Commission, the Massachusetts Commission Against Discrimination, or other federal or state administrative or regulatory agencies, although you waive any right to monetary relief related to any filed charge or complaint; (ii) any right to report possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, Congress, any agency Inspector General, or

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making other disclosures that are protected under the whistleblower provisions of federal law or regulation; (iii) claims that cannot be waived by law, such as claims for unemployment benefit rights and workers' compensation; (iv) indemnification rights you have or may have against the Company; (v) any right to file an unfair labor practice charge under the National Labor Relations Act; any; and (vi) any rights to vested benefits, such as pension or retirement benefits, the rights to which are governed by the terms of the applicable plan documents and award agreements. You also acknowledge and agree that, but for providing this waiver and release, you would not be receiving the Consideration provided for in this Agreement.

h. Breach of Section 4 or 5. In addition to any other remedies set forth in this Agreement, a breach by you of any of your obligations set forth in Sections 4 or 5 of this Agreement shall constitute a material breach of this Agreement and, in addition to any other legal or equitable remedy available to Magenta, shall entitle Magenta to cease any further payment of Consideration and to recover any Consideration paid to you under Section 2 of this Agreement, to the extent allowed by law.

i. You represent that you have not filed or asserted any cause of action, claim, charge or other action or proceeding against the Company, and to the best of your knowledge, no other person, organization, or entity has done so on your behalf.

6. Unemployment Benefits. You may seek unemployment benefits as a result of the termination of your employment from the Company. Decisions regarding eligibility for and amounts of unemployment benefits are made by the applicable state unemployment agency, not by the Company. The Company agrees to provide any and all requested or necessary documents to enable you to seek unemployment benefits.

#### 7. Cooperation.

a. During the Severance Period, you agree to make yourself available to the Company, upon reasonable notice, to assist the Company in any matter relating to the services performed by you during your employment with the Company including, but not limited to, transitioning your duties to others.

b. During the Severance Period and thereafter, you further agree to cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought or threatened in the future against or on behalf of the Company or its successor(s), including any claim or action against its and their directors, officers and employees. Your cooperation in connection with such claims or actions shall include, without limitation, your being reasonably available (in a manner that does not unreasonably interfere with any employment obligations you may have) to speak or meet with the Company to prepare for any proceeding, to provide truthful affidavits, to assist with any audit, inspection, proceeding or other inquiry, and to act as a witness in connection with any litigation or other legal proceeding affecting the Company.

8. Entire Agreement/Choice of Law/Enforceability/Jury Waiver/Severability. You hereby acknowledge and agree as follows:

a. Except for the Existing Agreements (as amended herein), this Agreement supersedes any and all other prior oral and/or written agreements, and sets forth the entire agreement between you and Magenta. No variations or modifications hereof shall be deemed valid unless reduced to writing and signed by the parties hereto.

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b. This Agreement shall be deemed to have been made in the Commonwealth of Massachusetts, shall take effect as an instrument under seal, and the validity, interpretation and performance of this Agreement shall be governed by, and construed in accordance with, the internal laws of the Commonwealth of Massachusetts, without giving effect to conflict of law principles. Both parties agree that any action, demand, claim or counterclaim relating to (a) your employment and separation of your employment, and (b) the terms and provisions of this Agreement or to its breach, shall be commenced only and exclusively in the Commonwealth of Massachusetts in a court of competent jurisdiction, and shall be resolved by a judge alone. Both parties hereby waive and forever renounce the right to a trial before a civil jury.

c. The terms of this Agreement are severable, and if for any reason any part hereof shall be found to be unenforceable, the remaining terms and conditions shall be enforced in full; except that if your release of claims pursuant to Section 5 is determined to be unenforceable, in whole or part, the Company will have the option, in its sole discretion, to either (a) declare the entire Agreement null and void and require you to refund the Consideration paid pursuant to this Agreement to the Company or (b) enforce the portions of the Agreement not found to be unenforceable.

9. Knowing and Voluntary Acknowledgment. You specifically agree and acknowledge that:

a. You have read this Agreement in its entirety and understands all of its terms;

b. By this Agreement, you have been advised to consult with an attorney before executing this Agreement and have consulted with such counsel as you deemed necessary;

c. You knowingly, freely, and voluntarily assent to all of this Agreement's terms and conditions including, without limitation, the waiver, release, and covenants contained in it;

d. Neither Magenta nor its agents or representatives have made any representations inconsistent with the provisions of this Agreement;

e. You are signing this Agreement, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which you are otherwise entitled; and

f. You are not waiving or releasing rights or claims that may arise after the Effective Date of this Agreement.

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If you agree to the terms of this Agreement, please sign, date and return the enclosed copy of this Agreement to me by email at [tbeetham@magentatx.com](mailto:tbeetham@magentatx.com) within the time frame set forth above.

/s/ Thomas Beetham

Thomas Beetham Chief Legal Officer

Accepted and Agreed to Under Seal:

/s/ Lisa Olson

Lisa Olson

Dated:

5/24/2023

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September 11, 2023 Thomas  
Beetham

Dear Tom:

The purpose of this letter agreement ("Agreement") is to confirm the terms of your separation of employment from Magenta Therapeutics, Inc. ("Magenta" or the "Company").<sup>1</sup> The Consideration being offered below is contingent on your agreement to and compliance with the provisions of this Agreement. This Agreement shall be effective on the eighth (8<sup>th</sup>) day after you sign it (the "Effective Date"), at which time it shall become final and binding on all parties.

**1. Separation.** Your employment with Magenta shall end effective on the date of and after the merger with Dianthus Therapeutics, Inc. becomes effective pursuant to the Agreement and Plan of Merger (the "Merger Agreement") by and among Magenta, Dio Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Magenta and Dianthus Therapeutics, Inc. (the "Separation Date"). You acknowledge that from and after the Separation Date, you shall have no authority to represent yourself as an employee of Magenta, and you agree not to represent yourself in the future as an employee or agent of Magenta.

**a. Final Wages.** On or about the Separation Date, the Company will pay you your final pay for wages earned through the Separation Date in accordance with applicable law.

**b. Group Medical, Dental, and Vision Plans.** Regardless of whether you sign this Agreement, if you and/or your dependents are enrolled in Company-sponsored medical, dental and/or vision plans, coverage for you and any enrolled dependents will end on the September 30, 2023. By executing this Agreement, you acknowledge and agree that after the Separation Date, you will *not* be eligible to continue coverage under the Company's group health plans pursuant to the Federal Consolidated Omnibus Budget Reconciliation Act of

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<sup>1</sup> Except for the obligations set forth in Section 2, which shall be solely the obligations of Magenta, whenever the terms "Magenta Therapeutics, Inc.," "Magenta" or the "Company" are otherwise used in this Agreement (including, without limitation, Section 6), it shall be deemed to include Magenta Therapeutics, Inc. and any and all of its investors, divisions, affiliates, successors (including Dianthus Therapeutics, Inc. and Dianthus Therapeutics OpCo, Inc.), and subsidiaries and all related entities, and its and their directors, officers, employees, agents, successors and assigns.

1985 ("COBRA") as such plans are being terminated on the Separation Date, with coverage ending on September 30, 2023.

c.Incentive Bonus. Pursuant to your March 1, 2023 Incentive Bonus Agreement, within thirty (30) days after the Separation Date you will receive a payment of \$523,489.73 (less all required payroll taxes and withholdings).

2.Consideration. If you sign and do not rescind this Agreement as set forth in Section 6(e) below, after the Separation Date, Magenta will provide you with the following severance pay and benefits (the "Consideration") as set forth in your Amended and Restated Employment Agreement with the Company dated May 2, 2022 (the "Employment Agreement"):

a.a total of \$609,000.00 (less all required payroll taxes and withholdings) (the "Severance Amount"), which is equivalent to the sum of twelve (12) months (the "Severance Period") of your base salary and one-hundred percent (100%) of your 2023 Target Incentive Compensation as defined in your Employment Agreement, which will be paid in a single, lump sum within fifteen (15) days after January 1, 2024 (but in any event not prior to January 1, 2024);

b.since you will not be able to elect COBRA continuation coverage, provide you with a separate payment of \$63,000.00 (less all required payroll taxes and withholdings), which is intended to offset medical, dental and vision insurance premiums for a period of twelve (12) months (plus 25% to help offset any tax liability associated with such payment), which will be paid in a single, lump sum within fifteen (15) days after January 1, 2024 (but in any event not prior to January 1, 2024); and

c.outplacement services for a period of forty-five (45) days with a provider chosen by Magenta and at Magenta's expense, with such services to begin at a time of your choosing but in no event later sixty (60) days after the Effective Date.

3.Equity. You acknowledge and agree that, in accordance with the Merger Agreement and subject to your continued employment through the Separation Date, (i) the vesting and exercisability of each unexpired, unexercised and unvested Magenta stock option held by you will be accelerated in full as of immediately prior to the Effective Time (as defined in the Merger Agreement), (ii) each Magenta stock option that has an exercise price per share equal to or less than \$2.00 and is unexpired and unexercised as of the Effective Time will remain outstanding and unexercisable until the three year anniversary of the Closing Date (as defined in the Merger Agreement) (or, if earlier, the original expiration date of such Magenta stock option), and (iii) the vesting of each outstanding and unvested Magenta restricted stock unit that vests solely on the basis of time will be accelerated in full effective as of immediately prior to the Effective Time (collectively, the "Equity Acceleration and Option Extension"). Subject to such Equity Acceleration and Option Extension, your Magenta stock options and other stock-based awards shall remain subject to the existing terms and conditions of the Magenta Therapeutics, Inc. 2016 Stock Option and Grant Plan or the Magenta Therapeutics, Inc. 2018 Stock Option and Incentive Plan, as applicable, and any applicable award agreement (collectively the "Equity Documents").

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**4. Acknowledgements.** You acknowledge and agree that signing this Agreement is a condition for receipt of such Consideration. The Consideration is not intended to and shall not be construed to constitute a severance plan and shall confer no benefit on anyone other than the parties hereto. You further acknowledge and agree that except for (i) the specific Consideration set forth in this Agreement, (ii) earned but unpaid regular wages earned through the Separation Date which is being or has been provided to you; and (iii) reasonable and documented business expenses incurred by you on behalf of the Company which are timely submitted for reimbursement, you have been paid all wages, commissions, bonuses, incentives, paid time off (including but not limited to vacation pay, holiday pay, earned paid sick time, or any other paid time off), family and medical leave, equity or stock, phantom units, or any other form of compensation or benefit that may be due to you now or which would have been due to you in the future in connection with your employment with or separation of employment with the Company.

**5. Confidentiality, Additional Acknowledgements and Other Obligations.** You expressly acknowledge and agree to the following:

a. That you immediately shall return to Magenta all Magenta property including, without limitation, keys, computer access codes, Company files and documents, and any copies thereof (including, without limitation, financial plans, management reports, and other similar documents and information), and that you will abide by any and all common law and/or statutory obligation relating to the protection and non-disclosure of Magenta's trade secrets and/or confidential and proprietary documents and information. Consistent with applicable law, the Company is providing you with the Notice of Immunity set forth in **Exhibit A**.

b. That you remain obligated to and will comply with any existing agreements or covenants you have with the Company, including (without limitation) any confidentiality, non-solicitation and/or intellectual property assignment agreement (the "*Existing Agreement(s)*"), the terms of which are hereby incorporated into this Agreement by reference; provided that, to the extent any post-employment non-competition covenant contained in any such agreement is enforceable, it is hereby waived by the Company. For the avoidance of doubt, all other covenants contained in the Existing Agreement(s) shall remain in full force and effect, including (without limitation) covenants of non-disclosure and customer and personnel non-solicitation and non-dealing, and covenants requiring you to assign any intellectual property rights to the Company.

**6. Release of Claims.** You hereby acknowledge and agree that by signing this Agreement and accepting the Consideration, you are waiving your right to assert any Claim (as defined below) against Magenta arising from acts or omissions that occurred on or before the Effective Date of this Agreement. Please note the definition of Magenta contained in footnote 1 of this Agreement. You agree that you are making this release of Claims on behalf of yourself, your representatives, agents, estate, heirs, attorneys, insurers, servants, spouse, executors, administrators, successors, and assigns, and any other person, entity, and (to the extent allowed by law) government agency acting on your behalf.

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a. Your waiver and release is intended to bar any form of legal claim, lawsuit, charge, complaint or any other form of action (jointly referred to as "*Claims*") against the Company seeking money or any other form of relief, including but not limited to equitable relief (whether declaratory, injunctive or otherwise), damages or any other form of monetary recovery (including but not limited to back pay, front pay, compensatory damages, emotional distress damages, punitive damages, attorneys' fees and any other costs). You understand that there could be unknown or unanticipated Claims resulting from your employment with the Company and the termination of your employment, and you agree that such Claims are included in this waiver and release. You specifically waive and release the Company from any Claims arising from or related to your employment relationship with the Company or the termination of your employment, including without limitation Claims under any statute, ordinance, regulation, executive order, common law, constitution and/or other source of law of any state, country and/or locality (collectively and individually referred to as "*Law*"), including but not limited to the United States and the Commonwealth of Massachusetts.

b. Without limiting the foregoing general waiver and release, except for Claims resulting from the failure of the Company to perform its obligations under this Agreement, you specifically waive and release the Company from any Claims arising from or related to your employment relationship with the Company or the termination thereof, including without limitation:

(i) Claims under any Law concerning discrimination, harassment, retaliation, or other fair employment practices, including, but not limited to, the Massachusetts Anti-Discrimination and Anti-Harassment Law (Mass. Gen. L.

ch. 151B), the Massachusetts Sexual Harassment Law (Mass. Gen. L. ch. 214, § 1C), the Massachusetts Equal Pay Act (Mass. Gen. L. ch. 149, § 105A), the Massachusetts Civil Rights Act (Mass. Gen. L. ch. 12, §§ 11H, 11I), the Massachusetts Equal Rights Act (Mass. Gen. L. ch. 93, §§ 102, 103, Title VII of the Civil Rights Act of 1964

(42 U.S.C. § 2000e et seq.), 42 U.S.C. § 1981, the Americans with Disabilities Act (the "ADA") (42 U.S.C. § 12101 et seq.), the Pennsylvania Human Relations Act (43 P.S. § 951 et seq.), the New Jersey Law Against Discrimination (N.J.S.A. 10:5-1 et seq.), the New Jersey Conscientious Employee Protection Act (N.J.S.A. 34:19-1 et seq.), the Age Discrimination in Employment Act (the "ADEA") (29 U.S.C. § 621 et seq.), the Older Workers Benefits Protection Act ("OWBPA") (29 U.S.C. § 621 et seq.), and the Genetic Information Nondiscrimination Act of 2008 ("GINA") (42 C.F.R. § 2000ff et seq.), each as they may have been amended through the Effective Date of this Agreement;

(ii) Claims under any Law relating to wages, hours, whistleblowing, leaves of absence or any other terms and conditions of employment including, but not limited to, the Massachusetts Payment of Wages Law (Mass. Gen. L. ch. 149, §§ 148, 150), Massachusetts General Laws Chapter 149 in its entirety, Massachusetts General Laws Chapter 151 in its entirety (including but not limited to the minimum wage and overtime provisions), the Massachusetts Privacy Act (Mass. Gen. L. ch. 214, § 1B), the Massachusetts Paid Family and Medical Leave Act ("PFML") (Mass. Gen. L.

ch. 175M), the Fair Labor Standards Act ("FLSA") (29 U.S.C. § 201 et seq.), the Family and Medical Leave Act of 1993 (29 U.S.C. § 2601 et seq.), the New Jersey Family Leave Act (N.J.S.A. 34:11B-1 et seq.), the New Jersey Temporary Disability Leave Law (N.J.S.A. 43:21-25 et seq.), the New Jersey Equal Pay Act (N.J.S.A. 34:11-

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56.2 *et seq.*), the New Jersey Wage Payment Law (N.J.S.A. 34:11-4.1 *et seq.*), the New Jersey Wage and Hour Law (N.J.S.A. 34:11-56a *et seq.*), and the Worker Adjustment and Retraining Notification (WARN) Act (42 U.S.C. § 2601 *et seq.*), each as they may have been amended through the Effective Date of this Agreement. You specifically acknowledge that you are waiving any Claims for unpaid wages under these and other Laws;

(iii)Claims under any local, state or federal common law theory including, without limitation, any Claim for breach of contract, implied contract, promissory estoppel, *quantum meruit*, or any Claim sounding in tort;

(iv) Claims arising under the Employment Agreement or any of the Company's policies or benefit plans; and

(v) Claims arising under any other Law or constitution.

c. You specifically and expressly acknowledge that this Agreement is intended to include and extinguish all claims, known and unknown, which exist up to and including the Effective Date of this Agreement and which arise from or are in any related to your employment with Company or separation from employment and that no possible claim against Magenta would materially affect or change your complete and voluntary acceptance of this Agreement, even if such claim were unknown at the Effective Date of this Agreement and discovered after that Effective Date.

d. You represent and agree that (i) the payments and benefits set forth in this Agreement, together with payments and benefits previously provided to you, are complete payment, settlement, accord and satisfaction with respect to all obligations and liabilities of Magenta to you, and with respect to all claims, causes of action and damages that could be asserted by you against Magenta regarding your employment with, change in employment status with, and/or termination from employment, including, without limitation, all claims for wages, salary, commissions, vacation pay, draws, car allowances, incentive pay, bonuses, business expenses, paid time off, earned sick time, paid family and medical leave, stock and stock options, severance pay, attorneys' fees, compensatory damages, exemplary damages, or other compensation, benefits, costs or sums; (ii) you have no known workplace injuries or occupational diseases and that you either have been provided or you have not been denied any leave requested under the Family and Medical Leave Act and/or the Massachusetts Paid Family and Medical Leave Act; and (iii) you have not complained of and you are not aware of any fraudulent activity or any act(s) which would form the basis of a claim of fraudulent or illegal activity by Magenta.

e. Because you are over 40 years of age, you are granted specific rights under the Older Workers Benefit Protection Act ("OWBPA") and the Age Discrimination in Employment Act ("ADEA"), which prohibits discrimination on the basis of age. The release set forth in this Section 6 is intended to release any rights you may have against the Company alleging discrimination on the basis of age. Consistent with the OWBPA, you have forty-five

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(45) days to consider and accept the provisions of this Agreement, and any changes to this Agreement, whether material or immaterial, will not restart the running of this 45-day period. In addition, you may rescind your assent to this Agreement if, within seven (7) days after the date you sign this Agreement, you email a written notice of rescission to Stephen Mahoney, President, Chief Operating and Financial Officer, at [smahoney@magentatx.com](mailto:smahoney@magentatx.com), with a copy to Michael Patrone of Goodwin Procter LLP, at [MPatrone@goodwinlaw.com](mailto:MPatrone@goodwinlaw.com). You also are being provided with certain information, in the chart attached as **Exhibit B**, pertaining to the ages and job titles of employees in the relevant decisional unit who are affected and who are not affected by the reduction in force.

f. Notwithstanding anything to the contrary in this Section 6, this release does not limit any right you may have to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission.

g. In addition, nothing in this Agreement shall waive, release, or discharge: (i) any right to file an administrative charge or complaint with, or testify, assist, or participate in an investigation, hearing, or proceeding conducted by, the Equal Employment Opportunity Commission, the Massachusetts Commission Against Discrimination, or other federal or state administrative or regulatory agencies, although you waive any right to monetary relief related to any filed charge or complaint; (ii) any right to report possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, Congress, any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation; (iii) claims that cannot be waived by law, such as claims for unemployment benefit rights and workers' compensation; (iv) indemnification rights you have or may have against the Company; (v) any right to file an unfair labor practice charge under the National Labor Relations Act; any; and (vi) any rights to vested benefits, such as pension or retirement benefits, the rights to which are governed by the terms of the applicable plan documents and award agreements. You also acknowledge and agree that, but for providing this waiver and release, you would not be receiving the Consideration provided for in this Agreement.

h. Breach of Section 5 or 6. In addition to any other remedies set forth in this Agreement, a breach by you of any of your obligations set forth in Sections 5 or 6 of this Agreement shall constitute a material breach of this Agreement and, in addition to any other legal or equitable remedy available to Magenta, shall entitle Magenta to cease any further payment of Consideration and to recover any Consideration paid to you under Section 2 of this Agreement, to the extent allowed by law.

i. You represent that you have not filed or asserted any cause of action, claim, charge or other action or proceeding against the Company, and to the best of your knowledge, no other person, organization, or entity has done so on your behalf.

7. Unemployment Benefits. You may seek unemployment benefits as a result of the termination of your employment from the Company. Decisions regarding eligibility for and amounts of unemployment benefits are made by the applicable state unemployment

agency, not by the Company. The Company agrees to provide any and all requested or necessary documents to enable you to seek unemployment benefits.

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8. Cooperation.

a. During the Severance Period, you agree to make yourself available to the Company, upon reasonable notice, to assist the Company in any matter relating to the services performed by you during your employment with the Company including, but not limited to, transitioning your duties to others.

b. During the Severance Period and thereafter, you further agree to cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought or threatened in the future against or on behalf of the Company or its successor(s), including any claim or action against its and their directors, officers and employees. Your cooperation in connection with such claims or actions shall include, without limitation, your being reasonably available (in a manner that does not unreasonably interfere with any employment obligations you may have) to speak or meet with the Company to prepare for any proceeding, to provide truthful affidavits, to assist with any audit, inspection, proceeding or other inquiry, and to act as a witness in connection with any litigation or other legal proceeding affecting the Company.

9. Entire Agreement/Choice of Law/Enforceability/Jury Waiver/Severability. You hereby acknowledge and agree as follows:

a. Except for the Existing Agreements and Equity Documents (as each are amended herein), this Agreement supersedes any and all other prior oral and/or written agreements, and sets forth the entire agreement between you and Magenta. No variations or modifications hereof shall be deemed valid unless reduced to writing and signed by the parties hereto.

b. This Agreement shall be deemed to have been made in the Commonwealth of Massachusetts, shall take effect as an instrument under seal, and the validity, interpretation and performance of this Agreement shall be governed by, and construed in accordance with, the internal laws of the Commonwealth of Massachusetts, without giving effect to conflict of law principles. Both parties agree that any action, demand, claim or counterclaim relating to (a) your employment and separation of your employment, and (b) the terms and provisions of this Agreement or to its breach, shall be commenced only and exclusively in the Commonwealth of Massachusetts in a court of competent jurisdiction, and shall be resolved by a judge alone. Both parties hereby waive and forever renounce the right to a trial before a civil jury.

c. The terms of this Agreement are severable, and if for any reason any part hereof shall be found to be unenforceable, the remaining terms and conditions shall be enforced in full; except that if your release of claims pursuant to Section 6 is determined to be unenforceable, in whole or part, the Company will have the option, in its sole discretion, to either (a) declare the entire Agreement null and void and require you to refund the

Consideration paid pursuant to this Agreement to the Company or (b) enforce the portions of the Agreement not found to be unenforceable.

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10. Knowing and Voluntary Acknowledgment. You specifically agree and acknowledge that:

- a. You have read this Agreement in its entirety and understands all of its terms;
- b. By this Agreement, you have been advised to consult with an attorney before executing this Agreement and have consulted with such counsel as you deemed necessary;
- c. You knowingly, freely, and voluntarily assent to all of this Agreement's terms and conditions including, without limitation, the waiver, release, and covenants contained in it;
- d. Neither Magenta nor its agents or representatives have made any representations inconsistent with the provisions of this Agreement;
- e. You are signing this Agreement, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which you are otherwise entitled; and
- f. You are not waiving or releasing rights or claims that may arise after the Effective Date of this Agreement.

If you agree to the terms of this Agreement, please sign, date and return the enclosed copy of this Agreement to me by email at smahoney@magentatx.com within the time frame set forth above but in no event prior to the Separation Date.

Very truly yours,

/s/ Stephen Mahoney

Name: Stephen Mahoney  
Title: President, Chief Operating and Financial Officer

Accepted and Agreed to Under Seal:

/s/ Thomas Beetham

Thomas Beetham

Dated: September 11, 2023

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**SUBSIDIARIES**

**Legal Name**

Magenta Securities Corporation

Dianthus Therapeutics OpCo, Inc.

**State of Organization**

Massachusetts

Delaware

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-266511 and 333-257381 on Form S-3 and Registration Statement Nos. 333-274865, 333-263358, 333-253815, 333-236853, 333-233125, 333-230387 and 333-225838 on Form S-8 of our report dated March 21, 2024, relating to the financial statements of Dianthus Therapeutics, Inc. appearing in this Annual Report on Form 10-K for the year ended December 31, 2023.

*/s/* Deloitte & Touche LLP

Morristown, New Jersey

March 21, 2024

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PRINCIPAL EXECUTIVE OFFICER CERTIFICATION PURSUANT TO RULES 13a-14(a) OR 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Marino Garcia, certify that:

1. I have reviewed this report on Form 10-K of Dianthus Therapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 21, 2024

By: /s/ Marino Garcia  
Marino Garcia  
President and Chief Executive Officer  
(Principal Executive Officer)

PRINCIPAL FINANCIAL OFFICER CERTIFICATION PURSUANT TO RULES 13a-14(a) OR 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ryan Savitz, certify that:

1. I have reviewed this report on Form 10-K of Dianthus Therapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 21, 2024

By: /s/ Ryan Savitz  
Ryan Savitz  
Chief Financial Officer and Chief Business Officer  
(Principal Financial Officer)

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CERTIFICATIONS PURSUANT TO 18 U.S.C.  
SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Dianthus Therapeutics, Inc. (the "Company") on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Marino Garcia, President and Chief Executive Officer of the Company, and Ryan Savitz, Chief Financial Officer and Chief Business Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to our knowledge:

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

Date: March 21, 2024

By: /s/ Marino Garcia  
Marino Garcia  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: March 21, 2024

By: /s/ Ryan Savitz  
Ryan Savitz  
Chief Financial Officer and Chief Business Officer  
(Principal Financial Officer)

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## **RULE 10D-1 CLAWBACK POLICY**

**(September 11, 2023)**

### **I. Recoupment of Incentive-Based Compensation**

It is the policy of Dianthus Therapeutics, Inc. (the "Company") that, in the event the Company is required to prepare an accounting restatement of the Company's financial statements due to material non-compliance with any financial reporting requirement under the federal securities laws (including any such correction that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period), the Company will recover on a reasonably prompt basis the amount of any Incentive-Based Compensation Received by a Covered Executive during the Recovery Period that exceeds the amount that otherwise would have been Received had it been determined based on the restated financial statements.

### **II. Policy Administration and Definitions**

This Rule 10D-1 Clawback Policy (this "Policy") is administered by the Compensation Committee (the "Committee") of the Company's Board of Directors, subject to ratification by the Board of Directors with respect to application of this Policy to the Company's Chief Executive Officer, and is intended to comply with, and as applicable to be administered and interpreted consistent with, and subject to the exceptions set forth in, Listing Standard 5608 adopted by the Nasdaq Stock Market to implement Rule 10D-1 under the Securities Exchange Act of 1934, as amended (collectively, "Rule 10D-1").

For purposes of this Policy:

"Incentive-Based Compensation" means any compensation granted, earned or vested based in whole or in part on the Company's attainment of a financial reporting measure that was Received by a person (i) on or after October 2, 2023 and after the person began service as a Covered Executive, and (ii) who served as a Covered Executive at any time during the performance period for the Incentive-Based Compensation. A financial reporting measure is (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements and any measure derived wholly or in part from such a measure, and (ii) any measure based in whole or in part on the Company's stock price or total shareholder return.

Incentive-Based Compensation is deemed to be "Received" in the fiscal period during which the relevant financial reporting measure is attained, regardless of when the compensation is actually paid or awarded.

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"Covered Executive" means any "executive officer" of the Company as defined under Rule 10D-1.

"Recovery Period" means the three completed fiscal years immediately preceding the date that the Company is required to prepare the accounting restatement described in this Policy, all as determined pursuant to Rule 10D-1, and any transition period of less than nine months that is within or immediately following such three fiscal years, as determined pursuant to Rule 10D-1.

If the Committee determines the amount of Incentive-Based Compensation Received by a Covered Executive during a Recovery Period exceeds the amount that would have been Received if determined or calculated based on the Company's restated financial results, such excess amount of Incentive-Based Compensation shall be subject to recoupment by the Company pursuant to this Policy. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the Committee will determine the amount based on a reasonable estimate of the effect of the accounting restatement on the relevant stock price or total shareholder return. In all cases, the calculation of the excess amount of Incentive-Based Compensation to be recovered will be determined without regard to any taxes paid with respect to such compensation. The Company will maintain and will provide to The Nasdaq Stock Market documentation of all determinations and actions taken in complying with this Policy. Any determinations made by the Committee under this Policy shall be final and binding on all affected individuals.

The Company may effect any recovery pursuant to this Policy by requiring payment of such amount(s) to the Company, by set-off, by reducing future compensation, or by such other means or combination of means as the Committee determines to be appropriate. The Company need not recover the excess amount of Incentive-Based Compensation if and to the extent that the Committee determines that such recovery is impracticable, subject to and in accordance with any applicable exceptions under the Nasdaq Stock Market listing rules and not required under Rule 10D-1, including if the Committee determines that the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered after making a reasonable attempt to recover such amounts. The Company is authorized to take appropriate steps to implement this Policy with respect to Incentive-Based Compensation arrangements with Covered Executives.

Any right of recoupment or recovery pursuant to this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any other policy, any employment agreement or plan or award terms, and any other legal remedies available to the Company; provided that the Company shall not recoup amounts pursuant to such other policy, terms or remedies to the extent it is recovered pursuant to this Policy. This Policy is also in addition to, and is not a substitute for, the requirements of Section 304 of the Sarbanes-Oxley Act of 2002. The Company shall not indemnify any Covered Executive against the loss of any Incentive-Based Compensation pursuant to this Policy.

