REFINITIV

DELTA REPORT

10-K

INSTIL BIO, INC.

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	3050
CHANGES	251
DELETIONS	1438
ADDITIONS	1361

REFINITIV

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

FORM 10-K

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

For the fiscal year ended December 31, 2022 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 001-40215

Instil Bio, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**83-2072195**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3963 Maple Avenue, Suite 350 **Dallas, Texas**	**75219**
(Address of Principal Executive Offices)	(Zip Code)

(972) 499-3350
Registrant's telephone number, including area code
Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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, $0.000001 par value per share	TIL	The Nasdaq Stock Market LLC

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 and posted on its corporate web site, if any, 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 files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

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 ☒

As of June 30, 2022 June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $285.7 million $34.4 million, based on the closing price of the registrant's common stock on the Nasdaq Global Select Stock Market on June 30, 2022 June 30, 2023 of $4.62 $11.02 per share.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class of Common Stock	Outstanding at
130,079,097 6,503,913 shares of Common Stock, $0.000001 par value per share	March 29, 2023 19, 2024

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission (SEC) subsequent to the date hereof pursuant to Regulation 14A in connection with the registrant's 2023 2024 Annual Meeting of Stockholders, are incorporated by reference into Part III of this Annual Report on Form 10-K. Such proxy statement will be filed with the SEC not later than 120 days after the conclusion of the registrant's fiscal year ended December 31, 2022 December 31, 2023.

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Part I

Item 1. Business.

Overview

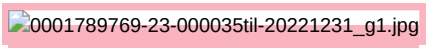
We are a clinical-stage biopharmaceutical company focused on developing an innovative cell therapy a pipeline of autologous novel therapies. We seek to in-license/acquire and develop novel therapeutic candidates in diseases with significant unmet medical need. Our first such program is an engineered tumor infiltrating lymphocyte, or TIL, therapies cell therapy for the treatment of patients with cancer. cancer, which we acquired in 2020. We have assembled an accomplished team with a successful track record in cell therapy innovation. We are developing a novel class of genetically engineered TIL therapies using intend to evaluate and explore additional opportunities to in-license promising therapeutic candidates.

Using our Co-Stimulatory Antigen Receptor, or CoStAR, platform. CoStAR™, platform we generated ITIL-306, a genetically modified TIL targeting folate receptor alpha, or FRα, which was previously our lead product candidate. These modified TILs, or CoStAR-TILs, still rely on their native, patient-specific T cell receptors, or TCRs, to bind to tumor neoantigens, but have been enhanced to express novel CoStAR molecules, which bind to shared tumor-associated antigens and provide potent costimulation to T cells within the tumor microenvironment. We believe that the ability of microenvironment by expressing novel CoStAR molecules which bind to augment the activation of TILs upon native TCR-mediated recognition of tumor neoantigens has the potential to bring TIL therapy to patients with cancer types that have been historically resistant to immunotherapy and increase the benefit from TIL therapy in patients with cancer types that have been historically sensitive to immunotherapy. In 2022, we submitted an investigational new drug application, or IND, for ITIL-306, our first CoStAR-TIL therapy, to the U.S. Food and Drug Administration, or FDA, and, following clearance, opened a Phase 1 dose escalation trial of ITIL-306 in non-small cell lung cancer, or NSCLC, ovarian cancer, and renal cancer. associated antigens, such as FRα. In October 2022, we announced the successful dosing of the first patient with non-small cell lung cancer, or NSCLC, in a Phase 1 clinical trial of ITIL-306 in the United States, ITIL-306-201. In 2023, we closed our U.S. manufacturing and clinical trial operations, ceased enrollment in the ITIL-306-201 clinical trial and pivoted our manufacturing and clinical operations to the UK with the expectation of commencing another phase 1 clinical trial of ITIL-306 in the United States and United Kingdom, ITIL-306-202, in 2023. In January 2024, we announced that we plan to close our UK manufacturing and clinical trial operations. As a result, we have ceased all ITIL-306 Phase 1 trial. clinical trial activities.

We believe In January 2024, we announced that we entered into an agreement with a third-party to develop an autologous FRα CoStAR-TIL, or the critical advantage of TIL therapy over other cell therapies relates Collaboration Product, for potential open-label investigator-initiated trials, or IITs, in NSCLC in China. Initial feasibility studies for the Collaboration Product have been completed and, assuming continued collaboration progress, the next steps would be for our collaborator to lead opening IITs to enroll patients. The Collaboration Product will be manufactured by our collaborator utilizing our proprietary FRα CoStAR construct in our collaborator's manufacturing process. Our collaborator has an option to exclusively license the intrinsic Collaboration Product in China and diverse anti-tumor reactivity of TILs. Unlike most cell therapies in development for solid tumors, which only recognize a single target antigen shared across a diverse patient population, TILs are polyclonal and therefore have the ability to recognize the broad set of antigens unique to each patient. This comprehensive polyclonality helps overcome a major limitation of cell therapies, such as CAR-Ts and TCR-Ts, by providing the requisite diversity to match the marked heterogeneity of solid tumors.

The successful use of TIL therapy to treat solid tumors was first published in 1988 by Steven A. Rosenberg, M.D., Ph.D., and his colleagues from the National Cancer Institute, or NCI, who demonstrated remissions in patients with advanced melanoma who had been treated with TILs. Since these initial reports, clinical studies of TILs have expanded significantly. In a study published in *Annals of Oncology* in 2019, U. Dafni and colleagues conducted a meta-analysis of clinical trials of TIL therapies published between 1988 and 2016, which reported an overall remission rate, or ORR, of 41% and a complete remission, or CR, rate of 12% in 410 heavily pretreated patients with metastatic melanoma. As shown below, in patients for whom detailed follow-up was available, the CRs were found to be remarkably durable, with only one of 28 patients experiencing disease recurrence. In addition to melanoma, TIL therapy has demonstrated activity in multiple other solid tumors, including NSCLC, head and neck cancer, and cervical cancer.

TIL Therapy Demonstrated Durable CRs
in Patients with Melanoma in Clinical Trials Between 1988 and 2016



Taiwan.

Our Strengths

Strategy

Our goal is to become the leader in the design, manufacture leverage our business development capabilities to in-license/acquire and delivery develop a pipeline of TIL therapies to patients with cancer. We believe the following strengths will enable us novel therapies. In order to achieve this goal: goal, our strategy involves the following elements:

Highly experienced team. • **Our senior management team In-license/acquire therapeutic assets**. We intend to leverage our network of deep industry relationships and a large fraction of our operational staff have extensive experience in cell therapy with a track record of successfully leading technology discovery, process competitive intelligence to identify novel therapeutics that may be available for us to license or acquire on commercially attractive terms for development and current Good Manufacturing Practices, or cGMP, manufacturing functions. Our Chief Scientific Officer, Mark Dudley, Ph.D., has extensive experience in adoptive cell therapy and previously spent nearly two decades at the Surgery Branch of the National Cancer Institute where he contributed to a diverse portfolio of experimental T cell therapies, including TIL, TCR-T, and CAR-T products. Dr. Dudley is a recognized pioneer of adoptive cell therapy and has published seminal papers on TIL therapy in refractory metastatic melanoma. Our Head of Research & Development, Robert Hawkins, M.B.B.S., Ph.D., is a world-renowned medical oncologist with a focus on the globally.

- **Advance development of novel cell and gene therapies. He has extensive experience leading clinical trials in oncology, including the first CAR-T trials FRα CoStAR-TIL with our Collaborator.** We intend, if our early-stage collaboration activities are successful, to consider developing FRα CoStAR-TIL in the United Kingdom, and as CEO of Immetacyte Ltd. led the development of the foundational TIL technology that we are progressing. States.

Robust clinical development experience with TILs. Members of our executive leadership team have been generating and improving TIL therapy for over a decade, and aTIL product manufactured by us has been used in the treatment of patients with refractory melanoma through a compassionate use program at the Christie Hospital in Manchester, United Kingdom, which is the largest single-site cancer center in Europe.

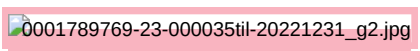
Company-operated in-house manufacturing facilities. We control and operate two facilities in Manchester, United Kingdom for clinical manufacturing. By controlling and operating our own manufacturing sites, we believe we have the unique ability to more efficiently implement process improvements into our operations and to readily

provide therapies to patients. With planned capacity in our Manchester, United Kingdom facilities, we expect to have sufficient doses for all planned clinical trials.

Strong capitalization. Since 2019, we have financed our operations with $719.0 million in net proceeds raised in our initial public offering and private placements of convertible preferred stock.

Our Current Pipeline

We are building an innovative a pipeline of TIL product novel therapeutic candidates. We own worldwide rights to all our product candidates. Our current pipeline is summarized in the diagram below.



We are developing genetically engineered TIL product candidates modified with CoStAR to augment the activation of TILs in the tumor microenvironment. In preclinical studies, CoStAR+ T cells demonstrated markedly increased activity as compared to normal T cells, including enhanced cytokine expression and proliferative capacity. CoStAR's modular architecture can be adapted to potentially target any cell surface antigen, which will would allow us to potentially develop additional CoStAR-TIL product candidates that enhance TIL function in multiple solid tumors.

Our lead CoStAR-TIL product candidate, ITIL-306, expresses a CoStAR molecule designed to recognize folate receptor alpha, or FRα, a tumor-associated antigen that is expressed on numerous solid tumors, including ovarian cancer, uterine cancer, NSCLC and renal cancer. We believe that ITIL-306 has the potential to increase anti-tumor activity due to its ability to improve proliferation and enhance cytokine secretion of TILs. In 2022, we submitted an IND for ITIL-306 to the FDA and, following clearance, opened a Phase 1 dose escalation trial of ITIL-306 in NSCLC, ovarian, and renal cancers. In October 2022, we announced the successful dosing of the first patient in the ITIL-306 Phase 1 trial. As part of the consolidation of research and manufacturing operations to the United Kingdom, we plan to submit regulatory filings with the Medicines and Healthcare products Regulatory Agency, or MHRA in the UK in order to initiate a Phase 1 clinical trial of ITIL-306 in 2023 at clinical sites in the UK.

The modular nature of our CoStAR platform allows for multiple product candidates to be developed with minimal changes to the fundamental architecture of the molecule. We have generated a number of constructs containing antigen-binding domains directed against different tumor-associated antigens that are expressed by a wide variety of tumor types, including stomach, colorectal, pancreatic, breast and other cancers.

We previously were conducting an unmodified TIL clinical program which we referred to as ITIL-168, including the DELTA-1 clinical trial in advanced melanoma and the DELTA-2 clinical trial in NSCLC, cervical cancer, and head and neck squamous cell carcinoma. In December 2022, our Board of Directors approved a strategic reprioritization of our preclinical and clinical development programs. This decision involves reallocating resources to focus on advancing ITIL-306, our CoStAR platform, and other next-generation TIL technologies, while discontinuing our ITIL-168 development program, including both the DELTA-1 trial and the DELTA-2 trial.

Our History and Team

We were founded in August 2018, and in early 2019, we in-licensed our foundational TIL technology from Immetacyte Ltd. and subsequently raised our Series A round of funding from Curative Ventures. In March 2020, we acquired Immetacyte Ltd. Since 2019, we have financed our operations with $719.0 million in net proceeds raised in our initial public offering and private placements of convertible preferred stock to date. Our management team consists of entrepreneurs, physicians and scientists with prior experience at cell therapy companies, oncology companies and academic institutions.

Our Strategy

Our goal is to leverage our CoStAR platform to deliver innovative, life-saving TIL therapies to patients with cancer. In order to achieve this goal, our strategy involves the following key elements:

- **Develop our lead CoStAR-TIL candidate, ITIL-306.** Our lead CoStAR-TIL product candidate, ITIL-306 expresses a CoStAR molecule designed to recognize FRα, a tumor-associated antigen that is expressed on numerous solid tumors, including ovarian cancer, uterine cancer, NSCLC and renal cancer. In 2022, we submitted an IND for ITIL-306 to the FDA and, following clearance, opened a Phase 1 dose escalation trial of ITIL-306 in NSCLC, ovarian cancer, and renal cancer. In October 2022, we announced the successful dosing of the first patient in the ITIL-306 Phase 1 trial. In January 2023, we announced the consolidation of all research and development activities to the United Kingdom, including manufacturing and clinical trial activities. As part of the consolidation of research and manufacturing operations to the United Kingdom, we plan to submit regulatory filings with the MHRA in order to initiate a Phase 1 clinical trial of ITIL-306 in 2023 at clinical sites in the United Kingdom.

- **Expand our CoStAR platform.** The modular nature of our CoStAR platform allows us to develop additional constructs against novel targets and/or with novel intracellular signaling domains. We plan to develop new constructs directed against targets designed to enable next-generation CoStAR-TIL product candidates to address additional challenging solid tumor indications. Additionally, we continue to explore novel intracellular signaling designs of our CoStAR constructs to generate more potent T cell activation in next-generation CoStAR-TIL product candidates.

Background on TILs

Overview of Engineered T Cell Therapies CoStAR-TILs

T cells are one of the key cell types of the immune system. Their roles include targeting cells that pose a threat to our health, such as infected or cancerous cells, for direct killing, as well as producing soluble mediators of immunity, like cytokines, to improve or otherwise modulate the overall immune response. T cells recognize and target these cells for killing through the engagement of the T cell receptor, or TCR, by peptide antigens presented on the surface of the target cell by the major histocompatibility complex, or MHC. T cell therapies can be generated from peripheral blood collected and separated via leukapheresis to isolate T cells that are then genetically modified to express relevant TCRs or CARs. Alternatively, T cell therapies can be generated from tumor-infiltrating lymphocytes, or TILs, collected from a resected tumor.

CAR-T and TCR-T therapies are cell products composed of T cells that have been genetically engineered to recognize a specific cancer-related antigen on the surface of tumor cells. Recently, multiple CAR-T therapies such as Yescarta, Tecartus and Kymriah, which each target the B-cell antigen CD19, have achieved regulatory approval after demonstrating efficacy in the treatment of several kinds of B-cell malignancies. Despite these successes in blood cancers, CAR-T and TCR-T therapies have shown limited efficacy in the treatment of solid tumors. In addition to the general lack of anti-tumor activity, serious and potentially fatal toxicities commonly seen with these therapies have been observed in multiple clinical trials in solid tumors. These side effects include those related to normal tissue distribution of the target antigen, as well as antigen-independent toxicities such as cytokine release syndrome, neurotoxicity and prolonged pancytopenia. For these reasons, there are currently no approved CAR-T or TCR-T therapies for the treatment of solid tumors.

Tumor heterogeneity is a major obstacle in successfully treating solid tumors with single-antigen targeting modalities like CAR-Ts and TCR-Ts. Individual cancer cells within tumors are clonally diverse and thus display significant differences in the profile of antigens they express. As most CAR-T and TCR-T therapies are engineered to target a single antigen, they lack the ability to address the profound antigenic heterogeneity found within solid tumors. Patients with solid tumors who have been treated with these therapies are at increased risk of clonal escape, which is the growth of tumor cells that do not express the antigen targeted by the therapy. Clonal escape, also known as target-negative relapse, is a well-described mechanism by which single antigen targeting therapies fail in the treatment of cancer.

Other limitations of both CAR-T and TCR-T therapies are related to tissue distribution of the target antigen itself. CAR-T cells target cell surface proteins that are often found on both normal tissues and tumors, leading to on-target, off-tumor toxicity. In the case of anti-CD19 CAR-T cell products, the complete elimination of normal B cells is an expected side effect and results in possibly permanent immunosuppression. Also, because CAR-T therapies can only target surface antigens, they are not able to recognize intracellular tumor-specific proteins, which significantly limits the number of potential molecules to target. In contrast, TCRs recognize all cellular antigens that have been presented by MHC molecules, enabling T cells to recognize and attack cancer cells, including those expressing either intracellular or membrane-anchored tumor-specific proteins. However, despite the broader antigen recognition capabilities of TCR-Ts, the MHC-dependent mechanism requires careful tissue matching between the transgenic TCR and the patient, thus limiting the addressable patient population to only those patients with the appropriate MHC alleles. Finally, the targeted antigen for either CAR-T or TCR-T therapies must be shared broadly between patients. As a result, these therapies are not able to recognize unique, patient-specific antigens that may otherwise be attractive targets.

Overview of TIL Therapies

The application of TILs to treat solid tumors began in 1988, when these cells were first used as an experimental therapy at the U.S. National Cancer Institute. At that time, Steven A. Rosenberg, M.D., Ph.D. and his colleagues published results demonstrating melanoma regression in patients who had been treated with TILs grown *ex vivo*. Over the past 30 years, interest in TIL therapy for melanoma and other solid tumors has expanded significantly beyond academia, with dozens of academic and industry-sponsored clinical trials ongoing currently, ranging from Phase 1 exploratory trials of TILs in combination with a checkpoint inhibitor to Phase 3 randomized trials comparing TILs with established therapies. A meta-analysis of clinical trials evaluating TIL therapies was published in the journal *Annals of Oncology* in 2019 and reported an ORR of 41% in 410 heavily pretreated patients with metastatic melanoma. Twelve percent of patients achieved CR with long-term durability, with only one of 28 patients experiencing disease recurrence.

We believe the following key factors are critical to the development of a patient-specific TIL-based therapy for the treatment of solid tumors:

Polyclonal recognition of tumor-specific antigens.TILs are activated to recognize and kill tumor cells based on their ability to bind to tumor-specific antigens. Unlike CAR-T cells and other engineered cell therapies that recognize only a single target antigen that is required to be both expressed on the surface of all tumor cells and shared across different patients, TILs are polyclonal and have the ability to recognize the broad set of antigens that are unique to each individual patient. This comprehensive, patient-specific polyclonality provides TIL therapies with the requisite diversity to respond to the marked clonal heterogeneity of the patient's tumors, addressing a major limitation of cell therapies such as CAR-Ts and TCR-Ts.

Optimized processing and manufacturing methods. TIL therapies rely on patient-derived material obtained from each patient's resected tumor. Theprocessing methods for the freshly removed tumor tissue immediately following resection impact the characteristics of the final TIL product, including its potential efficacy. Streamlined and timely tumor procurement, processing and transportation is required to ensure manufacturing and clinical success.

Our Product Candidates

CoStAR: A Co-stimulatory Platform to Genetically Engineer TILs

We are developing a novel class of genetically engineered TIL product candidates designed to express CoStAR molecules to augment the activation of TILs in the tumor microenvironment, potentially leading to an increase in anti-tumor activity. We believe that the ability of CoStAR to enhance the activation of TILs upon recognition of tumor neoantigens has the potential to bring TIL therapy to patients with cancer types that historically have been resistant to immunotherapy and increase the benefit from TIL therapy in patients with cancer types that have been historically sensitive to immunotherapy. In preclinical studies, we observed that CoStAR+ T cells demonstrated markedly increased activity as compared to normal T cells, including enhanced cytokine expression and proliferative capacity. We are developing an optimized and scalable manufacturing process to develop manufacturing process steps specific to CoStAR-TIL therapies.

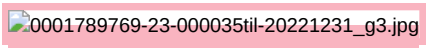
We plan to evaluate CoStAR-TIL therapies in several tumor types where TILs have not yet established proof of concept or responses to TIL therapy have been poor. We submitted an IND to the FDA for our lead CoStAR-TIL product candidate, ITIL-306, in 2022, and were cleared to open a Phase 1 dose escalation study of ITIL-306 in NSCLC, ovarian cancer, and renal cell carcinoma, or RCC. We reported that our first patient with NSCLC was dosed with ITIL-306 in October 2022. We announced in January 2023 that we plan to consolidate all research and development operations, including clinical manufacturing and clinical trial operations, in our Manchester, United Kingdom site. We anticipate submitting a clinical trial application, or CTA, to the MHRA in the second quarter of 2023 to open a Phase 1 dose escalation clinical trial of ITIL-306 in the United Kingdom.

Role of Co-stimulation in T Cell Activation

Activation of T cells typically requires more than the recognition of an antigen on the surface of a target cell by a T cell's TCR. Maximum T cell activation generally requires both this antigen-specific signal as well as a second, antigen-independent signal known as costimulation. Costimulation occurs when a costimulatory molecule on the surface of the T cell binds to its ligand on the target cell while the TCR is engaged with its antigen. The requirement for costimulation also applies to T cell therapies. For example, first generation CAR-T therapies did not contain any additional costimulatory signaling domains, as shown below, and therefore relied on endogenous costimulation for enhanced activity within the tumor microenvironment. As a result, the anti-tumor activity of these first-generation products was low. Subsequent generations of CAR-T therapies included one or more costimulatory domains, which have been shown to increase their anti-tumor activity. However, these therapies are still bound by the limitations of single-antigen targeting, including on-target, off-tumor toxicities.

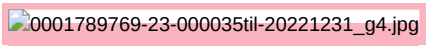
Costimulatory Domains in First Generation vs.

Next-Generation CAR-T Therapies



Design and Intended Function of CoStAR

Our CoStAR platform encompasses a class of novel chimeric receptors designed to increase the anti-tumor activity of our TIL product candidates by providing potent costimulation via two intracellular costimulatory domains that are linked by a transmembrane sequence to an extracellular single chain variable fragment, or scFv. When CoStAR is expressed on the surface of TILs, the scFv is designed to bind to commonly expressed, shared tumor-associated antigens and thereby deliver a potent costimulatory signal to the T cell. This costimulatory signal is only relevant when the TIL's native TCR engages a tumor-specific neoantigen on the surface of the tumor cell, as shown below. In preclinical studies, we did not observe any measurable effects of CoStAR engagement of the shared tumor-associated antigen on the T cell without concomitant TCR recognition of a tumor neoantigen.



The main difference between CoStAR and second or later generation CARs is that CoStAR is designed to exclusively induce costimulation. This effect is achieved by the elimination of the CD3ζ signaling domain that is uniformly included in CAR-T products. Absence of the CD3ζ domain renders CoStAR ligation alone unable to lead to T cell activation or cytolytic activity. Full activation of CoStAR+ T cells is first dependent on the recognition of tumor-specific antigens by the native TCR. The CoStAR modification only serves to augment the activation of the T cells once TCR binding has occurred.

We believe the separation of function between tumor recognition and activation in our CoStAR-TILs CoStAR provides the following key advantages compared to CAR-T therapies:

Increased potency without a change in specificity. The introduction of a CAR to a T cell fundamentally changes its specificity to target cells thatexpress the antigen bound by the scFv of the CAR. Because the target antigen is not unique to individual tumor cells, CAR-T cells kill any cells that express this antigen, including healthy cells. This lack of discrimination often results in on-target, off-tumor toxicity, as observed with anti-CD19 CAR-T therapies that eliminate normal B cells that express CD19, causing prolonged immunosuppression. In contrast, CoStAR does not change the specificity of TILs, as T cell activation is still entirely dependent on the recognition by the cell's native TCR of a unique tumor neoantigen presented by the target cell. CoStAR strictly provides the necessary costimulatory signal for full T cell activation. Through the selection of the specific scFv incorporated into the CoStAR architecture, costimulation is triggered in a tumor-specific manner, providing a microenvironment-specific signal leading to increased TIL activation.

Retention of polyclonal antigen recognition. Our CoStAR-TILs rely on the unique endogenous TCRs expressed by each T cell to recognize theheterogeneous set of tumor neoantigens that are presented by tumor cells. With CoStAR-TIL therapy, the T cells isolated directly from the patient's tumor have been naturally selected by the immune system and preserved by our manufacturing process to target patient-specific neoantigens. We believe the ability to target multiple antigens is critical to the success of cell therapies in solid tumors due to the intra-tumor heterogeneity of cancer cells in solid tumors and the limited success observed with single-antigen cell therapy approaches to date.TILs:

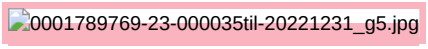
Enhanced cytokine secretion and profile. secretion. Our CoStAR-TIL product candidates are designed to secrete high levels of activating cytokines into their surrounding microenvironment upon the engagement of unique tumor neoantigens by the TILs' native TCRs in combination with the engagement of the target by CoStAR. We have demonstrated that in conditions with OKT3 expressing lines, CoStAR exhibits FRα-dependent enhancement in activity, with all levels of FRα significantly enhancing IL-2, IFNγ and TNFα release. Additionally, the production of immunosuppressive cytokines is reduced. We believe that these properties of our CoStAR-TILs will stimulate immune cell migration into tumors, which may, in turn, drive additional immune reaction to the tumor, resulting in the conversion of poorly immunogenic tumors with few endogenous immune cells into inflamed tumors with a broad array of activated immune cell subsets. Such inflamed tumors have been shown to be more amenable to treatment with immunotherapies and to have better prognosis.

Broad platform allows for targeting shared tumor-associated antigens. A defining feature of our CoStAR platform is its expected safety profile. Unlike conventional ADC or CAR-T therapies, CoStAR's engagement with the cell expressing its target antigen alone does not trigger its elimination. This key attribute allows us to consider a wide array of tumor associated antigens to target with our CoStAR-TIL product candidates with fewer concerns related to safety risk associated with normal tissue expression. In addition to the tumor-associated antigens commonly targeted by other therapeutic modalities, such as FOLR1, HER2, CoStAR may have the potential to target other antigens, including those with extensive normal tissue expression.

Our CoStAR Platform

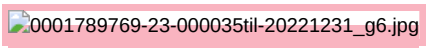
During our development of the CoStAR platform, we empirically designed and tested a number of sequences containing various costimulatory domains to identify the most potent architecture using a variety of target antigens. We found that the inclusion of a particular configuration of two costimulatory domains, CD28 and CD40, led to markedly enhanced cytokine secretion, cell survival and proliferation *in vitro* as compared to the other tested variants, outperforming CoStARs containing only CD28 in *in vitro* T cell proliferation assays, as shown below.

Novel CD28-CD40-containing CoStARs Greatly Increase Proliferation in Comparison to CD28-only CoStARs



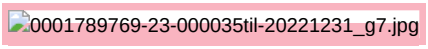
We observed increased expression of certain pro-inflammatory cytokines, such as IL-2, without increased expression of immunosuppressive cytokines, such as IL-10, that are known to be detrimental to T cells and other immune subsets, as shown below, which we believe is due to the design of the signaling domains in CoStAR. We believe that CoStAR's ability to increase pro-inflammatory cytokines with no significant rise in immunosuppressive ones creates a favorable immunological milieu that may promote a robust anti-tumor response.

CoStAR Increased Pro-inflammatory Cytokines
And Did Not Increase Immunosuppressive Cytokines



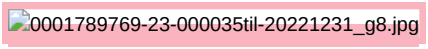
In multiple third-party CAR-T therapy clinical trials, post-infusion expansion of T cells has been shown to correlate with deep and durable clinical responses in patients. The *in vitro* expansion of T cells demonstrated in our preclinical studies, even in stringent culture conditions that lack supplemental IL-2, provides preclinical evidence of the improved proliferative capacity of CoStAR+ T cells. As shown below, CoStAR+ T cells responded to target cells that expressed OKT3, an anti-CD3 antibody that activates all TCRs, and the CoStAR target with increased survival and proliferation as compared to control T cells.

CoStAR+ T Cells Showed Increased Survival and Proliferation of Cells in the Absence of IL-2



We have observed in *in vivo* mice models significantly improved expansion and persistence of dual TCR-transduced and CoStAR-transduced T cells relative to control, CoStAR-transduced, and TCR-transduced T cells. We have also found that the administration of dual TCR-transduced and CoStAR-transduced T cells led to enhanced control of tumor growth relative to all other treatment groups. Importantly, CoStAR has demonstrated an ability to increase T cell expansion and improve tumor control even in the absence of administered IL-2, as shown below. This result suggests that CoStAR-TILs may not require the administration of high-dose IL-2 that is given as part of the traditional TIL treatment regimen to support engraftment and expansion of the infused TILs, supporting our decision to utilize a treatment regimen free of high-dose IL-2 in our Phase 1 trial of ITIL-306.

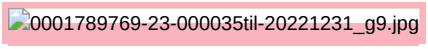
CoStAR Increases Expansion In Vivo and Enhances Tumor Control in Absence of IL-2



We have observed that CoStAR cells do not respond to FRα in the absence of TCR stimulation, or Signal 1. While FRα is overexpressed in tumor, its expression may vary across patients and across regions within the tumor.

Furthermore, it is known that there is expression of FRα on some normal tissue. We have determined experimentally that CoStAR+ T cells do not respond to FRα in the absence of TCR stimulation, as measured by cytokine production or cytotoxicity, even at physiologically high levels of FRα, supporting a mechanism of action requiring TCR activation to enhance T cell activity. Therefore, we expect the activity of our CoStAR-TIL product candidates on normal tissue, regardless of level of FRα, to be minimal, supporting the expected safety profile of CoStAR. We have found that when TCR stimulation, or Signal 1, is present, CoStAR synergizes with it even at low levels of FRα expression, as shown below.

CoStAR Synergizes with Signal 1 Agonists Even at Low Levels of FRα



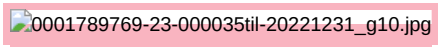
Our preclinical studies of CoStAR+ T cells have demonstrated the potential of CoStAR-TIL therapies to increase anti-tumor activity compared to conventional TIL therapies. Specifically, the CoStAR platform:

- Retained the anti-tumor TCR repertoire of the starting TIL population, thus reducing the potential for normal tissue toxicity;
- Demonstrated markedly increased survival and growth potential and reduced dependence on supplemental IL-2 in response to target cells expressing OKT3 and the CoStAR target; and
- Secreted high levels of immune-activating cytokines like IL-2 without increased expression of immunosuppressive cytokines, which we believe offers the potential for a potent bystander effect in the tumor microenvironment.

Our Lead CoStAR-TIL Product Candidate, ITIL-306

Our first CoStAR-TIL product candidate, ITIL-306, is an autologous TIL therapy genetically engineered to express a CoStAR molecule that recognizes FRα . FRα is a tumor-associated antigen that is expressed on numerous solid tumors, including ovarian, uterine, NSCLC and renal cancers. As shown in the immunohistochemical stains below, FRα is found to be expressed at high levels in numerous solid tumor indications and its expression in normal tissue is minimal. The FRα-CoStAR-TIL candidate stimulates T cells through a novel combination of intracellular domains from CD40 and CD28, which was shown to markedly outperform other combinations of costimulatory domains in various *in vitro* assays. ITIL-306 will be manufactured with a manufacturing process that has demonstrated robust transduction of TILs in our process development studies.

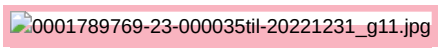
FRα is Expressed by Numerous Solid Tumors,
as Assessed by mRNA and Protein



To validate that FRα-CoStAR-TILs are robustly activated only in the presence of FRα and native TCR stimulation, we assessed the ability of CoStAR+ T cells to secrete IL-2 in an *in vitro* study. Cytokine secretion is a classical measure of activation of T cells and represents a key mechanism by which CoStAR+ T cells enhance the tumor microenvironment and proliferation of TILs. These CoStAR+ T cells were cultured with target cells that were engineered to express OKT3, FRα, neither of these molecules, or both.

As shown below, the culture with OKT3-expressing target cells yielded a modest increase in IL-2 secretion over baseline. The addition of CoStAR costimulation, as shown by the FRα expression in the target cells, led to an approximately 10-fold increase in IL-2 secretion. Importantly, ligation of CoStAR by FRα alone in the absence of TCR engagement led to no measurable increase over baseline IL-2 secretion, supporting that the delivery of costimulation through the CoStAR molecule alone does not activate T cells. This finding supports our hypothesis that CoStAR will limit the on-target, off-tumor toxicity that is often found with classical CAR-T therapies, while enhancing T cell activation within the tumor.

CoStAR+ T Cells Enhanced Secretion of IL-2 in the Presence of Both FRα and Activated TCRs



Market Opportunity for ITIL-306

The enhanced activity of CoStAR-TILs may translate to better clinical efficacy in a broad set of solid tumors. The investigated indications for the Phase 1 study of ITIL-306 include NSCLC, RCC, and epithelial ovarian cancer, and we believe these indications represent significant market opportunities for TIL therapy relative to metastatic melanoma:

- *NSCLC (non-small cell lung cancer): According to Surveillance, Epidemiology, and End Results, or SEER,* estimates, there were 236,740 new cases and 130,180 deaths associated with lung and bronchus cancer in 2022. In 2019, an estimated 576,924 people were living with lung and bronchus cancer in the United States. Approximately 55% of cases of NSCLC are metastatic, where the 5-year relative survival is only 7%.

- *Renal cell carcinoma (RCC)*: According to SEER estimates, there were 79,000 new cases and 13,920 deaths associated with kidney and renal pelvis cancer in 2022. In 2019, an estimated 599,072 people were living with kidney and renal pelvis cancer in the United States. Approximately 15% of cases of RCC are metastatic where the 5-year relative survival is only 15%.

- *Ovarian cancer*: According to SEER estimates, there were 19,880 new cases and 12,810 deaths associated with ovarian cancer in 2022. In 2019, an estimated 233,565 people were living with ovarian cancer in the United States. Approximately 57% of cases of ovarian cancer are metastatic where the 5-year relative survival is only 30.8%.

We have not determined the lower limit of FRα expression needed to activate our CoStAR-TIL product candidates while TCR stimulation (Signal 1) is present. Therefore, while NSCLC, RCC, and ovarian cancer are generally associated with high FRα expression levels, our CoStAR-TIL product candidates may not be limited to treating patients with high FRα expression levels, and this feature may allow us to treat patients with lower levels of tumor FRα expression.

Phase 1 Clinical Trial

In 2022, we completed the submission of an IND for a Phase 1 clinical trial of ITIL-306. This Phase 1 study of ITIL-306 was a single-arm Phase 1a/1b clinical trial designed to investigate ITIL-306 in NSCLC, ovarian cancer, and RCC. The Phase 1a portion of the study was dose-escalating with a starting dose of 1 billion CoStAR-transduced cells. The primary endpoint was safety and tolerability. Secondary endpoints include objective response rate, duration of response, progression-free survival, and overall survival. After IND clearance from the FDA in May 2022, we opened the study to enrollment in the United States. We enrolled and dosed our first patient with NSCLC in 2022, and we expect initial clinical data from the ITIL-306 program in 2024. As part of the consolidation of research and manufacturing operations to the United Kingdom, we plan to submit regulatory filings with the MHRA in order to initiate a Phase 1 clinical trial of ITIL-306 in 2023 at clinical sites in the United Kingdom.

Additional CoStAR-TIL Programs

The modular nature of our CoStAR platform allows for multiple product candidates to be developed with minimal changes to the fundamental architecture of the molecule. We have generated a number of constructs containing antigen-binding domains directed against different tumor-associated antigens that are expressed by a wide variety of tumor types, including stomach, colorectal, pancreatic, breast and other cancers.

CoStAR-TIL Manufacturing Process

The TIL generation step in our CoStAR-TIL manufacturing process includes the outgrowth and rapid expansion phases, as shown below, to ensure that our final TIL product candidate contains an expanded population of TILs to maximize potential clinical efficacy.

The CoStAR Transduction, Outgrowth and Rapid Expansion of Our TILs Result in a Final Product Containing an Expanded Population of CoStAR TILs

Outgrowth Phase. Once the tumor sample has reached one of our in-house manufacturing facilities, we culture the TILs and tumor cells together to promote the identification of tumor neoantigens by the TILs. This TIL outgrowth phase is designed to offer maximum exposure of the diverse and complete population of TILs to the clonally heterogenous tumor

cells. It is during the outgrowth phase that we carry out the CoStAR transduction via lentivirus encoding the anti-FRα-CoStAR molecule. In preclinical studies, we have achieved CoStAR transduction efficiencies of approximately 30-60% of T cells *in vitro*.

The complete tumor digestion that we utilize during the initial tumor processing step liberates all TILs from the tumor. During the outgrowth phase, all TILs are exposed to uniform concentrations of Interleukin-2, or IL-2, a potent T cell growth factor, in the cell suspension and freely associate with tumor cells. During this outgrowth process, we genetically engineer our TILs to express CoStAR by using a lentiviral vector. Our digestion process allows us to carry out the lentiviral transduction of the TILs early in the manufacturing process. At the end of the TIL outgrowth phase, the culture is predominantly composed of viable TILs and CoStAR-TILs which are ready for further processing.

Rapid Expansion Phase. In the Rapid Expansion Phase of manufacturing, we optimize the culture conditions to be conducive to the expansion of T cells that make upthe final cell dose of the TIL therapy. We stimulate the cells with IL-2, OKT3, an anti-CD3 antibody that activates all TCRs, as well as feeder cells, which are peripheral blood mononuclear cells that support optimal growth conditions. Once sufficient expansion of the cell product has been reached to achieve what we define to be a therapeutic dose, the culture is harvested and prepared for final formulation and cryopreservation.

The ITIL-306 Manufacturing and Treatment Process

Commercialization Plan

If any of our TIL product candidates are approved, we expect to commercialize those products with an experienced sales, marketing and distribution organization, including a national specialty oncology sales force. As additional product candidates advance through our pipeline, our commercial plans will evolve as we consider elements such as the market potential.

Competition

The biotechnology and pharmaceutical industries are characterized by the rapid evolution of technologies and understanding of disease etiology, intense competition and a strong emphasis on intellectual property. We believe that our approach, strategy, scientific and manufacturing capabilities, know-how and experience provide us with competitive advantages. However, we expect substantial competition from multiple sources, including major pharmaceutical, specialty pharmaceutical, and existing or emerging biotechnology companies, academic research institutions and governmental agencies and public and private research institutions worldwide. Many of our competitors, either alone or through collaborations, 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. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These entities also compete with us in recruiting and retaining qualified scientific, manufacturing and management personnel and establishing clinical trial sites and patient enrollment in clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. As a result, our competitors may discover, develop, license or commercialize products before or more successfully than we do.

We face competition from segments of the pharmaceutical, biotechnology and other related markets that pursue the development of TIL or other cell therapies for the treatment of solid tumors. Companies that are developing engineered TIL therapies include Achilles Therapeutics, Ltd., Adaptimmune Therapeutics, Plc., AstraZeneca pls plc (Neogene Therapeutics, B.V.), Intima Bioscience, Inc., Iovance Biotherapeutics Inc., KSQ Therapeutics, Inc., Lyell Immunopharma, Nurix Therapeutics, Inc., Inc., Obsidian Therapeutics, Inc., and PACT Pharma, Inc. Turnstone Biologics Corp. In addition, we may face competition from companies focused on CAR-T and TCR-T cell therapies, such as Bristol-Myers Squibb, Inc. (Juno Therapeutics, Inc.), Gilead, Inc. (Kite Pharma, Inc.), Immatics N.V., Juno Therapeutics, Inc., a subsidiary of Bristol-Myers Squibb, Inc., Kite Pharma, Inc., a subsidiary of Gilead, Inc., and Poseida Therapeutics, Inc., and TCR2 Therapeutics, Inc. There are also companies utilizing other cell-based approaches that may be competitive to our product candidates. For example, companies such as Artiva

Biotherapeutics, Inc., Celyad, S.A., and Nkarta, Inc. are developing therapies that target and/or engineer natural killer, or NK, cells.

Furthermore, we also face competition more broadly across the oncology market for cost-effective and reimbursable cancer treatments. The most common methods of treating patients with cancer are surgery, radiation and drug therapy, including chemotherapy, hormone therapy, biologic therapy, such as monoclonal and bispecific antibodies, immunotherapy, cell-based therapy and targeted therapy, or a combination of any such methods. There are a variety of available drug therapies marketed for cancer. In many cases, these drugs are administered in combination to enhance efficacy. While our TIL product candidates, if any are approved, may compete with these existing drugs and other therapies, to the extent they are ultimately used in combination with or as an adjunct to these therapies, our TIL therapies may not be competitive with them. Some of these drugs are branded and subject to patent protection, and others are available on a generic basis. Insurers and other third-party payors may also encourage the use of generic products or specific branded products. As a result, obtaining market acceptance of, and gaining significant share of the market for, any of our TIL therapies that we successfully introduce to the market may pose challenges. In addition, many companies are developing new oncology therapeutics, and we cannot predict what the standard of care will be as our product candidates progress through clinical development.

We could see a reduction or elimination in our commercial opportunity if our competitors develop and commercialize drugs that are safer, more effective, have fewer or less severe side effects, are more convenient to administer, are less expensive or with a more favorable label than our TIL product candidates. Our competitors also may obtain U.S. Food and Drug Administration, or FDA, or other regulatory approval for their drugs more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. The key competitive factors affecting the success of all of our TIL product candidates, if approved, are likely to be their efficacy, safety, convenience, price and the availability of reimbursement from government and other third-party payors.

Intellectual Property

Our commercial success may depend in part on our ability to obtain and maintain patent and other proprietary protection for commercially important technology, inventions, improvements and know-how related to our business; defend and enforce our patents and other intellectual property; preserve the confidentiality of our trade secrets; and operate without infringing or otherwise violating the valid enforceable patents and proprietary rights of third parties. Our ability to stop third parties from making, using, selling, offering to sell or importing our products may depend on the extent to which we have rights under valid and enforceable patents or trade secrets that cover these activities. With respect to both licensed and company-owned intellectual property, we cannot be sure that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications filed by us in the future, nor can we be sure that any of our existing patents or any patents that may be granted to us in the future will be commercially useful in protecting our commercial products and methods of manufacturing the same. We may rely, in some circumstances, on trade secrets to protect our technology. However, trade secrets can be difficult to protect. See “Risk Factors – Risks Related to Our Intellectual Property.”

We actively seek to protect our proprietary technology, inventions, and other intellectual property that is commercially important to the development of our business by a variety of means, such as seeking, maintaining, and defending patent rights, whether developed internally or licensed from third parties. We also may rely on trade secrets and know-how relating to our proprietary technology platform, on continuing technological innovation and on in-licensing opportunities to develop, strengthen and maintain the strength of our position in the field of cell therapy that may be important for the development of our business. We also intend to seek patent protection or rely upon trade secret rights to protect other technologies that may be used to discover and validate targets, as well as to manufacture and develop novel cell therapy products. Additional regulatory protection may also be afforded through data exclusivity, market exclusivity and patent term extensions where available.

We are pursuing patent applications in both the US United States and abroad directed to our manufacturing process, including devices and methods for isolating TILs and expansion of cell populations. The earliest of these patent applications, if issued, would expire in 2038, without taking into account any possible patent term adjustment or extension. We are also pursuing patent applications in the U.S. United States and abroad as to indication-specific methods of treatment and our modified TIL program, including receptors providing targeted costimulation for adoptive cell therapy.

Government Regulation

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. The process of obtaining regulatory approvals and the subsequent compliance with applicable federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources.

U.S. Biologics Regulation

In the United States, biological products are subject to regulation under the Federal Food, Drug, and Cosmetic Act, the Public Health Service Act, and other federal, state, local and foreign statutes and regulations. The process required by the FDA before biologics 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 Good Laboratory Practice requirements, or GLP;
- submission to the FDA of an IND, which must become effective before clinical trials may begin;
- approval by an institutional review board, or IRB, or ethics committee at each clinical site before the trial is commenced;
- performance of adequate and well-controlled human clinical trials according to the FDA’s regulations commonly referred to as good clinical practice, or GCP, regulations and any additional

  requirements for the protection of human research subjects and their health information 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 BLA, after completion of all pivotal clinical trials;
- 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 cGMP and to assure that the facilities, methods and controls are adequate to preserve the biological product’s continued safety, purity and potency and, if applicable, to assess compliance with the FDA’s current Good Tissue Practice, or cGTP, requirements for the use of human cellular and tissue products, and of selected clinical investigation sites to assess compliance with Good Clinical Practices, or GCPs;
- satisfactory completion of an FDA Advisory Committee review, if applicable;
- potential FDA audit of the nonclinical and clinical study sites that generated the data in support of the BLA; and
- FDA review and approval of the BLA to permit commercial marketing of the product for particular indications for use in the United States.

Before testing any biological product candidate in humans, the product candidate enters the preclinical testing stage. Preclinical tests, also referred to as nonclinical studies, include laboratory evaluations of product chemistry, toxicity and formulation, as well as animal studies to assess the potential safety and activity of the product candidate. The conduct of the preclinical tests must comply with federal regulations and requirements including GLPs.

Prior to beginning the first 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 to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for clinical studies. 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 time 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 submission of an IND to the FDA before initiation of a clinical trial in the United States, certain human clinical trials involving recombinant or synthetic nucleic acid molecules are subject to oversight of institutional biosafety committees, or IBCs, as set forth in the National Institutes of Health, or NIH, Guidelines for Research Involving Recombinant DNA Molecules, or the NIH Guidelines. Specifically, under the NIH Guidelines, supervision of human gene transfer trials includes evaluation and assessment by an 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. While the NIH Guidelines are not mandatory unless the research in question is being conducted at or sponsored by institutions receiving NIH funding of recombinant or synthetic nucleic acid molecule research, many companies and other institutions not otherwise subject to the NIH Guidelines voluntarily follow them.

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 clinical studies and clinical study results to public registries.

For purposes of BLA approval, human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- 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 in the intended therapeutic indication, particularly for long-term safety follow-up. These so-called Phase 4 studies may also 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. 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.

BLA Submission and Review by the FDA

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 preclinical and clinical studies, 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 a use of the product, or from a number of alternative sources, including studies initiated by independent investigators. The submission of a BLA requires payment of a substantial application user fee to the FDA, unless a waiver or exemption applies.

Within 60 days following submission of the application, the FDA reviews a BLA submitted to determine if it is substantially complete before the FDA 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 also 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 and adequate to assure consistent production of the product within required specifications. For a product candidate that is also a human cellular or tissue product, the FDA also will not approve the application if the manufacturer is not in compliance with cGTPs. These are FDA regulations that govern the methods used in, and the facilities and controls used for, the manufacture of human cells, tissues, and cellular and tissue based products, or HCT/Ps, which are human cells or tissue intended for implantation, transplant, infusion, or transfer into a human recipient. The primary intent of the GTP requirements is to ensure that cell and tissue based products are manufactured in a manner designed to prevent the introduction, transmission and spread of communicable disease. FDA regulations also require tissue establishments to register and list their HCT/Ps with the FDA and, when applicable, to evaluate donors through screening and testing. Additionally, before approving a BLA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP. 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, or CRL. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A CRL 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 CRL without first conducting required inspections, testing submitted product lots, and/or reviewing proposed labeling. In issuing the CRL, 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 Risk Evaluation and Mitigation Strategy, or REMS, to ensure the benefits of the product outweigh its risks, or otherwise limit the scope of any approval. A REMS is a safety strategy implemented 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. For example, the Fast Track program is intended to expedite or facilitate the process for reviewing new products that are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. Specifically, new biological products are eligible for Fast Track designation if they are intended to treat a serious or life-threatening disease or condition and 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 new biologic may request that the FDA designate the biologic as a Fast Track product at any time during the clinical development of the product. The sponsor of a Fast Track product has opportunities for more frequent interactions with the applicable FDA review team during product development and, once a BLA is submitted, the product candidate 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 candidate 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 candidate can receive breakthrough therapy designation if preliminary clinical evidence indicates that the product candidate, 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 candidate, including involvement of senior managers.

Any marketing application for a drug or biologic submitted to the FDA for approval, including a product candidate with a Fast Track designation and/or breakthrough therapy designation, may be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. A product candidate is eligible for priority review if it has the potential to provide safe and effective therapy where no satisfactory alternative therapy exists or a significant improvement in the treatment, diagnosis or prevention of a disease compared to marketed products. The FDA will attempt to direct additional resources to the evaluation of an application for a new biological product designated for priority review in an effort to facilitate the review. 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, product candidates 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. 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.

Regenerative medicine advanced therapy, or RMAT, designation, is intended to facilitate an efficient development program for, and expedite review of, any drug or biologic that meets the following criteria: (i) the drug or biologic qualifies as a RMAT, which is defined as a cell therapy, therapeutic tissue engineering product, human cell and tissue product, or any combination product using such therapies or products, with limited exceptions; (ii) the drug or biologic is intended to treat, modify, reverse, or cure a serious or life-threatening disease or condition; and (iii) preliminary clinical evidence indicates that the drug or biologic has the potential to address unmet medical needs for such a disease or condition. RMAT designation provides all the benefits of breakthrough therapy designation, including more frequent meetings with the FDA to discuss the development plan for the product candidate and eligibility for rolling review and priority review. Product candidates granted RMAT designation may also be eligible for accelerated approval on the basis of a surrogate or intermediate endpoint reasonably likely to predict long-term clinical benefit, or reliance upon data obtained from a meaningful number of clinical trial sites, including through expansion of trials to additional sites. RMAT-designated products that receive accelerated approval may, as appropriate, fulfill their post-approval requirements through submission of clinical evidence, clinical studies, patient registries, or other sources of real-world evidence (such as electronic health records); through the collection of larger confirmatory data sets; or via post-approval monitoring of all patients treated with such therapy prior to approval of such therapy.

Fast Track designation, breakthrough therapy designation, priority review, accelerated approval, and RMAT designation do not change the standards for approval but may expedite the development or approval process. Even if a product candidate 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, the FDA may grant orphan designation to a drug or biologic intended to treat a rare disease or condition, defined as a disease or condition with a patient population of fewer than 200,000 individuals in the United States, or a patient population greater than 200,000 individuals in the United States and when there is no reasonable expectation that the cost of developing and making available the drug or biologic in the United States will be recovered from sales in the United States for that drug or biologic. Orphan drug designation must be requested before submitting a BLA. After the FDA grants orphan drug designation, the generic identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. In addition, if a product that has orphan drug designation subsequently receives the first FDA approval for a particular drug or biologic for the disease for which it has such designation, the product is entitled to orphan product exclusivity, which means that the FDA may not approve any other applications, including a full BLA, to market the same biologic for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity or if the FDA finds that the holder of the orphan drug exclusivity has not shown that it can assure the availability of sufficient quantities of the orphan drug to meet the needs of patients with the disease or condition for which the drug 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. Orphan product exclusivity also could block the approval of one of our products for seven years if a competitor obtains approval of the same biological product as defined by the FDA or if our product candidate is determined to be contained within the competitor’s product for the same indication or disease.

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 designation. In addition, orphan drug exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or, as noted above, if a second applicant demonstrates that its product is clinically superior to the approved product with orphan exclusivity or the manufacturer of the approved product is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition.

Post-Approval Requirements

Biologics 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, annual program fees for any marketed products. Biologic manufacturers and other entities involved in the manufacture and distribution of approved biological products are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance. Changes to the manufacturing process or facility 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 cGMP and impose reporting requirements. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP 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 the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters, or untitled letters;
- clinical holds on clinical studies;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal 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. FDA sanctions could include refusal to approve pending applications, withdrawal of an approval, clinical hold, warning or untitled letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, mandated corrective advertising or communications with doctors, debarment, restitution, disgorgement of profits, or civil or 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 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.

Government Regulation Outside of the United States

In addition to regulations in the United States, we will be subject to a variety of regulations in other jurisdictions governing, among other things, clinical studies and any commercial sales and distribution 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 studies 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 study application much like the IND prior to the commencement of human clinical studies.

In the European Union, for example, a clinical trial application, or CTA, must be submitted to each country's national health authority and an independent ethics committee, much like the FDA and the IRB, respectively. Once the CTA is approved in accordance with the applicable requirements, clinical study development may proceed. The requirements and process governing the conduct of clinical studies, are to a significant extent harmonized at the European Union-level but could vary from country to country. In all cases, the clinical studies are conducted in accordance with Good Clinical Practices, or GCP, and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki. The way clinical trials are conducted in the European Union will undergo underwent a major change when the Clinical Trial Regulation (Regulation (EU) No 536/2014) comes into application, probably in 2022. became applicable on January 31, 2022. The Regulation harmonizes the assessment and supervision processes for clinical trials throughout the European Union via a Clinical Trials Information System, which will contain a centralized European Union portal and database.

To obtain regulatory approval of an investigational biological product under European Union regulatory systems, we must submit a marketing authorization application. The application used to file the BLA in the United States is similar to that required in the European Union, with the exception of, among other things, country-specific document requirements. Innovative products that target an unmet medical need may be eligible for a number of expedited development and review programs in the European Union, such as the PRIME scheme, which provides incentives similar to the breakthrough therapy designation in the United States. Such products are generally eligible for accelerated assessment and may also benefit from different types of Fast Track approvals, such as a conditional marketing authorization or a marketing authorization under exceptional circumstances granted on the basis of less comprehensive clinical data than normally required (respectively in the likelihood that the sponsor will provide such data within an agreed timeframe or when comprehensive data cannot be obtained even after authorization).

The European Union also provides opportunities for market exclusivity. For example, in the European Union, upon receiving marketing authorization, new chemical entities generally receive eight years of data exclusivity and an additional two years of market exclusivity. If granted, data exclusivity prevents regulatory authorities in the European Union from referencing the innovator's data to assess a generic or biosimilar application. During the additional two-year period of market exclusivity, a generic or biosimilar marketing authorization can be submitted, and the innovator's data may be referenced, but no generic or biosimilar product can be marketed until the expiration of the market exclusivity. However, there is no guarantee that a product will be considered by the European Union's regulatory authorities to be a new chemical entity, and products may not qualify for data exclusivity. Products receiving orphan designation in the European Union can receive ten years of market exclusivity, during which time no similar medicinal product for the same indication may be placed on the market. An orphan product can also obtain an additional two years of market exclusivity in the European Union for pediatric studies. No extension to any supplementary protection certificate can be granted on the basis of pediatric studies for orphan indications.

The criteria for designating an “orphan medicinal product” in the European Union are similar in principle to those in the United States. Under Article 3 of Regulation (EC) 141/2000, a medicinal product may be designated as orphan if (1) it is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition; (2) either (a) such condition affects no more than five in 10,000 persons in the European Union when the application is made, or (b) the product, without the benefits derived from orphan status, would not generate sufficient return in the European Union to justify investment; and (3) there exists no satisfactory method of diagnosis, prevention or treatment of such condition authorized for marketing in the European Union, or if such a method exists, the product will be of significant benefit to those affected by the condition, as defined in Regulation (EC) 847/2000. Orphan medicinal products are eligible for financial incentives such as reduction of fees or fee waivers and are, upon grant of a marketing authorization, entitled to ten years of market exclusivity for the approved therapeutic indication. The application for orphan drug designation must be submitted before the application for marketing authorization. The applicant will receive a fee reduction for the marketing authorization application if the orphan drug designation has been granted, but not if the designation is still pending at the time the marketing authorization is submitted. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

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, for example, if the product is sufficiently profitable not to justify maintenance of market exclusivity. Additionally, marketing authorization may be granted to a similar product for the same indication at any time if:

- The second applicant can establish that its product, although similar, is safer, more effective or otherwise clinically superior;
- The applicant consents to a second orphan medicinal product application; or
- The applicant cannot supply enough orphan medicinal product.

The medicinal products we are developing, which are based on genes, cells or tissues, may be considered advanced therapy medicinal products, or ATMPs, in the European Union if they meet the scientific criteria for defining an ATMP. The principles of the aforementioned medicines legislation apply to ATMPs. All ATMPs must obtain a marketing authorization from the European Medicines Agency, or EMA, and are regulated through the centralized authorization procedure. Regulation (EC) No 1394/2007, or the ATMP Regulation, provides specific incentives to accelerate the development of such products, including fee reductions for scientific advice, an ATMP classification procedure (for all developers) and a certification procedure for quality and non-clinical data (for SMEs only).

If tissues and cells are being used as starting materials in a medicinal product we may also need to comply with the requirements of Directive 2004/23/EC, or the European Tissues and Cells Directive, covering standards for donation, procurement and testing, processing, preservation, storage and distribution of human tissues and cells, as well as its technical implementing directives; and Directive 2015/566, as regards the procedures for verifying the equivalent standards of quality and safety of imported tissues and cells.

In the European Union, early access mechanisms for innovative medicines (such as compassionate use programs and named patient supplies), pricing and reimbursement, and promotion and advertising are subject to national regulations and oversight by national competent authorities and therefore significantly vary from country to country.

Sanctions for non-compliance with the aforementioned requirements, which may include administrative and criminal penalties, are generally determined and enforced at national level. However, under the European Union financial penalties regime, the EMA can investigate and report on alleged breaches of the European Union pharmaceutical rules by holders of a marketing authorization for centrally authorized medicinal products and the European Commission could adopt decisions imposing significant financial penalties on infringing marketing authorization holders.

As of January 31, 2020, the United Kingdom is no longer a member state of the EU, and therefore a separate approval will be required to market a medicinal product in the United Kingdom. The United Kingdom Kingdom’s Medicines and Healthcare products Regulatory Agency, or MHRA, has left issued guidance regarding the requirements for licensing and marketing therapeutic drugs and biologics post-Brexit. More recently, in March 2023, the UK government and the European Union Commission reached agreement on January 31, 2020. Following a regulatory framework to replace the Transition Period which ended on December 31, 2020, Brexit could materially impact Northern

Ireland Protocol, referred to as the regulatory regime with respect Windsor Framework. The Windsor Framework is expected to apply as of January 1, 2025 and will change the development, manufacture, importation, approval and commercialization existing system under the Northern Ireland Protocol, including the regulation of our product candidates pharmaceutical products in the UK. Specifically, the MHRA will be responsible for approving all medicines intended to be marketed in the United Kingdom, while the EMA will no longer be involved in the coming years.

approving medicines intended for sale in Northern Ireland.

For other countries outside of the European Union, such as countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical studies, product licensing, pricing and reimbursement vary from country to country. In all cases, again, the clinical studies are 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, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Other Healthcare Laws

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 and may constrain the financial arrangements and relationships through which we research, as well as, sell, market and distribute any products

for which we obtain marketing approval. Such laws include, without limitation, federal and state anti-kickback, fraud and abuse, false claims, data privacy and security and physician and other health care provider transparency laws and regulations. The laws that will affect our operations include, but are not limited to:

- the federal Anti-Kickback Statute , which prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration (including any kickback, bribe or rebate), directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid;
- federal civil and criminal false claims laws and civil monetary penalty laws, including the federal False Claims Act, impose criminal or civil penalties, as applicable, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government (including the Medicare and Medicaid programs) or other third-party payor claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- Health Insurance Portability and Accountability Act of 1996, or HIPAA, established the federal offense of health care fraud, which among other things, imposes criminal liability for knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or to obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g. public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a

material fact or making any materially false statements in connection with the delivery of or payment for healthcare benefits, items or services relating to healthcare matters;

- HIPAA, as amended by Health Information Technology for Economic and Clinical Health Act, or HITECH, and its implementing regulations, which imposes certain obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information without the appropriate authorization by entities subject to the law, such as health plans, healthcare clearinghouses and healthcare providers and their respective business associates and their covered subcontractors;
- the federal the Physician Payments Sunshine Act and its implementing regulations, requires applicable group purchasing organizations and manufacturers of drugs, devices, biologics and

medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report annually to the U.S. Department of Health and Human Services, or HHS, information related to "payments or other transfers of value" made in the previous year to covered recipients, including physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors, other health care professionals (such as nurse practitioners and physician assistants) and teaching hospitals, and information regarding ownership and investment interests held by physicians (as defined above) or their immediate family members; and

- analogous state and foreign laws and regulations, including: state anti-kickback and false claims laws that may apply to our business practices (including research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by state governmental and non-governmental third-party payors, including private insurers); state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government; state laws that require drug manufacturers to track gifts and other remuneration and items of value provided to healthcare professionals and entities and file reports relating to pricing and marketing information; and state and foreign laws that govern the privacy and security of health information in specified circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of any available statutory exceptions and safe harbors, it is possible that some of our current and future business activities could be subject to challenge under one or more of such laws.

If our significant operations are found to be in violation of any of such laws or any other governmental regulations that apply, they may be subject to penalties, including, without limitation, administrative, civil and criminal penalties, damages, fines, disgorgement, the curtailment or restructuring of operations, integrity oversight and reporting obligations, exclusion from participation in federal and state healthcare programs and imprisonment.

Coverage and Reimbursement

Sales of any product 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 for such product by third-party payors. Decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a plan-by-plan basis. These third-party payors are increasingly reducing coverage and reimbursement for medical products, drugs and services. 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. 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. Decreases in third-party reimbursement for any product or a decision by a third-party payor not to cover a product could reduce physician usage and patient demand for the product and also have a material adverse effect on sales.

Healthcare Reform

In the United States, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, each as amended, collectively known as the ACA, was enacted, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly affected the pharmaceutical industry. The ACA contained a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement adjustments and changes to fraud and abuse laws. For example, the ACA:

- increased the minimum level of Medicaid rebates payable by manufacturers of brand name drugs from 15.1% to 23.1% of the average manufacturer price;

- required collection of rebates for drugs paid by Medicaid managed care organizations;
- required manufacturers to participate in a coverage gap discount program, under which they must agree to offer 70 percent point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D; and
- imposed a non-deductible annual fee on pharmaceutical manufacturers or importers who sell "branded prescription drugs" to specified federal government programs.

Since its enactment, there have been judicial and congressional challenges to certain aspects of the ACA. For example, on June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. Prior to the Supreme Court's decision, President Biden issued an executive order that initiated a special enrollment period for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. Further, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022, or the IRA, into law, which, among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost and creating a new manufacturer discount program. It is possible that the ACA will be subject to judicial or congressional challenges in the future. It is unclear how such challenges and any additional healthcare reform measures will impact the ACA.

Other legislative changes have been proposed and adopted since the ACA was enacted, including aggregate reductions of Medicare payments to providers of 2% per fiscal year and reduced payments to several types of Medicare providers. Under current legislation the actual reduction in Medicare payments will vary from 1% in 2022 to up to 4% in the final fiscal year of this sequester. Additionally, on March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law, which eliminates the statutory Medicaid drug rebate cap, currently set at 100% of a drug's average manufacturer price, for single source and innovator multiple source drugs, beginning January 1, 2024. 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, proposed and enacted legislation and executive orders issued by the President designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. In July 2021, the Biden administration released an executive order, "Promoting Competition in the American Economy," with multiple provisions aimed at prescription drugs. In response to Biden's executive order, on September 9, 2021, HHS released a Comprehensive Plan for Addressing High Drug Prices that outlines principles for drug pricing reform and sets out a variety of potential legislative policies that Congress could pursue to advance these principles. No legislation or administrative actions have been finalized to implement these principles. Further, the IRA, among other things (i) directs HHS to negotiate the price of certain high-expenditure, single-source drugs and biologics covered under Medicare and (ii) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. These provisions will take effect progressively starting in fiscal year 2023, although they may be subject to legal challenges. Additionally, the Biden administration released an additional executive order on October 14, 2022, directing HHS to report on how the Center for Medicare and Medicaid Innovation can be further leveraged to test new models for lowering drug costs for Medicare and Medicaid beneficiaries. Similar reform measures are been considered and adopted at the state level as well.

Individual states in the United States have also become increasingly active in implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

Facilities

We control and operate our manufacturing site in Manchester, United Kingdom, which consists of 13,596 total square feet of leased laboratory and office space undernine leases that expire in January, March, and July 2024. We own and are developing our clinical and commercial manufacturing space in Tarzana, California. The total facility consists of 128,097 square feet of clinical manufacturing and commercial manufacturing space that was developed in two phases. The first phase consists of 30,517 square feet of clinical manufacturing space, which became operational in space. We are evaluating various monetization options for the second quarter of 2022. The second phase consists of 97,580 square feet of commercial manufacturing space, which is currently under development. We also lease 6,000 square feet of office space in Tarzana California.

facility, including a potential sale or lease.

Our headquarters is currently located in Dallas, Texas and consists of 5,055 square feet of leased office space under a lease that expires in April 2026. We also lease 42,240 square feet of laboratory and office space in Thousand Oaks, California, under a lease that expires in October 2026, 2026. We are evaluating options to potentially sublease the Thousand Oaks space.

We lease 11,389 total square feet of laboratory and 7,257 office space in Manchester, United Kingdom under eight leases that expire in July 2024; however early notice has been served pursuant to these leases and they will expire in April 2024. We also lease 7,728 square feet of leased laboratory and office space in Alderley Park, United Kingdom, under three leases that expire in November 2030, and April 2031, which in each case is subject to renewal.

We are evaluating various monetization options for the Tarzana manufacturing facility, including a potential sale or lease, as well as subleases of other facilities under lease including our Thousand Oaks laboratory space. We believe that our manufacturing current facilities in the United Kingdom, along with our office space in the United States, are adequate for our current needs.

Employees and Human Capital Resources

In December 2022, our Board of Directors approved a restructuring plan to reduce costs and reallocate resources to focus on advancing our CoStAR platform and other next-generation TIL technologies. As part of the restructuring plan, we discontinued our ITIL-168 development program and reduced our US U.S. workforce by approximately 60% during the first quarter of 2023.

In January 2023, our Board of Directors approved an expansion of the restructuring plan and extended the U.S. reduction in force, resulting in a team of approximately 15 in the United States to lead global business operations and approximately 65 employees in the United Kingdom for research, development, clinical studies and technical operations. The

In January 2024, our Board of Directors approved a restructuring plan that includes closing our United Kingdom manufacturing and clinical trial operations. As part of this restructuring plan, we expected to reduce our workforce in the United Kingdom by approximately 61%. This workforce reduction is expected to be substantially completed by the end first half of April 2023.

2024.

As of March 27, 2022 March 19, 2024, we had 192 49 employees, all of which whom were full-time. Of these employees, 145 33 were engaged in research and development activities. Substantially all Most of our employees are based in Dallas, Texas, greater Los Angeles, California and Manchester, United Kingdom. None of our employees are represented by labor unions or covered by collective bargaining agreements.

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and new employees, advisors and consultants. The principal purposes of our equity and cash incentive plans are to attract, retain and reward personnel through the granting of stock-based and cash-based compensation awards, in order to increase stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

Legal Proceedings

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not currently subject to any material legal proceedings.

Corporate Information

We were incorporated under the laws of the State of Delaware in August of 2018. Our principal executive offices are located at 3963 Maple Avenue, Suite 350, Dallas, Texas 75219 and our telephone number is (972) 499-3350. Our website address is instilbio.com. The information contained on, or accessible through, our website is not incorporated by reference into this prospectus, and you should not consider any information contained in, or that can be accessed through, our website as part of this prospectus or in deciding whether to purchase our common stock. We have included our website in this prospectus solely as an inactive textual reference.

Available Information

Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, will be made available free of charge on our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission, or SEC. The contents of our website are not incorporated into this Annual Report and our reference to the URL for our website is intended to be an inactive textual reference only. The information contained on, or that can be accessed through, our website is not a part of this document.

Item 1A. Risk Factors. Factors

RISK FACTORS

The following information sets forth risk factors that could cause our actual results to differ materially from those contained in forward-looking statements we have made in this Annual Report on Form 10-K and those we may make from time to time. You should carefully consider the risks described below, in addition to the other information contained in this Annual Report on Form 10-K and our other public filings. Our business, financial condition or results of operations could be harmed by any of these risks. The risks and uncertainties described below are not the only ones we face. Additional risks not presently known to us or other factors not perceived by us to present significant risks to our business at this time also may impair our business operations.

Risks Associated with Our Business

Our business is subject to a number of risks of which you should be aware before making a decision to invest in our common stock. These risks are more fully described in this "Risk Factors" section, including the following:

- We have incurred significant losses since our inception. We expect to incur losses over the next several years and may never achieve or maintain profitability.

- We have a limited operating history and no history of completing any clinical trial or commercializing products, which may make it difficult for an investor to evaluate the success of our business to date and to assess our future viability.
- We will need substantial additional funding to meet our financial obligations and to pursue our business objectives. If we are unable to raise capital when needed, we could be forced to delay further development of our technologies or product candidates or to curtail our planned operations and the pursuit of our growth strategy.
- All of our product candidates are currently in preclinical development and potential investigator-initiated clinical and preclinical development. stage. If we are unable to successfully develop, receive regulatory approval for and commercialize our product candidates for the indications we seek, or successfully develop any other product candidates, or experience significant delays in doing so, our business will be harmed.
- Because ITIL-306 our Collaboration Product and any future product candidates developed from our CoStAR platform represent novel approaches to the treatment of disease, there are many uncertainties regarding the development, market acceptance, third-party reimbursement coverage and commercial potential of our product candidates.
- We do not currently have any active clinical trials. We may derive results for our Collaboration Product from open-label investigator-initiated trials led by our collaborator in China. IITs are conducted by principal investigators; our role in the trials and access to the clinical results and data are limited and there is no assurance that the clinical data from our collaborator-led IITs will be accepted or considered by the FDA, or other comparable regulatory authorities.
- The regulatory approval processes of the FDA, MHRA, EMA, and comparable foreign authorities are lengthy, time consuming and inherently unpredictable. If we are not able to obtain required regulatory approval for our product candidates, our business will be substantially harmed.
- Success in preclinical studies or earlier clinical trials may not be indicative of results in future clinical trials. Our product candidates may not have favorable results in later clinical trials, if any, or receive regulatory approval.
- Negative public opinion of TIL therapies, the dynamically evolving competitive landscape for our target indications or increased regulatory scrutiny of cell therapy using TILs may adversely impact the development of and commercial strategy for our product candidates, our plans for investing in manufacturing readiness for regulatory filings and the success of our current and future product candidates.
- As an organization, we are early in the process of potentially conducting our first clinical trials, collaborator-led IITs and have no prior experience in a similar collaboration, in conducting IITs in China, or in completing clinical trials, and may be unable to complete clinical trials for any product candidates we may develop, including ITIL-306. our Collaboration Product.
- We may not be successful in our efforts to build a pipeline of additional product candidates. candidates either internally or by identifying and licensing-in or otherwise acquiring novel product candidates on commercially attractive terms.
- Cell therapies Biologics are complex and difficult to manufacture. We have experienced, and may in the future experience, manufacturing problems that result in delays in the development or commercialization of our product candidates or otherwise harm our business. We may experience new manufacturing challenges by relying on collaborators or other third parties for manufacturing capabilities and expertise.
- The treatable populations for our product candidates may be smaller than we or third parties currently project, which may affect the addressable markets for our product candidates.
- We face significant competition from other biotechnology and pharmaceutical companies and from non-profit institutions, and our operating results will suffer if we fail to compete effectively.
- If we are unable to obtain or protect intellectual property rights related to any of our product candidates, we may not be able to compete effectively in our market.
- Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which would be uncertain.
- We are subject to a variety of stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, policies and other obligations related to data privacy and data security, and our actual or perceived failure to comply with them could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits and other adverse business consequences.

Risks Related to our Financial Position and Capital Needs

We have incurred significant losses since our inception. We expect to incur losses over the next several years and may never achieve or maintain profitability.

Since our inception, we have incurred significant net losses, and we expect to continue to incur significant expenses and operating losses for the foreseeable future. Our net losses were $223.2 $156.1 million and $156.8 $223.2 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. As of December 31, 2022 December 31, 2023, we had an accumulated deficit of $424.9 $581.0 million. We have financed our operations with $719.0 million $719.0 million in net proceeds raised in our initial public offering and private placements of convertible preferred stock to date, as well as $64.5 million $82.8 million from our construction loan. We have no products approved for commercialization and have never generated any revenue from product sales.

All of our product candidates are still in preclinical development and potential investigator-initiated clinical and preclinical testing. stage. We expect to continue to incur significant expenses and operating losses over the next several years. We expect that it could be several years, if ever, before we have a commercialized product. Our net losses may fluctuate significantly from quarter to quarter and year to year. We anticipate that our expenses will continue to be significant as we:

- conduct pursue our ongoing clinical trial of ITIL-306, collaboration and seek to potentially license-in or otherwise acquire new product candidates, as well as potentially initiate and complete additional clinical trials of future product candidates or our lead product candidate in new indications; candidates;
- continue to advance the preclinical and clinical development of our lead product candidate candidates and our preclinical and discovery programs, including in our CoStAR platform;
- seek regulatory approval for any product candidates that successfully complete clinical trials;
- continue to develop our product candidate pipeline;
- scale up our clinical and regulatory capabilities;
- rely on collaborators or other third parties to manufacture current good manufacturing practices, or cGMP, material for clinical trials or potential commercial sales at our manufacturing facilities; sales;
- establish and validate a commercial-scale cGMP manufacturing facility;
- establish a commercialization infrastructure and scale up internal and external manufacturing and distribution capabilities to commercialize any product candidates for which we may obtain regulatory approval;
- adapt our regulatory compliance efforts to incorporate requirements applicable to marketed products;
- maintain, expand and protect our intellectual property portfolio;
- hire additional clinical, manufacturing quality control, regulatory, manufacturing and scientific and administrative personnel;
- add operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts; and
- incur legal, accounting and other expenses in operating as a public company.

To date, we have not generated any revenue from product sales. To become and remain profitable, we must succeed in developing and eventually commercializing product candidates that generate significant revenue. This will require us to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of our product candidates, obtaining regulatory approval, and manufacturing, marketing and selling any product candidates for which we may obtain regulatory approval, as well as discovering and developing additional product candidates. We are only in the preliminary stages of most of these activities and all of our product candidates are in clinical or preclinical early stage development. We may never succeed in these activities and, even if we do, may never generate any revenue or revenue that is significant enough to achieve profitability.

Even if we achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would depress the value of our company and could impair our ability to raise capital, expand our business, maintain our development efforts, obtain product approvals, diversify our offerings or continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

We have a limited operating history and no history of completing any clinical trial or commercializing products, which may make it difficult for an investor to evaluate the success of our business to date and to assess our future viability.

We are a clinical-stage biopharmaceutical company with a limited operating history. We commenced operations in 2019, and our operations to date have been largely focused on organizing and staffing our company, business planning, raising capital, acquiring our technology and product candidates, acquiring our facilities in Tarzana, California, developing our manufacturing capabilities and developing our clinical and preclinical product candidates, including undertaking preclinical studies and conducting initiating clinical trials. trials which were subsequently discontinued. To date, we have not yet demonstrated our ability to successfully complete pivotal any clinical trials, obtain regulatory approvals, manufacture a product on a commercial scale, or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful commercialization. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we had a longer operating history or a history of successfully developing and commercializing products.

We may encounter unforeseen expenses, difficulties, complications, delays and other known or unknown factors in achieving our business objectives. For example, we recently implemented a several strategic reprioritization reprioritizations of our preclinical and clinical development programs to reallocate resources to focus on advancing our CoStAR platform and other next-generation TIL technologies and elected to discontinue our ITIL-168 development program. program and our ITIL-168 and ITIL-306 clinical trials. As part of this strategic restructuring plan, these various restructurings, we reduced our U.S. workforce to a team of approximately 15 to lead global business operations, and potential reductions are in the process of reducing our UK workforce by approximately 61%. We may experience unforeseen delays or other challenges in implementing our most recent restructuring, which could adversely impact our timelines and operations and, ultimately, our ability to re-align our operating model. develop product candidates for potential commercialization. We will need to develop clinical, manufacturing, regulatory and commercial capabilities, and we may not be successful in doing so.

We will need substantial additional funding to meet our financial obligations and to pursue our business objectives. If we are unable to raise capital when needed, we could be forced to delay further development of our technologies or product candidates or curtail our planned operations and the pursuit of our growth strategy.

Our operations have consumed substantial amounts of cash since inception. Identifying and acquiring potential new product candidates, conducting preclinical testing and clinical trials and developing manufacturing operations for our product candidates is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain regulatory approval and achieve product sales. We expect to continue to incur significant expenses and operating

losses over the next several years as we conduct clinical trials of our product candidates, initiate future clinical trials of our product candidates, advance our preclinical programs, build our manufacturing capabilities, seek marketing approval for any product candidates that successfully complete clinical trials and advance any of our other product candidates we may develop or otherwise acquire. In addition, our product candidates, if approved, may not achieve commercial success. Our revenue, if any, will be derived from sales of products that we do not expect to be commercially available for a number of years, if at all. If we obtain marketing approval for any product candidates that we develop or otherwise acquire, we expect to incur significant commercialization expenses related to product sales, marketing, distribution and manufacturing. We also expect to continue to incur significant expenses associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in order to continue our operations.

As of December 31, 2022 December 31, 2023, we had cash, cash equivalents, restricted cash and marketable securities of $260.9 million $175.0 million, which consists of $43.7 $9.2 million in cash and cash equivalents, and $217.2 $1.5 million in restricted cash, $141.2 million in marketable securities. securities and $23.2 million in long-term investments. We believe that our existing cash, and cash equivalents, restricted cash, marketable securities and long-term investments will be sufficient to fund our operating expenses and capital requirements into 2025. beyond 2026. This estimate is based on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we expect. For instance, we may not achieve all the expected cost savings of our current strategic restructuring plan. plan, and we may expend more capital than expected in connection with the 2024 closure of our UK manufacturing and clinical trial operations. Changes may occur beyond our control that would cause us to consume our available capital before that time, including changes in and progress of our development activities, acquisitions of additional product candidates, and changes in regulation. Our future capital requirements will depend on many factors, including:

- the scope, progress, costs and results of our collaborator-led investigator-initiated trials, or IITs, and discovery, preclinical development, laboratory testing and clinical trials related activities for ITIL-306 and future our product candidates;
- the extent to which we develop, in-license or otherwise acquire other product candidates and technologies in for our product candidate pipeline;
- our ability to achieve efficiencies and expected cost reductions in connection with our recent strategic restructuring plan; plans;
- the costs and timing of process development and manufacturing scale-up activities associated with our product candidates and other programs as we advance them through preclinical and clinical development;
- the number and development requirements of product candidates that we may pursue;
- our ability to complete a potential sale or lease of our Tarzana, California facility, as well as subleases of other facilities under lease;
- the costs, timing and outcome of regulatory review of our product candidates;
- our cost of human capital as we expand our research and development capabilities and establish a commercial infrastructure;
- the costs of establishing and maintaining our own commercial-scale cGMP manufacturing facility;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales, and distribution, for any of our product candidates for which we receive marketing approval;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval; and
- the costs of operating as a public company.

We will require additional capital to achieve our business objectives. Additional funds may not be available on a timely basis, on favorable terms, or at all, and such funds, if raised, may not be sufficient to enable us to continue to implement our long-term business strategy. Further, our ability to raise additional capital may be adversely impacted by worsening global economic conditions and the disruptions to and volatility in the credit and financial markets in the United States and worldwide, including those resulting from the ongoing COVID-19 pandemic, armed conflicts in Ukraine, and in the ongoing armed conflict between Russia Middle East, U.S.-China trade and Ukraine, rising political tensions, heightened inflation and interest rate increases, recent and potential future bank failures and supply chain disruptions, among other geopolitical and macroeconomic factors. If we are unable to raise sufficient additional capital, we could be forced to delay further development of our technologies or product candidates or curtail our planned operations and the pursuit of our growth strategy.

Raising additional capital may cause dilution to our stockholders, restrict our operations or require us to relinquish rights to technologies or product candidates.

Until such time, if ever, as we can generate substantial revenue, we may finance our cash needs through a combination of equity offerings, government or private party grants, debt financings or license and collaboration agreements. Other than our construction loans for the construction and development of our manufacturing facility in Tarzana, California, we do not currently have any other committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. For example, the agreements governing our construction loans contain certain affirmative and negative covenants, including maintaining a specified minimum net worth and amount of liquid assets, which could limit our operations.

If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams or product candidates, grant licenses on terms that may not be favorable to us or commit to future payment streams. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

We have suffered and in the future could suffer additional losses due to impairment charges, including as a result of being unsuccessful in completing a sale or lease of our Tarzana, California manufacturing facility, or, if we are successful, the assets being sold for less than our carrying value.

To date, we have recorded significant impairment losses on long-lived assets associated with a sustained decrease in our stock price and the restructuring plan implemented in December 2022 and an extended restructuring plan executed in the first quarter of 2023, for a strategic prioritization of our preclinical and clinical development programs. In addition, during year ended December 31, 2023, due to downward revisions in our internal forecasts made during the year, including future expected cash flows, we determined there were indicators of impairment on our buildings and construction work-in-progress asset groups. As a result, in the year ended December 31, 2023, we recorded aggregate restructuring and impairment charges of approximately $72.0 million related to contract termination, asset impairments, severance payments and other employee-related costs. This amount includes our Tarzana, California manufacturing facility that we identified and classified as held for sale, which is reflected at the lower of carrying value or fair value less costs to sell, which resulted in $16.3 million in impairment charges. We also determined that right-of-use assets were impaired, as the restructuring plan has resulted in a cessation of use for several of our locations under lease, and we recognized an impairment loss of $7.7 million. We currently estimate that we will incur additional charges of up to $6.1 million in connection with the 2024 Plan (as defined and discussed in Note 12 to the financial statements included elsewhere in this Form 10-K), although this estimated amount does not include any non-cash charges associated with stock-based compensation or any charges or costs associated with any potential sale of our Tarzana, California facility and asset impairments, if any. The charges that we currently estimate incurring in connection with the restructuring plan are estimates only and are subject to a number of assumptions, and actual results may differ materially, and we may incur additional costs associated with the restructuring plan.

We are evaluating opportunities for a potential sale or lease of our Tarzana, California manufacturing site, as well as subleases of other facilities currently under lease; however, we can provide no assurances that we will successfully sell or lease our Tarzana facility or enter into subleases of our other facilities, that we will do so in accordance with our expected timeline or that we will recover their carrying value. The process of pursuing the plan to sell, lease or sublease these facilities may be time consuming and disruptive to our business operations, and if we are unable to effectively manage the process, our businesses, financial condition, and results of operations could be adversely affected and may result in additional non-cash impairment charges. Any potential transactions, and the related valuations, would be dependent upon various external factors beyond our control, including, among others, market conditions, industry trends, interest of third parties, and the availability of financing to potential buyer(s) on reasonable terms. Such impairments or losses have in the past and could in the future materially affect our reported net earnings, business, financial condition, results of operations, cash flows or stock price.

Risks Related to the Development of our Product Candidates

All of our product candidates are currently in preclinical development and potential investigator-initiated clinical and preclinical development. stage. If we are unable to successfully develop, receive regulatory approval for and commercialize our product candidates for the indications we seek, or successfully develop any other product candidates, or experience significant delays in doing so, our business will be harmed.

We currently have no products approved for commercial sale, and all of our product candidates are currently in clinical and preclinical early-stage development. As an organization, we are early in the process of conducting our first multi-center clinical trials with centralized manufacturing, have no prior experience in conducting completing any clinical trials or working in a collaborator-led IIT, we have limited experience in preparing, submitting and prosecuting regulatory filings and have not previously submitted a biologics license application, or BLA, for any product candidate. Each of our programs and product candidates will require additional preclinical and/or clinical development, regulatory approval, obtaining manufacturing supply, capacity and expertise, building a commercial organization or successfully outsourcing commercialization, substantial investment and significant marketing efforts before we generate any revenue from product sales. We do not have any products that are approved for commercial sale, and we may never be able to develop or commercialize marketable products.

Our ability to generate revenue from our product candidates, which we do not expect will occur for several years, if ever, will depend heavily on the successful development, regulatory approval and eventual commercialization of our product candidates. The success of ITIL-306 or any other product candidates that we develop or otherwise may acquire will depend on several factors, including:

- timely and successful completion of preclinical studies and clinical trials;
- effective INDs from the U.S. Food and Drug Administration, or the FDA or comparable foreign applications that allow commencement of our planned clinical trials or future clinical trials for our product candidates;
- sufficiency of our financial and other resources to complete the necessary preclinical studies and clinical trials;
- successful enrollment and completion of clinical trials, including under the FDA's current Good Clinical Practices, or GCPs, and current Good Laboratory Practices;
- successful development of, or making arrangements with third-party manufacturers for, our commercial manufacturing processes for any of our product candidates that receive regulatory approval;
- receipt of timely marketing approvals from applicable regulatory authorities;
- launching commercial sales of products, if approved, whether alone or in collaboration with others;
- acceptance of the benefits and use of our products, including method of administration, if approved, by patients, the medical community and third-party payors, for their approved indications;
- the prevalence and severity of adverse events experienced with ITIL-306 or any other product candidates;
- the availability, perceived advantages, cost, safety and efficacy of alternative therapies for any product candidate, and any indications for such product candidate, that we develop;
- our ability to produce ITIL-306 or any other product candidates we develop on a commercial scale;
- obtaining and maintaining patent, trademark and trade secret protection and regulatory exclusivity for our product candidates and otherwise protecting our rights in our intellectual property portfolio;
- maintaining compliance with regulatory requirements, including cGMPs, and complying effectively with other procedures;

- obtaining and maintaining third-party coverage and adequate reimbursement and patients' willingness to pay out-of-pocket in the absence of such coverage and adequate reimbursement; and
- maintaining a continued acceptable safety, tolerability and efficacy profile of the products following approval.

If we are not successful with respect to one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize the product candidates we develop, which would materially harm our business. If we do not receive marketing approvals for any product candidate we develop, we may not be able to continue our operations. At any time, we may decide to discontinue the development of, or not to commercialize, a product candidate, such as our recent decision to discontinue our ITIL-168 development program. If we terminate a program in which we have invested significant resources, we will not receive any return on our investment and we will have missed the opportunity to allocate those resources to potentially more productive uses.

Because ITIL-306 our Collaboration Product and any future product candidates developed from our CoStAR platform represent novel approaches to the treatment of disease, there are many uncertainties regarding the development, market acceptance, third-party reimbursement coverage and commercial potential of our product candidates.

Human immunotherapy products are a new category of therapeutics, and to date, no TIL therapies have been approved by the FDA, MHRA, EMA or other comparable foreign regulatory authorities. Because this is a relatively new and expanding area of novel therapeutic interventions, there are many uncertainties related to development, marketing, reimbursement and the commercial potential for our product candidates. There can be no assurance as to the length of the trial period, the number of patients the FDA, MHRA, EMA or other regulatory authorities will require to be enrolled in the trials in order to establish the safety, efficacy, purity and potency of immunotherapy products or that the data generated in these trials will be acceptable to the FDA such authorities to support marketing approval. The FDA Regulatory authorities may take longer than usual to come to a decision on any BLA or other comparable application that we submit and may ultimately determine that there is not enough data, information, or experience with our product candidates to support an approval decision. The FDA Regulatory agencies may also require that we conduct additional post-marketing studies or implement risk management programs, such as Risk Evaluation and Mitigation Strategies, or REMS, until more experience with our product candidates is obtained. Finally, after increased usage, we may find that our product candidates do not have the intended effect or have unanticipated side effects, potentially jeopardizing initial or continuing regulatory approval and commercial prospects.

The success of our business depends in part upon our ability to develop engineered TIL therapies using our CoStAR platform, in particular following our recent reprioritization of clinical programs. The CoStAR platform is novel and we have not completed a clinical trial of any product candidate developed using the CoStAR platform. The platform may fail to deliver TIL therapies that are effective in the treatment of cancer. Even if we are able to identify and develop TIL therapies using the CoStAR platform, we cannot assure that such product candidates will achieve marketing approval to safely and effectively treat cancer.

If we uncover any previously unknown risks related to our CoStAR platform, or if we experience unanticipated problems or delays in developing our CoStAR product candidates, we may be unable to achieve our strategy of building a pipeline of TIL therapies.

We may also find that the manufacture of our product candidates is more difficult than anticipated, resulting in an inability to produce a sufficient amount of our product candidates for our clinical trials or, if approved, commercial supply. For example, in October 2022 we paused enrollment in our then ongoing clinical trials to conduct manufacturing analysis and implement corrective and preventive actions.

preventative actions and we subsequently discontinued our clinical trials.

There is no assurance that the approaches offered by our products will gain broad acceptance among doctors or patients or that governmental agencies or third-party medical insurers will be willing to provide reimbursement coverage for proposed product candidates. Since our current and future product candidates will represent novel approaches to treating various conditions, it may be difficult, in any event, to accurately estimate the potential revenues from these product candidates. Accordingly, we may spend significant capital trying to obtain approval for product candidates that have an uncertain commercial market. The market for any products that we successfully develop will also depend on the cost of the product. We do not yet have sufficient information to reliably estimate what it will cost to commercially manufacture our current or future product candidates, and the actual cost to manufacture these products could materially and adversely affect the commercial viability of these products. Our goal is to reduce the cost of manufacturing and providing our product candidates. However, unless we can reduce those costs to an acceptable amount, we may never be able to develop a commercially viable product. If we do not successfully develop and commercialize products based upon our approach or find suitable and economical sources for materials used in the production of our products, we will not become profitable, which would materially and adversely affect the value of our common stock.

Our TIL therapies and our other therapies may be provided to patients in combination with other agents provided by third parties. The cost of such combination therapy may increase the overall cost of therapy and may result in issues regarding the allocation of reimbursements between our therapy and the other agents, all of which may affect our ability to obtain reimbursement coverage for the combination therapy from governmental or private third party medical insurers.

We do not currently have any active clinical trials. We may derive results for our Collaboration Product from open-label investigator-initiated trials led by our collaborator in China. IITs are conducted by principal investigators; our role in the trial and access to the clinical results and data are limited and there is no assurance that the clinical data from our collaborator-led IITs will be accepted or considered by the FDA, or other comparable regulatory authorities.

We are early in the process of potentially conducting our first collaborator-led IITs in China. While investigator-initiated trials may provide us with clinical data that can inform our future development strategy, we do not have control over the protocols, administration, or conduct of the trials and the compliance of the extensive regulatory requirements that the trials are subject to, especially with respect to portion that needs to be performed by third parties. As a result, we are subject to risks associated with the way investigator-initiated trials are conducted. Third parties in such investigator-initiated trials may not perform their responsibilities on our anticipated schedule or consistent with clinical trial protocols or applicable regulations. Furthermore, any data integrity issues or patient safety issues arising out of any of these trials would be beyond our control, yet could adversely affect our reputation and damage the clinical and commercial prospects for our product candidates. Additional risks include difficulties or delays in communicating with investigators or administrators, procedural delays and other timing issues, and difficulties or differences in interpreting data. As a result, our minimal control over the conduct and timing of, and

communications with the FDA, the NMPA and other comparable regulatory authorities regarding investigator-initiated trials expose us to additional risks and uncertainties, many of which are outside our control, and the occurrence of which could adversely affect the prospects for our product candidates.

Preclinical studies and clinical trials, including investigator-initiated trials, are expensive, time-consuming, difficult to design and implement and involve an uncertain outcome. Further, we may encounter substantial delays in completing the development of our product candidates.

All of our product candidates are in clinical and preclinical early-stage development and their risk of failure is high. While We ultimately ceased our clinical trials of ITIL-306 after a strategic pivot to the UK. In 2022, we have recently resumed our determined not to resume the clinical trial of ITIL-306 our former product candidate ITIL-168 after a voluntary pause following the observation of decreased rates of successful manufacturing of our former product candidate ITIL-168, manufacturing; there can be no assurance that we will not in the future observe decreased rates of successful manufacture of drug product for our product candidates or other manufacturing issues, which may lead to further delays or failure in the development of our product candidates, including ITIL-306, greater than expected expenses, or the redesign or restart of our clinical trials. We have not successfully completed a clinical trial and currently have no active clinical trial. The clinical trials and manufacturing of our product candidates are, and the manufacturing and marketing of our products, if approved, will be, subject to extensive and rigorous review and regulation by numerous government authorities in the United States and in other countries where we intend to test and market our product candidates. Before obtaining regulatory approvals for the commercial sale of any of our product candidates, we must demonstrate through lengthy, complex and expensive preclinical testing and clinical trials that our product candidates are both safe and effective for use in each target indication. In particular, because our product candidates are subject to regulation as biological products, we will need to demonstrate that they are safe, pure and potent for use in their target indications. Each product candidate must demonstrate an adequate risk versus benefit profile in its intended patient population and for its intended use.

Clinical trials are expensive and can take many years to complete, and their outcomes are inherently uncertain. We cannot guarantee that our ongoing and any future clinical trials, including our potential collaborator-led IIT, will be conducted as planned or completed on schedule, if at all. Failure can occur at any time during the clinical trial process. Even if our ongoing and any future clinical trials are completed as planned, we cannot be certain that their results will support the safety and effectiveness of our product candidates for their targeted indications or support continued clinical development of such product candidates. Our ongoing and any future clinical trials may not be successful.

For example, in October 2022 we notified the FDA and other regulatory agencies that an unplanned review of the data for the initial patients that had been dosed with ITIL-168 in the DELTA-1 trial was conducted in order to review risk-benefit. This review was inconclusive because the response data were not mature. Subsequently, the Data Safety Monitoring Board's prespecified review found no safety concerns. We voluntarily paused our clinical trials to conduct an end-to-end analysis of our manufacturing processes, and after an analysis of the potential scenarios to restart and complete a registration-enabling cohort in advanced melanoma in DELTA-1, we determined to discontinue our ITIL-168 clinical development program.

In addition, even if our we successfully complete clinical trials, are successfully completed, we cannot guarantee that the FDA, MHRA, EMA or other comparable foreign regulatory authorities will interpret the results as we do, and more trials could be required before we submit our product candidates for approval. Moreover, results acceptable to support approval in one jurisdiction may be deemed inadequate by another regulatory authority to support regulatory approval in that other jurisdiction. To the extent that the results of the trials are not satisfactory to the FDA, MHRA, EMA or other comparable foreign regulatory authorities for support of a marketing application, we may be required to expend significant resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates.

To date, we have not completed any clinical trials required for the approval of our any product candidates. candidate. We may experience delays in conducting any clinical trials and we do not know whether our clinical trials will begin on time, need to be redesigned, recruit and enroll patients on time or be completed on schedule, or at all. Clinical trials can be delayed suspended or terminated for a variety of reasons, including in connection with:

- inability to generate sufficient preclinical, toxicology, or other in vivo or in vitro data to support the initiation of clinical trials;
- delays in sufficiently developing, characterizing or controlling a manufacturing process suitable for advanced clinical trials, such as our recent October 2022 voluntary pause in our clinical trials and the related investigation into our manufacturing processes;
- delays in developing suitable assays for screening patients for eligibility for trials with respect to certain product candidates;
- delays in reaching agreement with the FDA, MHRA, EMA or other regulatory authorities as to the design or implementation of our clinical trials;
- obtaining regulatory authorization to commence a clinical trial;
- reaching an agreement on acceptable terms with clinical trial sites or prospective contract research organizations, or CROs, the terms of which can be subject to extensive negotiation and may vary significantly among different clinical trial sites;
- obtaining institutional review board, or IRB, approval at each trial site;
- recruiting suitable patients to participate in a clinical trial;
- having patients complete a clinical trial or return for post-treatment follow-up;
- inspections of clinical trial sites or operations by applicable regulatory authorities, or the imposition of a clinical hold;
- clinical sites, CROs or other third parties deviating from trial protocol or dropping out of a trial;
- failure to perform in accordance with the applicable regulatory requirements, including FDA's GCP requirements, or applicable regulatory requirements in other countries;
- addressing patient safety concerns that arise during the course of a trial, including occurrence of adverse events associated with the product candidate that are viewed to outweigh its potential benefits;

- adding a sufficient number of clinical trial sites;
- manufacturing sufficient quantities of product candidate for use in clinical trials; or
- suspensions or terminations by IRBs of the institutions at which such trials are being conducted, by the Data Safety Monitoring Board, or DSMB, for such trial or by the FDA or other regulatory authorities due to a number of factors, including those described above.

We may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to receive marketing approval or commercialize our product candidates or significantly increase the cost of such trials, including:

- we may experience changes in regulatory requirements or guidance, or receive feedback from regulatory authorities that requires us to modify the design of our clinical trials;
- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon development programs;
- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate or participants may drop out of these clinical trials at a higher rate than we anticipate;
- our third-party contractors and collaborators may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we or our investigators might have to suspend or terminate clinical trials of our product candidates for various reasons, including non-compliance with regulatory requirements, a finding that our product candidates have undesirable side effects or other unexpected characteristics, or a finding that the participants are being exposed to unacceptable health risks;
- the cost of clinical trials of our product candidates may be greater than we anticipate and we may not have funds to cover the costs;
- the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate;
- regulators may revise the requirements for approving our product candidates, or such requirements may not be as we anticipate; and
- any future collaborators that conduct clinical trials may face any of the above issues, and may conduct clinical trials in ways they view as advantageous to them but that are suboptimal for us.

If we are required to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our product candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, we may:

- incur unplanned costs;
- be delayed in obtaining marketing approval for our product candidates or not obtain marketing approval at all;
- obtain marketing approval in some countries and not in others;
- obtain marketing approval for indications or patient populations that are not as broad as intended or desired;
- obtain marketing approval with labeling that includes significant use or distribution restrictions or safety warnings, including boxed warnings or REMS. REMS;
- be subject to additional post-marketing testing requirements;
- be subject to changes in the way the product is administered; or
- have regulatory authorities withdraw or suspend their approval of the product or to impose restrictions on its distribution after obtaining marketing approval.

We could encounter delays if a clinical trial is suspended or terminated by us, by the IRBs of the institutions in which such trials are being conducted, by the DSMB for such trial or by the FDA or other regulatory authorities. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

All of our product candidates will require extensive clinical testing before we are prepared to submit a BLA or marketing authorization application, or MAA, for regulatory approval. We cannot predict with any certainty if or when we might complete the clinical development for our product candidates and submit a BLA or MAA for regulatory approval of any of our product candidates or whether any such BLA or MAA will be approved. We may also seek feedback from the FDA, MHRA, EMA or other regulatory authorities on our clinical development program, and the FDA, EMA or such regulatory authorities may not provide such feedback on a timely basis, or such feedback may not be favorable, which could further delay our development programs.

We cannot predict with any certainty whether or when we might complete a given clinical trial. If we experience delays in the commencement or completion of our clinical trials, or if we terminate a clinical trial prior to completion, the commercial prospects of our product candidates could be harmed, and our ability to generate revenues from our product candidates may be delayed or lost. In addition, any delays in our clinical trials could increase our costs, slow down the development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may harm our business, financial condition and results of operations. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

We may seek Fast Track designation for our product candidates, and we may be unsuccessful. Even if received, Fast Track designation may not actually lead to a faster review or approval process and does not increase the likelihood that our product candidates will receive marketing approval.

We may seek Fast Track designation for our product candidates, and we may be unsuccessful. If a drug or biologic is intended for the treatment of a serious or life-threatening condition and the product demonstrates the potential to address unmet medical needs for this condition, the sponsor may apply for FDA Fast Track designation for a particular indication. There is no assurance that the FDA will grant this status to any of our product candidates. If granted, Fast Track designation makes a product eligible for more frequent interactions with FDA to discuss the development plan and clinical trial design, as well as rolling review of the application, which means that the company can submit completed sections of its marketing application for review prior to completion of the entire submission. Marketing applications of product candidates with Fast Track designation may qualify for priority review under the policies and procedures offered by the FDA, but the Fast Track designation does not assure any such qualification or ultimate marketing approval by the FDA. The FDA has broad discretion whether or not to grant Fast Track designation, so even if we believe a particular product candidate is eligible for this designation, there can be no assurance that the FDA would decide to grant it. Even if we do receive Fast Track designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures, and receiving a Fast Track designation does not provide any assurance of ultimate FDA approval. In addition, the FDA may withdraw Fast Track designation at any time if it believes that the designation is no longer supported by data from our clinical development program.

The regulatory approval processes of the FDA, MHRA, EMA and comparable foreign authorities are lengthy, time consuming and inherently unpredictable. If we are not able to obtain required regulatory approval for our product candidates, our business will be substantially harmed.

The time required to obtain approval or other marketing authorizations by the FDA, MHRA, EMA and comparable foreign authorities is unpredictable, and it typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations, and the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any product candidate, and it is possible that we may never obtain regulatory approval for any product candidates we may seek to develop in the future. Neither we nor any current or future collaborator is permitted to market any drug product candidates in the United States until we receive regulatory approval of a BLA from the FDA, and we cannot market them in the European Union until we receive approval for a MAA from the EMA, or in other foreign countries until we receive the required regulatory approval in such other countries. To date, we have had only limited discussions with the FDA, MHRA, EMA and the Medicines and Healthcare products Regulatory Agency EMA regarding clinical development programs or regulatory approval for any product candidate within the United States, European Union

and United Kingdom, respectively. In addition, we have had no discussions with other comparable foreign authorities, regarding clinical development programs or regulatory approval for any product candidate outside of those jurisdictions.

Prior to obtaining approval to commercialize any drug product candidate in the United States or abroad, we must demonstrate with substantial evidence from well-controlled clinical trials, and to the satisfaction of the FDA, MHRA, EMA or other comparable foreign regulatory agencies, that such product candidates are safe, pure and effective for their intended uses. Results from preclinical studies and clinical trials can be interpreted in different ways. Even if we believe the preclinical or clinical data for our product candidates are promising, such data may not be sufficient to support approval by the FDA and other regulatory authorities. The FDA, MHRA, EMA or other regulatory agency may also require us to conduct additional preclinical studies or clinical trials for our product candidates either prior to or after approval, or it may object to elements of our clinical development programs.

Our product candidates could fail to receive regulatory approval for many reasons, including the following:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials;
- we may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that 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;
- 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 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 authorities may significantly change in a manner rendering our clinical data insufficient for approval.

Of the large number of products in development, only a small percentage successfully complete the FDA or foreign regulatory approval processes and are commercialized. The lengthy approval and marketing authorization process as well as the unpredictability of future clinical trial results may result in our failing to obtain regulatory approval and marketing authorization to market our product candidates, which would significantly harm our business, financial condition, results of operations and prospects.

We have invested a significant portion of our time and financial resources in the development of our clinical and preclinical product candidates. Our business is dependent on our ability to successfully complete preclinical and clinical development of, obtain regulatory approval for, and, if approved, successfully commercialize ITIL-306 and any future product candidates in a timely manner.

Even if we eventually complete clinical testing and receive approval of a BLA or foreign marketing application for ITIL-306 or any future product candidates, the FDA, MHRA, EMA or the applicable foreign regulatory agency may grant approval or other marketing authorization contingent on the performance of costly additional clinical trials, including post-marketing clinical trials. The FDA, MHRA, EMA or the applicable foreign regulatory agency also may approve or authorize for marketing a product candidate for a more limited indication or patient population than we originally request, and the FDA, MHRA, EMA or applicable foreign regulatory agency may not approve or authorize the labeling that we believe is necessary or desirable for the successful commercialization of a product candidate. Any delay in obtaining, or inability to obtain, applicable regulatory approval or other marketing authorization would delay or prevent commercialization of that product candidate and would materially adversely impact our business and prospects.

In addition, the FDA, MHRA, EMA and other regulatory authorities may change their policies, issue additional regulations or revise existing regulations, or take other actions, which may prevent or delay approval of our future products under development on a timely basis. Such policy or regulatory changes could impose additional requirements upon us that could delay our ability to obtain approvals, increase the costs of compliance or restrict our ability to maintain any marketing authorizations we may have obtained.

Success in preclinical studies or earlier clinical trials may not be indicative of results in future clinical trials. Our product candidates may not have favorable results in later clinical trials, if any, or receive regulatory approval.

Success in preclinical testing and any early investigator-initiated clinical trials does not ensure that later clinical trials will generate the same results or otherwise provide adequate data to demonstrate the efficacy and safety of a product candidate. Preclinical tests and Phase 1 and Phase 2 clinical trials are primarily designed to test safety, to study pharmacokinetics and pharmacodynamics and to understand the side effects of product candidates at various doses and schedules. Success in preclinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful nor does it predict final results. For example, we may be unable to identify suitable animal disease models for our product candidates, which could delay or frustrate our ability to proceed into clinical trials or obtain marketing approval. Our product candidates may fail to show the desired safety and efficacy in clinical development despite having progressed through preclinical studies and initial clinical trials.

Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials even after achieving promising results in preclinical testing and earlier-stage clinical trials. Data obtained from preclinical and clinical activities are subject to varying interpretations, which may delay, limit or prevent regulatory approval. In addition, we may experience regulatory delays or rejections as a result of many factors, including changes in regulatory policy during the period of our product candidate development. Any such delays could negatively impact our business, financial condition, results of operations and prospects.

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

From time to time, we may publish interim, top-line or preliminary results from our clinical trials. Interim results from clinical trials that we may complete 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. Preliminary or top-line results also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim and preliminary data should be viewed with caution until the final data are available. Differences between preliminary, top-line or interim data and final data could significantly harm our business prospects and may cause the trading price of our common stock to fluctuate significantly. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the top-line 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.

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 development program, the approvability or commercialization of the particular product candidate or product and our company in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically extensive information, and you or others may not agree with what we determine is the material or otherwise appropriate information to include in our disclosure. Any information we determine not to disclose may ultimately be deemed meaningful by you or others with respect to future decisions, conclusions, views, activities or otherwise regarding a particular product candidate or our business. If the interim, top-line or preliminary data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize, product candidates may be harmed, which could significantly harm our business prospects.

Our preclinical studies and clinical trials may fail to demonstrate substantial evidence of the safety and efficacy of our product candidates, or serious adverse or unacceptable side effects may be identified during the development of our product candidates, which could prevent, delay or limit the scope of regulatory approval of our product candidates, limit their commercialization, increase our costs or necessitate the abandonment or limitation of the development of some of our product candidates.

To obtain the requisite regulatory approvals for the commercial sale of our product candidates, we must demonstrate through lengthy, complex and expensive preclinical testing and clinical trials that our product candidates are safe, pure and potent for use in each target indication. These trials are expensive and time consuming, and their outcomes are inherently uncertain. Failures can occur at any time during the development process. Preclinical studies and clinical trials often fail to demonstrate safety or efficacy of the product candidate studied for the target indication, and most product candidates that begin clinical trials are never approved.

We may fail to demonstrate with substantial evidence from adequate and well-controlled trials, and to the satisfaction of the FDA or comparable foreign regulatory authorities, that our product candidates are safe and potent for their intended uses.

Possible adverse side effects that could occur with treatment with cell therapy products include thrombocytopenia, chills, anemia, pyrexia, febrile neutropenia, diarrhea, neutropenia, vomiting, hypotension, dyspnea, cytokine release syndrome and neurotoxicity. If our product candidates are associated with undesirable effects in preclinical studies or clinical trials or have characteristics that are unexpected, we may decide or be required to perform additional preclinical studies or to halt or delay further clinical development of our product candidates or to limit their development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe, or more acceptable from a risk-benefit perspective, which may limit the commercial expectations for the product candidate, if approved. These side effects may not be appropriately recognized or managed by the treating medical staff, as toxicities resulting from personalized cell therapy, as with our TIL product candidates, are not normally encountered in the general patient population and by medical personnel.

If any such adverse events occur, our clinical trials could be suspended or terminated. If we cannot demonstrate that any adverse events were not caused by the drug, the FDA, MHRA, EMA or comparable foreign regulatory authorities could order us to cease further development of, or deny approval of, our product candidates for any or all targeted indications. Even if we are able to demonstrate that all future serious adverse events are not product-related, such occurrences could affect patient recruitment or the ability of enrolled patients to complete the trial. Moreover, if we elect, or are required, to not initiate, delay, suspend or terminate any future clinical trial of any of our product candidates, the commercial prospects of such product candidates may be harmed and our ability to generate product revenues from any of these product candidates may be delayed or eliminated. Any of these occurrences may harm our ability to develop other product candidates, and may harm our business, financial condition and prospects significantly.

If our product candidates are associated with side effects in clinical trials or have characteristics that are unexpected, we may need to abandon their development or limit development to more narrow uses in which the side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. The FDA, MHRA, EMA, comparable foreign regulatory authorities or an IRB may also require that we suspend, discontinue, or limit our clinical trials based on safety information, or that we

conduct additional animal or human studies regarding the safety and efficacy of our product candidates which we have not planned or anticipated. Such findings could further result in regulatory authorities failing to provide marketing authorization for our product candidates or limiting the scope of the approved indication, if approved. Many product candidates that initially showed promise in early stage testing have later been found to cause side effects that prevented further development of the product candidate.

Additionally, if one or more of our product candidates receives marketing approval, and we or others identify undesirable side effects caused by such products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may suspend, withdraw or limit approvals of such product, or seek an injunction against its manufacture or distribution;
- regulatory authorities may require additional warnings on the label;
- we may be required to create a medication guide outlining the risks of such side effects for distribution to patients or other requirements subject to a REMS;
- we may be required to change the way a product is administered or conduct additional trials;
- we could be sued and held liable for harm caused to patients;
- we may decide to remove the product from the market;
- we may not be able to achieve or maintain third-party payor coverage and adequate reimbursement;
- we may be subject to fines, injunctions or the imposition of civil or criminal penalties; and
- our reputation and physician or patient acceptance of our products may suffer.

There can be no assurance that we will resolve any issues related to any product-related adverse events to the satisfaction of the FDA or comparable foreign regulatory agency in a timely manner or at all. Moreover, any of these events could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm our business, results of operations and prospects.

Negative public opinion of TIL therapies, the dynamically evolving competitive landscape for our target indications or increased regulatory scrutiny of cell therapy using TILs may adversely impact the development of and commercial strategy for our product candidates, our plans for investing in manufacturing readiness for regulatory filings, and the success of our current and future product candidates.

The clinical and commercial success of our TIL therapies will depend in part on public acceptance of the use of cell therapy using TILs. Any adverse public attitudes about the use of TIL therapies may adversely impact our ability to enroll clinical trials. Moreover, our success will depend upon physicians prescribing, and their patients being willing to receive, treatments that involve the use of product candidates we may develop in lieu of, or in addition to, existing treatments with which they are already familiar and for which greater clinical data may be available.

More restrictive government regulations or negative public opinion would have a negative effect on our business or financial condition and may delay or impair the development and commercialization of our product candidates or demand for any products once approved. Adverse events in our or others' clinical trials, even if not ultimately attributable to our product candidates, and the resulting publicity could result in increased governmental regulation, unfavorable public perception, potential regulatory delays in the testing or approval of our product candidates, stricter labeling requirements for those product candidates that are approved and a decrease in demand for any such product candidates, all of which would have a negative impact on our business and operations.

Further, increased government regulation or negative public opinion of TIL therapies, as well as increased competition in the development of treatments and therapeutics in the indications we are targeting or may target in the future, may force us to revise our business strategy for our product candidates, including our plans for making investments in our manufacturing capabilities necessary to prepare for required regulatory filings. We may be forced to significantly curtail or abandon our current strategy and may never be able to realize our current business strategy and commercialize our product candidates.

As an organization, we are early in the process of potentially conducting our first clinical trials, collaborator-led IITs and have no prior experience in a similar collaboration, in conducting IITs in China, or in completing clinical trials, and may be unable to complete clinical trials for any product candidates we may develop, including ITIL-306. our Collaboration Product.

We are early in our development efforts for our product candidates and will need to successfully complete our ongoing and planned clinical trials, including pivotal clinical trials, in order to obtain FDA, MHRA, EMA or comparable foreign regulatory authorities' approval to market any of our product candidates. Carrying out clinical trials and the submission of a successful BLA or MAA is a complicated process. As an organization, we are early in the process of potentially conducting our first multi-center clinical trials with centralized manufacturing, collaborator-led IITs in China, and have no prior experience in conducting China or a similar collaboration, or in completing any clinical trials, trial, have limited experience in preparing regulatory submissions and have not previously submitted a BLA or MAA for any product candidate. We also do not have a clinical development team. We have only previously treated patients with our TIL product in a compassionate use program in the United Kingdom with a TIL product that was manufactured using a prior version of the ITIL-168 manufacturing process, and only recently dosed the first one patient in our prior clinical trial for ITIL-306. In addition, we have had limited interactions with the FDA and cannot be certain how many additional clinical trials of our product candidates will be required or how such trials should be designed. We Consequently, we may also fail to receive clearance from the MHRA to initiate be unsuccessful in our planned ITIL-306 clinical trial in the United Kingdom in 2023. Consequently, we collaboration and may be unable to successfully and efficiently execute and complete necessary clinical trials in a way that leads to BLA submission of the applicable regulatory applications and approval of any product candidate. We may require more time and incur greater costs than our competitors and may not succeed in obtaining regulatory approvals of product candidates that we develop. Failure to commence or complete, or delays in, our collaboration or planned clinical trials, could prevent us from or delay us in commercializing our product candidates. In addition, Collaboration Product for the potential IITs in China will be manufactured by our collaborator using its manufacturing process; we do not currently have rights to use any proprietary aspects of our collaborator's manufacturing process for any future clinical trial by us of Collaboration Product in the United States or elsewhere.

We may experience delays or difficulties in the enrollment and/or retention of patients in clinical trials, which could delay or prevent our receipt of necessary regulatory approvals.

Successful and timely completion of clinical trials will require that we enroll a sufficient number of patients. Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors, including the size and nature of the patient population and competition for patients eligible for our clinical trials with competitors which may have ongoing clinical trials for product candidates that are under development to treat the same indications as one or more of our product candidates, or approved products for the conditions for which we are developing our product candidates.

Trials may be subject to delays as a result of patient enrollment taking longer than anticipated or patient withdrawal. We may not be able to initiate or continue clinical trials for our product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or comparable foreign regulatory authorities. We cannot predict how successful we will be at enrolling subjects in future clinical trials. Subject enrollment is affected by other factors including:

- the severity and difficulty of diagnosing the disease under investigation;
- the eligibility and exclusion criteria for the trial in question;
- the size of the patient population and process for identifying patients;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- the design of the trial protocol;
- the perceived risks and benefits of the product candidate in the trial, including relating to cell therapy approaches;
- the availability of competing commercially available therapies and other competing therapeutic candidates' clinical trials for the disease or condition under investigation;
- the willingness of patients to be enrolled in our clinical trials;
- the efforts to facilitate timely enrollment in clinical trials;
- potential disruptions caused by the COVID-19 pandemic, disease outbreaks, epidemics and pandemics, including difficulties in initiating clinical sites, enrolling and retaining participants, diversion of healthcare resources away from clinical trials, travel or quarantine policies that may be implemented, and other factors;
- the patient referral practices of physicians;
- the ability to monitor patients adequately during and after treatment; and
- the proximity and availability of clinical trial sites for prospective patients.

Our inability to enroll a sufficient number of patients for clinical trials would result in significant delays and could require us to abandon one or more clinical trials altogether. Enrollment delays in these clinical trials may result in increased development costs for our product candidates, which would cause the value of our company to decline and limit our ability to obtain additional financing. Furthermore, we expect to rely on CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials and we will have limited influence over their performance.

Furthermore, even if we are able to enroll a sufficient number of patients for our clinical trials, we may have difficulty maintaining enrollment of such patients in our clinical trials.

We may seek orphan drug designation for some of our product candidates, and we may be unsuccessful, or may be unable to maintain the benefits associated with orphan drug designation, including the potential for market exclusivity, for product candidates for which we obtain orphan drug designation.

We may seek orphan drug designation for some or all of our product candidates in specific orphan indications in which there is a medically plausible basis for the use of these product candidates. Under the Orphan Drug Act, the FDA may grant orphan drug designation to a drug or biologic intended to treat a rare disease or condition, defined as a patient population of fewer than 200,000 individuals in the United States, or a patient population of 200,000 or more in the United States where there is no reasonable expectation that the cost of developing and making available the drug or biologic will be recovered from sales in the United States. Orphan drug designation must be requested before submitting a BLA. Although we may seek orphan drug designation for some or all of our product candidates, we may never receive such designations.

In the United States, orphan drug designation entitles a party to financial incentives such as tax advantages and user fee waivers. Opportunities for grant funding toward clinical trial costs may also be available for clinical trials of drugs or biologics for rare diseases, regardless of whether the drugs or biologics are designated for the orphan use.

In addition, if a drug or biologic with an orphan drug designation subsequently receives the first marketing approval for a particular active ingredient or principal molecular structural features for the indication for which it has such designation, the product is entitled to a seven year period of marketing exclusivity, which precludes the FDA from approving another marketing application for the same drug and indication for that time period, except in limited circumstances such as a showing of clinical superiority to the product with orphan drug exclusivity or if the FDA finds that the holder of the orphan drug exclusivity has not shown that it can ensure the availability of sufficient quantities of the orphan product to meet the needs of patients with the disease or condition for which the drug was designated. Even if we obtain orphan drug designation for a product candidate, we may not be the first to obtain marketing approval for any particular orphan indication due to the uncertainties associated with developing biological products. If we seek orphan drug designation, we may be unsuccessful in obtaining such orphan drug designation for our product candidates. Even if we obtain orphan drug exclusivity for any of our product candidates, we may be unable to maintain the benefits associated with orphan drug designation, or such orphan drug exclusivity may not effectively protect those product candidates from competition because different drugs can be approved for the same condition, and orphan drug exclusivity does not prevent the FDA from approving the same or a different drug in another indication. Even after an orphan drug is granted orphan drug exclusivity and approved, the FDA can subsequently approve a later application for the same drug for the same condition before the expiration of the seven-year exclusivity period if the FDA concludes that the later drug is clinically superior in that it is shown to be safer in a substantial portion of the target populations, more effective or makes a major contribution to patient care. In addition, 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. Moreover, orphan-drug-exclusive orphan drug-exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or that we are unable to manufacture sufficient quantities of the product to meet the needs of patients with the rare disease or condition. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process.

Breakthrough therapy designation by the FDA for any product candidate may not lead to a faster development or regulatory review or approval process, and it does not increase the likelihood that the product candidate will receive marketing approval.

We may, in the future, apply for breakthrough therapy designation, or the equivalent thereof in foreign jurisdictions (where available), for our product candidates. A breakthrough therapy is defined as a product candidate that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the product candidate may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For product candidates that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Product candidates designated as breakthrough therapies by the FDA are also eligible for priority review if supported by clinical data at the time of the submission of the BLA.

Designation as a breakthrough therapy is within the discretion of the FDA. Accordingly, even if we believe that one of our product candidates meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of a breakthrough therapy designation for a product candidate may not result in a faster development process, review or approval compared to product candidates considered for approval under conventional FDA procedures and it would not assure ultimate approval by the FDA. In addition, even if one or more of our product candidates qualify as breakthrough therapies,

the FDA may later decide that the product candidate no longer meets the conditions for qualification or it may decide that the time period for FDA review or approval will not be shortened.

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

Because we have limited financial and management resources, we must focus on development programs and product candidates that we identify for specific indications. As such, we are currently primarily focused on the development of our CoStAR-TIL programs, including ITIL-306 potential Collaboration Product for the treatment of non-small cell lung cancer ovarian cancer, and renal cell carcinoma. potentially licensing-in or otherwise acquiring a new product candidate. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications for these product candidates that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future development programs and product candidates for specific indications may not yield any commercially viable products. For example, before prioritizing development of our CoStAR-TIL program, Collaboration Product, our strategy focused primarily on the development of ITIL-306, which we recently discontinued, and prior to that, ITIL-168 for the treatment of PD-1 inhibitor-relapsed or refractory advanced cutaneous melanoma, which we recently discontinued. discontinued in 2022. Further, if we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

We plan to conduct and may in the future conduct additional clinical trials for our product candidates outside the United States, and the FDA and similar foreign regulatory authorities may not accept data from such trials conducted in locations outside of their jurisdiction.

We are party to a collaboration in China designed to facilitate more expedited patient enrollment in a Phase 1 IIT with the goal of generating early clinical data for our Collaboration Product from patients with NSCLC in China. In addition, we may choose to conduct other clinical trials outside the United States, including in the United

Kingdom, Australia, Canada, Europe or other foreign jurisdictions. The acceptance by the FDA of trial data from an IIT trial conducted in China or any other clinical trials conducted trial outside the United States by the FDA may be subject to certain conditions or may not be accepted at all. In cases where data from clinical trials conducted outside the United States are intended to serve as the sole basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the U.S. population and U.S. medical practice; (ii) the trials were performed by clinical investigators of recognized competence and (iii) the data may be considered valid without the need for an on-site inspection by the FDA or, if the FDA considers such an inspection to be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means. For example, in February 2022, the FDA publicly rebuked an oncology product sponsor for submitting a marketing application with Phase 3 clinical data solely from China and since that time, it has declined to approve other applications that contained primarily China-generated clinical data. Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical powering, must be met. Many foreign regulatory bodies have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA or any similar foreign regulatory authority will accept data from trials conducted outside of the United States, including China, or the applicable jurisdiction. If the FDA or any similar foreign regulatory authority does not accept such data, it would result in the need for additional trials, which would be costly and time-consuming and delay aspects of our business plan, and which may result in our product candidates not receiving approval or clearance for commercialization in the applicable jurisdiction.

We may not be successful in our efforts to build a pipeline of additional product candidates. candidates either internally or by identifying and licensing-in or otherwise acquiring novel product candidates on commercially attractive terms.

Our strategy involves in-licensing/acquiring and developing therapeutic assets for diseases with significant unmet medical need. We may not be able to continue to identify, in-license or otherwise acquire, and subsequently develop, new product candidates in addition to our current pipeline. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights or assets that we may consider attractive for further development. 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, and companies that do not perceive us to be competitor may be reluctant to consider licensing to us given our lack of experience beyond TILs. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. Even if we are successful in continuing to build our pipeline, either through internal research and development or through in-licensing or other asset acquisitions, the potential product candidates that we identify may not be suitable for clinical development. For example, product candidates may be shown to have harmful side effects or other characteristics that indicate that they are unlikely to be successfully developed, much less receive marketing approval and achieve market acceptance. If we do not successfully develop and commercialize product candidates based upon our approach, we will not be able to obtain product revenue in future periods, which likely would result in significant harm to our financial position and adversely affect our stock price.

If we do not achieve our plans and projected development goals in the time frames we announce and expect, the commercialization of our products may be delayed.

From time to time, we may estimate the timing of the accomplishment of various scientific, clinical, regulatory, manufacturing and other product development goals, which we sometimes refer to as milestones. milestones, including in connection with our collaboration. These milestones may include the commencement or completion of, and availability of data from, preclinical studies and clinical trials and the submission of regulatory filings. From time to time, we may publicly announce the expected timing of some of these milestones. All of these milestones are, and will be, based on a variety of assumptions. The actual timing of these milestones can vary significantly compared to our estimates, in some cases for reasons beyond our control. We may experience numerous unforeseen events during, or as a result of our current clinical trials or any future clinical trials that we conduct, such as the recently

observed decrease in 2022 of rates of successful manufacturing of ITIL-168 that resulted in the decision to voluntarily pause our clinical trials and contributed in part to our decision to ultimately discontinue our ITIL-168 development program, that could delay or prevent our ability to receive marketing approval or commercialize our product candidates.

Our business and operations may be adversely affected by the evolving and ongoing COVID-19 global pandemic.

Our business and operations may be adversely affected by the effects of the evolving and ongoing COVID-19 pandemic. The COVID-19 pandemic has resulted in travel and other restrictions in order to reduce the spread of the disease, including public health directives and orders in the United States and the European Union. Future remote work policies and similar government orders or other restrictions on the conduct of business operations related to the COVID-19 pandemic may negatively impact productivity and may disrupt our ongoing research and development activities and our clinical programs and timelines, the magnitude of which will depend, in part, on the length and severity of the restrictions and other limitations on our ability to conduct our business in the ordinary course. Further, such orders also may impact the availability or cost of materials, which would disrupt our supply chain and manufacturing efforts and could affect our ability to conduct ongoing and planned clinical trials and preparatory activities.

Although our clinical trials have not been impacted by the COVID-19 pandemic to date, we may experience related disruptions in the future that could severely impact our clinical trials, including:

- delays, difficulties or a suspension in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
- interruptions in our ability to manufacture and deliver drug supply for trials;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- changes in local regulations as part of a response to the COVID-19 outbreak that may require us to change the ways in which our clinical trials are conducted, which may result in unexpected costs, or to discontinue the clinical trials altogether;
- interruption of key clinical trial activities, such as clinical trial site monitoring, and the ability or willingness of subjects to travel to trial sites due to limitations on travel imposed or recommended by federal or state governments, employers and others;
- limitations in employee resources that would otherwise be focused on the conduct of our clinical trials, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people;
- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees; and
- refusal of the FDA to accept data from clinical trials in these affected geographies.

The spread of COVID-19, including the emergence and spread of new variants and subvariants, which have caused a broad impact globally, may materially affect us economically. While the potential economic impact brought by, and the duration of, the COVID-19 pandemic may be difficult to assess or predict, the global pandemic has already resulted in significant disruption of global financial markets, and could in the future reduce our ability to access capital, which could negatively affect our liquidity. In addition, a recession or market correction resulting from the spread of COVID-19 or otherwise could materially affect our business and the value of our common stock.

The global COVID-19 pandemic continues to rapidly evolve. The extent to which the COVID-19 pandemic impacts our business and operations, including our clinical development and regulatory efforts, will depend on future developments that are highly uncertain and cannot be predicted with confidence at the time of this Annual Report on Form 10-K, such as the duration of the outbreak, the duration and effect of business disruptions and the short-term effects and ultimate effectiveness of the vaccine mandates and other measures in the United States and other countries to contain and treat the disease. Accordingly, we do not yet know the full extent of potential delays or impacts on our business, our clinical and regulatory activities, healthcare systems or the global economy as a whole. However, these impacts could adversely affect our business, financial condition, results of operations and growth prospects.

In addition, to the extent the ongoing COVID-19 pandemic adversely affects our business and results of operations, it may also have the effect of heightening many of the other risks and uncertainties described in this “Risk Factors” section.

The market opportunities for any current or future product candidate we develop, if approved, may be limited to those patients who are ineligible for established therapies or for whom prior therapies have failed, and may be small.

Any revenue we are able to generate in the future from product sales will be dependent, in part, upon the size of the market in the United States and any other jurisdiction for which we gain regulatory approval and have commercial rights. If the markets or patient subsets that we are targeting are not as significant as we estimate, we may not generate significant revenues from sales of such products, even if approved.

Cancer therapies are sometimes characterized as first-line, second-line or third-line, and the FDA often approves new therapies initially only for third-line use. When cancer is detected early enough, first-line therapy, usually chemotherapy, immunotherapy, hormone therapy, surgery, radiation therapy or a combination of these, is sometimes adequate to cure the cancer or prolong life without a cure. Second- and third-line therapies are administered to patients when prior therapy is not effective. We may initially seek approval for ITIL-306 and any other product candidates we develop as a therapy for patients who have received one or more prior treatments. If we do so, for those products that prove to be

sufficiently beneficial, if any, we would expect to seek approval potentially as a first-line therapy, but there is no guarantee that any product candidate we develop, even if approved, would be approved for first-line therapy, and, prior to any such approvals, we may have to conduct additional clinical trials.

The number of patients who have the types of cancer we are targeting may turn out to be lower than expected. Additionally, the potentially addressable patient population for our current or future product candidates may be limited, if and when approved. Further, even if any of our product candidates are approved by the FDA or comparable foreign regulators, their approved indications may be limited to a subset of the indications that we targeted. Even if we obtain significant market share for any product candidate, if and when approved, if the potential target populations are small, we may never achieve profitability without obtaining marketing approval for additional indications, including to be used as first- or second-line therapy.

We may develop ITIL-306 our Collaboration Product and future product candidates for use in combination with other therapies or third-party product candidates, which exposes us to additional regulatory risks.

We may develop ITIL-306 our Collaboration Product and future product candidates for use in combination with one or more currently approved cancer therapies. Even if any product candidate we develop were to receive marketing approval or be commercialized for use in combination with other existing therapies, we would continue to be subject to the risk that the FDA, MHRA, EMA or comparable foreign regulatory authorities could revoke approval of the therapy used in combination with our product candidate or that safety, efficacy, manufacturing or supply issues could arise with these existing therapies. This could result in our own products being removed from the market or being less successful commercially. Combination therapies are commonly used for the treatment of cancer, and we would be subject to similar risks if we develop any of our product candidates for use in combination with other drugs or for indications other than cancer.

We may also evaluate ITIL-306 or any future product candidate candidates in combination with one or more other third party third-party product candidates that have not yet been approved for marketing by the FDA, MHRA, EMA or comparable foreign regulatory authorities. If so, we will not be able to market and sell ITIL-306 or any product candidate we develop in combination with any such unapproved cancer therapies that do not ultimately obtain marketing approval.

If the FDA or comparable foreign regulatory authorities do not approve these other biological products or revoke their approval of, or if safety, efficacy, manufacturing or supply issues arise with, the biologics we choose to evaluate in combination with ITIL-306 or any product candidate we develop, we may be unable to obtain approval of or market any such product candidate.

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.

Following the result of a referendum in 2016, the United Kingdom left the European Union on January 31, 2020, commonly referred to as Brexit. Pursuant to the formal withdrawal arrangements agreed to by the United Kingdom and the European Union, as of January 1, 2021, the United Kingdom is no longer subject to the transition period, or the Transition Period, during which European Union rules continued to apply. A trade and cooperation agreement, or the Trade and Cooperation Agreement, that which outlines the post-Transition Period trading relationship between the United Kingdom and the European Union was agreed to in December 2020 and formally entered into force on May 1, 2021.

Our operations are concentrated in our manufacturing facilities and We have research labs located in Manchester, United Kingdom. Further, since a significant proportion of the regulatory framework in the United Kingdom that is applicable to our business and our product candidates is derived from European Union directives and regulations, Brexit has had, and will continue to have, a material impact on the regulatory regime with respect to the importation, approval and commercialization of our product candidates in the United Kingdom or the European Union. For example, Great Britain is no longer covered by the centralized procedures for obtaining EU-wide marketing authorizations from the EMA, and a separate marketing authorization will be required to market our product candidates in Great Britain. Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of Brexit or otherwise, would delay or prevent us from commercializing our product candidates in the United Kingdom and limit our ability to generate revenue and achieve and sustain profitability. While the Trade and Cooperation Agreement provides for the tariff-free trade of medicinal products between the United Kingdom and the European Union, there are additional non-tariff costs to such trade that did not exist prior to the end of the Transition Period and frequent delays in the transit of goods between the United Kingdom and the European Union. Further, should the United Kingdom diverge from the European Union from a regulatory perspective in relation to medicinal products, tariffs could be put into place in the future, and we may incur expenses in establishing a manufacturing facility in the European Union in order to circumvent such hurdles or incur significant additional expenses to operate our business, which could significantly and materially harm or delay our ability to generate revenues or achieve profitability of our business. Any further changes in international trade, tariff and import/export regulations as a result of Brexit or otherwise may impose unexpected duty costs or other non-tariff barriers on us. These developments, or the perception that any of them could occur, may significantly reduce global trade and, in particular, trade between the impacted nations and the United Kingdom. It is also possible that Brexit may negatively affect our ability to attract and retain employees, particularly those from the European Union.

Risks Related to the Manufacturing of our Product Candidates

Cell therapies Biologics are complex and difficult to manufacture. We have experienced, and may in the future experience, manufacturing problems that result in delays in the development or commercialization of our product candidates or otherwise harm our business. We may experience new manufacturing challenges by relying on collaborators or other third parties for manufacturing capabilities and expertise.

The manufacture of biologic products, particularly cell therapy products, is technically complex and necessitates substantial expertise and capital investment. Production difficulties caused by unforeseen events may delay the availability of material for our clinical studies.

The manufacturers of pharmaceutical products must comply with strictly enforced cGMP requirements, state and federal regulations, as well as foreign requirements when applicable. Any failure of us or our contract manufacturing organizations to adhere to or document compliance to such regulatory requirements could lead to a delay or interruption in the availability of our program materials for clinical trials or enforcement action from the FDA, MHRA, EMA or foreign comparable regulatory authorities. If we or our manufacturers were to fail to comply with the requirements of the FDA, MHRA, EMA or other regulatory authority, it could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our product candidates. Our potential future dependence upon others for the manufacture of our product candidates may also adversely affect our future profit margins and our ability to commercialize any product candidates that receive regulatory approval on a timely and competitive basis.

Biological products, particularly cell therapy products, are inherently difficult to manufacture. Our program materials are manufactured using technically complex processes requiring specialized equipment and facilities, highly specific raw materials, cells, and reagents, and other production constraints. Our production process requires a number of

highly specific raw materials, cells and reagents with limited suppliers. Even though we aim to have backup supplies of raw materials, cells and reagents whenever possible, we cannot be certain they will be sufficient if our primary sources are unavailable. A shortage of a critical raw material, cell line, or reagent, or a technical issue during manufacturing may lead to delays in clinical development or commercialization plans. Any changes in the manufacturing of components of the raw materials we use could result in unanticipated or unfavorable effects in our manufacturing processes, resulting in delays.

Delays or failures in the manufacture of cell therapies (whether by us, any collaborator or our third party contract manufacturers) can result in a patient being unable to receive their cell therapy or a requirement to re-manufacture which itself then causes delays in manufacture for other patients. Any delay or failure or inability to manufacture on a timely basis can adversely affect a patient's outcomes and delay the timelines for our clinical trials. Such delays or failure or inability to manufacture can result from:

- a failure in the manufacturing process itself, for example by an error in manufacturing process (whether by us or our third party CMO), equipment or reagent failure, failure in any step of the manufacturing process, failure to maintain a cGMP environment or failure in quality systems applicable to manufacture, sterility failures, contamination during process;
- product loss or failure due to logistical issues associated with the collection of a patient's tumor or other samples, shipping that material to analytical laboratories, and shipping the final product back to the location using cold chain distribution where it will be administered to the patient, manufacturing issues associated with the differences in patient starting materials, inconsistency in cell growth and variability in product characteristics;
- a lack of reliability or reproducibility in the manufacturing process itself leading to variability in end manufacture of cell therapy, which may lead to regulatory authorities placing a hold on a clinical trial or requesting further information on the process which could in turn result in delays to the clinical trials;
- variations in patient starting material or apheresis product resulting in less product than expected or product that is not viable, or that cannot be used to successfully manufacture a cell therapy;
- product loss or failure due to logistical issues including issues associated with the differences between patients' white blood cells or characteristics, interruptions to process, contamination, failure to supply patient apheresis material within required timescales (for example, as a result of an import or export hold-up) or supplier error;
- inability to obtain viral vector manufacturing slots from CMOs or to have enough manufacturing slots to manufacture cell therapies for patients as and when those patients require manufacture;
- inability to procure starting materials or to manufacture starting materials;
- loss of or close-down of any manufacturing facility used in the manufacture of our cell therapies, or the inability to find alternative manufacturing capability in a timely fashion;
- loss or contamination of patient starting material, requiring the starting material to be obtained again from the patient or the manufacturing process to be re-started; and
- a requirement to modify or make changes to any manufacturing process, which may also require comparability testing that delays our ability to make the required modifications or perform any required comparability testing in a timely fashion, require further regulatory approval or require successful tech transfer to CMOs to continue manufacturing.

Manufacturing problems may result in a delay in the timelines for our clinical trials. For example, in October 2022 we voluntarily paused enrollment in our clinical trials for ITIL-168 following a decrease in the rate of successful manufacturing of ITIL-168, resulting in the inability to dose some patients, and also voluntarily paused enrollment in our Phase 1 trial of ITIL-306, although no manufacturing failures were observed in this trial. We have since thereafter resumed our clinical trial for ITIL-306 and while we prior to our discontinuation of our ITIL-306 development program. We informed all applicable regulatory agencies of our voluntary pause and no regulatory agency, including the FDA, has issued a clinical hold on any of our prior clinical trials, to date, although there can be no assurance that we will not be subject to a clinical hold in the future. We completed an end-to-end analysis of our manufacturing processes and have taken corrective actions to improve the rate of manufacturing success, but there can be no assurance that these actions will be effective or that we will not experience other manufacturing issues in the future.

We currently rely, and expect to continue to rely, on third party manufacturers, including our collaborator for the potential IITs in China, to manufacture and to perform quality testing. Reliance on third parties exposes us to risks associated with having reduced control over manufacturing activities, and any disruptions to the operations of our third-party manufacturers, including those caused by conditions unrelated to our business or operations such as bankruptcy of the manufacturer, could materially and adversely affect our business.

The manufacture of our TIL product candidates is difficult and complex and we may encounter difficulties in production, particularly with respect to process development or scaling-out of our manufacturing capabilities. If we encounter such difficulties, our ability to provide supply of our product candidates for clinical trials or any approved products could be delayed or stopped.

All entities involved in the preparation of therapeutics for clinical trials or commercial sale, including our existing contract manufacturers for components of our product candidates, are subject to extensive regulation. Components of a finished therapeutic product approved for commercial sale or used in late-stage clinical trials in the European Union must be manufactured in accordance with cGMP. These regulations govern manufacturing processes and procedures (including record keeping) and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale. Poor control of production processes can lead to the introduction of adventitious agents or other contaminants, or to inadvertent changes in the properties or stability of our product candidates that may not be detectable in final product testing. We or our contract manufacturers must supply all necessary documentation in support of a BLA or MAA on a timely basis. Our facilities and quality systems and the facilities and quality systems of some or all of our third-party contractors must pass a pre-approval inspection for compliance with the applicable regulations as a condition of regulatory approval of our product candidates or any of our other potential products. In addition, the regulatory authorities may, at any time, audit or inspect a manufacturing facility involved with the preparation of our product candidates or our other potential products or the associated quality systems for compliance with the regulations applicable to the activities being

conducted, and they could put a hold on one or more of our clinical trials if the facilities of our contract development and manufacturing organizations do not pass such audit or inspections. If these facilities do not pass a pre-approval plant inspection, FDA or comparable foreign regulatory authorities' approval of the products will not be granted.

The regulatory authorities also may, at any time following approval of a product for sale, inspect or audit our manufacturing facilities or those of our third-party contractors. If any such inspection or audit identifies a failure to comply with applicable regulations or if a violation of our product specifications or applicable regulations occurs independent of such an inspection or audit, we or the relevant regulatory authority may require remedial measures that may be costly and/or time-consuming for us or a third party to implement and that may include the temporary or permanent suspension of a clinical trial or commercial sales or the temporary or permanent closure of a facility. Any such remedial measures imposed upon us or third parties with whom we contract could harm our business. If we or any of our third-party manufacturers fail to maintain regulatory compliance, the FDA or comparable foreign regulatory authorities' can impose regulatory sanctions including, among other things, refusal to approve a pending application for a new drug product or biologic product, or revocation of a pre-existing approval. As a result, our business, financial condition and results of operations may be harmed. Additionally, if supply from one approved manufacturer is interrupted, there could be a significant disruption in commercial supply. An alternative manufacturer would need to be qualified through a BLA and/or MAA supplement which could result in further delay. The regulatory agencies may also require additional studies if a new manufacturer is relied upon for commercial production. Switching manufacturers may involve substantial costs and is likely to result in a delay in our desired clinical and commercial timelines.

These factors could cause the delay of clinical trials, regulatory submissions, required approvals or commercialization of our product candidates, cause us to incur higher costs and prevent us from commercializing our products successfully, if approved. Furthermore, if our suppliers fail to meet contractual requirements, and we are unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, our clinical trials may be delayed or we could lose potential revenue.

We may rely on our collaborator to manufacture our Collaboration Product and intend to utilize third parties if needed to manufacture our future product candidates. Therefore, we are subject to the risk that such third parties may not perform satisfactorily.

Although we expect that We rely on our manufacturing facility in Manchester, United Kingdom will be the primary source of clinical supply for collaboration partner to manufacture our product candidates, we may continue Collaboration Product and intend to rely on outside vendors for at least a portion to manufacture clinical supply of the manufacturing process our future product candidates and intend to evaluate potential third-party manufacturing capabilities if necessary to meet further clinical and commercial demand. In the event that we engage third-party manufacturers and they do not successfully carry out their contractual duties, meet expected deadlines or manufacture our product candidates in accordance with regulatory requirements or if there are disagreements between us and any third-party manufacturer, we may be delayed in producing sufficient clinical and commercial supply of our product candidates. In such instances, we may need to locate an appropriate replacement third-party relationship, which may not be readily available or on acceptable terms, which would cause additional delay or increased expense and would thereby have a material adverse effect on our business, financial condition, results of operations and prospects.

Reliance on collaborators and third-party providers may expose us to more risk than if we were to manufacture product candidates ourselves. The facilities used by our contract manufacturers to manufacture our product candidates must be approved by the FDA pursuant to inspections that will be conducted after we submit our BLA to the FDA. We do not control the manufacturing process of, and are completely dependent on, our contract manufacturing partners for compliance with the regulatory requirements, known as cGMPs for the manufacture of our product candidates. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our product candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates, if approved. In addition, any failure to achieve and maintain compliance with these laws, regulations and standards could subject us to the risk that we may have to suspend the manufacturing of our product candidates or that obtained approvals could be revoked, which would adversely affect our business and reputation. Furthermore, third-party providers may breach existing agreements they have with us because of factors beyond our control. They may also terminate or refuse to renew their agreement because of their own financial difficulties or business priorities, at a time that is costly or otherwise inconvenient for us. If we were unable to find adequate replacement or another acceptable solution in time, our clinical trials could be delayed or our commercial activities could be harmed.

In addition to our own manufacturing facilities, we We currently rely, and expect to continue to rely, on additional third parties to manufacture ingredients of our product candidates and to perform quality testing. Even following our establishment of our own cGMP-compliant manufacturing capabilities, testing and we intend to maintain third-party manufacturers for these ingredients, as well as to serve as additional sources of our product candidates, which will expose us to risks including:

- reduced control for certain aspects of manufacturing activities;
- termination or nonrenewal of manufacturing and service agreements with third parties in a manner or at a time that is costly or damaging to us; and
- disruptions to the operations of our third-party manufacturers and service providers caused by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or service provider.

Any of these events could lead to clinical trial delays or failure to obtain regulatory approval, or impact our ability to successfully commercialize our product candidates. Some of these events could be the basis for FDA action, including injunction, recall, seizure or total or partial suspension of product manufacture.

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

Our operations are concentrated in our manufacturing facilities and research labs located in Manchester, United Kingdom. Any unplanned event, such as flood, fire, explosion, earthquake, extreme weather condition, medical epidemics or pandemics, power shortage, telecommunication failure or other natural or manmade accidents or incidents that result in us being unable to fully utilize our facilities may have a material and adverse effect on our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Loss of access to these facilities may result in increased costs, delays in the development of our product candidates or interruption of our business operations. Earthquakes, wildfires or other natural disasters could further disrupt our operations, and have a material and adverse effect on our business, financial condition, results of operations and prospects. If a natural disaster, power outage or other event prevents us from using all or a significant portion of our manufacturing facilities, or otherwise disrupted operations, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we have in place may prove inadequate in the event of a serious disaster or similar event. We may incur substantial expenses as a

result of the limited nature of our disaster recovery and business continuity plans, which could have a material adverse effect on our business. As part of our risk management policy, we maintain insurance coverage at levels that we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, we cannot assure you that the amounts of insurance will be sufficient to satisfy any damages and losses. If our facilities are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our research and development programs may be harmed. Any business interruption may have a material and adverse effect on our business, financial condition, results of operations and prospects.

We depend on third-party suppliers for materials that are necessary for the conduct of preclinical studies and expect to rely on third parties for the manufacture of our product candidates for any future clinical trials, and the loss of these third-party suppliers or their inability to supply us with sufficient quantities of adequate materials, or to do so at acceptable quality levels and on a timely basis, could harm our business.

Manufacturing our product candidates requires many reagents, which are substances used in our manufacturing processes to bring about chemical or biological reactions, and other specialty materials and equipment, some of which are manufactured or supplied by small companies with limited resources and experience to support commercial biologics production. We currently depend on a limited number of vendors for certain materials and equipment used in the manufacture of our product candidates. For example, we currently use facilities and equipment at external contract manufacturing organizations, or CMOs, as well as supply sources internal to the collaboration for vector supply. Our use of CMOs increases the risk of delays in production or insufficient supplies as we transfer our manufacturing technology to these CMOs and as they gain experience with our supply requirements. Some of these suppliers may not have the capacity to support clinical trials and commercial products manufactured under cGMP by biopharmaceutical firms or may otherwise be ill-equipped to support our needs. We also do not have supply contracts with many of these suppliers and may not be able to obtain supply contracts with them on acceptable terms or at all. Accordingly, we may experience delays in receiving key materials and equipment to support clinical or commercial manufacturing.

For some of these reagents, equipment, and materials, we rely and may in the future rely on sole source vendors or a limited number of vendors. The supply of the reagents and other specialty materials and equipment that are necessary to produce our product candidates could be reduced or interrupted at any time. In such case, identifying and engaging an alternative supplier or manufacturer could result in delay, and we may not be able to find other acceptable suppliers or manufacturers on acceptable terms, or at all. Switching suppliers or manufacturers may involve substantial costs and is likely to result in a delay in our desired clinical and commercial timelines. If we change suppliers or manufacturers for commercial production, applicable regulatory agencies may require us to conduct additional studies or trials. If key suppliers or manufacturers are lost, or if the supply of the materials is diminished or discontinued, we may not be able to develop, manufacture and market our product candidates in a timely and competitive manner, or at all. An inability to continue to source product from any of these suppliers, which could be due to a number of issues, including regulatory actions or requirements affecting the supplier, adverse financial or other strategic developments experienced by a supplier, labor disputes or shortages, unexpected demands or quality issues, could adversely affect our ability to satisfy demand for our product candidates, which could adversely and materially affect our product sales and operating results or our ability to conduct clinical trials, either of which could significantly harm our business.

As we continue to develop and scale our manufacturing process, we expect that we will need to obtain rights to and supplies of certain materials and equipment to be used as part of that process. We may not be able to obtain rights to such materials on commercially reasonable terms, or at all, and if we are unable to alter our process in a commercially viable manner to avoid the use of such materials or find a suitable substitute, it would have a material adverse effect on our business. Even if we are able to alter our process so as to use other materials or equipment, such a change may lead to a delay in our clinical development and/or commercialization plans. If such a change occurs for a product candidate that is already in clinical testing, the change may require us to perform both ex vivo comparability studies and to collect additional data from patients prior to undertaking more advanced clinical trials. These factors could cause the delay of studies or trials, regulatory submissions, required approvals or commercialization of product candidates that we develop, cause us to incur higher costs and prevent us from commercializing our product candidates successfully.

Any contamination or interruption in our manufacturing process, shortages of raw materials or failure of our suppliers of reagents to deliver necessary components could result in delays in our clinical development or marketing schedules.

Given the nature of cell therapy manufacturing, there is a risk of contamination. Any contamination could adversely affect our ability to produce product candidates on schedule and could, therefore, harm our results of operations and cause reputational damage. Some of the raw materials required in our manufacturing process are derived from biologic sources. Such raw materials are difficult to procure and may be subject to contamination or recall. A material shortage, contamination, recall or restriction on the use of biologically derived substances in the manufacture of our product candidates could adversely impact or disrupt the commercial manufacturing or the production of clinical material, which could adversely affect our development timelines and our business, financial condition, results of operations and prospects. For example, the 2022 investigation of our recent manufacturing failures identified a central source of contamination in the cell media. Although we have completed an end-to-end analysis of our manufacturing process and implemented corrective actions to improve our manufacturing process, there can be no assurance that such actions will be effective or that we will not in the future experience contamination issues in our manufacturing process.

Changes in methods of product candidate manufacturing or formulation may result in additional costs or delay.

As product candidates proceed through preclinical studies to late-stage clinical trials towards potential approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods and formulation, are altered along the way in an effort to optimize processes and product characteristics. Such changes carry the risk that they will not achieve our intended objectives. Any such changes could cause our product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the materials manufactured using altered processes. Such changes may also require additional testing, FDA notification or FDA approval. This could delay completion of clinical trials, require the conduct of bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our product candidates and jeopardize our ability to commence sales and generate revenue. In addition, we may be required to make significant changes to our upstream and downstream processes across our pipeline, which could delay the development of our future product candidates.

Risks Related to the Commercialization of our Product Candidates

Even if any of our product candidates receive marketing approval, they may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success.

If any of our product candidates receive marketing approval, they may nonetheless fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. If our product candidates do not achieve an adequate level of acceptance, we may not generate significant revenue and we may not become profitable. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy, safety and potential advantages compared to alternative treatments;
- our ability to offer our products for sale at competitive prices;
- the convenience and ease of administration compared to alternative treatments;
- product labeling or product insert requirements of the FDA, MHRA, EMA or other comparable foreign regulatory authorities, including any limitations or warnings contained in a product's approved labeling, including any black box warning or REMS;
- the willingness of the target patient population to try new treatments and of physicians to prescribe these treatments;
- our ability to hire and retain a sales force in the United States; force;
- the strength of marketing and distribution support;
- the availability of third-party coverage and adequate reimbursement for ITIL-306 and any other product candidates, once approved;
- the prevalence and severity of any side effects; and
- any restrictions on the use of our products together with other medications.

If we are unable to establish sales, marketing and distribution capabilities for ITIL-306 or any other product candidate that may receive regulatory approval, we may not be successful in commercializing those product candidates if and when they are approved.

We do not have sales or marketing infrastructure. To achieve commercial success for ITIL-306 or any other product candidate for which we may obtain marketing approval, we will need to establish a sales and marketing organization. In the future, we expect to build a focused sales and marketing infrastructure to market our product candidates in the United States, if they are approved. There are risks involved with establishing our own sales,

marketing and distribution capabilities. For example, recruiting and training a sales force is expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to market our products on our own include:

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to physicians in order to educate physicians about our product candidates, once approved;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

If we are unable to establish our own sales, marketing and distribution capabilities and are forced to enter into arrangements with, and rely on, third parties to perform these services, our revenue and our profitability, if any, are likely to be lower than if we had developed such capabilities ourselves. In addition, we may not be successful in entering into arrangements with third parties to sell, market and distribute our product candidates or may be unable to do so on terms that are favorable to us. We likely will have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish sales, marketing and distribution capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates.

The treatable populations for our product candidates may be smaller than we or third parties currently project, which may affect the addressable markets for our product candidates.

Our projections of the number of people who have the diseases we are seeking to treat, as well as the subset of people with these diseases who have the potential to benefit from treatment with our product candidates, are estimates based on our knowledge and understanding of these diseases. These estimates may prove to be incorrect and new studies may further reduce the estimated report lower incidence or prevalence estimates of this disease. these diseases. The number of patients in the United States, the European Union and elsewhere may turn out to be lower than expected, may not be otherwise amenable to treatment with our product candidates or patients may become increasingly difficult to identify and access, all of which would adversely affect our business, financial condition, results of operations and prospects. Further, even if we obtain approval for our product candidates, the FDA or other regulators may limit their approved indications to more narrow uses or subpopulations within the populations for which we are targeting development of our product candidates.

The total addressable market opportunity for our product candidates will ultimately depend upon a number of factors including the diagnosis and treatment criteria included in the final label, if approved for sale in specified indications, acceptance by the medical community, patient access and product pricing and reimbursement. Incidence and prevalence estimates are frequently based on information and assumptions that are not exact and may not be appropriate, and the methodology is forward-looking and speculative. The process we have used in developing an estimated incidence and prevalence range for the indications we are targeting has involved collating limited data from multiple sources. Accordingly, the incidence and prevalence estimates included in this Annual Report on Form 10-K or our other filings with the Securities and Exchange Commission, or the SEC, should be viewed with caution. Further, the data and statistical information used in this Annual Report on Form 10-K or our other filings with the SEC, including estimates derived from them, may differ from information and estimates made by our competitors or from current or future studies conducted by independent sources.

Off-label use or misuse of our products may harm our reputation in the marketplace, result in injuries that lead to costly product liability suits, and/or subject us to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with any product.

If our product candidates are approved by the FDA, we may only promote or market our product candidates for their specifically approved indications. We will train our marketing and sales force against promoting our product candidates for uses outside of the approved indications for use, known as “off-label uses.” We cannot, however, prevent a physician from using our products off-label, when in the physician’s independent professional medical judgment he or she deems it appropriate. Furthermore, the use of our products for indications other than those approved by the FDA may not effectively treat such conditions. Any such off-label use of our product candidates could harm our reputation in the marketplace among physicians and patients. There may also be increased risk of injury to patients if physicians attempt to use our products for these uses for which they are not approved, which could lead to product liability suits that that might require significant financial and management resources and that could harm our reputation.

Advertising and promotion of any product candidate that obtains approval in the United States will be heavily scrutinized by the FDA, the U.S. Federal Trade Commission, the Department of Justice, or the DOJ, the Office of Inspector General of the U.S. Department of Health and Human Services, or HHS, state attorneys general, members of the U.S. Congress, and the public. Additionally, advertising and promotion of any product candidate that obtains approval outside of the United States will be heavily scrutinized by comparable foreign entities and stakeholders. Violations, including actual or alleged promotion of our products for unapproved or off-label uses, are subject to enforcement letters, inquiries, and investigations, and civil and criminal sanctions by the FDA, DOJ, or comparable foreign bodies. Any actual or alleged failure to comply with labeling and promotion requirements may result in fines, warning letters, mandates to corrective information to healthcare practitioners, injunctions, or civil or criminal penalties.

We face significant competition from other biotechnology and pharmaceutical companies and from non-profit institutions, and our operating results will suffer if we fail to compete effectively.

Drug development is highly competitive and subject to rapid and significant technological advancements. There are several large and small pharmaceutical companies focused on delivering therapeutics for the treatment of non-small cell lung cancer, ovarian cancer, and renal cell carcinoma and other oncology indications we might target in the future. Further, it is likely that additional drugs will become available in the future for the treatment of our target indications.

We face competition from segments of the pharmaceutical, biotechnology and other related markets that pursue the development of TIL or other cell therapies for the treatment of solid tumors. Companies that are developing TIL therapies include Achilles Therapeutics, Ltd., Adaptimmune AstraZeneca plc (Neogene Therapeutics, Plc. B.V.), CBIO A/S, Intima Bioscience, Inc., Iovance Biotherapeutics Inc., KSQ Therapeutics, Inc., Lyell Immunopharma, Inc., Neogene Therapeutics, B.V., Nurix Therapeutics, Inc., Obsidian Therapeutics, Inc., PACT Pharma, Inc., TILT Biotherapeutics LLC and Turnstone Biologics Corp. In addition, we may face competition from companies focused on CAR-T and TCR-T cell therapies, such as Bristol-

Myers Squibb, Inc. (Juno Therapeutics, Inc.), Gilead, Inc. (Kite Pharma, Inc.), Immatics N.V., Juno Therapeutics, Inc., a subsidiary of Bristol-Myers Squibb, Inc., Kite Pharma, Inc., a subsidiary of Gilead, Inc., and Poseida Therapeutics, Inc. and TCR2 Therapeutics, Inc. There are also companies utilizing other cell-based approaches that may be competitive to our product candidates. For example, companies such as Artiva Biotherapeutics, Inc., Celyad, S.A., and Nkarta, Inc. are developing therapies that target and/or engineer natural killer, or NK, cells.

Universities and public and private research institutions in the United States and Europe are also potential competitors. For example, a Phase 3 M14TIL trial comparing TIL to standard ipilimumab in patients with metastatic melanoma is currently being conducted in Europe by the Netherlands Cancer Institute, the Copenhagen County Herlev University Hospital, and the University of Manchester. Results from the M14TIL trial were presented at the European Society for Medical Oncology Congress in September 2022. While these universities and public and private research institutions primarily have educational objectives, they may develop proprietary technologies that lead to FDA-approved therapies or secure patent protection that we may need for the development of our technologies and product candidates.

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 may also have significantly more experience commercializing drugs, particularly cell therapy and other biological products, that have been approved for marketing. Mergers and acquisitions in the pharmaceutical and biotechnology industries could result in even more resources being concentrated among a small number of our competitors.

We will face competition from other drugs or from other non-drug products currently approved or that will be approved in the future in the oncology field, including for the treatment of diseases and disorders in the therapeutic categories we intend to target. Therefore, our ability to compete successfully will depend largely on our ability to:

- develop and commercialize drugs that are superior to other products in the market;
- demonstrate through our clinical trials that our product candidates are differentiated from existing and future therapies;
- attract qualified scientific, product development and commercial personnel;
- obtain patent or other proprietary protection for our medicines;
- obtain required regulatory approvals;
- obtain coverage and adequate reimbursement from, and negotiate competitive pricing with, third-party payors; and
- successfully collaborate with pharmaceutical companies and/or non-profit institutions in the discovery, development and commercialization of new medicines.

The availability of our competitors’ products could limit the demand, and the price we are able to charge, for any product candidate we develop. The inability to compete with existing or subsequently introduced drugs would have an adverse impact on our business, financial condition and prospects. In addition, the reimbursement structure of approved cell therapies by other companies could impact the anticipated reimbursement structure of our cell therapies, if approved, and our business, financial condition, results of operations and prospects.

Established pharmaceutical companies may invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make our product candidates less competitive. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety in order to overcome price competition and to be commercially successful. Accordingly, our competitors may succeed in obtaining patent protection,

discovering, developing, receiving regulatory and marketing approval for, or commercializing, drugs before we do, which would have an adverse impact on our business and results of operations.

Any product candidates for which we intend to seek approval as biologic products may face competition sooner than anticipated.

If we are successful in achieving regulatory approval to commercialize any biologic product candidate that we develop, it may face competition from biosimilar products. In the United States, our product candidates are regulated by the FDA as biologic products subject to approval under the BLA pathway. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the ACA, includes a subtitle called the Biologics Price Competition and Innovation Act of 2009, or 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 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 by the FDA. 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. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation and meaning are subject to uncertainty. While it is uncertain when such processes intended to implement BPCIA may be fully adopted by the FDA, any such processes could have an adverse effect on the future commercial prospects for our biological products.

There is a risk that any of our product candidates approved as a biological product under a BLA would not qualify for the 12-year period of exclusivity or that this exclusivity could be shortened due to congressional action or otherwise, or that the FDA will not consider our product candidates to be reference products for competing products, potentially creating the opportunity for generic 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 one of our reference products in a way that is similar to traditional generic substitution for non-biological products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing. If competitors are able to obtain marketing approval for biosimilars referencing our candidates, if approved, our products may become subject to competition from such biosimilars, with the attendant competitive pressure and potential adverse consequences.

The success of our product candidates will depend significantly on coverage and adequate reimbursement or the willingness of patients to pay for these therapies.

We believe our success depends on obtaining and maintaining coverage and adequate reimbursement for our product candidates and the extent to which patients will be willing to pay out-of-pocket for such products, in the absence of reimbursement for all or part of the cost. In the United States and in other countries, patients who are provided medical treatment for their conditions generally rely on third-party payors to reimburse all or part of the costs associated with their treatment. The availability of coverage and adequacy of reimbursement for our products by third-party payors, including government health care programs (e.g., Medicare, Medicaid, TRICARE), managed care providers, private health insurers, health maintenance organizations, and other organizations is essential for most patients to be able to afford medical services and pharmaceutical products such as our product candidates. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own coverage and reimbursement policies. However, decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a payor-by-payor basis. One payor's determination to provide coverage for a drug product does not assure that other payors will also provide coverage, and adequate reimbursement. The principal decisions about reimbursement for new medicines are typically made by the Centers for Medicare & Medicaid Services, or CMS, an agency within the U.S. Department of Health and Human Services, or HHS. CMS decides whether and to what extent products will be covered and reimbursed under Medicare and private payors tend to follow CMS to a substantial degree.

Third-party payors determine which products and procedures they will cover and establish reimbursement levels. Even if a third-party payor covers a particular product or procedure, the resulting reimbursement payment rates may not be adequate. Patients who are treated in-office for a medical condition generally rely on third-party payors to reimburse all or part of the costs associated with the procedure, including costs associated with products used during the procedure, and may be unwilling to undergo such procedures in the absence of such coverage and adequate reimbursement. Physicians may be unlikely to offer procedures for such treatment if they are not covered by insurance and may be unlikely to purchase and use our product candidates, if approved, for our stated indications unless coverage is provided and reimbursement is adequate. In addition, 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.

Reimbursement by a third-party payor may depend upon a number of factors, including the third-party payor's determination that a procedure is safe, effective and medically necessary; appropriate for the specific patient; cost-effective; supported by peer-reviewed medical journals; included in clinical practice guidelines; and neither cosmetic, experimental, nor investigational. Further, increasing efforts by third-party payors in the United States and abroad to cap or reduce healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for newly approved products and, as a result, they may not cover or provide adequate payment for our product candidates. In order to secure coverage and reimbursement for any product that might be approved for sale, we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of our products, in addition to the costs required to obtain FDA or comparable regulatory approvals. Additionally, we may also need to provide discounts to purchasers, private health plans or government healthcare programs. Our product candidates may nonetheless not be considered medically necessary or cost-effective. If third-party payors do not consider a product to be cost-effective compared to other available therapies, they may not cover the product after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow a company to sell its products at a profit. We expect to experience pricing pressures from third-party payors in connection with the potential sale of any of our product candidates. Decreases in third-party reimbursement for any product or a decision by a third-party payor not to cover a product could reduce physician usage and patient demand for the product and also have a material adverse effect on sales.

Foreign governments also have their own healthcare reimbursement systems, which vary significantly by country and region, and we cannot be sure that coverage and adequate reimbursement will be made available with respect to the treatments in which our products are used under any foreign reimbursement system.

There can be no assurance that ITIL-306, or any other product candidate, if approved for sale in the United States or in other countries, will be considered medically reasonable and necessary, that it will be considered cost-effective by third-party payors, that coverage or an adequate level of reimbursement will be available or that reimbursement policies and practices in the United States and in foreign countries where our products are sold will not adversely affect our ability to sell our product candidates profitably, if they are approved for sale.

Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop.

We face an inherent risk of product liability exposure related to the testing of our product candidates in human clinical trials and will face an even greater risk if we commercially sell any products that we may develop. If we cannot successfully defend ourselves against claims that our product candidates or drugs caused injuries, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any product candidates or drugs that we may develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend the related litigation;
- substantial monetary awards paid to trial participants or patients;
- loss of revenue;
- reduced resources of our management to pursue our business strategy; and
- the inability to commercialize any products that we may develop.

Although we maintain product liability insurance coverage, such insurance may not be adequate to cover all liabilities that we may incur. We may need to increase our insurance coverage as we expand our clinical trials or if we commence commercialization of our product candidates. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

Our business and operations would suffer in the event we, or the third parties upon which we rely, suffer computer system failures, cyberattacks or a deficiency in our or such third parties' parties' cybersecurity.

In the ordinary course of our business, we, and the third parties upon which we rely, may 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 (such as health-related data), data we collect about trial participants in connection with clinical trials, intellectual property, sensitive third-party data and trade secrets (collectively, sensitive information). Cyber-attacks, malicious internet-based activity, online and offline fraud and other similar activities threaten the confidentiality, integrity and availability of our sensitive information and information technology systems and those of the third parties upon which we rely. Such threats are prevalent and continue to rise, are increasingly difficult to detect and come from a variety of sources, including traditional computer “hackers,” threat actors, “hacktivists,” organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states and nation-state-supported actors.

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. We and the third parties upon which we rely may be subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through deep fakes, which may be increasingly difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks (such as credential stuffing), credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures and other similar threats. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, 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. Business Future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities’ systems and technologies.

Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program.

We may rely on third-party service providers and technologies to operate critical business systems to process sensitive information in a variety of contexts, including, without limitation, encryption and authentication technology, employee email and other functions. We may also rely on third-party service providers to provide other products, services or otherwise to operate our business. Our ability to monitor these third parties’ information security practices is limited, and these third parties may not have adequate information security measures in place. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties’ infrastructure in our supply chain or our third-party partners’ supply chains have not been or will not be compromised.

Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration,

encryption, disclosure of, or access to our sensitive information or our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our services. We may expend significant resources or modify our business activities (including our clinical trial activities) to try to protect against security incidents. Certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and sensitive information.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We take steps to detect and remediate vulnerabilities, but we may not be able to detect and remediate all vulnerabilities because the threats and techniques used to exploit the vulnerability change

frequently and are often sophisticated in nature. Therefore, such vulnerabilities could be exploited but may not be detected until after a security incident has occurred. These vulnerabilities pose material risks to our business. 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. If we, or a third party upon which we rely, experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences. These consequences may include 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), financial loss and other similar harms.

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

In the ordinary course of business, we process personal data and other sensitive information. Our data processing activities may subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements and other obligations relating to data privacy and security.

In the United States, federal, state and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act) and other similar laws (e.g., wiretapping laws). For example, HIPAA, as amended by HITECH, imposes specific requirements relating to the privacy, security and transmission of individually identifiable health information. In addition, the California Consumer Privacy Act of 2018, or the CCPA, as amended by the California Privacy Rights Act of 2020, or the CPRA, applies to personal data of consumers, business representatives and employees who are California residents and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for administrative fines of up to $7,500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Although the CCPA exempts some data processed in the context of clinical trials, the CCPA may increase compliance costs and potential liability with respect to other personal data we may maintain about California residents. In addition, the CPRA expanded the CCPA's requirements, including by adding a new right for individuals to correct their personal data and establishing a new regulatory agency to implement and enforce the law. Other states, such as Virginia and Colorado, have also passed comprehensive privacy laws, and similar laws are being considered in several other states, as well as at the federal and local levels. These developments may further complicate compliance efforts and may increase legal risk and compliance costs for us and the third parties upon which we rely.

Outside the United States, an increasing number of laws, regulations, and industry standards may govern data privacy and security. For example, the United Kingdom's General Data Protection Regulation, or UK GDPR, imposes strict requirements for processing personal data. For example, under Under the UK GDPR, companies may face temporary or definitive bans on data processing and other corrective actions, fines of up to £17.5 million or 4% of annual global revenue, whichever is greater, or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests.

In the ordinary course of business, we may transfer personal data from the United Kingdom to the United States. The United Kingdom has enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the United Kingdom has significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it believes are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the United Kingdom to the United States in compliance with law, such as the United Kingdom's international data transfer agreement, these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. If there is no lawful manner for us to transfer personal data from the United Kingdom to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties and injunctions against our processing or transferring of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the United Kingdom to other jurisdictions, particularly the United States, are subject to increased scrutiny from regulators, individual litigants and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers out of Europe for allegedly violating the European Union's General Data Protection Regulation's, or EU GDPR, cross-border data transfer limitations. For example, in May 2023, the Irish Data Protection Commission determined that a major social media company's use of the standard contractual clauses to transfer personal data from Europe to the United States was insufficient and levied a 1.2 billion Euro fine against the company and prohibited the company from transferring personal data to the United States. Substantially similar legal considerations apply under the UK GDPR as those analyzed and applied in the context of the EU GDPR by the Irish Data Protection Commission in reaching the decision to levy this fine.

In addition to data privacy and security laws, we may be contractually subject to industry standards adopted by industry groups and may become subject to such obligations in the future.

We may also be bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. For example, certain privacy laws, such as the UK GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers. We may publish privacy

policies, marketing materials and other statements regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

Obligations related to data privacy and security are quickly changing, becoming increasingly stringent and creating regulatory uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources. These obligations may necessitate changes to our services, information technologies, systems and practices and to those of any third parties that process personal data on our behalf. We may at times fail, or be perceived to have failed, in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties on which we rely may fail to comply with such obligations, which could negatively impact our business operations. If we or the third parties on which we rely fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar), litigation (including class-action claims), and mass arbitration demands, additional reporting requirements and/or oversight, bans on processing personal data, orders to destroy or not use personal data and imprisonment of company officials. Any of these events could have a material adverse effect on our reputation, business or financial condition, including but not limited to loss of customers, interruptions or stoppages in our business operations including clinical trials, inability to process personal data or to operate in certain jurisdictions, limited ability to develop or commercialize our products, expenditure of time and resources to defend any claim or inquiry, adverse publicity or substantial changes to our business model or operations.

In particular, plaintiffs have become increasingly more active in bringing privacy-related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations.

If we or any contract manufacturers and suppliers we engage fail to comply with environmental, health, and safety laws and regulations, we could become subject to fines or penalties or incur costs that could seriously harm our business.

We and any contract manufacturers and suppliers we engage are subject to numerous federal, state and local environmental, health, and safety laws, regulations, and permitting requirements, including those governing laboratory procedures; the generation, handling, use, storage, treatment and disposal of hazardous and regulated materials and wastes; the emission and discharge of hazardous materials into the ground, air and water; and employee health and safety. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. Under certain environmental laws, we could be held responsible for costs relating to any contamination at our current or past facilities and at third-party facilities. We also could incur significant costs associated with civil or criminal fines and penalties.

Compliance with applicable environmental laws and regulations may be expensive, and current or future environmental laws and regulations may impair our research, product development and manufacturing efforts. In addition, we cannot entirely eliminate the risk of accidental injury or contamination from these materials or wastes. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not carry specific biological or hazardous waste insurance coverage, and our property, casualty, and general liability insurance policies specifically exclude coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Accordingly, in the event of contamination or injury, we could be held liable for damages or be penalized with fines in an amount exceeding our resources, and our clinical trials or regulatory approvals could be suspended, which could seriously harm our business.

Risks Related to Our Dependence on Third Parties

We rely on third parties to conduct our clinical trials, and those third parties may not perform satisfactorily, including failing to meet established deadlines for the completion of such clinical trials.

Our reliance on third parties for clinical development activities reduces our control over these activities. However, if we sponsor clinical trials, we are responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trials. Moreover, the FDA requires us to comply with requirements, commonly referred to as good clinical practices, for conducting, recording, and reporting the results of clinical trials to ensure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Our reliance on third parties does not relieve us of these responsibilities and requirements. Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may be delayed in obtaining regulatory approvals for our product candidates and may be delayed in our efforts to successfully commercialize our product candidates for targeted diseases.

In addition, investigator initiated trials, or IITs, which are scientific research that is initiated, sponsored, and conducted by an independent investigator(s) and/or institution(s) not affiliated with us, are being, and additional IITs, may be conducted involving potential product candidates, including the potential IITs in China. The investigator, sponsor, and/or investigator/sponsor remains responsible for conception, design, data analysis, publication, and compliance with applicable law. Investigator initiated trials can contribute towards enhancing the understanding of products (such as mechanism of action) and sparking new ideas for further research; however, IITs are generally not supported by pharmaceutical companies for the purposes of generating data that can lead to product labelling changes. Even if an IIT has positive results, additional studies, along with regulatory agency guidance and approval, would be required to advance a pharmaceutical product to the next stage of development and new potential labelling changes or indications. If we are unable to confirm or replicate the results from an IIT or if negative results are obtained, we would likely be further delayed or prevented from advancing further clinical development. Further, if the data proves to be inadequate compared to the firsthand knowledge we might have gained had the IIT been sponsored and conducted by us, then our ability to design and conduct any future clinical trials ourselves may be adversely affected. Negative results in IITs could have a material adverse effect on our efforts to obtain regulatory approval for such product candidates and the public perception of such product candidates. In addition, third parties that are investigating product candidates which have not been provided by us may seek and obtain regulatory approval of product candidates before we do, which may adversely affect our development strategy and eligibility for certain exclusivities for which we may otherwise be eligible.

We intend to rely on third parties to conduct, supervise and monitor a significant portion of our research and preclinical testing and clinical trials for our product candidates, and if those third parties do not successfully carry out their contractual duties, comply with regulatory requirements or otherwise perform satisfactorily, we may not be able to obtain regulatory approval or commercialize product candidates, or such approval or commercialization may be delayed, and our business may be substantially harmed.

We do not have a clinical operations team and intend to engage CROs and other third parties to conduct our planned preclinical studies or clinical trials and to monitor and manage data. We expect to continue to rely on third parties, including clinical data management organizations, medical institutions and clinical investigators, to conduct those clinical trials. Any of these third parties may terminate their engagements with us, some in the event of an uncured material breach and some at any time for convenience. If any of our relationships with these third parties terminate, we may not be able to timely enter into arrangements with alternative third parties or to do so on commercially reasonable terms, if at all. Switching or adding CROs involves substantial cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Though we intend to carefully manage our relationships with our CROs, there can be no assurance that we will not encounter challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects. Further, the performance of our CROs and other third parties conducting our trials may also be interrupted by the ongoing COVID-19 pandemic, including due to travel or quarantine policies, heightened exposure of CRO or clinical site or other vendor staff who are healthcare providers to COVID-19 or prioritization of resources toward the pandemic. public health emergencies.

In addition, any third parties conducting our clinical trials will not be our employees, and except for remedies available to us under our agreements with such third parties, we cannot control whether or not they devote sufficient time and resources to our clinical programs. 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, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. Consequently, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase substantially and our ability to generate revenue could be delayed significantly.

We rely on these parties for execution of our preclinical studies and clinical trials, and generally do not control their activities. Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibilities. For example, we will remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires us to comply with standards, commonly referred to as good clinical practices, or GCPs, for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. If we or any of our CROs or other third parties, including trial sites, fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, MHRA, EMA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials complies with GCP regulations. In addition, our clinical trials must be conducted with product produced under cGMP conditions. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

We also are required to register certain ongoing clinical trials and post the results of certain completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within specified timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

In addition, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive compensation in connection with such services. Under certain circumstances, we may be required to report some of these relationships to the FDA. The FDA may conclude that a financial relationship between us and a principal investigator has created a conflict of interest or otherwise affected interpretation of the trial. The FDA may therefore question the integrity of the data generated at the applicable clinical trial site and the utility of the clinical trial itself may be jeopardized. This could result in a delay in approval, or rejection, of our marketing applications by the FDA and may ultimately lead to the denial of marketing approval for ITIL-306 or any other product candidates.

We also expect to rely on other third parties to store and distribute product supplies for our clinical trials. Any performance failure on the part of our distributors could delay clinical development or marketing approval of our product candidates or commercialization of our products, producing additional losses and depriving us of potential revenue.

We may seek collaborations with third parties for the development or commercialization of our product candidates. If those collaborations are not successful, we may not be able to capitalize on the market potential of these product candidates.

We may seek third-party collaborators for the development and commercialization of our product candidates, including for the commercialization of any of our product candidates that are approved for marketing outside the United States. Our likely collaborators for any such arrangements include regional and national pharmaceutical companies and biotechnology companies. If we enter into any additional such arrangements with any third parties, we will likely have limited control over the amount and timing of resources that our collaborators dedicate to the development or commercialization of our product candidates. Our ability to generate revenue from these arrangements will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements.

Collaborations involving our product candidates would pose the following risks to us:

- collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations;
- collaborators may not perform their obligations as expected;
- collaborators may not pursue development and commercialization of any product candidates that achieve regulatory approval or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborators' strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- we could grant exclusive rights to our collaborators that would prevent us from collaborating with others;

- our collaborators could be our competitors and product candidates discovered in collaboration with us may be viewed by our collaborators as competitive with their own product candidates or drugs, which may cause collaborators to cease to devote resources to the commercialization of our product candidates;
- a collaborator with marketing and distribution rights to one or more of our product candidates that achieve regulatory approval may not commit sufficient resources to the marketing and distribution of such products;
- disagreements with collaborators, including disagreements over proprietary rights, contract interpretation or the preferred course of development, might cause delays or termination of the research, development or commercialization of product candidates, might lead to additional responsibilities for us with respect to product candidates, or might result in litigation or arbitration, any of which would be time-consuming and expensive;
- collaborators may not properly maintain or defend our or their intellectual property rights or may use our or their proprietary information in such a way as to invite litigation that could jeopardize or invalidate such intellectual property or proprietary information or expose us to potential litigation;
- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability; and
- collaborations may be terminated for the convenience of the collaborator and, if terminated, we could be required to raise additional capital to pursue further development or commercialization of the applicable product candidates.

Collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all. If any future collaborator of ours were to be involved in a business combination, the continued pursuit and emphasis on our product development or commercialization program could be delayed, diminished or terminated.

We face significant competition in seeking appropriate collaborators. Whether we reach a definitive agreement for any 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. Those factors may include the design or results of clinical trials, the likelihood of approval by the FDA, MHRA, EMA or similar regulatory authorities outside the United States, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge and industry and market conditions generally. The collaborator may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for our product candidate. Collaborations are complex and time-consuming to negotiate and document. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced 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 are unable to do so, we may have to curtail the development of such product candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we may not be able to further develop our product candidates or bring them to market and generate revenue.

Risks Related to our Intellectual Property

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

We rely upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to our product candidates and technologies. Our success depends in large part on our ability to obtain and maintain patent and other intellectual property protection in the United States and in other countries with respect to our proprietary technology and product candidates.

As of the date of this Annual Report on Form 10-K, we do not currently in-license any intellectual property, but we may choose to do so in the future. The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. We cannot offer any assurances about which of our patent applications will issue, the breadth of any resulting patent or whether any of the issued patents will be found invalid and unenforceable or will be threatened by third parties. We cannot offer any assurances that the breadth of our resulting or granted patents will be sufficient to stop a competitor from developing and commercializing a product, including a biosimilar product, that would be competitive with one or more of our product candidates. There is no assurance that all the potentially relevant prior art relating to our patent and patent applications has been found, which can invalidate a patent or prevent a patent from issuing from a pending patent application. Since patent applications in the United States and most other countries are confidential for a period of time after filing, we cannot be certain that we or our future licensors were the first to file any patent application related to our product candidates and technologies. Additionally, a derivation proceeding before the United States Patent and Trademark Office can be initiated by a third party to contest inventorship of the subject matter claimed in our applications.

Furthermore, any successful challenge to these patents or any other patents owned by or licensed to us after patent issuance could deprive us of rights necessary for the successful commercialization of any of our product candidates and technologies that we may develop. Even if they are unchallenged or such third-party challenges are unsuccessful, our patent and patent applications may not adequately protect our intellectual property, provide exclusivity for our product candidates and technologies, or prevent others from designing around our claims. If the breadth or strength of protection provided by the patent and patent applications we hold, obtain or pursue with respect to our product candidates and technologies is challenged, or if they fail to provide meaningful exclusivity for our product candidates and technologies, it could threaten our ability to commercialize our product candidates and technologies. Further, if we encounter delays in regulatory approvals, the period of time during which we could market a product candidate under patent protection, if approved, would be reduced.

The patent prosecution process is expensive and time-consuming. We may not be able to prepare, file and prosecute all necessary or desirable patent applications at a commercially reasonable cost, in a timely manner, or in all jurisdictions. It is also possible that we may fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection. Moreover, depending on the terms of any future in-licenses to which we may become a party, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology in-licensed from third parties. Therefore, these patents and patent applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. In addition to the protection provided by our patent estate, we rely on trade secret protection and confidentiality agreements to protect proprietary scientific, business and technical information and know-how that is not or may not be patentable or that we elect not to patent. We seek to protect our proprietary information, data and processes, in part, by confidentiality agreements and invention assignment agreements with our employees, consultants, scientific advisors, contractors and partners. Although these agreements are designed to protect our proprietary information, we cannot be certain that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Although we generally require all of our employees to assign their inventions to us, and all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information, or technology to enter into confidentiality agreements, we cannot provide any assurances that all such agreements have been duly executed with all third parties who may have helped to develop our intellectual property or who had access to our proprietary information, or that our agreements will not be breached. If any of the parties to these confidentiality agreements breaches or violates the terms of such agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets as a result.

Enforcing a claim that a third party illegally obtained and is using our trade secrets, like patent litigation, is expensive and time-consuming, and the outcome is unpredictable. Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. The enforceability of confidentiality agreements may vary from jurisdiction to jurisdiction. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. Additionally, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret. We cannot guarantee that our employees, former employees or consultants will not file patent applications claiming our inventions. Because of the “first-to-file” laws in the United States and the uncertainties surrounding outcomes of derivation proceedings before the United States Patent and Trademark Office, such unauthorized patent application filings may defeat our attempts to obtain patents on our own inventions.

Trade secrets and know-how can be difficult to protect as trade secrets and know-how will over time be disseminated within the industry through independent development, the publication of journal articles, and the movement of personnel skilled in the art from company to company or academic to industry scientific positions. Moreover, our competitors may independently develop knowledge, methods and know-how equivalent to our trade secrets. Competitors could purchase our products and attempt to replicate some or all of the competitive advantages we derive from our development efforts, willfully infringe our intellectual property rights, design around our protected technology or develop their own technologies that fall outside of our intellectual property rights. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our trade secrets and proprietary know-how were to be disclosed to or independently developed by a competitor, our competitive position would be harmed.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. Monitoring unauthorized uses and disclosures is difficult, and we do not know whether the steps we have taken to protect our proprietary technologies will be effective.

While we have confidence in these individuals, organizations and systems, our agreements or security measures may be breached, and we may not have adequate remedies for any breach. Also, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret. In addition, others may independently discover our trade secrets and proprietary information. For example, the FDA is considering whether to make additional information publicly available on a routine basis, including information that we may consider to be trade secrets or other proprietary information, and it is not clear at the present time how the FDA’s disclosure policies may change in the future. If we are unable to prevent material disclosure of the non-patented intellectual property related to our technologies to third parties, and there is no guarantee that we will have any such enforceable trade secret protection, we may not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, results of operations and financial condition.

Patent terms may be inadequate to protect our competitive position on our products for an adequate amount of time, and if we do not obtain protection under the Hatch-Waxman Amendments and similar non-United States legislation for extending the term of patents covering each of our product candidates, our business may be materially harmed.

Patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after its first effective filing date. Although various extensions may be available, the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired for a product, we may be open to competition from generic medications. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates may expire before or shortly after such candidates are commercialized. Depending upon the timing, duration and conditions of FDA marketing approval of our product candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments, and similar legislation in the European Union. The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval. Only one patent may be extended, and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened and our competitors may obtain approval to market competing products sooner. As a result, our revenue from applicable products could be reduced and could have a material adverse effect on our business.

If we fail to comply with our obligations imposed by any intellectual property licenses with third parties that we may need in the future, we could lose rights that are important to our business.

Although we do not currently have any intellectual property licenses with third parties, we may in the future require licenses to additional third-party technology and materials. Such licenses may not be available in the future or may not be available on commercially reasonable terms, or at all, which could have a material adverse effect on our business and financial condition. Even if we acquire the right to control the prosecution, maintenance and enforcement of the licensed and sublicensed intellectual property relating to our product candidates, we may require the cooperation of our licensors and any upstream licensor, which may not be forthcoming. Therefore, we cannot be certain that the prosecution, maintenance and enforcement of these patent rights will be in a manner consistent with the best interests of our business. If we or our licensor fail to maintain such patents, or if we or our licensor lose rights to those patents or patent applications, the rights we have licensed may be reduced or eliminated and our right to develop and commercialize any of our product candidates that are the subject of such licensed rights could be adversely affected. In addition to the foregoing, the risks associated with patent rights that we license from third parties will also apply to patent rights we may own in the future. Further, if we fail to comply with our development obligations under our license agreements, we may lose our patent rights with respect to such agreement, which would affect our patent rights worldwide.

Termination of any future license agreements would reduce or eliminate our rights under these agreements and may result in our having to negotiate new or reinstated agreements with less favorable terms or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology. Any of the foregoing could prevent us from commercializing our other product candidates, which could have a material adverse effect on our operating results and overall financial condition.

In addition, intellectual property rights that we in-license in the future may be sublicenses under intellectual property owned by third parties, in some cases through multiple tiers. The actions of our licensors may therefore affect our rights to use our sublicensed intellectual property, even if we are in compliance with all of the obligations under our license agreements. Should our licensors or any of the upstream licensors fail to comply with their obligations under the agreements pursuant to which they obtain the rights that are sublicensed to us, or should such agreements be terminated or amended, our ability to develop and commercialize our product candidates may be materially harmed.

Patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our future patents.

Our ability to obtain patents is highly uncertain because, to date, some legal principles remain unresolved, and there has not been a consistent policy regarding the breadth or interpretation of claims allowed in patents in the United States. Furthermore, the specific content of patents and patent applications that are necessary to support and interpret patent claims is highly uncertain due to the complex nature of the relevant legal, scientific, and factual issues. Changes in either patent laws or interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property or narrow the scope of our patent protection.

For example, on September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act included a number of significant changes to U.S. patent law. These included provisions that affect the way patent applications will be prosecuted and may also affect patent litigation. The USPTO has developed new and untested regulations and procedures to govern the full implementation of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, became effective in March 2013. The Leahy-Smith Act has also introduced procedures making it easier for third parties to challenge issued patents, as well as to intervene in the prosecution of patent applications. Finally, the Leahy-Smith Act contained new statutory provisions that require the USPTO to issue new regulations for their implementation, and it may take the courts years to interpret the provisions of the new statute. It is too early to tell what, if any, impact the Leahy-Smith Act will have on the operation of our business and the protection and enforcement of our intellectual property. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our future patents. Further, the United States Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on actions by the United States Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce patents that we have owned or licensed or that we might obtain in the future. An inability to obtain, enforce, and defend patents covering our proprietary technologies would materially and adversely affect our business prospects and financial condition.

Similarly, changes in patent laws and regulations in other countries or jurisdictions, changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce patents that we may obtain in the future. As an example, some European patent applications will soon have the option, upon grant of a patent, of becoming a Unitary Patent, which will be subject to the jurisdiction of the Unitary Patent Court, or UPC. The option of a Unitary Patent will be is a significant change in European patent practice. As the UPC is a new court system, there is no precedent for the court, increasing the uncertainty of any litigation in the UPC. Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. For example, if the issuance in a given country of a patent covering an invention is not followed by the issuance in other countries of patents covering the same invention, or if any judicial interpretation of the validity, enforceability or scope of the claims or the written description or enablement, in a patent issued in one country is not similar to the interpretation given to the corresponding patent issued in another country, our ability to protect our intellectual property in those countries may be limited. Changes in either patent laws or in interpretations of patent laws in the United States and other countries may materially diminish the value of our intellectual property or narrow the scope of our patent protection.

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

Competitors may infringe our issued patents or any patents issued as a result of our pending or future patent applications. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party in such infringement proceeding from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated, held unenforceable or interpreted narrowly, and could put any of our patent applications at risk of not yielding an issued patent.

If we initiate legal proceedings against a third party to enforce a patent covering one of our product candidates, the defendant could counterclaim that the patent covering our product or product candidate is invalid and/or unenforceable. In patent litigation in the United States, counterclaims alleging invalidity and/or unenforceability are common, and there are numerous grounds upon which a third party can assert invalidity or unenforceability of a patent. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an

allegation that someone connected with prosecution of the patent withheld relevant information from the PTO, or made a misleading statement, during prosecution. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post grant review, *inter partes* review and equivalent proceedings in foreign jurisdictions (for example, opposition proceedings, nullity proceedings or litigation or invalidation trials or invalidation proceedings). Such proceedings could result in revocation of or amendment to our patents in such a way that they no longer cover our product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we cannot be certain that there is no invalidating prior art of which we, our patent counsel, and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing and could have a material adverse impact on our business.

Derivation proceedings initiated by third parties or us may be necessary to determine the inventorship (and possibly also ownership) of inventions with respect to our patent applications or resulting patents, or patent applications or resulting patents of third parties. An unfavorable outcome could require us to cease using the related technology or force us to take a license under the patent rights of the prevailing party, if available. Furthermore, our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our defense of litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. We may not be able to prevent misappropriation of our intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States.

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

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 and validity 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, which may negatively impact our ability to market our products. 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, which may negatively impact our ability to develop and market our product candidates. Our failure to identify and correctly interpret relevant patents may negatively impact our ability to develop and market our products.

We may be unsuccessful in licensing or acquiring intellectual property from third parties that may be required to develop and commercialize our product candidates.

A third party may hold intellectual property, including patent rights that are important or necessary to the development and commercialization of our product candidates. It may be necessary for us to use the patented or proprietary technology of third parties to commercialize our product candidates, in which case we would be required to acquire or obtain a license to such intellectual property from these third parties, and we may be unable to do so on commercially reasonable terms or at all. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, capital resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or product candidate, which could have a material adverse effect on our business.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which would be uncertain.

Our commercial success depends in part on our ability to develop, manufacture, market and sell our drug candidates and use our proprietary technologies without infringing or otherwise violating the patents and proprietary rights of third parties. As our current and future product candidates progress toward commercialization, the possibility of a patent infringement claim against us increases. There is a substantial amount of litigation involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, derivation proceedings, post grant reviews, inter partes reviews, and reexamination proceedings before the USPTO or oppositions and other comparable proceedings in foreign jurisdictions. Numerous United States and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are developing product candidates, and there may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our product candidates and technologies. Third parties, including our competitors may initiate legal proceedings against us alleging that we are infringing or otherwise violating their patent or other intellectual property rights.

We cannot provide any assurance that our current and future product candidates do not infringe other parties' patents or other proprietary rights, and competitors or other parties may assert that we infringe their proprietary rights in any event. We may become party to, or threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to our current and future product candidates, including interference or derivation proceedings before the USPTO. Even if we believe such claims are without merit, a court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, which could have a negative impact on our ability to commercialize ITIL-306 or any future product candidates. In order to successfully challenge the validity of any such U.S. patent in federal court, we would need to overcome a presumption of validity. As this burden is high and requires us to present clear and convincing evidence as to the invalidity of any such U.S. patent claim, there is no assurance that a court of competent jurisdiction would agree with us and invalidate the claims of any such U.S. patent. Moreover, given the vast number of patents in our field of technology, we cannot be certain that we do not infringe existing patents or that we will not infringe patents that may be granted in the future.

While we may decide to initiate proceedings to challenge the validity of these or other patents in the future, we may be unsuccessful, and courts or patent offices in the United States and abroad could uphold the validity of any such patent. Furthermore, because patent applications can take many years to issue and may be confidential for 18 months or more after filing, and because pending patent claims can be revised before issuance, there may be applications now pending which may later result in issued patents that may be infringed by the manufacture, use or sale of our product candidates. Regardless of when filed, we may fail to identify relevant third-party patents or patent applications, or we may incorrectly conclude that a third-party patent is invalid or not infringed by our product candidates or activities. If a patent holder believes that one of our product candidates infringes its patent, the patent holder may sue us even if we have received patent protection for our technology. In addition, third parties may obtain patents in the future and claim that our product candidates or technologies infringe upon these patents. Moreover, we may face patent infringement claims from non-practicing entities that have no relevant drug revenue and against whom our own patent portfolio may thus have no deterrent effect. If a patent infringement suit were threatened or brought against us, we could be forced to stop or delay research, development, manufacturing or sales of the drug or product candidate that is the subject of the actual or threatened suit.

If we are found to infringe a third party's valid intellectual property rights, we could be required to obtain a license from such third party to continue commercializing our product candidates. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if a license can be obtained on acceptable terms, the rights may be non-exclusive, which could give our competitors access to the same technology or intellectual property rights licensed to us. If we fail to obtain a required license, we may be unable to effectively market product candidates based on our technology, which could limit our ability to generate revenue or achieve profitability and possibly prevent us from generating revenue sufficient to sustain our operations. Alternatively, we may need to redesign our infringing products, which may be impossible or require substantial time and monetary expenditure. Under certain circumstances, we could be forced, including by court orders, to cease commercializing our product candidates. In addition, in any such proceeding or litigation, we could be found liable for substantial monetary damages, potentially including treble damages and attorneys' fees, if we are found to have willfully infringed the patent at issue. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could harm our business. Any claims by third parties that we have misappropriated their confidential information or trade secrets could have a similar negative impact on our business.

The cost to us in defending or initiating any litigation or other proceeding relating to patent or other proprietary rights, even if resolved in our favor, could be substantial, and litigation would divert our management's attention. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could delay our research and development efforts and limit our ability to continue our operations.

We may be subject to claims that our employees, consultants, or independent contractors have wrongfully used or disclosed confidential information of third parties.

We employ individuals who were previously employed at other biotechnology or biopharmaceutical companies. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or our employees, consultants, or independent contractors have inadvertently or otherwise used or disclosed confidential information of our employees' former employers or other third parties. We may also be subject to claims that former employers or other third parties have an ownership interest in our future patents. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. There is no guarantee of success in defending these claims, and even if we are successful, litigation could result in substantial cost and be a distraction to our management and other employees.

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

We may also be subject to claims that former employees, collaborators, or other third parties have an ownership interest in our patent applications, our future patents issued as a result of our pending or future applications, or other intellectual property. We may be subject to ownership disputes in the future arising, for example, from conflicting obligations of consultants or others who are involved in developing our product candidates. Although it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own, and we cannot be certain that our agreements with such parties will be upheld in the face of a potential challenge, or that they will not be breached, for which we may not have an adequate remedy. The assignment of intellectual property rights may not be self-executing or the assignment agreements may be breached, and litigation may be necessary to defend against these and other claims challenging inventorship or ownership. 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.

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

If we rely on third parties to manufacture or commercialize our product candidates, or if we collaborate with additional third parties for the development of such product candidates, we must, at times, share trade secrets with them. We may also conduct joint research and development programs that may require us to share trade secrets under the terms of our research and development partnerships or similar agreements. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, consulting agreements or other similar agreements with our advisors, employees, third-party contractors and consultants prior to beginning research or disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose our confidential information, including our trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our know-how and trade secrets, a competitor's discovery of our trade secrets or other unauthorized use or disclosure could have an adverse effect on our business and results of operations.

In addition, these agreements typically restrict the ability of our advisors, employees, third-party contractors and consultants to publish data potentially relating to our trade secrets. Despite our efforts to protect our trade secrets, we may not be able to prevent the unauthorized disclosure or use of our technical know-how or other trade secrets by the parties to these agreements. Moreover, we cannot guarantee that we have entered into such agreements with each party that may have or have had access to our confidential information or proprietary technology and processes. Monitoring unauthorized uses and disclosures is difficult, and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. If any of the collaborators, scientific advisors, employees, contractors and consultants who are parties to these agreements breaches or violates the terms of any of these agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets as a result. Moreover, if confidential information that is licensed or disclosed to us by our partners, collaborators, or others is inadvertently disclosed or subject to a breach or violation, we may be exposed

to liability to the owner of that confidential information. Enforcing a claim that a third party illegally obtained and is using our trade secrets, like patent litigation, is expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets.

We may enjoy only limited geographical protection with respect to certain patents and we may not be able to protect our intellectual property rights throughout the world.

Filing and prosecuting patent applications and defending patents covering our product candidates in all countries throughout the world would be prohibitively expensive. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection, but enforcement rights are not as strong as that in the United States or Europe. These products may compete with our product candidates, and our future patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

In addition, we may decide to abandon national and regional patent applications before they are granted. The examination of each national or regional patent application is an independent proceeding. As a result, patent applications in the same family may issue as patents in some jurisdictions, such as in the United States, but may issue as patents with claims of different scope or may even be refused in other jurisdictions. It is also quite common that depending on the country, the scope of patent protection may vary for the same product candidate or technology.

While we intend to protect our intellectual property rights in our expected significant markets, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our product candidates. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have an adverse effect on our ability to successfully commercialize our product candidates in all of our expected significant foreign markets. If we encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished, and we may face additional competition from others in those jurisdictions.

The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws or rules and regulations in the United States and Europe and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property rights, especially those relating to life sciences, which could make it difficult for us to stop the infringement of our future patents or marketing of competing products in violation of our proprietary rights generally. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Moreover, our ability to protect and enforce our intellectual property rights may be adversely affected by unforeseen changes in foreign intellectual property laws.

Proceedings to enforce our patent rights in other jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our future patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Furthermore, while we intend to protect our intellectual property rights in our expected significant markets, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our product candidates. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license from third parties.

Some countries also have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, some countries limit the enforceability of patents against government agencies or government contractors. In those countries, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired.

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

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents and/or applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our patents and/or applications and any patent rights we may obtain in the future. Furthermore, the USPTO and various non-U.S. government patent agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals and rely on such third parties to help us comply with these requirements and effect payment of these fees with respect to the patent and patent applications that we own, and if we in-license intellectual property, we may have to rely upon our licensors to comply with these requirements and effect payment of these fees with respect to any patents and patent applications that we license. In many cases, an inadvertent lapse of a patent or patent application can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patents or patent applications, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market, which could have a material adverse effect on our business.

Any trademarks we have obtained or may obtain may be infringed or otherwise violated, or successfully challenged, resulting in harm to our business.

We expect to rely on trademarks as one means to distinguish our product candidates, if approved for marketing, from the drugs of our competitors. Once we select new trademarks and apply to register them, our trademark applications may not be approved. Although we would be given an opportunity to respond to those rejections, we may be unable to overcome such rejections. Third parties may oppose or attempt to cancel our trademark applications or trademarks, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our drugs, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing new brands. Our competitors may infringe or otherwise violate our trademarks and we may not have adequate resources to enforce our trademarks. Any of the foregoing events may have a material adverse effect on our business. Moreover, any name we propose to use with our product candidates in the United States must be approved by the FDA, regardless of whether we have registered it, or applied to register it, as a trademark. The FDA typically conducts a review of proposed product names, including an evaluation of potential for confusion with other product names. If the FDA objects to any of our proposed proprietary product names, we may be required to expend significant additional resources in an effort to identify a suitable substitute name that would qualify under applicable trademark laws, not infringe the existing rights of third parties and be acceptable to the FDA.

Any collaboration arrangements that we may enter into in the future may not be successful, which could adversely affect our ability to develop and commercialize our product candidates.

We may seek collaboration arrangements with pharmaceutical or biotechnology companies for the development or commercialization of our product candidates depending on the merits of retaining commercialization rights for ourselves as compared to entering into collaboration arrangements. We will face, to the extent that we decide to enter into collaboration agreements, significant competition in seeking appropriate collaborators. Moreover, collaboration arrangements are complex and time-consuming to negotiate, document, implement and maintain. We may not be successful in our efforts to establish and implement collaborations or other alternative arrangements should we so chose to enter into such arrangements. The terms of any collaborations or other arrangements that we may establish may not be favorable to us.

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

- collaborators have significant discretion in determining the efforts and resources that they will apply to collaborations;
- collaborators may not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in their strategic focus due to the acquisition of competitive products, availability of funding or other external factors, such as a business combination that diverts resources or creates competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial, abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates;
- a collaborator with marketing, manufacturing and distribution rights to one or more products may not commit sufficient resources to or otherwise not perform satisfactorily in carrying out these activities;
- we could grant exclusive rights to our collaborators that would prevent us from collaborating with others;
- collaborators may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;
- disputes may arise between us and a collaborator that causes the delay or termination of the research, development or commercialization of our current or future products or that results in costly litigation or arbitration that diverts management attention and resources;
- collaborations may be terminated, and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable current or future products;
- collaborators may own or co-own intellectual property covering our products that results from our collaborating with them, and in such cases, we would not have the exclusive right to develop or commercialize such intellectual property; and
- a collaborator's sales and marketing activities or other operations may not be in compliance with applicable laws resulting in civil or criminal proceedings.

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

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

- others may be able to make products that are similar to or otherwise competitive with our product candidates but that are not covered by the claims of our current or future patents;
- an in-license necessary for the manufacture, use, sale, offer for sale or importation of one or more of our product candidates may be terminated by the licensor;
- we or future collaborators might not have been the first to make the inventions covered by our issued or future issued patents or our pending patent applications;
- we or future collaborators might not have been the first to file patent applications covering certain of our inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our pending patent applications will not lead to issued patents;
- issued patents that we own or in-license may be held invalid or unenforceable as a result of legal challenges by our competitors;
- issued patents that we own or in-license may not provide coverage for all aspects of our product candidates in all countries;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable; and
- the patents of others may have an adverse effect on our business.

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

Risks Related to Legal and Regulatory Compliance Matters

Our relationships with customers, healthcare providers, including physicians, and third-party payors are subject, directly or indirectly, to federal and state healthcare fraud and abuse laws, false claims laws, and other healthcare laws and regulations. If we are unable to comply, or have not fully complied, with such laws, we could face substantial penalties.

Healthcare providers, including physicians, and third-party payors in the United States and elsewhere will play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our current and future arrangements with healthcare professionals, principal investigators, consultants, customers and third-party payors subject us to various federal and state fraud and abuse laws and other healthcare laws, including, without limitation, the federal Anti-Kickback Statute, the federal civil and criminal false claims laws and the law commonly referred to as the Physician Payments Sunshine Act and regulations promulgated under such laws. These laws will impact, among other things, our clinical research, proposed sales, marketing and educational programs, and other interactions with healthcare professionals. In addition, we may be subject to patient privacy laws by both the federal government and the states in which we conduct or may conduct our business. The laws that will affect our operations include, but are not limited to:

- the federal Anti-Kickback Statute, which prohibits, among other things, individuals or entities from knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind in return for, or to induce, either the referral of an individual, or the purchase, lease, order or arrangement for or recommendation of the purchase, lease, order or arrangement for any good, facility, item or service for which payment may be made, in whole or in part, under a federal healthcare program, such as the Medicare and Medicaid programs. The term "remuneration" has been broadly interpreted to include anything of value. Although there are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution, the exceptions and safe harbors are drawn narrowly. Practices that involve remuneration that may be alleged to be intended to induce prescribing, purchases or recommendations may be subject to scrutiny if they do not qualify for an exception or safe harbor. A person does not need to have actual knowledge of this statute or specific intent to violate it in order to have committed a violation;

- the federal civil and criminal false claims laws, including, without limitation, the federal False Claims Act, which can be enforced by private citizens through civil whistleblower or qui tam actions, and civil monetary penalty laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment or approval from the federal government, including Medicare, Medicaid and other government payors, that are false or fraudulent or knowingly making, using or causing to be made or used a false record or statement material to a false or fraudulent claim or to avoid, decrease or conceal an obligation to pay money to the federal government. A claim includes "any request or demand" for money or property presented to the U.S. federal government. Several pharmaceutical and other healthcare companies have been prosecuted under these laws for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. Other companies have been prosecuted for causing false claims to be submitted because of the companies' marketing of products for unapproved, and thus non-reimbursable, uses. In addition, the government may assert that a

  claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act;

- HIPAA, which created additional federal criminal statutes which prohibit, among other things, a person from knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- HIPAA, as amended by HITECH, and its implementing regulations, which imposes certain obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information without the appropriate authorization by entities subject to the law, such as health plans, healthcare clearinghouses and healthcare providers and their respective business associates and their covered subcontractors;

- the federal transparency laws, including the federal Physician Payments Sunshine Act, which requires certain manufacturers of drugs, medical devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the State Children's Health Insurance Program, with specific exceptions, to report annually to the Centers for Medicare & Medicaid Services, or CMS, information related to: (i) payments or other "transfers of value" value" made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), other health care professionals (such as physician assistants and nurse practitioners), and teaching hospitals, and (ii) ownership and investment interests held by physicians and their immediate family members;

- analogous state and foreign laws and regulations; state laws that require manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, marketing expenditures or drug pricing; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, or that otherwise restrict payments that may be made to healthcare providers; and state and local laws that require the registration of pharmaceutical sales representatives; and

- laws, regulations, and industry standards governing date data privacy and security, including laws requiring data to be localized or limiting the transfer of personal data to other countries, data breach notification laws, and personal data privacy laws, such as the UK GDPR, which imposes strict requirements on the processing of personal data, the CCPA, which requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights, and comprehensive privacy laws of other states such as Virginia and Colorado.

Because of the breadth of these laws and the narrowness of the statutory exceptions and regulatory safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant penalties, including, without limitation, civil, criminal and administrative penalties,

damages, fines, disgorgement, imprisonment, exclusion from participating in federal and state funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, contractual damages, diminished profits and future earnings, reputational harm and the curtailment or restructuring of our operations, any of which could harm our business.

The risk of our being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. The shifting compliance environment and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance and/or reporting requirements increases the possibility that a healthcare company may run afoul of one or more of the requirements.

Our collaboration in China subject us to risks and uncertainties relating to challenged and changing relations between the United States and China.

Trade and political relations between the United States and China are strained. Each country has been enacting sanctions and threatening additional sanctions against the other. The United States Congress has been pursuing potential legislation targeting certain China-based biopharmaceutical companies, among other China-based companies. Additionally, the biopharmaceutical industry in China is strictly regulated by the Chinese government. Changes to Chinese regulations affecting biopharmaceutical companies, and U.S. laws and regulations affecting biopharmaceutical companies based in or operating in China are also unpredictable. Any regulatory changes and changes in United States and China relations may have a material adverse effect on our collaboration, which could harm our business and financial condition.

Even if we obtain regulatory approval for ITIL-306 or any future product candidates, they will remain subject to ongoing regulatory oversight, which may result in significant additional expense.

Even if we obtain any regulatory approval for ITIL-306 or any future product candidates, such product candidates, they will be subject to ongoing regulatory requirements applicable to manufacturing, labeling, packaging, storage, advertising, promoting, sampling, record-keeping and submission of safety and other post-market information, among other things. Any regulatory approvals that we receive for ITIL-306 or any future product candidates may also be subject to a risk evaluation and mitigation strategy, limitations on the approved indicated uses for which the drug may be marketed or to the conditions of approval, or requirements that we conduct potentially costly post-marketing testing and surveillance studies, including Phase 4 trials and surveillance to monitor the quality, safety and efficacy of the drug. An unsuccessful post-marketing study or failure to complete such a study could result in the withdrawal of marketing approval. We will further be required to immediately report any serious and unexpected adverse events and certain quality or production problems with our products to regulatory authorities along with other periodic reports.

Any new legislation addressing drug safety issues could result in delays in product development or commercialization, or increased costs to assure compliance. We will also have to comply with requirements concerning advertising and promotion for our products. Promotional communications with respect to prescription drug products are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved label. As such, we will not be allowed to promote our products for indications or uses for which they do not have approval, commonly known as off-label promotion. The holder of an approved BLA must submit new or supplemental applications and obtain prior approval for certain changes to the approved product, product labeling, or manufacturing process. A company that is found to have improperly promoted off-label uses of their products may be subject to significant civil, criminal and administrative penalties.

In addition, drug manufacturers are subject to payment of user fees and continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMP requirements and adherence to commitments made in the BLA or foreign marketing application. If we, or a regulatory authority, discover previously unknown problems with a drug, such as adverse events of unanticipated severity or frequency, or problems with the facility where the drug is manufactured or if a regulatory authority disagrees with the promotion, marketing or labeling of that drug, a regulatory authority may impose restrictions relative to that drug, the manufacturing facility or us, including requesting a recall or requiring withdrawal of the drug from the market or suspension of manufacturing.

If we fail to comply with applicable regulatory requirements following approval of ITIL-306 or any future product candidates, a regulatory authority may:

- issue a deficiency letter, untitled letter or warning letter asserting that we are in violation of the law;
- seek an injunction or impose administrative, civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any ongoing clinical trials;
- refuse to approve a pending marketing application or supplement to an approved application or comparable foreign marketing application (or any supplements thereto) submitted by us or our strategic partners;
- restrict the marketing or manufacturing of the drug;
- seize or detain the drug or otherwise require the withdrawal of the drug from the market;
- refuse to permit the import or export of products or product candidates; or
- refuse to allow us to enter into supply contracts, including government contracts.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response and could generate negative publicity. The occurrence of any event or penalty described above may inhibit our ability to commercialize ITIL-306 or any future product candidates and harm our business, financial condition, results of operations and prospects.

Even if we obtain FDA, MHRA or EMA approval any of our product candidates in the United States or European Union, we may never obtain approval for or commercialize any of them in any other jurisdiction, which would limit our ability to realize their full market potential.

In order to market any products in any particular jurisdiction, we must establish and comply with numerous and varying regulatory requirements on a country-by-country basis regarding safety and efficacy.

Approval by the FDA in the United States or the EMA in the European Union does not ensure approval by regulatory authorities in other countries or jurisdictions. However, the failure to obtain approval in one jurisdiction may negatively impact our ability to obtain approval elsewhere. In addition, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not guarantee regulatory approval in any other country.

Approval processes vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking foreign regulatory approval could result in difficulties and increased costs for us and require additional preclinical studies or clinical trials which could be costly and time consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our products in those countries. We do not have any product candidates approved for sale in any jurisdiction, including in foreign markets, and we do not have experience in obtaining regulatory approval in any jurisdiction, including in foreign markets. If we fail to comply with regulatory requirements in foreign markets or to obtain and maintain required approvals, or if regulatory approvals in foreign markets are delayed, our target market will be reduced and our ability to realize the full market potential of any product we develop will be unrealized.

Healthcare legislative or regulatory reform measures may have a negative impact on our business and results of operations.

In the United States and some foreign jurisdictions, there have been, and continue to be, several legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of product candidates, restrict or regulate post-approval activities, and affect our ability to profitably sell any product candidates for which we obtain marketing approval.

Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives. For example, in March 2010, the ACA was passed, which substantially changed the way healthcare is financed by both the government and private insurers, and significantly impacts the U.S. pharmaceutical industry. The ACA, among other things: (i) established an annual, nondeductible fee on any entity that manufactures or imports certain specified branded prescription drugs and biologic agents apportioned among these entities according to their market share in some government healthcare programs; (ii) expanded the entities eligible for discounts under the 340B drug pricing program; (iii) increased the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program to 23.1% and 13% of the average manufacturer price for most branded and generic drugs, respectively, and capped the total rebate amount for innovator drugs at 100% of the Average Manufacturer Price, or AMP; (iv) expanded the eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals and by adding new eligibility categories for individuals with income at or below 133% (as calculated, it constitutes 138%) of the federal poverty level, thereby potentially increasing manufacturers' Medicaid rebate liability; (v) addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for certain drugs and biologics that are inhaled, infused, instilled, implanted or injected; (vi) introduced a new Medicare Part D coverage gap discount program in which manufacturers must now agree to offer 70% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D (increased from 50%, effective January 1, 2019, pursuant to the Bipartisan Budget Act of 2018); (vii) created a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; and (viii) established the Center for Medicare and

Medicaid Innovation at CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription drug.

There have been executive, judicial and congressional challenges to certain aspects of the ACA. For example, on June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge the ACA brought by several states without specifically ruling on the constitutionality of the ACA. Further, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022, or the IRA, into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost and through a newly established manufacturer discount program. It is possible that the ACA will be subject to judicial or congressional challenges in the future. It is unclear how such challenges and any additional healthcare reform measures of the Biden administration will impact the ACA or our business.

Other legislative changes have been proposed and adopted since the ACA was enacted. These changes include aggregate reductions to Medicare payments to providers of 2% per fiscal year pursuant to the Budget Control Act of 2011, which began in 2013, and due to subsequent legislative amendments to the statute, will remain in effect until 2031 2032 unless additional congressional action is taken. Under current legislation the actual reduction in Medicare payments will vary from 1% in 2022 to up to 4% in the final fiscal year of this sequester. The American Taxpayer Relief Act of 2012, among other things, further reduced Medicare payments to several providers, including hospitals and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. Additionally, on March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law, which eliminates the statutory Medicaid drug rebate cap, currently set at 100% of a drug's average manufacturer price, for single source and innovator multiple source drugs, beginning January 1, 2024. These laws may result in additional reductions in Medicare, Medicaid and other healthcare funding, which could have an adverse effect on customers for our product candidates, if approved, and, accordingly, our financial operations.

Additionally, there has been heightened governmental scrutiny in the United States of pharmaceutical pricing practices in light of the rising cost of prescription drugs and biologics. Such scrutiny has resulted in several recent congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. For example, in July 2021, the Biden administration released an executive order, "Promoting "Promoting Competition in the American Economy,"" with multiple provisions aimed at prescription drugs. In response to Biden's Biden's executive order, on September 9, 2021, HHS released a Comprehensive Plan for Addressing High Drug Prices that outlines principles for drug pricing reform and sets out a variety of potential legislative policies that Congress could pursue to advance these principles. Additionally, the IRA, among other things, directs HHS to negotiate the price of certain high-expenditure, single-source drugs and biologics covered under Medicare, and subject drug manufacturers to civil monetary penalties and a potential excise tax by offering a price that is not equal to or less than the negotiated "maximum fair price" under the law, and (ii) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. The IRA permits HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. HHS has and will continue to issue and update guidance as these programs are implemented. These provisions will take took effect progressively starting in fiscal year 2023, although they may be the Medicare drug price negotiation program is currently subject to legal challenges. It is currently unclear how the IRA will be effectuated but is likely to have a significant impact on the pharmaceutical industry. Further, in response to the Biden administration released an additional administration's October 2022 executive order, on October 14, 2022 February 14, 2023, directing HHS to released a report on how outlining three new models for testing by the Center for Medicare and

Medicaid Innovation can which will be further leveraged evaluated on their ability to test new lower the cost of drugs, promote accessibility, and improve quality of care. It is unclear whether the models for lowering drug costs for Medicare and Medicaid beneficiaries. In addition, Congress is considering drug pricing as part of other will be utilized in any health reform initiatives. measures in the future. Similar reform measures have been considered and adopted at the state level as well.

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

In addition, FDA regulations and guidance may be revised or reinterpreted by the FDA in ways that may significantly affect our business and our products. Any new regulations or guidance, or revisions or reinterpretations of existing regulations or guidance, may impose additional costs or lengthen FDA review times for ITIL-306 or any future product candidates. We cannot determine how changes in regulations, statutes, policies, or interpretations when and if issued, enacted or adopted, may affect our business in the future. Such changes could, among other things, require:

- additional clinical trials to be conducted prior to obtaining approval;
- changes to manufacturing methods;
- recalls, replacements, or discontinuance of one or more of our products; and
- additional recordkeeping.

Such changes would likely require substantial time and impose significant costs, or could reduce the potential commercial value of ITIL-306 or other product candidates, and could materially harm our business and our financial results. In addition, delays in receipt of or failure to receive regulatory clearances or approvals for any other products would harm our business, financial condition, and results of operations.

Risks Related to Employee Matters and Managing our Growth

Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on the management, development, clinical, financial and business development expertise of our executive officers. Each of our executive officers may currently terminate their employment with us at any time. We do not maintain “key person” insurance for any of our executives or employees.

Recruiting and retaining qualified scientific and clinical personnel and, if we progress the development of our product pipeline toward scaling up for commercialization, manufacturing and sales and marketing personnel, will also be critical to our success. The loss of the services of our executive officers or other key employees could impede the achievement of our development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

Our resources may not be sufficient to manage our future growth; failure to properly manage our potential growth could disrupt our operations and adversely affect our business, financial condition, results of operations and prospects.

Even if we obtain funding for operations, we may fail to adequately manage our future growth. As and to the extent our development progresses, we expect to experience significant growth and change in the scope of our operations, particularly in the areas of clinical product development, regulatory affairs, manufacturing and, if any of our product candidates receives marketing approval, sales, marketing and distribution. Any change in our operations may place a significant strain in our administrative, financial and operational resources, and increase demands on our management, as well as our operational and administrative systems, controls and other resources. There can be no assurances that our existing personnel, systems, procedures or controls will be adequate to support our operations in the future; or that we will be able to successfully implement appropriate measures consistent with our growth strategy. To strategically manage our future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit, train and retain additional personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such potential future growth, we may not be able to effectively manage the strategic expansion of our operations, manage our employee base or recruit, train and retain additional personnel. Our failure to properly manage our potential growth may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

Our employees, independent contractors, consultants, collaborators, principal investigators, CROs, suppliers and vendors may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements.

We are exposed to the risk that our employees, independent contractors, consultants, collaborators, principal investigators, CROs, suppliers and vendors may engage in fraudulent conduct or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct that violates FDA regulations, including those laws requiring the reporting of true, complete and accurate information to the FDA, manufacturing standards, federal and state healthcare laws and regulations, and laws that require the true, complete and accurate reporting of financial information or data. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Misconduct by these parties could also involve the improper use of individually identifiable information, including, without limitation, information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter misconduct, and the precautions we take to detect and prevent this activity may not be effective in

controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, including, without limitation, damages, fines, disgorgement, imprisonment, exclusion from participation in government healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and the curtailment or restructuring of our operations.

Risks Related to Ownership of our Common Stock and our Status as a Public Company

An active trading market for our common stock may not continue to be developed or sustained.

Prior to our initial public offering, there was no public market for our common stock. Although our common stock is listed on The Nasdaq Global Stock Market LLC, if an active trading market for our shares does not continue to be developed or sustained, it may be difficult for you to sell shares of our common stock at an attractive price or at all.

If we fail to comply with the continued listing standards of the Nasdaq Global Select Market, we may be delisted and the price of our common stock, our ability to access the capital markets and our financial condition could be negatively impacted.

Our common stock is currently listed on Nasdaq under the symbol "TIL." To maintain the listing of our common stock on the Nasdaq Global Select Market, we are required to meet certain listing requirements, including, among others, a minimum closing bid price of $1.00 per share. The decline in the market price of our common stock resulted in Nasdaq notifying us on January 24, 2023 that we were not in compliance with the minimum bid price requirement for continued listing on the Nasdaq Global Select Market. There can be no assurance that we will regain compliance with this, or continue to be in compliance with other, Nasdaq listing criteria in the future. If the Nasdaq Global Select Market delists our securities from trading on its exchange for failure to meet the listing standards, we and our stockholders could face significant negative consequences including:

- limited availability of market quotations for our securities;
- a determination that the common stock is a "penny stock" which will require brokers trading in the common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for shares of common stock;
- a limited amount of analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

The trading price of the shares of our common stock may be volatile, and purchasers of our common stock could incur substantial losses.

Our stock price has been, and may continue to be volatile. The stock market in general and the market for biopharmaceutical companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may not be able to sell their common stock at or above the price paid for the shares. The market price for our common stock may be influenced by many factors, including:

- the results of our collaboration, the commencement, enrollment or results of our clinical trials of ITIL-306 or any future clinical trials we may conduct, or changes in the development status of our product candidates;
- our ability to license-in or otherwise acquire any new product candidates;
- any delay in our regulatory filings for ITIL-306 or any other product candidate we may develop, and any adverse development or perceived adverse development with respect to the applicable regulatory authority's review of such filings, including without limitation the FDA's issuance of a "refusal to file" letter or a request for additional information;
- delays in or termination of clinical trials, such as the recent voluntary pause in cessation of our ITIL-306 clinical trials and subsequent discontinuation of our ITIL-168 clinical program;
- adverse regulatory decisions, including failure to receive regulatory approval of our product candidates;
- unanticipated serious safety concerns related to the use of ITIL-306 or any other product candidate;
- changes in financial estimates by us or by any equity research analysts who might cover our stock;
- conditions or trends in our industry;
- changes in the market valuations of similar companies;
- announcements by our competitors of new product candidates or technologies, or the results of clinical trials or regulatory decisions;
- stock market price and volume fluctuations of comparable companies and, in particular, those that operate in the biopharmaceutical industry;
- publication of research reports about us or our industry or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- announcements by us or our competitors of significant acquisitions, strategic partnerships or divestitures, such as the recent reduction in our U.S. workforce to a team of approximately 15 15;
- to lead global business operations and potential reductions in our UK workforce to re-align our operating model;
- our relationships with our collaborators;
- announcements of investigations or regulatory scrutiny of our operations or lawsuits filed against us;
- investors' general perception of our company and our business;

- recruitment or departure of key personnel;

- overall performance of the equity markets;
- trading volume of our common stock;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- significant lawsuits, including patent or stockholder litigation;
- changes in the structure of healthcare payment systems;
- general political and economic conditions; and
- other events or factors, many of which are beyond our control.

The stock market in general, and the Nasdaq Global Select Stock Market and biotechnology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies, which has resulted in decreased stock prices for many companies notwithstanding the lack of a fundamental change in their underlying business models or prospects. Broad market and industry factors, including the ongoing armed conflict between Russia conflicts in Ukraine and Ukraine, the Middle East, supply chain disruptions, rising heightened inflation and interest rate increases, recent and potential future disruptions in access to bank deposits or lending, commitments due to bank failures and potentially worsening global economic conditions, and other adverse effects or developments relating to the ongoing COVID-19 pandemic, may negatively affect the market price of our common stock, regardless of our actual operating performance. The realization of any of the above risks or any of a broad range of other risks, including those described in this section, could have a significant and material adverse impact on the market price of our common stock.

In addition, in the past, stockholders have initiated class action lawsuits against pharmaceutical and biotechnology companies following periods of volatility in the market prices of these companies' stock. This risk is especially relevant for us because pharmaceutical and biotechnology companies have experienced significant stock volatility in recent years. Recently, multiple plaintiffs' plaintiffs' law firms publicly issued announcements stating that they are investigating potential securities law claims on behalf of our investors. Such litigation, if instituted against us, could cause us to incur substantial costs, subject us to damages or settlement awards and divert management's attention and resources from our business, which could materially harm our reputation, business, financial condition, results of operations and prospects.

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 is influenced by the research and reports that equity research analysts publish about us and our business. As a recently public company, we We have only limited research coverage by equity research analysts. Equity research analysts may elect not to 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 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 our company or fails to publish reports on us regularly, demand for our stock could decrease, which in turn could cause our stock price or trading volume to decline.

A significant portion of our total outstanding shares are available for immediate resale. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. If our stockholders sell, or the market perceives that our stockholders intend to sell, substantial amounts of our common stock in the public market, the market price of our common stock could decline significantly.

As of March 29, 2023 March 19, 2024, we had outstanding 130,079,097 6,503,913 shares of common stock.

stock outstanding.

In addition, we have filed a registration statement on Form S-8 under the Securities Act of 1933, as amended, or the Securities Act, registering the issuance of approximately 31.8 million 1.6 million shares of common stock subject to options or other equity awards issued or reserved for future issuance under our equity incentive plans. Shares registered under these registration statements on Form S-8 will be available for sale in the public market subject to vesting arrangements and exercise of options, the lock-up agreements described above and the restrictions of Rule 144 in the case of our affiliates.

Additionally, as of December 31, 2022 December 31, 2023 the holders of approximately 57.7 million 2.9 million shares of our common stock, or their transferees, have rights, subject to some conditions, to require us to file one or more registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. If we were to register the resale of these shares, they could be freely sold in the public market. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

Provisions in our corporate charter documents and under Delaware law may prevent or frustrate attempts by our stockholders to change our management and hinder efforts to acquire a controlling interest in us, and the market price of our common stock may be lower as a result.

There are provisions in our certificate of incorporation and bylaws that may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change of control was considered favorable by you and other stockholders. For example, our Board of Directors has the authority to issue up to 10,000,000 shares of preferred stock. The Board of Directors can fix the price, rights, preferences, privileges, and restrictions of the preferred stock without any further vote or action by our stockholders. The issuance of shares of preferred stock may delay or prevent a change of control transaction. As a result, the market price of our common stock and the voting and other rights of our stockholders may be adversely affected. An issuance of shares of preferred stock may result in the loss of voting control to other stockholders.

Our charter documents also contain other provisions that could have an anti-takeover effect, including:

- only one of our three classes of directors will be elected each year;
- stockholders will not be entitled to remove directors other than by a 66 2/3% vote and only for cause;
- stockholders will not be permitted to take actions by written consent;
- stockholders cannot call a special meeting of stockholders; and
- stockholders must give advance notice to nominate directors or submit proposals for consideration at stockholder meetings.

In addition, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which regulates corporate acquisitions by prohibiting Delaware corporations from engaging in specified business combinations with particular stockholders of those companies. These provisions could discourage potential acquisition proposals and could delay or prevent a change of control transaction. They could also have the effect of discouraging others from making tender offers for our common stock, including transactions that may be in your best interests. These provisions may also prevent changes in our management or limit the price that investors are willing to pay for our stock.

Concentration of ownership of our common stock among our existing executive officers, directors and principal stockholders may prevent new investors from influencing significant corporate decisions.

Our executive officers, directors and current beneficial owners of 5% or more of our common stock and their respective affiliates beneficially own a majority of our outstanding common stock. As a result, these persons, acting together, would be able to significantly influence all matters requiring stockholder approval, including the election and removal of directors, any merger, consolidation, sale of all or substantially all of our assets, or other significant corporate transactions.

Some of these persons or entities may have interests different than yours. For example, because many of these stockholders purchased their shares at prices substantially below the current market price of our common stock and have held their shares for a longer period, they may be more interested in selling our company to an acquirer than other investors, or they may want us to pursue strategies that deviate from the interests of other stockholders.

We are an "emerging growth company" and a "smaller "smaller reporting company" company" and as a result of the reduced disclosure and governance requirements applicable to emerging growth companies and smaller reporting companies, our common stock may be less attractive to investors.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and we intend to take advantage of some of the exemptions from reporting requirements that are applicable to other public companies that are not emerging growth companies, including:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- not being required to hold a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. We may take advantage of these reporting exemptions until we are no longer an emerging growth company. We will remain an emerging growth company until the earliest of (i) December 31, 2026, (ii) the last day of the fiscal year in which we have total annual gross revenue of at least $1.235 billion, (iii) the last day of the fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock held by non-affiliates exceeded $700.0 million as of the last business day of the second fiscal quarter of such year or (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

Even after we no longer qualify as an emerging growth company, we may, under certain circumstances, still qualify as a "smaller reporting company," which would allow us to take advantage of many of the same exemptions from disclosure requirements, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements.

We will have broad discretion in the use of our cash and cash equivalents, including the net proceeds from our initial public offering.

We have broad discretion over the use of our cash and cash equivalents. 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 our cash and cash equivalents 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 and cash equivalents.

Because we do not anticipate paying any cash dividends on our common stock in the foreseeable future, capital appreciation, if any, will be your sole source of gains and you may never receive a return on your investment.

You should not rely on an investment in our common stock to provide dividend income. We have not declared or paid cash dividends on our common stock to date. We currently intend to retain our future earnings, if any, to fund the development and growth of our business. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future. Investors seeking cash dividends should not purchase our common stock.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes 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 or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

General Risk Factors

We have incurred and will continue to incur increased costs and demands upon management as a result of being a public company.

As a public company listed in the United States, we incur significant additional legal, accounting and other costs, which we anticipate to be between $1.0 million and $2.0 million approximately $3 million annually. These additional costs could negatively affect our financial results. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including regulations implemented by the SEC and the Nasdaq Stock Market, may increase legal and financial compliance costs and make some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies.

We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If notwithstanding our efforts to comply with new laws, regulations and standards, we fail to comply, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Failure to comply with these rules might also make it more difficult for us to obtain some types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors, on committees of our Board of Directors or as members of senior management.

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 Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the rules and regulations of the stock market on which our common stock is listed. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting.

As of our fiscal year ended December 31, 2022, we We must perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting in our Annual Report on Form 10-K filing, each year, as required by Section 404 of the Sarbanes-Oxley Act. This requires that we incur substantial professional fees and internal costs on accounting and finance functions and that we expend significant management efforts. Prior to our fiscal year ended December 31, 2022, we had never been required to test our internal control within a specified period, and, as a result, we may experience difficulty in meeting these reporting requirements in a timely manner.

We may identify 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 in a timely manner, 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 stock could decline and we could be subject to

sanctions or investigations by the stock exchange on which our common stock is listed, the Securities and Exchange Commission or other regulatory authorities.

Our effective tax rate may fluctuate, and we may incur obligations in tax jurisdictions in excess of accrued amounts.

We are subject to taxation in more than one tax jurisdiction. As a result, our effective tax rate is derived from a combination of applicable tax rates in the various places that we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each of such places. Nevertheless, our effective tax rate may be different than experienced in the past due to numerous factors, including passage of newly enacted tax legislation or regulations, changes in the mix of our profitability from jurisdiction to jurisdiction, the results of examinations and audits of our tax filings, our inability to secure or sustain acceptable agreements with tax authorities and changes in accounting for income taxes and changes in tax laws. taxes. Any of these factors could cause us to experience an effective tax rate significantly different from previous periods or our current expectations and may result in tax obligations in excess of amounts accrued in our financial statements.

We might not be able to utilize a significant portion of our net operating loss carryforwards.

We have generated and expect to continue to generate in the future significant federal and state net operating loss, or NOL, carryforwards. These NOL carryforwards could expire unused and be unavailable to offset future income tax liabilities. Under the Tax Act, as modified by the CARES Act, federal NOLs incurred in taxable years beginning after December 31, 2017 may be carried forward indefinitely, but the deductibility of such federal NOLs is limited. It is uncertain how various states will respond to the Tax Act and CARES Act. In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an "ownership change," which is generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period, the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be limited. Our initial public offering, together with private placements and other transactions that have occurred since our inception, may have triggered such an ownership change pursuant to Section 382. We have not yet completed a Section 382 analysis. We may experience ownership changes as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If an ownership change occurs and our ability to use our NOL carryforwards is materially limited, it would harm our future operating results by effectively increasing our future tax obligations. We have a full valuation allowance for deferred tax assets including NOLs.

Our business activities will be subject to the Foreign Corrupt Practices Act, or FCPA, and similar anti-bribery and anti-corruption laws.

As we expand our business activities outside of the United States, including our clinical trial efforts, we will be subject to the FCPA and similar anti-bribery or anti-corruption laws, regulations or rules of other countries in which we operate. The FCPA generally prohibits offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to a non-United States government official in order to influence official action, or otherwise obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. Our business is heavily regulated and therefore involves significant interaction with public officials, including officials of non-United States governments. Additionally, in many other countries, the healthcare providers who prescribe pharmaceuticals are employed by their government, and the purchasers of pharmaceuticals are government entities; therefore, our dealings with these prescribers and purchasers will be subject to regulation under the FCPA. Recently the SEC and Department of Justice have increased their FCPA enforcement activities with respect to biotechnology and pharmaceutical companies. There is no certainty that all of our employees, agents, suppliers, manufacturers, contractors, or collaborators, or those of our affiliates, will comply with all applicable laws and regulations, particularly given the high level of complexity of these laws. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers, or our employees, the closing down of facilities, including those of our suppliers and manufacturers, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries as well as difficulties in manufacturing or continuing to develop our products, and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, and our business, prospects, operating results, and financial condition.

Disruptions at the FDA, the SEC and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept the payment of user fees, and statutory, regulatory, and policy changes. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of the SEC and other government agencies on which our operations may rely, including those that fund research and development activities, is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA and other agencies may also slow the time necessary for new drugs or biologics to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, including most recently from December 22, 2018 to January 25, 2019, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA and the SEC, have had to furlough critical FDA, SEC and other government employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

Separately, in response to the COVID-19 pandemic, the FDA has periodically had to postpone inspections of foreign and domestic manufacturing facilities and products. While such inspections have resumed, the FDA may use remote interactive evaluations where in-person inspections are not feasible or may defer action due to factors including travel restrictions. Regulatory authorities outside the United States have adopted similar restrictions or other policy measures in response to the COVID-19 pandemic and may experience creating a risk of delays in their regulatory activities. If a prolonged government shutdown occurs, or if a global health concerns continue to prevent concern prevents the FDA or other regulatory authorities from conducting business as usual or conducting inspections, reviews or other regulatory activities, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

Unfavorable global economic and political conditions could adversely affect our business, financial condition or results of operations.

Our results of operations could be adversely affected by general conditions in the global economy, the global financial markets and the global political conditions. The financial markets and the global economy may also be adversely affected by the current or anticipated impact of military conflict, including the ongoing conflict between Russia conflicts in Ukraine and Ukraine, the Middle East, terrorism or other geopolitical events. Sanctions imposed by the United States and other countries in response to such conflicts, including the one in Ukraine, may also adversely impact our business, the financial markets and the global economy, and any economic countermeasures by the affected countries or others

could exacerbate market and economic instability. Portions of our future clinical trials may be conducted outside of the United States and unfavorable economic conditions resulting in the weakening of the U.S. dollar would make those clinical trials more costly to operate. Furthermore, a severe or prolonged economic downturn, including a recession or depression resulting from the COVID-19 a disease outbreak, epidemic or pandemic, or political disruption could result in a variety of risks to our business, including weakened demand for our product candidates or any future product candidates, if approved, and our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy or political disruption, including any international trade disputes, could also strain our manufacturers or suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for our potential products. Any of the foregoing could seriously harm our business, and we cannot anticipate all of the ways in which the political or economic climate and financial market conditions could seriously harm our business.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity

Risk management and strategy

We have implemented and maintain various information security processes designed to identify, assess and manage material risks from cybersecurity threats to our critical computer networks, third party hosted services, communications systems, hardware and software, and our critical data, including intellectual property, confidential information that is proprietary, strategic or competitive in nature, and clinical trial data or Information Systems and Data.

The Company's information technology (IT) Department, led by our Global Head of IT, helps identify, assess, and manage the Company's cybersecurity threats and risks. The IT Department identifies and assesses risks from cybersecurity threats by monitoring and evaluating our threat environment using various methods including, for example subscribing to reports and services that identity certain cybersecurity threats, using automated tools to identify certain risks within our collaboration environment, evaluating certain threats reported to us, and using intelligence feeds.

Depending on the environment and systems, we implement and maintain various technical, physical, and organizational measures, processes, standards and policies designed to manage and mitigate material risks from cybersecurity threats to our Information Systems and Data, including, for example: incident response policy, employee cybersecurity awareness training, encryption of certain data, endpoint detection and response for certain endpoints, network security controls, physical access controls, certain critical systems monitoring, cybersecurity insurance, and a managed Security Operations Center (SOC).

Our assessment and management of material risks from cybersecurity threats are integrated into the Company's overall risk management processes. For example, our senior management along with our IT Department evaluates material risks from cybersecurity threats against our overall business objectives and reports to the Audit Committee of the board of directors, which evaluates our overall enterprise risk.

We use third-party service providers to assist us from time to time to identify, assess, and manage material risks from cybersecurity threats, including for example: a threat intelligence service provider, a managed SOC and a managed service for endpoint detection and response.

We use third-party service providers to perform a variety of functions throughout our business, such as application providers and hosting companies. Depending on the nature of the services provided, the sensitivity of the Information Systems and Data at issue, and the identity of the provider, our vendor management process may involve different levels of assessment designed to help identify cybersecurity risks associated with a provider, including reviewing of security assessment reports from certain vendors.

For a description of the risks from cybersecurity threats that may materially affect the Company and how they may do so, see our risk factors under Part 1. Item 1A. Risk Factors in this Annual Report on Form 10-K, including "*Our business and operations would suffer in the event we, or the third parties upon which we rely, suffer computer system failures, cyberattacks or a deficiency in our or such third parties' cybersecurity.*"and"*We are subject to a variety of stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, policies and other obligations related to data privacy and data security, and our actual or perceived failure to comply with them could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse business consequences.*".

Governance

Our board of directors addresses the Company's cybersecurity risk management as part of its general oversight function. The board of directors' Audit Committee is responsible for overseeing Company's cybersecurity risk management processes, including oversight of mitigation of risks from cybersecurity threats.

Our cybersecurity risk assessment and management processes are implemented and maintained by certain Company management, including our Global Head of IT who has over 20 years of experience managing cybersecurity and IT risks, including working at other Biotechnology and Cell Therapy companies.

The Global Head of IT along with the Chief Financial Officer ("CFO") are responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company's overall risk management strategy, and communicating key priorities to relevant personnel. The CFO is responsible for approving cybersecurity-related budgets, helping prepare for cybersecurity incidents, approving cybersecurity processes, and reviewing security assessments and other security-related reports.

Our cybersecurity incident response policy is designed to escalate certain cybersecurity incidents to members of management depending on the circumstances, including our Global Head of IT, CFO and Chief Executive Officer ("CEO"). Our Global Head of IT, CFO and CEO work with the Company's incident response team to help the Company mitigate and remediate cybersecurity incidents of which they are notified.

The Audit Committee receives reports of certain cybersecurity incidents pursuant to the Company's incident response plan.The Audit Committee also has access to various reports, summaries or presentations related to cybersecurity threats, risk, and mitigation.

Item 2. Properties.

We control and operate our manufacturing site in Manchester, United Kingdom, which consists of 13,596 total square feet of leased laboratory and office space under nine leases that expire in January, March, and July 2024.

We own and are developing our clinical and commercial manufacturing space in Tarzana, California. The total facility consists of 128,097 square feet of clinical manufacturing and commercial manufacturing space that was developed in two phases. The first phase consists of 30,517 square feet of clinical manufacturing space, which became operational in the second quarter of 2022. The second phase consists of 97,580 square feet of commercial manufacturing space, which is currently under development. We also lease 6,000 square feet of office space in Tarzana, California

space.

Our headquarters is currently located in Dallas, Texas and consists of 5,055 square feet of leased office space under a lease that expires in April 2026. We also lease 42,240 square feet of laboratory and office space in Thousand Oaks, California, under a lease that expires in October 2026, 2026.

We lease 11,389 total square feet of laboratory and 7,257 office space in Manchester, United Kingdom under eight leases that expire in July 2024, however early notice has been served pursuant to these leases and they will terminate in April 2024. We also lease 7,728 square feet of leased laboratory and office space in Alderley Park, United Kingdom, under three leases that expire in November 2030, and April 2031, which in each case is subject to renewal.

We are evaluating various monetization options for the Tarzana manufacturing facility, including a potential sale or lease, as well as subleases of other facilities under lease including our Thousand Oaks laboratory space. We believe that our manufacturing current facilities in the United Kingdom, along with our office space in the United States, are adequate for our current needs.

Item 3. Legal Proceedings.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business.

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 for Common Stock

Our common stock has been listed on the Nasdaq Global Select Stock Market under the symbol "TIL" since March 19, 2021. Prior to that date, there was no public trading market for our common stock.

On December 7, 2023, we effected a 1-for-20 reverse stock split of our outstanding shares of common stock. Unless specifically provided otherwise herein, the share and per share information that follows in this Annual Report on Form 10-K other than in the historical financial statements and related notes included elsewhere in this Form 10-K, assumes the effect of the reverse stock split.

Holders of our Common Stock

As of March 29, 2023 March 19, 2024, there were 21 17 stockholders of record of our common stock. 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.

Dividend Policy

We have never declared or paid, and do not anticipate declaring or paying in the foreseeable future, 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.

Securities Authorized for Issuance under Equity Compensation Plans

See Item 12 of Part III of this Annual Report on Form 10-K regarding information about securities authorized for issuance under our equity compensation plans.

Recent Sales of Unregistered Equity Securities

None.

Use of Proceeds

On March 18, 2021, our Registration Statement on Form S-1, as amended (File No. 333-253620), was declared effective in connection with our initial public offering.

There has been no material change in As of December 31, 2023, we have utilized all of the planned use of proceeds from our initial public offering as described in our prospectus filed pursuant to Rule 424(b)(4) under the Securities Act with the SEC on March 22, 2021.

offering.

Issuer Purchases of Equity Securities

None.

Item 6. Reserved.

Item 7. Management's Management's Discussion and Analysis of Financial Condition and Results of Operations. Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included in this Annual Report on Form 10-K. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs and involve numerous risks and uncertainties, including but not limited to those described in the "Risk Factors" section of this Annual Report. Actual results may differ materially from those contained in any forward-looking statements. You should carefully read "Forward-Looking Statements" and "Risk Factors."

Forward-Looking Statements

The information in this discussion contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are subject to the "safe harbor" created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, our expectations regarding our clinical trials, future financial position, future revenues, projected costs, prospects and plans and objectives of management. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K. The forward-looking statements are applicable only as of the date on which they are made, and we do not assume any obligation to update any forward-looking statements.

Overview

We are a clinical-stage biopharmaceutical company focused on developing an innovative cell therapy a pipeline of autologous novel therapies. We seek to in-license/acquire and develop novel therapeutic candidates in diseases with significant unmet medical need. Our first such program is a tumor infiltrating lymphocyte or TIL, therapies (TIL) cell therapy for the treatment of patients with cancer. We have assembled cancer, which we acquired in 2020.

On December 13, 2023, we entered into an accomplished team agreement with a successful track record in cell therapy innovation. We are developing a novel class of genetically engineered third-party to develop an autologous FRα CoStAR TIL, therapies using our Co-Stimulatory Antigen Receptor, or CoStAR, platform. These modified CoStAR-TILs still rely on their native, patient-specific T cell receptors, the Collaboration Product, for potential open-label investigator-initiated trials, or TCRs, to bind to tumor neoantigens, but have been enhanced to express novel CoStAR molecules, which bind to shared tumor-associated antigens and provide potent costimulation to T cells within the tumor microenvironment. We believe that the ability of CoStAR to augment the activation of TILs upon native TCR-mediated recognition of tumor neoantigens has the potential to bring TIL therapy to patients with cancer types that have been historically resistant to immunotherapy and increase the benefit from TIL therapy in patients with cancer types that have been historically sensitive to immunotherapy. In 2022, we submitted an investigational new drug application, or IND, for ITIL-306, our first CoStAR-TIL therapy, to the U.S. Food and Drug Administration, or FDA, and, following clearance, opened a Phase 1 dose escalation trial of ITIL-306 IITs, in non-small cell lung cancer, or NSCLC, ovarian, in China. Initial feasibility studies for the Collaboration Product have been completed and, renal cancers. assuming continued collaboration progress, the next steps would be for our collaborator to lead opening IITs to enroll patients. The Collaboration Product will be manufactured by our collaborator utilizing our proprietary FRα CoStAR construct in our collaborator's manufacturing process. Our collaborator has an option to exclusively license the Collaboration Product in China and Taiwan.

In October 2022, January 2024, concurrent with announcing our collaboration, we announced the successful dosing of the first patient with NSCLC in the ITIL-306 Phase 1 trial.

We were founded in August 2018. In February 2019, that we entered into a license agreement with Immetayte Ltd., or Immetacyte, pursuant plan to which we obtained a worldwide license to Immetacyte's proprietary technology, know-how close our UK manufacturing and intellectual property for the research, development, manufacture and commercialization of TIL therapies. Immetacyte had been manufacturing a TIL product under a compassionate use program since 2011.

In March 2020, we acquired 100% of the share capital of Immetacyte. We acquired Immetacyte primarily for this in-process research and development (IPR&D), which is critical to achieve our objective of developing an innovative cell therapy pipeline of autologous TIL therapies for the treatment of patients with cancer, as well as the dedicated workforce of Immetacyte. Utilizing this IPR&D, clinical trial operations. While we have designed and developed ceased our initial CoStAR

construct targeting folate receptor alpha and are advancing our first CoStAR-TIL product candidate, ITIL-306 for the treatment of multiple solid tumors. We have initiated a Phase 1 clinical trial, of ITIL-306 in the United States, and we plan to initiate a Phase 1 clinical trial retain certain key process development, research, and related personnel to advance early-stage pipeline development of ITIL-306 in the United Kingdom in 2023.

CoStAR-TILs and other novel TIL technologies, and to support our collaboration.

Since inception, we have had significant operating losses. Our net loss was $223.2 million $156.1 million and $156.8 million $223.2 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. As of December 31, 2022 December 31, 2023, we had an accumulated deficit of $424.9 $581.0 million. As of December 31, 2022 December 31, 2023, we had cash, cash equivalents, and restricted cash, marketable securities and long-term investments of $260.9 $175.0 million, which consists consisted of $43.7 $9.2 million in cash and cash equivalents, and $217.2 $1.5 million in restricted cash, $141.2 million in marketable securities. securities and $23.2 million in long-term investments. We expect to continue to incur net losses for the foreseeable future, and we future. We expect our research and development expenses, general and administrative expenses, and capital expenditures will continue to increase.

temporarily decrease, and we anticipate research and development expenses to subsequently increase for clinical development.

Recent Developments

In May 2022,As discussed above, in December 2023, we achieved IND clearance from the FDA entered into a collaboration to develop our Collaboration Product for a Phase 1 dose escalation study of ITIL-306 potential IITs in NSCLC ovarian cancer, and renal cell carcinoma, and we announced the successful dosing of the first patient with NSCLC in October 2022. China. In addition, as discussed above, in January 2023, we announced the consolidation of substantially all of our research and development operations, including clinical product manufacturing and clinical trial operations, to our Manchester, United Kingdom site to further extend our expected cash runway beyond 2026. We expect initial clinical data from the ITIL-306 program in 2024.

In December 2022, 2024, our Board of Directors approved a strategic reprioritization restructuring plan, or the 2024 Plan, to effect the closure ofour preclinical Manchester, UK manufacturing and clinical development programs. This decision involves reallocating resources to focus on advancing ITIL-306, our CoStAR platform, and other next-generation TIL technologies, while trial operations, including discontinuing our ITIL-168 development program. As part ITIL-306-202 clinical trial. The 2024 Plan is expected to result in a reduction of this strategic restructuring plan, we have reduced our U.S. workforce to a team of approximately 15 individuals responsible for leading our global business operations. Additionally, we are currently concentrating our efforts with our UK workforce by approximately 61%. This workforce reduction is expected to re-align our operating model. be substantially completed by the first half of 2024.

In connection with the 2024 Plan, we currently estimate that we will incur charges of up to $6.1 million, including employee termination costs, severance and other benefits, and contract termination costs. The charges that we expect to incur in connection with the 2024 Plan are subject to a number of assumptions, and actual results may differ materially. We may also incur additional costs not currently contemplated due to events that may occur as a result of, or that are associated with, the 2024 Plan.

Components of Operating Results

Operating Expenses

Research and Development

Research and development expenses account for a significant portion of our operating expenses. Research and development expenses consist primarily of research and development, manufacturing, monitoring and other services payments and, to a lesser extent, salaries, benefits, and other personnel-related costs, including stock-based compensation, professional service fees and facility and other related costs. In addition, research and development expense is presented net of reimbursements from reimbursable tax and expenditure credits and grants from the UK government. For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, we did not allocate our research and development expenses by program.

We expect our future research and development expenses to change in line with our prioritization of advancing our clinical development activities for ITIL-306, our CoStAR platform, and Collaboration Product or other next-generation TIL technologies, other potential business development activities, and changes in the size of our company. Our expenditures on future nonclinical and clinical development programs are subject to numerous uncertainties in timing and cost to completion. The duration, costs and timing of clinical trials and development of product candidates will depend on a variety of factors, including:

- the scope, rate of progress and expenses of clinical trials and other research and development activities, including the impacts of our voluntary pause in our clinical trials and the related investigation into our manufacturing processes; activities;
- potential safety monitoring and other studies requested by regulatory agencies;
- significant and changing government regulation; and
- the timing and receipt of regulatory approvals, if any.

The process of conducting the necessary clinical research to obtain FDA and other regulatory approval from the FDA, MHRA, European Medicines Agency, or EMA, and comparable foreign authorities is costly and time consuming and the successful development of product candidates is highly uncertain. The risks and uncertainties associated with our research and development projects are discussed more fully in the section of this Annual Report titled “Risk Factors.” As a result of these risks and uncertainties, we are unable to determine with any degree of certainty the duration and completion costs of our research and development projects, or if, when or to what extent we will generate revenues from the commercialization and sale of any of our product candidates that obtain regulatory approval. We may never succeed in achieving regulatory approval for any of our product candidates.

General and Administrative

General and administrative expenses consist primarily of compensation and personnel-related expenses, including stock-based compensation, for our personnel in executive, finance and other administrative functions. General and administrative expenses also include professional fees paid for accounting, auditing, legal, tax and consulting services, insurance costs, recruiting costs, travel expenses, amortization facility and other related costs, depreciation, and other general and administrative costs.

We expect our future general and administrative expenses to change in line with our prioritization of advancing our CoStAR platform and other next-generation TIL technologies, updated strategy, including potential business development activities, as well as changes in the size of our company to support our research and development activities and operations generally, and the potential growth of our business. If any of our product candidates receive marketing approval, we expect to incur additional expenses related to commercialization activities.

company.

Additionally, we expect to continue to incur expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the SEC, additional director and officer insurance expenses, and any investor relations activities, related expenses, as well as other administrative and professional services.

Restructuring and Impairment Charges

Restructuring and impairment charges consist primarily of of:

- building and asset impairment charges related to our facility in Tarzana, which we have ceased using as a manufacturing facility;
- contract terminations, including contract terminations related to the Tarzana and Thousand Oaks facilities; and
- severance and other employee-related employee termination related costs. Restructuring

Our 2022 Plan and impairment charges are related to our strategic prioritization of the Company's preclinical and clinical development programs. Our restructuring plan is 2023 Plan were designed to reduce costs and reallocate resources to focus on advancing our CoStAR platform and other next-generation TIL technologies. technologies and consolidate our manufacturing activities to one facility. As part of the restructuring plan, Plan, in 2022 our ITIL-168 development program was discontinued, and in 2023 we transitioned clinical manufacturing and trial operations of ITIL-306 to the United Kingdom and, as a result, in 2023 we reduced our U.S. workforce by approximately 60% 96% and our UK workforce by approximately 42%.

Subsequently, in early 2024, we decided to close our UK manufacturing and clinical operations and we expect additional restructuring and impairment charges in 2024 as a result of our 2024 Plan.

Interest Income

Interest income consists of interest income from funds held in our cash and cash equivalent accounts, and marketable securities.

Interest Expense

Interest expense consists of interest expense on our note payable and amortization of loan origination costs.

Other Income (Expense), Net

Other Expense, Net

Other expense, income (expense), net consists primarily of derivative instrument fair value gains, gain or loss, foreign exchange remeasurement gains gain or loss and other expenses and income.

Income Tax Provision

We are subject to income taxes in the United States and the foreign jurisdiction where we operate, the United Kingdom. The United Kingdom has statutory tax rates that differ from those in the United States. Accordingly, our effective tax rates will vary depending on the relative proportion of United Kingdom to United States income, the availability of research and development tax credits, changes in the valuation of our deferred tax assets and liabilities and changes in tax laws.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Due to the uncertainty of the business in which we operate, projections of future profitability are difficult and past profitability is not necessarily indicative of future profitability. At December 31, 2022 December 31, 2023, we maintained a full valuation allowance against net deferred tax assets for the United States and the United Kingdom. The valuation allowance has been provided based on the positive and negative evidence relative to our company, including the existence of cumulative net operating losses, or NOLs, since the Company's our inception, and the inability to carryback these NOLs to prior periods. Furthermore, the Company we determined that it is more likely than not that the benefit of these assets would not be realized in the foreseeable future. The timing and the reversal of the Company's valuation allowance will continue to be monitored.

Results of Operations

Comparison of the Years Ended December 31, 2022 December 31, 2023 and 2021 2022

The following table summarizes our results of operations for the years ended December 31, 2022 December 31, 2023 and 2021 2022 (in thousands):

	Year Ended December 31,		Change
	2022	2021	$
Operating expenses:			
Research and development			
Research and development	$ 141,056	$ 107,251	$ 33,805
General and administrative	62,235	48,309	13,926
Restructuring and impairment charges	23,167	—	23,167
Total operating expenses	226,458	155,560	70,898
Loss from operations	(226,458)	(155,560)	(70,898)
Interest income	3,655	80	3,575
Interest expense	(1,883)	—	(1,883)
Other expense, net	(564)	(1,275)	711
Loss before income tax expense	(225,250)	(156,755)	(68,495)
Income tax benefit (expense)	2,073	(39)	2,112
Net loss	$(223,177)	$(156,794)	$(66,383)

	Year Ended December 31,		Change
	2023	2022	$
Operating expenses:			
Research and development			
Research and development	$ 107,251	$ 141,056	$ (33,805)
General and administrative	48,309	62,235	(13,926)
Restructuring and impairment charges	—	23,167	(23,167)
Total operating expenses	155,560	226,458	(70,898)
Loss from operations	(155,560)	(226,458)	70,898
Interest income	80	3,655	(3,575)
Interest expense	—	(1,883)	1,883
Other expense, net	(1,275)	(564)	(711)
Loss before income tax benefit	(156,755)	(225,250)	68,495
Income tax benefit	(39)	2,073	(2,112)
Net loss	$(156,794)	$(223,177)	$66,383

Research and Development Expenses

Research and development expenses were $141.1 $39.6 million and $107.3 $141.1 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The increase in research and development expenses during this period net decrease of $33.8 $101.5 million was primarily due to:

- $14.0 60.4 million decrease in costs from an increase in reduced headcount, consisting primarily of $15.5 decreases of $45.4 million in wages and benefits, partially offset by a decrease $10.3 million in stock-based compensation expense of $1.0 million and a decrease of $0.5 million $2.2 million for other employee-related expenses in relation to our research and development personnel; personnel and $2.5 million in professional services;
- $8.2 25.5 million decrease in costs related to research and clinical development activities, including from and our clinical trials and expanded resulting from our discontinuation of our ITIL-168 clinical manufacturing activities; and
- $11.6 15.6 million of decrease in expenses related to facilities, and overhead, depreciation, and amortization, and other expenses. expenses due to strategic reductions made in these areas.

We anticipate a reduction in that our future research and development expenses will generally decrease in the near term as a result of discontinuing the ITIL-168 development program, implementing significant workforce reductions, in the United States, and adapting to changes in our company's size.

company's size, and adopting a more efficient clinical development strategy.

General and Administrative Expenses

General and administrative expenses were $62.2 $47.6 million and $48.3 $62.2 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The net increase decrease of $13.9 $14.7 million was primarily due to:

- $12.0 13.7 million decrease in costs resulting from increased decrease in headcount and personnel related costs, including increased a decrease in stock-based compensation expense of $5.3 million, to support our growing business $2.0 million; and for preparation of clinical trials;
- $1.3 5.3 million decrease in consulting and professional service costs, mainly consisting of costs of information technology and facility consultants of $0.6 $3.2 million, and costs of business operations consultants of $0.7 $2.1 million; and offset by
- $0.6 4.3 million from an increase in insurance expense, depreciation, and other office expenses.

We anticipate a reduction in our future general and administrative expenses to decrease generally in the near term as a result of discontinuing the ITIL-168 development program, implementing significant workforce reductions in the United States, and adapting to changes in our company's company's size. If any of our product candidates receive marketing approval, we expect to incur additional expenses related to commercialization activities.

Restructuring and Impairment Charges

Restructuring and impairment charges were approximately $72.0 million and $23.2 million for the year years ended December 31, 2022 December 31, 2023 and nil for the year ended December 31, 2021, since we did not have any restructuring and impairment charges during the prior year. 2022, respectively. The net increase of $23.2 $48.8 million was primarily due to:

- $15.8 16.3 million increase in costs resulting from a goodwill impairment charge of $5.7 million and an in-process research and development impairment charge of $10.1 million; assets held for sale;
- $1.9 41.5 million increase in impairment on the Tarzana manufacturing facilities; and
- $7.7 million increase in leased assets impairment charge;
- $1.4 million increase in leasehold improvement impairment charge; offset by
- $0.4 million decrease in costs resulting from a leasehold improvement charge associated with termination of $1.2 contracts;
- $0.7 million and a $0.7 million decrease in asset impairment for other fixed assets;
- $3.0 1.2 million decrease in costs consisting of severance payments and benefits continuation costs; and
- $2.4 15.8 million decrease in costs comprised principally of the termination of software contracts. goodwill and intangible impairments during 2022.

We expect additional restructuring and impairment charges in 2024 as result of our reductions in UK workforce and other actions related to our 2024 Plan referenced in Note 12 to the financial statements included elsewhere in this Annual Report.

Interest Income, Interest Expense and Other Expense, Net

Interest income, interest expense and other expense, net were was $3.1 million and $1.2 million of income and $1.2 million of expense for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The increase in income of $2.4 $1.9 million was primarily due to:

- $3.6 5.2 million of interest income related to our investments;
- $1.0 2.2 million from our derivative investment; and of gain on foreign currency transactions; offset by
- $0.4 4.4 million gain in other income, primarily consisting of a gain on asset disposal, net of other expenses;
- partially offset by an increase of interest expense of $1.9 million from our note payable; and
- $0.7 1.1 million of loss on foreign currency transactions other losses, including changes in fair value from derivative instrument..

Income Tax Expense

Benefit

Income tax expense, benefit decreased from $39 thousand expense for the year ended December 31, 2021 to $2.1 million benefit for the year ended December 31, 2022. During to nil for the year ended December 31, 2022, income December 31, 2023. Income tax benefit mostly consisted of was nil for the year ended December 31, 2023 since we

maintained a full valuation allowance on the net deferred foreign income taxes from our operations in tax assets for the United Kingdom.

States and the United Kingdom in both jurisdictions. We have concluded that it is more likely than not that we will not realize our deferred tax assets.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception, we have not generated any revenue from product sales and we have incurred significant operating losses. We do not have any products that have achieved regulatory marketing approval and we do not expect to generate revenue from sales of any product candidates for at least several years, if ever.

As of December 31, 2022 December 31, 2023, we had cash, cash equivalents, and restricted cash, marketable securities and long-term investments of $260.9 million $175.0 million, which consists consisted of $43.7 $9.2 million in cash and cash equivalents, and $217.2 $1.5 million in restricted cash, $141.2 million in marketable securities. As of December 31, 2021, we had cash securities and cash equivalents of $37.6 million and $416.5 $23.2 million in marketable securities. long-term investments. Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view to liquidity and capital preservation.

Prior to our initial public offering, or IPO, we funded our operations primarily through the issuance and sale of convertible preferred stock. From our inception through March 2021, we raised net cash proceeds of $380.1 million from the issuance and sale of our convertible preferred stock.

In the first quarter of 2021, we raised net proceeds of $339.0 million in our IPO pursuant to which we sold an aggregate of 920,000 shares of common stock.

In June 2022, our wholly-owned subsidiary, Complex Therapeutics Mezzanine LLC, and our wholly-owned wholly owned indirect subsidiary, Complex Therapeutics LLC, entered into a mortgage construction loan and mezzanine construction loan, or together, the Loan, secured by our Tarzana, California land and building, which is partially complete and is expected to reach full completion in building. Construction of the second quarter of 2023. Tarzana facility has been completed. The initial principal amount of the Loan was $52.1 million, with additional future principal of up to $32.9 million to fund then ongoing construction costs. As of December 31, 2022 December 31, 2023, the outstanding principal amount under the Loan was $74.8 $82.8 million and unamortized debt issuance costs were $2.4 $1.4 million.

On April 1, 2022, we filed an automatic shelf registration statement on Form S-3, or the 2022 Shelf Registration Statement. We have not yet sold and issued any securities under the 2022 Shelf Registration Statement.

In March 2021, we raised net proceeds of $339.0 million in our initial public offering, or IPO, pursuant to which we sold an aggregate of 18,400,000 shares of common stock.

In the first quarter of 2021, we raised aggregate net cash proceeds of $52.5 million from the issuance and sale of our Series C convertible preferred stock.

Future Funding Requirements

Based on our current operating plan, we believe our existing cash and cash equivalents, and marketable securities will be sufficient to fund our operating expenses and capital expenditure requirements beyond 2026. We are also evaluating opportunities for a potential sale or lease of the Tarzana manufacturing site, as well as subleases of other facilities under lease, which would may further extend our expected cash runway. We have based this estimate on assumptions that may prove to be wrong, we may not be successful in securing a sale or lease of the Tarzana facility or subleases of the other facilities on favorable terms, or at all and we could utilize our available capital resources sooner than we expect. We expect to continue to expend significant resources for the foreseeable future.

We use our cash to fund operations, primarily to fund our business development, research and development expenditures and related personnel costs. We expect our expenses to continue to be significant as we invest in research and development activities, particularly as we advance our product candidates into later stages of development and conduct larger clinical trials, seek regulatory approvals for and commercialize any product candidates that successfully complete clinical trials, hire personnel and invest in and grow our business, expand and protect our intellectual property portfolio, and operate as a public company. Because of the numerous risks and uncertainties associated with research, development and commercialization of our product candidates, we are unable to estimate the exact timing and amount of our funding requirements. Our future operating expenditures will depend on many factors, including:

- the results of our collaboration and the scope, rate of progress, costs and results of our clinical and preclinical development activities, including the impacts of our voluntary pause in our clinical trials, and the results of our discussions with the MHRA, the FDA and other regulatory agencies, and the related investigation into our manufacturing process; agencies;
- the number and characteristics of any additional product candidates we develop or acquire;
- the timing of, and the costs involved in, obtaining regulatory approvals for ITIL-306 or any future product candidates, and the number of trials required for regulatory approval;
- the cost of manufacturing ITIL-306 or any future product candidates as well as any products we successfully commercialize;
- costs related to our manufacturing and other facilities;
- the cost of commercialization activities of our product candidates, if approved for sale, including marketing, sales and distribution costs;
- the timing, receipt and amount of sales of ITIL-306 or any future product candidates, if approved;
- the costs associated with constructing related to our new clinical and commercial manufacturing Tarzana facility and building out lab space, as well as our ability to complete a sale or lease of our Tarzana, California facility, as well as subleases of other facilities under lease;
- the extent to which we acquire or in-license other companies' product candidates and technologies;

- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of any such arrangements, including the timing and amount of any future milestone, royalty or other payments due under any such agreement;
- any product liability or other lawsuits, lawsuits or claims;
- the expenses needed to attract, hire and retain skilled personnel;
- our investments in our operational, financial and management information systems;
- the costs associated with operating as a public company;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing our intellectual property portfolio; and
- any delays or issues resulting from the ongoing COVID-19 pandemic or impact of adverse geopolitical and economic conditions.

In March 2020, we acquired 100% of the share capital of Immetacyte for total cash and non-cash consideration, including contingent consideration, of $15.4 million. In connection with the acquisition, we terminated the Immetacyte license agreement and associated payment obligations. The maximum consideration that remained unpaid at December 31, 2022 December 31, 2023, which payment is contingent on future events, was $13.3 million.

Until such time as we can generate significant revenue from sales of our product candidates, if ever, we expect to finance our operations through equity offerings, debt financings or other capital sources, which may include strategic collaborations or other arrangements with third parties. Additional funds may not be available to us on acceptable terms or at all. If we raise additional funds by issuing equity or convertible debt securities, our stockholders will suffer dilution and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common shareholders. Debt financing, if available, may involve restrictive covenants limiting our flexibility in conducting future business activities, and, in the event of insolvency, debt holders would be repaid before holders of our equity securities receive any distribution of our corporate assets. If we raise funds through collaborations or other similar arrangements with third parties, we may have to relinquish valuable rights to technologies, future revenue streams, product candidates or research programs or grant licenses on terms that may not be favorable to us and/or may reduce the value of our common shares. stock. Our ability to raise additional funds may be adversely impacted by 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, among other things, heightened inflation, rising interest rates, the war conflicts in Ukraine and the COVID-19 pandemic. Middle East, and recent potential future bank failures. If we fail to obtain necessary capital when needed on acceptable terms, or at all, it could force us to delay, limit, reduce or terminate our product development programs, commercialization efforts or other operations. See "Risk "Risk Factors." "

We lease various operating spaces in the United States and the United Kingdom under non-cancelable operating lease arrangements that expire on various dates through 2026. These arrangements require us to pay certain operating expenses, such as taxes, repairs, and insurance and contain landlord or tenant incentives or allowances, renewal and escalation clauses. As of December 31, 2022 December 31, 2023, our future minimum lease payments under committed or non-cancelable lease agreements were $8.4 $5.0 million, as discussed in Note 7 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Our contractual obligations and commitments primarily consist of amounts we will pay to the general contractor constructing and developing land and buildings in Tarzana, California which we acquired in October 2020 for $37.6 million. We are in the process of developing this land for our U.S. operations and our contractual commitments for this development project are limited to unreimbursed spend by the general contractor. As of December 31, 2022, $4.0 million was contractually committed to the development of this project.

In the normal course of business, we may enter into contracts with Clinical Research Organizations, or CROs, and other third parties for preclinical studies and clinical trials, research and development supplies and other testing and manufacturing services. We are not committed to approximately $13.5 million in future services related to clinical trial progress with any CRO as of December 31, 2022 December 31, 2023.

In December 2022, the Company's Board of Directors approved a restructuring plan to implement a strategic prioritization of the Company's preclinical and clinical development programs. In During the year ended December 31, 2022 December 31, 2023, the Company we recorded aggregate restructuring and impairment charges of approximately $23.2 $72.0 million related to contract termination, asset impairments, severance payments and other employee-related costs.

On January 30, 2023, In connection with the Company's Board of Directors approved an expansion of its previously announced restructuring plan implementing a strategic prioritization of the Company's preclinical and clinical development programs. The Company 2024 Plan, we currently estimates estimate that it we will incur charges of up to $9.0 $6.1 million, including employee termination costs, severance and other benefits, and contract termination costs. The charges that we expect to incur in connection with the restructuring plan, consisting primarily 2024 Plan are subject to a number of cash expenditures for severance payments, retention bonus payments, contract terminations assumptions, and related actual results may differ materially. We may also incur additional costs not currently contemplated due to events that may occur as well as non-cash expenses related to vesting a result of, share-based awards, excluding any charges or costs that are associated with, any potential sale of its facilities and asset impairments. The Company expects that the majority of the restructuring and impairment charges will be incurred in the next 12 months and that the execution of the restructuring will be substantially complete by the end of April 2023. 2024 Plan.

Cash Flows

The following table sets forth the significant sources and uses of cash for the periods set forth below (in thousands):

	Years Ended December 31,		Years Ended December 31,	
	2022	2021		
	2023		2023	2022

Net cash provided by (used in):	Net cash provided by (used in):		
Cash used in operating activities	Cash used in operating activities	$(180,164)	$(122,138)
Cash provided by (used in) investing activities		114,541	(474,396)
Cash used in operating activities			
Cash used in operating activities			
Cash provided by investing activities			
Cash provided by financing activities	Cash provided by financing activities	71,886	393,164
Net increase (decrease) in cash, cash equivalents, and restricted cash		$ 6,263	$(203,370)
Net (decrease) increase in cash, cash equivalents, and restricted cash			

Cash Flows from Operating Activities

Cash used in operating activities for the year ended December 31, 2023 was $82.0 million, which consisted of the net loss of $156.1 million and a $9.0 million net change to our net operating assets and liabilities, partially offset by $83.1 million in non-cash charges and other adjustments to reconcile net loss to net cash used in operating activities. The net change in our operating assets and liabilities was primarily due to a decrease of $7.8 million in accrued expenses, accrued restructuring costs, and other current liabilities, a decrease of $1.4 million in operating lease liabilities, a decrease of $1.1 million in accounts payable, and an increase of $0.2 million in prepaid expenses and other current assets, and an increase of $1.5 million in other long-term assets. The non-cash charges primarily consisted of stock-based compensation of $18.2 million, impairment of fixed assets of $60.1 million, impairment of right-of-use assets of $7.7 million and depreciation expense of $4.8 million, offset by accretion on invested securities of $6.8 million.

Cash used in operating activities for the year ended December 31, 2022 was $180.2 million, which consisted of the net loss of $223.2 million and a $9.6 million net change to our net operating assets and liabilities, partially offset by $52.6 million in non-cash charges and other adjustments to reconcile net loss to net cash used in operating activities. The net change in our operating assets and liabilities was primarily due to a decrease of $1.8 million in accounts payable, a decrease of $9.0 million $14.4 million in accrued expenses and other current liabilities, and a decrease an increase of $0.4 million $0.4 million in prepaid expenses and other current assets, offset partially by an increase of $5.4 million in accrued restructuring costs and an increase of $1.6 million in long-term liabilities. The non-cash charges primarily consisted of stock-based compensation expense of $30.4 million, goodwill and intangible assets impairment of $15.8 million, depreciation and amortization expense of $6.0 million $6.0 million and change in foreign exchange measurement of $1.4 million.

Cash used in operating activities for the year ended December 31, 2021 was $122.1 million, which consisted of the net loss of $156.8 million, partially offset by $30.3 million in non-cash charges and other adjustments to reconcile net loss to net cash used in operating activities and a $4.4 million net change to our net operating assets and liabilities. The non-cash charges primarily consisted stock-based compensation of $26.2 million, and depreciation and amortization expense of $2.8 million. The net change in our operating assets and liabilities was primarily due to an increase of $3.9 million in accounts payable, an increase of $12.0 million in accrued expenses and other current liabilities, partially offset by an increase of $5.0 million in prepaid expenses and other current assets and an increase in $6.5 million in other long-term assets. $1.4 million.

Cash Flows from Investing Activities

Cash provided by investing activities for the year ended December 31, 2023 was $41.1 million, consisting primarily of $60.2 million of cash provided by marketable securities investments and $1.6 million cash received from held for sale assets, offset by $20.7 million of cash used for purchases of property, plant and equipment.

Cash provided by investing activities for the year ended December 31, 2022 was $114.5 million, of which $200.3 million $200.3 million of cash was provided related to by marketable securities investments, partially offset by $1.2 million $84.6 million of cash used related to derivative financial instruments and $84.6 million used related to purchases of property.

Cash used in investing activities for the year ended December 31, 2021 was $474.4 million, of which $57.8 million was related to purchases of property, plant and equipment and $1.2 million of $416.6 million was cash used related to marketable securities.

derivative financial instruments.

Cash Flows from Financing Activities

Cash provided by financing activities for the year ended December 31, 2023 was $8.1 million, which was primarily related to net cash proceeds from our note payable of $8.7 million, offset by loan payments of $0.6 million.

Cash provided by financing activities for the year ended December 31, 2022 was $71.9 million, which was primarily related to net cash proceeds from our note payable of $70.3 million and cash proceeds from exercise of stock options of $1.5 million.

Cash provided by financing activities for the year ended December 31, 2021 was $393.2 million, which was primarily related to net cash proceeds from our IPO of $339.0 million, net cash proceeds from the issuance of Series C convertible preferred stock of $52.5 million and cash proceeds from exercise of stock options of $1.8 $1.5 million.

Contractual Obligations and Commitments

Our construction contractual obligations and commitments primarily consist of amounts we will pay to the general contractor for constructing and developing our land and buildings in Tarzana, California. As of December 31, 2022, $4.0 million was contractually committed to the development of this project.

In June 2022, our wholly-owned subsidiary, Complex Therapeutics Mezzanine LLC, and our wholly-owned indirect subsidiary, Complex Therapeutics LLC, entered into a mortgage construction loan and mezzanine construction loan (together, the "Loan") and as of December 31, 2022 December 31, 2023, the outstanding principal amount under the Loan was $74.8 $82.8 million and unamortized debt issuance costs were $2.4 $1.4 million.

As of December 31, 2022 December 31, 2023, we had non-cancelable purchase commitments of approximately $18.3 $3.1 million consisting mainly of CROs, software and operating commitments. Additionally, future minimum lease payments under noncancellable operating leases as of December 31, 2022 December 31, 2023 totaled $8.4 $5.0 million, as discussed in Note 7.

7 to the financial statements included elsewhere in this Annual Report.

As part of our restructuring plan, the Plan, as of December 31, 2022 December 31, 2023, we recorded $3.0 $1.8 million of costs related to one-time employee termination benefits and $2.4 $2.0 million of costs for contract termination, as discussed in Note 12. 12 to the financial statements included elsewhere in this Annual Report.

Under our agreement with a collaborator related to potential IITs in China, we paid $0.3 million in milestone payments during the year ended December 31, 2023. Additional milestone payments of $2.6 million were made during the first quarter of 2024 and upon successful completion of future milestones we may be required to pay up to $3.4 million for clinical development and related activities.

Critical Accounting Policies and Estimates

This management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in the notes to our consolidated financial statements we believe that the following critical accounting policies are most important to understanding and evaluating our reported financial results.

Intangible Assets and Goodwill

Our intangible assets classified as in-process research and development or IPR&D, are composed of intangible assets acquired in a business combination and used in research and development activities that have not yet reached technological feasibility, regardless of their potential future use. The main criterion we use to determine the technological feasibility or completion of these projects is regulatory approval to market the underlying products in a relevant geographic region. However, obtaining regulatory approval is often subject to significant risks and uncertainties, which may result in the eventual realized value of the acquired IPR&D projects differing from their fair value at the date of acquisition. We classify IPR&D intangible assets acquired in a business combination as indefinite-lived until the completion or abandonment of the associated research and development efforts. Once the associated research and development activities are completed, we will assess the useful life and begin amortizing the assets to reflect their use over their remaining lives. In the event of permanent abandonment, we will write off the remaining carrying amount of the associated IPR&D intangible asset.

Our indefinite-lived IPRD intangible assets are tested at least annually for impairment, or upon the occurrence of a triggering event. The impairment test for IPR&D involves comparing the fair value of the asset, based on updated forecasts and commercial development plans, with its carrying value. Impairment is deemed to exist when the fair value of IPR&D assets is less than their carrying value.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired in a business combination. Goodwill is not amortized but is tested for impairment. We review goodwill for impairment at least annually or more frequently for triggering events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable based on management's assessment of the fair value of the Company's reporting unit as compared to their related carrying value. Under the authoritative guidance issued by the Financial Accounting Standards Board, we have the option to first assess the qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative goodwill impairment test.

Our impairment tests are based on a single operating segment and reporting unit structure. If the carrying value of the reporting unit exceeds its fair value, an impairment charge is recognized for the excess of the carrying value of the reporting unit over its fair value.

In December 2022, we performed a quantitative goodwill impairment test for our Immetacyte acquisition. The test was prompted by the discontinuation of the ITIL-168 development program (see Note 12 to the consolidated financial statements included elsewhere in this Annual Report, on Form 10-K), the realignment of our preclinical and clinical development programs and decline in our stock price. Based on the results of the test as of December 31, 2022, we determined believe that the carrying amount of accounting policies discussed below are most critical to understanding and evaluating our goodwill historical and intangible assets exceeded their fair value. The fair value of the IPR&D was determined through utilizing the multiperiod excess earnings method (MPEEM), which considered various factors such as expected future cash flows, discount rates, and market conditions. The fair value of the reporting unit was determined through an income approach, the discounted cash flow model, considering projected future cash flows (including timing and profitability), discount rate reflecting the risk inherent in future cash flows, a perpetual growth rate, and projected future economic and market conditions.

As a result of the analysis, we recognized a non-cash impairment charge of $15.8 million for the year ended December 31, 2022. The charge consisted of $10.1 million for IPR&D impairment and $5.7 million for goodwill impairment during the fourth quarter of 2022. These impairment charges were recorded in the consolidated statements of operations and comprehensive loss in the line item "restructuring and impairment charges".

performance.

Stock-Based Compensation

We maintain a stock-based compensation plan as a long-term incentive for employees, directors and consultants. The plan allows for the issuance of stock options, stock appreciation rights and restricted stock units.

For stock-based awards with only service conditions, we recognize stock-based compensation expense for stock-based awards on a straight-line basis over the requisite service period and account for forfeitures as they occur. For stock-based awards with performance conditions, stock-based compensation expense is not recognized until the performance condition is probable to occur. Our stock-based compensation costs are based upon the grant date fair value estimated using the Black-Scholes option pricing model. This model utilizes inputs that are highly subjective assumptions and generally require significant judgment. These assumptions include:

- Fair Value of Common Stock—Prior to our IPO in March 2021, the fair value of the shares of common stock underlying stock options had historically been determined by the Board of Directors. Because there has been no public market for the our common stock, the Board of Directors has determined fair value of the common stock at the time of grant of the option by considering a number of objective and subjective factors including important developments in our operations, contemporaneous valuations performed by an independent third party firm, sales of our convertible preferred stock, our operating results and financial performance, the conditions in the biotechnology industry and the economy in general, the stock price volatility of similar public companies and the lack of marketability of our common stock, among other factors. After our IPO in March 2021, the fair value of common stock is determined using the closing price of our common stock on the Nasdaq Global Select Stock Market.
- Expected Term—The expected term represents the period that stock-based awards are expected to be outstanding and is determined as the average of the time-to-vesting and the contractual life of the awards.
- Expected Volatility—Since we do not have sufficient trading history for our common stock, the expected volatility was estimated based on the average volatility for comparable publicly traded biotechnology companies over a period equal to the expected term of the stock option grants. The comparable companies were chosen based on their similar size, stage in the life cycle or area of specialty.
- Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of awards.
- Expected Dividend Yield—We have never paid dividends on our common stock and have no plans to pay dividends on our common stock. Therefore, we used an expected dividend yield of zero.

Assets Held for Sale

We classify long-lived assets or disposal groups to be sold as held for sale in the period in which all of the following criteria are met: management, having the authority to approve the action, commits to a plan to sell the asset or disposal group; the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal group; the sale of the asset or disposal group is probable, and transfer of the asset or disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the asset or disposal group beyond one year; the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and actions required to complete the plan to sell have been initiated.

We initially measure a long-lived asset or disposal group that is held for sale at the lower of its carrying value or fair value less any costs to sell. Fair value is estimated by us through evaluations of quoted market prices received for other comparable held for sale assets sold by us. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset or disposal group until the date of sale. We assess the fair value of a long-lived asset or disposal group less any costs to sell each reporting period it remains classified as held for sale and report any subsequent changes as an adjustment to the carrying value of the asset or disposal group, as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale. Upon determining that a long-lived asset or disposal group meets the criteria to be classified as held for sale, we cease depreciation and report long-lived assets in the line item “assets held for sale” in the consolidated balance sheet. Refer to Notes 12 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Contingent Consideration

In connection with our acquisition of Immetacyte Ltd., we may be required to pay future consideration that is contingent upon the achievement of specified development, regulatory approval or sales-based milestone events. We record contingent consideration resulting from a business combination at its fair value on the acquisition date. Each reporting period thereafter, we remeasure these obligations and record increases or decreases in their fair value on our Consolidated Statements of Operations until such time that the payment is made. Increases or decreases in fair value of the contingent consideration liabilities can result from updates to assumptions such as the expected timing of or probability of achieving the specified milestone, the passage of time or changes in discount rates.

Impairment of Long-Lived Assets

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or that the useful life is shorter than originally estimated. Recoverability of assets is measured by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset over its remaining useful life. If such assets are impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. If the useful life is shorter than originally estimated, we depreciate or amortize the remaining carrying value over the revised shorter useful life. Assets to be disposed of by sale are reflected at the lower of their carrying amount or fair value less cost to sell. To date, we have recorded impairment losses on long-lived assets associated with a sustained decrease in our stock price and the Plan for a strategic prioritization of our preclinical and clinical development programs. We recognized a non-cash impairment charge of $2.6 million during 2023 for leasehold improvements. The impairment charge was recorded in the consolidated statements of operations and comprehensive loss in the line item “restructuring and impairment charges.”

During the year ended December 31, 2023, we determined there were indicators of impairment on our buildings and construction work-in-progress asset groups. As a result, we performed recoverability tests on these groups and concluded these assets’ undiscounted cash flows did not exceed their carrying values. We estimate the fair value of our buildings through a combination of an income-based approach and a market-based approach. The income-based approach is dependent on specific assumptions such as market rental rates, capitalization rates and discount rates. The market-based approach utilizes observable data, such as comparable building sales and occupancy rates. The fair value of our buildings were determined to be $132.1 million, below the carrying value of $173.7 million. This led to an impairment of $41.5 million recognized in the consolidated statements of operations and comprehensive loss in the line item “restructuring and impairment charges.” The fair value of these assets are classified within Level 2 of the fair value hierarchy.

See Notes 3, 7 and 12 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K for more information.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements applicable to us is included in Note 2 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Emerging Growth Company Status and Smaller Reporting Company Status

We are an “emerging growth company” as defined in the JOBS Act. For so long as we remain an emerging growth company, we are permitted and intend to rely on certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute payments not previously approved. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock.

In addition, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to avail ourselves of this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

We will remain an emerging growth company until the earliest of (i) December 31, 2026, (ii) the last day of the fiscal year in which we have total annual gross revenue of at least $1.235 billion, (iii) the last day of the fiscal year in which we are deemed to be a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock held by non-affiliates exceeded $700.0 million as of the last business day of the second fiscal quarter of such year or (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

We are also a "smaller "smaller reporting company," company" as defined in Rule 12b-2 under the Exchange Act. We may continue to be a smaller reporting company if either (i) the market value of our shares held by non-affiliates is less than $250.0 million or (ii) our annual revenue was less than $100.0 million during the most recently completed fiscal year and the market value of our shares held by non-affiliates is less than $700.0 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company, we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

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

Interest Rate Risk We are a smaller reporting company as defined by Item 10 of Regulation S-K and are not required to provide the information otherwise required under this item.

We had cash, cash equivalents and marketable securities of $260.9 million which consists of $217.2 million in marketable securities as of December 31, 2022. We generally hold our cash in interest-bearing money market accounts. We believe that historical fluctuations in interest rates have not had a material effect on our results of operations during the period presented.

Due to the low risk profile of our investments and debt, including our interest rate swap discussed in Note 7 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, a hypothetical one percentage point change in interest rates during the period presented would not have had a material impact on our financial statements included elsewhere in this report.

The Company does not believe that inflation or foreign currency exchange rate fluctuations have had a significant impact on its results of operations for any periods presents herein.

Item 8. Financial Statements and Supplementary Data.

INSTIL BIO, INC.

Index to financial statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders shareholders and the Board of Directors of Instil Bio, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Instil Bio, Inc. and subsidiaries (the "Company" "Company") as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations and comprehensive loss, convertible preferred stock and stockholders' stockholders' equity, (deficit), and cash flows for each of the two years in the period ended December 31, 2022 December 31, 2023, and the related notes (collectively referred to as the "financial statements" "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022 December 31, 2023, in conformity with accounting principles accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's Company's management. Our responsibility is to express an opinion on the Company's 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.

/s/ Deloitte & Touche LLP

San Diego, California
March 31, 2023 21, 2024

We have served as the Company's auditor since 2020.

INSTIL BIO, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

		December 31,				December 31,	
		2022	2021		2023	2022
ASSETS	**ASSETS**			**ASSETS**		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	$ 43,716	$ 37,590			
Restricted cash						
Marketable securities	Marketable securities	217,204	416,509			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	8,458	9,921			
Total current assets	Total current assets	269,378	464,020			
Property, plant and equipment, net	Property, plant and equipment, net	196,880	121,999			
Operating lease right-of-use assets	Operating lease right-of-use assets	12,457	—			
Intangible assets		—	10,104			
Goodwill		—	5,722			
Long-term investments						
Other long-term assets	Other long-term assets	3,413	8,138			
Total assets	Total assets	$482,128	$609,983			
LIABILITIES AND STOCKHOLDERS' EQUITY	**LIABILITIES AND STOCKHOLDERS' EQUITY**					
Current liabilities:	Current liabilities:					
Current liabilities:						
Current liabilities:						
Accounts payable						
Accounts payable						
Accounts payable	Accounts payable	$ 2,359	$ 5,568			

Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	30,069	34,449
Contingent consideration, current portion	Contingent consideration, current portion	360	1,341
Total current liabilities	Total current liabilities	32,788	41,358
Contingent consideration, net of current portion	Contingent consideration, net of current portion	7,882	10,980
Operating lease liabilities, non-current	Operating lease liabilities, non-current	5,171	—
Deferred tax liabilities		—	2,426
Loan payable			
Other long-term liabilities	Other long-term liabilities	332	20
Loan payable		72,350	—
Total liabilities	Total liabilities	118,523	54,784
Commitments and contingencies (Note 7)	Commitments and contingencies (Note 7)		Commitments and contingencies (Note 7)
Stockholders' equity:	Stockholders' equity:		
Preferred stock, par value $0.000001 per share; 10,000,000 shares authorized; zero shares issued and outstanding as of December 31, 2022, and 2021		—	—
Common stock, par value $0.000001 per share; 300,000,000 shares authorized; 130,079,097 and 129,028,278 shares issued and outstanding as of December 31, 2022, and 2021, respectively		—	—
Preferred stock, par value $0.000001 per share; 10,000,000 shares authorized; zero shares issued and outstanding as of December 31, 2023, and 2022			
Preferred stock, par value $0.000001 per share; 10,000,000 shares authorized; zero shares issued and outstanding as of December 31, 2023, and 2022			
Preferred stock, par value $0.000001 per share; 10,000,000 shares authorized; zero shares issued and outstanding as of December 31, 2023, and 2022			
Common stock, par value $0.000001 per share; 300,000,000 shares authorized; 6,503,913 shares issued and outstanding as of December 31, 2023, and 2022			
Additional paid-in capital	Additional paid-in capital	788,992	757,003

Accumulated other comprehensive loss	Accumulated other comprehensive loss	(493)	(87)
Accumulated deficit	Accumulated deficit	(424,894)	(201,717)
Total stockholders' equity	Total stockholders' equity	363,605	555,199
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$482,128	$609,983

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

INSTIL BIO, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share amounts)

		Year Ended December 31,		Year Ended December 31,	
		2022	2021		
2023				2023	2022
Operating expenses:	Operating expenses:				
Research and development	Research and development				
Research and development	Research and development	$ 141,056	$ 107,251		
General and administrative	General and administrative	62,235	48,309		
Restructuring and impairment charges	Restructuring and impairment charges	23,167	—		
Total operating expenses	Total operating expenses	226,458	155,560		
Loss from operations	Loss from operations	(226,458)	(155,560)		
Interest income	Interest income	3,655	80		
Interest expense	Interest expense	(1,883)	—		
Other expense, net	Other expense, net	(564)	(1,275)		
Loss before income tax expense		(225,250)	(156,755)		
Income tax benefit (expense)		2,073	(39)		
Loss before income tax benefit					
Income tax benefit					
Net loss	Net loss	(223,177)	(156,794)		
Other comprehensive income (loss):	Other comprehensive income (loss):				

Foreign currency translation	Foreign currency translation	9	246
Unrealized loss on available-for-sale securities, net		(415)	(50)
Foreign currency translation			
Foreign currency translation			
Unrealized gain (loss) on available-for-sale securities, net			
Net comprehensive loss	Net comprehensive loss	$ (223,583)	$ (156,598)
Net loss per share, basic and diluted	Net loss per share, basic and diluted	$ (1.72)	$ (1.48)
Weighted-average shares used in computing net loss per share, basic and diluted	Weighted-average shares used in computing net loss per share, basic and diluted	129,512,610	105,993,230

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

INSTIL BIO, INC.

CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

(in thousands, except share and per share amounts)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Stock E
	Shares	Amount	Shares	Amount									
Balance—December 31, 2020	70,176,046	$ 331,966	20,591,554	$ —	$ 5,607	$ (283)	$ (44,923)	$ (39,599)					
Issuance of Series C convertible preferred shares at $12.58 per share	4,174,551	52,460	—	—	—	—	—	—					
Issuance of common shares upon initial public offering net of underwriting discounts, commissions and offering costs	—	—	18,400,000	—	339,016	—	—	339,016					
Conversion of redeemable convertible preferred stock	(74,350,597)	(384,426)	89,220,699	—	384,426	—	—	384,426					
Issuance of common stock from exercises of stock options	—	—	816,025	—	1,757	—	—	1,757					
Stock-based compensation	—	—	—	—	26,197	—	—	26,197					
Net loss	—	—	—	—	—	—	(156,794)	(156,794)					
Other comprehensive income	—	—	—	—	—	196	—	196					
Balance—December 31, 2021													
Balance—December 31, 2021													
Balance—December 31, 2021	—	—	129,028,278	—	757,003	(87)	(201,717)	555,199					

Shares of common stock issued in connection with incentive stock plan	Shares of common stock issued in connection with incentive stock plan	—	—	1,050,819	—	1,548	—	—	1,548
Stock-based compensation	Stock-based compensation	—	—	—	—	30,441	—	—	30,441
Net loss	Net loss	—	—	—	—	—	—	(223,177)	(223,177)
Other comprehensive loss	Other comprehensive loss	—	—	—	—	—	(406)	—	(406)
Balance—December 31, 2022	Balance—December 31, 2022	—	$ —	130,079,097	$ —	$ 788,992	$ (493)	$ (424,894)	$ 363,605
Stock-based compensation									
Net loss									
Other comprehensive income									
Balance—December 31, 2023									

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

INSTIL BIO, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

		Year Ended December 31,			
Year Ended December 31,		2022	2021	2023	2022
Cash flows from operating activities:	**Cash flows from operating activities:**				
Net loss	Net loss	$(223,177)	$ (156,794)		
Net loss					
Net loss					
Adjustments to reconcile net loss to net cash used in operating activities:	Adjustments to reconcile net loss to net cash used in operating activities:				
Stock-based compensation	Stock-based compensation	30,441	26,197		
Stock-based compensation					
Stock-based compensation					
Non-cash lease expense	Non-cash lease expense	1,765	—		
Foreign exchange remeasurement loss		1,391	710		
Foreign exchange remeasurement (gain) loss					

Impairment of goodwill and intangible assets	Impairment of goodwill and intangible assets	15,826	—
Impairment of assets		1,907	—
Impairment of fixed assets			
Impairment of right-of-use assets			
Change in fair value of contingent consideration	Change in fair value of contingent consideration	(2,879)	294
Depreciation and amortization		5,987	2,752
Depreciation			
Accretion on invested securities			
Non-cash interest expense	Non-cash interest expense	(1,225)	—
Change in fair value of derivative instrument	Change in fair value of derivative instrument	(1,414)	—
Loss on disposals of property and equipment			
Other, net	Other, net	780	342
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Prepaid expenses and other current assets			
Prepaid expenses and other current assets			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(430)	(5,045)
Other long-term assets	Other long-term assets	354	(6,502)
Accounts payable	Accounts payable	(1,806)	3,862
Operating lease liabilities	Operating lease liabilities	(335)	—
Long-term liabilities	Long-term liabilities	1,628	—
Accrued restructuring costs			

Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	(8,977)	12,046
Net cash used in operating activities	Net cash used in operating activities	(180,164)	(122,138)
Cash flows from investing activities:	**Cash flows from investing activities:**		
Purchase of marketable securities	Purchase of marketable securities	(665,046)	(1,107,565)
Purchase of marketable securities			
Purchase of marketable securities			
Maturities of marketable securities	Maturities of marketable securities	865,350	691,000
Purchases of property, plant and equipment	Purchases of property, plant and equipment	(84,589)	(57,831)
Purchase of derivative financial instrument	Purchase of derivative financial instrument	(1,174)	—
Net cash provided by (used in) investing activities		114,541	(474,396)
Cash received from held for sale assets			
Net cash provided by investing activities			
Cash flows from financing activities:	**Cash flows from financing activities:**		
Proceeds from initial public offering, net of issuance costs		—	339,016
Proceeds from issuance of convertible preferred stock, net of issuance costs		—	52,460
Principal payments on loan			
Principal payments on loan			
Principal payments on loan			
Proceeds from exercise of stock options	Proceeds from exercise of stock options	1,548	1,757
Proceeds from note payable	Proceeds from note payable	70,338	—
Other financing activities		—	(69)
Net cash provided by financing activities	Net cash provided by financing activities	71,886	393,164

Net increase (decrease) in cash, cash equivalents, and restricted cash		6,263	(203,370)
Net (decrease) increase in cash, cash equivalents, and restricted cash			
Effect of exchange rate changes on cash, cash equivalents and restricted cash	Effect of exchange rate changes on cash, cash equivalents and restricted cash	(637)	(304)
Cash, cash equivalents and restricted cash—beginning of period	Cash, cash equivalents and restricted cash—beginning of period	38,090	241,764
Cash, cash equivalents and restricted cash—end of period	Cash, cash equivalents and restricted cash—end of period	$ 43,716	$ 38,090
Supplemental disclosure of cash flow information:	**Supplemental disclosure of cash flow information:**		
Supplemental disclosure of cash flow information:			
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of amounts capitalized			
Cash paid for interest, net of amounts capitalized			
Cash paid for interest, net of amounts capitalized	Cash paid for interest, net of amounts capitalized	$ 1,068	$ —
Supplemental disclosure of noncash information:	**Supplemental disclosure of noncash information:**		
Conversion of preferred stock to common stock upon IPO		$ —	$ 384,426
Supplemental disclosure of noncash information:			
Supplemental disclosure of noncash information:			
Purchases of property, plant and equipment in accounts payable and accrued expenses and other current liabilities	Purchases of property, plant and equipment in accounts payable and accrued expenses and other current liabilities	$ 12,433	$ 15,091
Purchases of property, plant and equipment in accounts payable and accrued expenses and other current liabilities			
Purchases of property, plant and equipment in accounts payable and accrued expenses and other current liabilities			

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

INSTIL BIO, INC.

Notes to Consolidated Financial Statements

1. Organization and Description of Business

Instil Bio, Inc. (the "Company" or "Instil Bio") is headquartered in Dallas, Texas and was incorporated in the state of Delaware in August 2018. The Company is a clinical-stage biopharmaceutical company focused on developing an innovative cell therapy a pipeline of autologous novel therapies. The Company seeks to in-license/acquire and develop novel therapeutic candidates in diseases with significant unmet medical need. The Company's first program is a tumor infiltrating lymphocyte ("TIL") therapies (TIL) cell therapy for the treatment of patients with cancer. Principal operations commenced during the first quarter of 2019 when the Company in-licensed its foundational TIL technology.

cancer, which it acquired in 2020.

In December 2022, the Company's Board of Directors approved a restructuring plan (the "Plan") to implement a strategic prioritization reprioritization of the Company's our preclinical and clinical development programs. As part programs (referred to as the "2022 Plan"). This decision involved reallocating resources to focus on advancing ITIL-306, our CoStAR platform, and other next-generation TIL technologies. In January 2023, the Company approved an additional restructuring plan (referred to as the "2023 Plan") and announced the consolidation of the Plan, ITIL-306 Phase 1 clinical trial and related manufacturing of CoStAR-TIL to the Company's ITIL-168 active operations in Manchester, UK and stopped recruiting for the ITIL-306-201 clinical trial. The 2022 Plan and 2023 Plan are collectively referred to as (the "Plan").

On December 13, 2023, the Company entered into an agreement with a third-party to develop an autologous FRα CoStAR TIL, or the Collaboration Product, for potential open-label investigator-initiated trials, or IITs, in non-small cell lung cancer (NSCLC) in China. Initial feasibility studies for the Collaboration Product have been completed and, assuming continued collaboration progress, the next steps would be for the collaborator to lead opening IITs to enroll patients. The Collaboration Product will be manufactured by the collaborator utilizing the Company's proprietary FRα CoStAR construct in the collaborator's manufacturing process. The collaborator has an option to exclusively license the Collaboration Product in China and Taiwan.

In January 2024, concurrent with announcing the collaboration, the Company's Board of Directors approved an additional restructuring plan (the "2024 Plan"), involving the closure of the Company's UK manufacturing and clinical operations and cessation of the Company's ITIL-306 clinical trial. The UK workforce reduction and related restructuring activities are expected to be substantially completed by the first half of 2024. We plan to retain certain key process development, program was discontinued (see Note 12 for more details). research, and related personnel to advance early-stage pipeline development of CoStAR and other novel TIL technologies, and to support the Company's collaboration.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Company and its wholly owned subsidiaries. Instil Bio (UK) Ltd. (formerly Immetacyte Ltd. ("Immetacyte")) and Complex Therapeutics, LLC. Immetacyte was acquired on March 2, 2020 and Complex Therapeutics, LLC was incorporated on October 14, 2020. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of expenses during the reporting period. Significant estimates and assumptions made in the accompanying consolidated financial statements include but are not limited to the fair value of stock valuations prior to the Company's initial public offering, the contingent consideration payable, assets held for sale, fair value of contingent consideration payable the Company's building, contract terminations, and the estimation of fair value of goodwill and in-process research and development (IPR&D) intangible assets and associated impairment charges. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial Instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, marketable securities and marketable securities. long-term investments. The Company's cash and cash equivalents are held by two financial institutions in the United States (" ("U.S." ") and one financial institution in the United Kingdom ("UK" ("UK"), which management believes to be financially sound, and accordingly, minimal credit risk exists with respect to the financial institutions. At times, the Company's deposits held in the U.S. and UK may exceed the Federal Depository Insurance Corporation and Financial Services Compensation Scheme, respectively, insured limits. During the years ended December 31, 2022 December 31, 2023 and 2021, 2022, the Company has not experienced any credit losses in such accounts or marketable securities.

Risks and Uncertainties

The Company is subject to a number of risks similar to other development-stage biopharmaceutical companies, including but not limited to, dependency on the clinical and commercial success of its product candidates, ability to obtain regulatory approval of its product candidates, uncertainty of broad adoption of its approved products, if any,

by physicians and patients, manufacturing, the need to obtain adequate additional funding, significant competition, and protection of its intellectual property portfolio.

Reverse Stock Split and Initial Public Offering

On March 12, 2021 Effective December 7, 2023, the Company effected a 1.2-for-1 1-for-20 reverse stock split of the Company's its outstanding shares of common stock. The par value was not adjusted as a result of the stock split. The authorized shares as of March 12, 2021 were adjusted as a result of the stock split. All Where applicable, all share and per share information included amounts in the accompanying consolidated financial statements has this Annual Report have been adjusted to reflect this the effect of the reverse stock split. The accompanying consolidated financial statements and notes thereto give retroactive effect to the stock split for all periods presented.

On March 23, 2021, the Company completed its initial public offering ("IPO") through an underwritten sale of an aggregate of 18,400,000 shares of its common stock at a price of $20.00 per share. The aggregate net proceeds from the offering, inclusive of an additional 2,400,000 common shares sold upon the full exercise of the underwriter's purchase option, after deducting underwriting discounts and commissions of $25.8 million and other offering expenses of $3.2 million, was $339.0 million.

Concurrent with the IPO, all then-outstanding shares of the Company's convertible preferred stock outstanding (see Note 8) were automatically converted into an aggregate of 89,220,699 shares of common stock and were reclassified into permanent equity. Further, immediately following the closing of the IPO, the Company amended and restated its certificate of incorporation such that the total number of shares of common stock authorized to be issued was 300,000,000 and the total number of shares of preferred stock authorized to be issued was 10,000,000. Following the IPO, there are no shares of convertible preferred stock outstanding.

Segments

Operating segments are defined identified as components of an entity for which separate discrete financial information is available and that is regularly reviewed by the chief operating decision-maker in deciding how to allocate resources to an individual segment and in assessing performance. The Company has determined it operates in a single operating segment and has one operating segment.

Cash, Cash Equivalents, Restricted Cash, and Marketable Securities

and Long-Term Investments

The Company considers all highly liquid investments purchased with original maturities of three months or less from the purchase date to be cash equivalents. Cash equivalents include amounts invested in money market accounts.

Restricted cash consists of a money market account which serves as collateral for the Company's employee corporate credit cards and is classified within other long-term assets on the consolidated balance sheet as of December 31, 2021. The Company did not have restricted cash on the consolidated balance sheet as of December 31, 2022.

Restricted cash consists of a cash reserve which serves as collateral for the Company's construction loan and is classified within Restricted cash on the consolidated balance sheet as of December 31, 2023.

The Company's short-term Company's investments in marketable securities and long-term investments have original maturities of less than a year at date of purchase. been classified and accounted for as available-for-sale. The Company classifies and accounts for marketable securities its maturities as available-for-sale securities, either short-term or long-term based on each instrument's underlying contractual maturity date, which are carried at their fair values based on the quoted market prices of the securities. Unrealized gains and losses are reported as accumulated other comprehensive income (loss). Realized gains and losses on available-for-sale securities are included in net loss in the period earned or incurred. As of December 31, 2022, December 31, 2023 and 2022, marketable securities consisted of U.S. Treasury bills that the Company classifies within marketable securities on the consolidated balance sheets.

bills.

Short-term and long-term marketable securities are recorded at their estimated fair value. The Company periodically reviews whether its securities may be other-than-temporarily impaired, including whether or not (i) the Company has the intent to sell the security or (ii) it is more likely than not that the Company will be required to sell the security before its anticipated recovery. If one of these factors is met, the Company will record an impairment loss associated with its impaired investment. The impairment loss will be recorded as a write-down of investments in the consolidated balance sheets and a realized loss within other expense in the consolidated statements of operations and comprehensive loss. For the year ended December 31, 2022, December 31, 2023 and 2022, there were no impairment losses for the investments.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the amounts shown in the consolidated statements of cash flows (in thousands):

	December 31,

	December 31,	
	2022	2021
Cash and cash equivalents	$43,716	$37,590
Restricted cash	—	500
Cash, cash equivalents and restricted cash	$43,716	$38,090

December 31,	
2023	2022

Fair Value Measurement

Assets and liabilities recorded at fair value on a recurring basis in the balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. The Company measures fair value based on a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

Level 1 —Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 —Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the assets or liabilities. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 —Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In determining fair value, the Company utilize quoted market prices, or valuation techniques that maximize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Property, Plant and Equipment, Net

Property, plant and equipment, with the exception of land, is stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations as incurred. Upon sale or retirement of assets, the cost and related accumulated depreciation are removed from the balance sheets and the resulting gain or loss is reflected in the consolidated statement of operations and comprehensive loss. The estimated useful lives of the Company's property, plant and equipment are as follows:

Laboratory equipment	5 years
Manufacturing equipment	5 years
Office and computer equipment	3 years
Building	35 years
Leasehold improvements	Shorter of remaining lease term or estimated useful life

The Company owns land and buildings that it is in the process of developing for its U.S. operations. As and as described in Note 3, the clinical and commercial manufacturing building has been completed and is ready for its intended use. The commercial building is still in development and depreciation will commence once the commercial manufacturing facility is ready for its intended use. A variety of costs are were incurred in the development of a property. After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determination of when the development project is substantially complete and placed into service to begin depreciation involves a degree of judgment. The costs of land and buildings under development include specifically identifiable costs. The capitalized costs include pre-construction costs essential to the development of the property, development costs, and construction costs. When the Tarzana development project is substantially complete was completed and available for occupancy, the Company ceases ceased capitalization of costs other than costs to improve the functionality or extend the useful lives of property, plant and equipment included as part of the project. During the year ended December 31, 2023, the Company recorded a building impairment of $41.5 million recognized in the consolidated statements of operations and comprehensive loss in the line item "restructuring and impairment charges." See Note 3 for more information.

Assets Held for Sale

The Company classifies long-lived assets or disposal groups to be sold as held for sale in the period in which all of the following criteria are met: management, having the authority to approve the action, commits to a plan to sell the asset or disposal group; the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal group; the sale of the asset or disposal group is probable, and transfer of the asset or disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond the Company's control extend the period of time required to sell the asset or disposal group beyond one year; the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and actions required to complete the plan to sell have been initiated.

The Company initially measures a long-lived asset or disposal group that is held for sale at the lower of its carrying value or fair value less any costs to sell. Fair value is estimated by the Company through evaluations of quoted market prices received for other comparable held for sale assets sold by the Company. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset or disposal group until the date of sale. The Company assesses the fair value of a long-lived asset or disposal group less any costs to sell each reporting period it remains classified as held for sale and reports any subsequent changes as an adjustment to the carrying value of the asset or disposal group, as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale. Upon determining that a long-lived asset or disposal group meets the criteria to be classified as held for sale, the Company ceases depreciation and reports long-lived assets in the line item “assets held for sale” in its consolidated balance sheet. To date, the Company has recorded impairment losses on assets held for sale associated with the Plan. During the year ended December 31, 2023, the Company recognized a non-cash impairment charge of $16.3 million and sold remaining assets held for sale for $1.6 million. The non-cash impairment charge was recorded in the consolidated statements of operations and comprehensive loss in the line item “restructuring and impairment charges.” See Note 12 for more information.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or that the useful life is shorter than originally estimated. Recoverability of assets is measured by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset over its remaining useful life. If such assets are impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. If the useful life is shorter than originally estimated, the Company depreciates or amortizes the remaining carrying value over the revised shorter useful life. Assets to be disposed of by sale are reflected at the lower of their carrying amount or fair value less cost costs to sell. To date, the Company has recorded impairment losses on long-lived assets associated with a sustained decrease in the Company's Company's stock price and the Plan implemented on December 2, 2022 for a strategic prioritization implementation of the Company’s preclinical and clinical development programs. Plan. The Company recognized a non-cash impairment charge of $68.2 million during the year ended December 31, 2023 and $1.9 million during the fourth quarter of 2022. year ended December 31, 2022. The impairment charge was recorded in the consolidated statements of operations and comprehensive loss in the line item “restructuring and impairment charges.” See Note 12 for more information.

Business Combinations

The Company evaluates acquisitions of assets and related liabilities and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the screen is met, the transaction is accounted for as an asset acquisition. If the screen is not met, further determination is required as to whether or not the Company has acquired inputs and processes that have the ability to create outputs which would meet the requirements of a business.

The Company accounts for its business combinations using the acquisition method of accounting which requires recognition and measurement of all identifiable assets acquired and liabilities assumed at their full fair value as of the date it obtains control. The Company has determined the fair value of assets acquired and liabilities assumed based upon management's estimates of the fair values of assets acquired and liabilities assumed in the acquisitions. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable assets acquired. The Company accounts for contingent considerations at the acquisition-date fair value as part of the consideration transferred in the transaction and remeasures at fair value for each reporting period.

While management has used its best estimates and assumptions to measure the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date, these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, not to exceed one year from the date of acquisition, any changes in the estimated fair values of the net assets recorded for the acquisition will result in an adjustment to goodwill. Upon the conclusion of the measurement period of final determination of the values of assets acquired or liabilities assumed, whichever comes first, the Company records any subsequent adjustments to the consolidated statements of operations and comprehensive loss. Acquisition-related costs, such as legal and consulting fees, are expensed as incurred.

The Company accounts for an asset acquisition by recognizing net assets based on the cost to the acquiring entity on a relative fair value basis, which includes transaction costs in addition to consideration given. Goodwill is not recognized in an asset acquisition; any excess consideration transferred over the fair value of the net assets acquired is allocated to the non-monetary identifiable assets and liabilities assumed based on relative fair values. Acquired IPR&D is expensed as incurred provided there is no alternative future use.

Goodwill and other Indefinite Lived Intangible Assets

Indefinite-lived intangible assets consist of goodwill and IPR&D acquired in a business combination.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired in a business combination. Goodwill is not amortized but is tested for impairment at least annually or more frequently if a triggering event occurs . occurs. The Company’s impairment tests are based on a single operating segment and

reporting unit structure. If the carrying value of the reporting unit exceeds its fair value, an impairment charge is recognized for the excess of the carrying value of the reporting unit over its fair value (see Note 12).

IPR&D assets represent the fair value of incomplete research and development projects that had not reached technological feasibility as of the date of acquisition; initially, these are classified as IPR&D and are not subject to amortization. Once these research and development projects are completed, the asset balances are transferred from IPR&D to acquisition-related developed technology and are subject to amortization from this point forward. The Company reviews IPR&D for possible impairment annually or more frequently if events or changes in circumstances indicate that carrying amount may not be recoverable. Significant assumptions inherent in the evaluation and measurement of impairment include, but are not limited to, external factors such as industry and economic trends, and internal factors such as changes in the Company's business strategy and the Company's forecasts for specific projects (see Note 12). During the year ended December 31, 2022, there was $15.8 million in impairment of Goodwill & IPR&D recognized in the consolidated statement of operations and comprehensive loss in the line item "restructuring "restructuring and impairment charges" charges".

Grant Proceeds

The Company receives government grants in the UK for the furtherance of certain research and development projects. Grant proceeds are recognized when all conditions of such grants are fulfilled or there is a reasonable assurance that they will be fulfilled. Grant proceeds are classified as a reduction of research and development expenses. For the years ended December 31, 2022 December 31, 2023 and 2021, $1.6 2022, $0.1 million and $1.7 $1.6 million, of grant proceeds were recognized in research and development expenses on the Company's consolidated statements of operations and comprehensive loss, respectively.

Research and Development Expenses

Research and development ("R&D") costs are expensed as incurred. Advance payments for research and development activities are deferred as prepaid expenses, classified as current or noncurrent on the Company's consolidated balance sheets based on the estimated timing the related services will be performed and are expensed as the related services are performed. Costs incurred by third parties pursuant to contracts with research institutions and clinical research organizations are expensed as the contracted work is performed. The Company accrues for costs incurred as the services are being provided by monitoring the status of the trial or project and the invoices received from the external service providers. The Company adjusts its accrual as actual costs become known. If the actual timing of the performance of services or the level of effort varies significantly from the estimate, the Company will adjust the accrual accordingly. The Company has not experienced any material differences between accrued costs and actual costs incurred since its inception.

Research and development expenses are presented net of government grants, as described above, and R&D tax and expenditure credits from the UK government, which are recognized over the period necessary to match the reimbursement with the related costs when it is probable that the Company has complied with any conditions attached and will receive the reimbursement. Reimbursable R&D tax and expenditure credits were $3.1 million and $1.8 million in the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Stock-Based Compensation

The Company measures its stock-based awards granted to employees, non-employee directors, consultants and independent advisors based on the estimated grant date fair value of the awards. For stock-based awards with only service conditions, compensation expense is recognized over the requisite service period using the straight-line method. For stock-based awards that include performance conditions, compensation expense is not recognized until the performance condition is probable to occur. The Company uses the Black-Scholes option pricing model to estimate the fair value of its stock-based awards. The Black-Scholes option pricing model requires the Company to make assumptions and judgements about the variables used in the calculations, including the fair value of common stock, expected term, expected volatility of the Company's common stock, risk-free interest rate and expected dividend yield. The Company accounts for forfeitures of stock-based awards as they occur.

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts or existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period of enactment. The Company records a valuation allowance to reduce deferred tax assets to an amount expected to be realized.

The Company recognizes the tax benefit from an uncertain tax position if it is more likely than not that the tax position will be sustained upon examination by the tax authorities, based on the merits of the position. The Company's policy is to recognize interest and penalties related to the underpayment of income taxes as a component of income tax expense or benefit. To date, there have been no interest or penalties charged in relation to the unrecognized tax benefits.

Foreign Currency

The Company's reporting currency is the U.S. dollar. The functional currency of the Company's subsidiary located in the United Kingdom is the British Sterling. pound sterling. Balance sheets prepared in the functional currency are translated to the reporting currency at exchange rates in effect at the end of the accounting period, except for stockholders' deficit accounts, which are translated at rates in effect when these balances were originally recorded. Revenue and expense accounts are translated using an average exchange rate in effect during the period. The resulting foreign currency translation adjustments are recorded as a separate component of accumulated other comprehensive loss in the accompanying consolidated balance sheets.

Gains and losses resulting from exchange rate changes on intercompany transactions denominated in a currency other than the local currency are included in earnings as incurred as the related amounts are expected to be repaid in the foreseeable future.

Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss by the weighted-average number of shares of the Company's common stock outstanding for the period, without consideration for potential dilutive shares of common stock. For purposes of the diluted net loss per share calculation, convertible preferred stock and common stock options are considered to be potentially dilutive securities. Diluted net loss per share is the same as basic net loss per share for each period presented since the effects of potentially dilutive securities are antidilutive given the net loss of the Company.

Comprehensive Loss

Comprehensive loss is defined as a change in equity during a period from transactions and other events and circumstances from non-owner sources. For the year ended December 31, 2022, December 31, 2023 and 2022, comprehensive loss consists of foreign currency translation adjustments and unrealized loss on available-for-sale securities net of tax. For the year ended December 31, 2021, comprehensive loss consists of foreign currency translation adjustments and unrealized loss on available-for-sale securities.

Emerging Growth Company Status

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to avail itself of this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Leases

The Company adopted the as its new standard Accounting Standards Updated ("ASU" ("ASU") No. 2016-2, Leases effective January 1, 2022 using the modified retrospective transition approach. For its long-term operating leases, the Company recognizes a right-of-use asset and a lease liability on its consolidated balance sheets.

The Company determines if an arrangement is or contains a lease at contract inception by assessing whether the arrangement contains an identified asset and whether the lessee has the right to control such asset. Lessees are required to classify leases as either finance or operating leases and to record a right-of-use ("ROU") asset and a lease liability for all leases with a term greater than 12 months regardless of the lease classification. The lease classification will determine whether the lease expense is recognized based on an effective interest rate method or on a straight-line basis over the term of the lease. The Company determines the initial classification and measurement of its ROU assets and lease liabilities at the lease commencement date and thereafter if modified. For leases with a term greater than 12 months, the Company records the lease liability at the present value of lease payments over the term. The term of the Company's leases equals the non-cancellable period of the lease, including any rent-free periods provided by the lessor, and also includes options to extend or terminate the lease that the Company is reasonably certain to exercise. The ROU asset equals the carrying amount of the related lease liability, adjusted for any lease payments made prior to lease commencement, any deferred rent upon adoption, and lease incentives provided by the lessor.

The Company has elected, for all classes of underlying assets, not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. Lease cost for short-term leases is recognized on a straight-line basis over the lease term. The Company estimates its incremental borrowing rate based on the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment.

Variable lease payments are expensed as incurred and do not factor into the measurement of the applicable ROU asset or lease liability. Lease payments may be fixed or variable; however, only fixed payments are included in the Company's lease liability calculation. Lease costs for the Company's operating leases are recognized on a straight-line basis within operating expenses over the lease term. The Company's lease agreements may contain non-lease components such as common area maintenance, operating expenses or other costs, which are expensed as incurred for all classes of assets. The Company's leases do not contain any residual value guarantees.

See Note 7, Commitments and Contingencies, regarding the Company's leases, below.

Recent Accounting Pronouncements Adopted

In February 2016, the Financial Accounting Standards Board ("FASB" ("FASB") issued ASU No. 2016-02, Leases (Topic 842) which supersedes FASB ASC Topic 840, Leases (Topic 840) and provides principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and lessors. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. The Company adopted the new standard effective January 1, 2022 using the modified retrospective transition approach. Upon adoption on January 1, 2022, the Company recognized ROU assets and lease liabilities totaling $12.5 $12.5 million and $7.6 million,, respectively, to reflect the present value of remaining lease payments under existing lease arrangements. The Company applied the modified retrospective transition approach and did not recast prior periods. As permitted by the standard, the Company elected the transition practical expedient package, which among other things, allows the carryforward of historical lease classifications. The Company's new accounting policies around leases are described in Leases, above, and in Note 7, Commitments and Contingencies.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. Additionally, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326, in April 2019 and ASU 2019-05, Financial Instruments — Credit Losses (Topic 326) — Targeted Transition Relief, in May 2019. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The Company adopted this standard on January 1, 2022. The adoption of this standard did not have a material impact on the Company's consolidated financial statements and disclosures.

In December 2019, the FASB issued ASU No. 2019-12. Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The standard simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and also improves consistent application by clarifying and amending existing guidance. The Company adopted this standard on January 1, 2022. The adoption of this standard did not have a material impact on the Company's Company's consolidated financial statements and disclosures.

Recent Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures which requires public entities to disclose information about their reportable segments' significant expenses on an interim and annual basis. ASU 2023-07 is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this ASU 2023-07 on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topics 740): Improvements to Income Tax Disclosures" to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this ASU 2023-09 on its consolidated financial statements and related disclosures.

3. Balance Sheet Components

Property, Plant and Equipment, Net

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

	December 31,	
	2022	2021
Land	$ 31,243	$ 31,243
Laboratory equipment	19,050	13,962
Buildings(1)	32,778	6,034
Office and computer equipment	4,969	2,239
Leasehold improvements	4,340	1,836
Manufacturing equipment	8,803	1,717
Vehicles	64	64
Construction work-in-progress	104,117	67,883

	December 31,	
	2023	2022
Land		
Laboratory equipment		
Buildings		
Office and computer equipment		
Leasehold improvements		
Manufacturing equipment		
Vehicles		
Construction work-in-progress		

Total property, plant and equipment, gross	Total property, plant and equipment, gross	205,364	124,978
Less: accumulated depreciation	Less: accumulated depreciation	(8,484)	(2,979)
Total property, plant and equipment, net	Total property, plant and equipment, net	$196,880	$121,999

(1) Relates to a building which was developed as part of the Company's clinical manufacturing facility in Tarzana, California. The building was placed into service and ready for its intended use as of the end of the quarter ended June 30, 2022.

For the years ended December 31, 2022 December 31, 2023 and 2021 2022 the Company recognized depreciation expense of $6.0 $4.8 million and $2.7 million $6.0 million, respectively, in the consolidated statements of operations and comprehensive loss.

As of December 31, 2022 the Company is in the process of developing this land for its U.S. operations and has capitalized $104.0 million in work-in-progress costs associated with this development project. The Company's contractual commitments for this its Tarzana development project are limited to unreimbursed spend by the general contractor and as such, as of December 31, 2022 December 31, 2023 and 2021, 2022, $0.2 million and $4.0 million, and $63.2 million, respectively, is was contractually committed to the development of this project.

During the year ended December 31, 2022, December 31, 2023 and 2022, the Company capitalized interest of $2.4 million and $1.2 million, of interest respectively, related to qualifying expenditures for construction work-in-progress for its commercial Tarzana manufacturing facility, facility.

During the year ended December 31, 2023, the Company determined there were indicators of impairment on its buildings and construction work-in-progress asset groups. As a result, the Company performed recoverability tests on these groups and concluded these assets' undiscounted cash flows did not exceed their carrying values. The Company estimates the fair value of its buildings through a combination of an income-based approach and a market-based approach. The income-based approach is dependent on specific assumptions such as market rental rates, capitalization rates and discount rates which is not ready for are Level 3 inputs. The market-based approach utilizes observable data, such as comparable building sales and occupancy rates which are Level 2 inputs. The fair value of its intended use.

buildings were determined to be $132.1 million, below the carrying value of $173.7 million. This led to an impairment of $41.5 million recognized in the consolidated statements of operations and comprehensive loss in the line item "restructuring and impairment charges."

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in thousands):

		December 31,	
December 31,			
		2022	2021
Accrued construction costs	Accrued construction costs	$12,359	$12,085
Accrued compensation and benefits	Accrued compensation and benefits	3,273	11,928
Accrued operational expenses	Accrued operational expenses	2,203	5,292
Accrued restructuring costs	Accrued restructuring costs	5,434	—

December 31,	
2023	2022

Accrued research, development and clinical trial expenses	Accrued research, development and clinical trial expenses	3,827	4,234
Operating lease liabilities, current	Operating lease liabilities, current	2,381	—
Current tax liabilities		—	524
Other current liabilities	Other current liabilities	592	386
Total accrued expenses and other current liabilities	Total accrued expenses and other current liabilities	$30,069	$34,449

4. Goodwill and Intangible Assets

In March 2020, the Company acquired 100% of the share capital of Immetacyte. The acquisition was accounted for as a business combination and, accordingly, the total fair value of purchase consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their fair values on the acquisition date. Due to the Company's pre-commercialization stage, many of the processes and methods used in the production of TILs were still in experimental development and pre-clinical stages and as such, resulted in stages.

As a $10.1 million IPR&D asset and $5.7 million in goodwill.

During December result of the 2022 the Company realigned its preclinical and clinical development programs driven by discontinuation of its ITIL-168 development program (see Note 12). As of December 31, 2022, Plan, the Company determined that the carrying amount of its goodwill and intangible assets exceeded its fair value. The fair value was determined based on a discounted cash flow analysis, which took into account multiple factors including future cash flows, discount rates, and market conditions. As a result of this analysis, the Company recognized a non-cash impairment charge of $5.7 million for goodwill and $10.1 million for intangible assets during the fourth quarter of 2022. year ended December 31, 2022. The impairment charge was recorded in the consolidated statements of operations and comprehensive loss in the line item "restructuring and impairment charges."

5. Fair Value Measurement

The fair value of cash and cash equivalents approximates carrying value since cash and cash equivalents consist of short-term highly liquid investments with maturities of less than three months at the time of purchase. Cash and cash equivalents are quoted market prices in active markets for identical assets and are therefore classified as Level 1 assets. Money market funds are open-end mutual funds that invest in cash, government securities, and/or repurchase agreements that are collateralized fully. To the extent that these funds are valued based upon the reported net asset value, they are categorized in Level 1 of the fair value hierarchy.

Short-term and long-term marketable securities comprised of U.S. Treasury bills that are classified within Level 2 of the fair value hierarchy are valued based on other observable inputs, including broker or dealer quotations, alternative pricing sources or U.S. Government Treasury yield of appropriate term.

The following tables provide information by level for assets and liabilities that are measured at fair value on a recurring and nonrecurring basis:

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(In thousands)			

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Financial Assets				
Money market funds				
Money market funds	$22,830	$ —	$ —	$ 22,830

U.S. Treasury bills	U.S. Treasury bills	—	217,204	—	217,204
Derivative financial instrument	Derivative financial instrument	—	2,202	—	2,202
Total	Total	$22,830	$219,406	$ —	$242,236
Financial Liabilities	**Financial Liabilities**				
Contingent consideration	Contingent consideration	$ —	$ —	$ 8,242	$ 8,242
Contingent consideration					
Contingent consideration					

	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
	(In thousands)			

	As of December 31, 2022			
	As of December 31, 2022			
	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Financial Assets	**Financial Assets**			
Money market funds	Money market funds	$18,493	$ —	$ —	$ 18,493
Money market funds					
Money market funds					
U.S. Treasury bills	U.S. Treasury bills	—	416,509	—	416,509
Derivative financial instrument					
Total	Total	$18,493	$416,509	$ —	$435,002
Financial Liabilities	**Financial Liabilities**				
Contingent consideration	Contingent consideration	$ —	$ —	$12,321	$ 12,321
Contingent consideration					
Contingent consideration					

There were no transfers in or out of Level 1, 2 and 3 measurements for the years ended December 31, 2022 December 31, 2023 and 2021. 2022. As of December 31, 2022 December 31, 2023 and 2021, 2022, there were no securities within Level 3 of the fair value hierarchy. The derivative financial instrument above relates to the interest rate swap discussed in Note 7, and is included in prepaid expenses and other long-term current assets in the consolidated balance sheets.

As of December 31, 2022, December 31, 2023 and 2022, the fair value of the Company's Company's Loan (as defined in Note 7) was $72.3 million and $69.0 million. million, respectively. The fair value was determined on the basis of its net present value and is considered Level 2 in the fair value hierarchy (see Note 2).

The following table sets forth a summary of the changes in the fair value of the Company's Company's Level 3 financial liabilities (in thousands):

	Year Ended December 31, 2023
Fair value, beginning balance	$ 8,242
Change in fair value	(3,384)
Development milestone achieved	—
Fair value, ending balance	$ 4,858

	Year Ended December 31, 2022
Fair value, beginning balance	$ 12,321
Change in fair value	(2,879)
Development milestone achieved	(1,200)
Fair value, ending balance	$ 8,242

	Year Ended December 31, 2021
Fair value, beginning balance	$ 12,277
Change in fair value	294
Development milestone achieved	(250)
Fair value, ending balance	$ 12,321

The Company's acquisition of Immetacyte involved the potential for the payment of future contingent consideration upon the achievement of (i) certain product development milestones including, approval of studies and commencement and completion of certain product trials, or (ii) various other performance conditions including, receipt of final approval for the first marketing authorization and first commercial sale in certain geographical markets. Contingent consideration is recorded at the estimated fair value of the contingent payments on the acquisition date. The fair value of the contingent consideration is remeasured at the estimated fair value at each reporting period with the change in fair value recognized as income or expense within research and development expense in the consolidated statements of operations and comprehensive loss.

During the year of acquisition, the Company determines determined the fair value of the contingent consideration by probability weighting scenarios of milestone achievements to determine the expected future contingent consideration payment, discounted to present value using an 8% discount rate based on the Company's pre-tax cost of debt on the acquisition date. The probability of payments ranged from 20% to 100% and the timing of future payments ranged from 2020 2026 to 2026. In determining 2028. Determinations of the likelihood of milestone achievements, which trigger payouts related to the contingent consideration, as well as the probabilities for various scenarios used in the Company's calculations, were based on internal unobservable projections.

During the year ended December 31, 2021 December 31, 2023, the change of fair value related to the contingent consideration is was due to the Company recognizing a discontinuation of the ITIL-306-202 development milestone of $0.3 million, program, the change in present value for the passage of time, as well as expected dates and probabilities of milestone achievement revisions. During the year ended December 31, 2021, the Company recognized a development milestone achievement, which is classified as an accrued expense in other current liabilities in the consolidated balance sheets as of December 31, 2021 and subsequently paid in 2022.

During the year ended December 31, 2022, the change of fair value related to the contingent consideration is was due to the Company recognizing development milestones of $1.2 million, the discontinuation of the ITIL-168 development program, the change in present value for the passage of time, as well as expected dates and probabilities of milestone achievement revisions.

6. Financial Instruments

Marketable securities classified as available-for-sale at December 31, 2022 December 31, 2023 and 2021 2022 consisted of the following (in thousands):

		December 31, 2023			
	Maturity	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury bills	Less than one year	$ 141,075	$ 86	$ —	$ 141,161
U.S. Treasury bills	Between one and two years	23,134	27	—	23,161
		$ 164,209	$ 113	$ —	$ 164,322

		December 31, 2022			
	Maturity	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury bills	Less than one year	$ 217,669	$ —	$ (465)	$ 217,204

		December 31, 2021			
	Maturity	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury bills	Less than one year	$ 416,559	$ —	$ (50)	$ 416,509

As of December 31, 2022 December 31, 2023 and 2021, all 2022, marketable securities that had contractual maturities less than one year, or marketable securities with maturities greater than one year are classified as current because management considers all these marketable securities to be available for current operations. As of December 31, 2023 and 2022, marketable securities that had contractual maturities between one and two years are classified as long-term because management considers these marketable securities to be available for operations beyond one year. The Company does not intend to sell its marketable securities and it is not likely that the Company will be required to sell these securities before recovery of their amortized cost bases. There were $217.2 million $141.2 million marketable securities and $416.5 million $23.2 million long-term investments

maturing in less than two years classified as available-for-sale at December 31, 2023. There were $217.2 million marketable securities classified as available-for-sale at December 31, 2022 and 2021, respectively. .

7. Commitments and Contingencies

Operating Leases Lease Obligations

The Company currently leases office spaces and laboratory spaces located in Greater Los Angeles, California, Dallas, Texas, and the United Kingdom and other parts of the United States. Kingdom. The Company's Company's leased facilities have original lease terms ranging from 2 to 5 years that predominately require the Company to provide a security deposit, while certain leases provide the right for the Company to renew the lease upon the expiration of the initial lease term, and various leases have scheduled rent increases on an annual basis. The exercise of lease renewal options for the Company's existing leases is at the Company's sole discretion, and not included in the measurement of ROU right-of-use asset or lease liability as they are not reasonably certain to be exercised. Certain leases provide free rent, or tenant improvement allowances, of which certain of these improvements have been classified as leasehold improvements and are being amortized over the shorter of the estimated useful life of the improvements or the remaining life of the lease, while other tenant such improvements incurred by the Company will revert to the landlord at the expiration of the lease and are not assets on the Company's will be removed from Company's consolidated balance sheets.

Information related to the Company's operating ROU assets and related lease liability was as follows (in thousands, except for years and percentages):

Company's The Company's lease costs consist of the following (in thousands):

	Year Ended December 31, 2022
Short-term lease cost	$ 1,155
Operating lease cost	4,852
Variable lease cost	1,096
Total lease cost	$ 7,103

	Year Ended December 31,	
	2023	2022
Short-term lease cost	$ 375	$ 1,155
Operating lease cost	2,185	4,852
Variable lease cost	1,170	1,096
Total lease cost	$ 3,730	$ 7,103

The following table summarizes cash flow information related to the Company's lease obligations (in thousands):

	Year Ended December 31, 2022
Cash paid for operating lease liabilities	$ 3,258

	Year Ended December 31,	
	2023	2022
Cash paid for operating lease liabilities	$ 2,308	$ 3,258

The following table summarizes the Company's lease assets and liabilities (in thousands):

	As of December 31, 2022
Operating lease right-of-use assets	$ 12,457
Current operating lease liabilities	$ 2,381
Non-current operating lease liabilities	$ 5,171

	As of December 31,	
	2023	2022
Operating lease right-of-use assets	$ 2,387	$ 12,457
Current operating lease liabilities	$ 1,750	$ 2,381

Non-current operating lease liabilities	$	2,877	$	5,171

The following table summarizes other supplemental information related to the Company's lease obligations:

	As of December 31, 2022
Weighted-average remaining lease term (in years)	3.29
Weighted-average discount rate	6.75 %

	As of December 31,	
	2023	2022
Weighted-average remaining lease term (in years)	2.60	3.29
Weighted-average discount rate	6.75 %	6.75 %

Future minimum lease payments under operating lease liabilities were (in thousands):

	As of December 31, 2022
2023	$ 2,806

	As of December 31, 2023	As of December 31, 2023
2024	2024	2,417
2025	2025	1,920
2026	2026	1,272
Total future lease payments	Total future lease payments	8,415
Less: imputed interest	Less: imputed interest	863
Total lease liability balance	Total lease liability balance	7,552
Less: current portion of operating lease liabilities	Less: current portion of operating lease liabilities	2,381
Total operating lease liabilities, non-current	Total operating lease liabilities, non-current	$ 5,171

Under ASC 840, rent expenseDuring the year ended December 31, 2023, the Company evaluated its remaining right-of-use assets for impairment, as the Plan has resulted in a cessation of use for several locations. The Company determined these assets were impaired, and recognized under the leases was $3.0 an impairment loss of $7.2 million for the year ended December 31, 2021.

Future minimum lease payments under noncancellable operating leases asDecember 31, 2023 and nil for the year ended December 31, 2022, in addition to a loss on termination of December 31, 2021 $0.5 million for the year ended December 31, 2023 and nil for the year ended December 31, 2022, which were as follows (in thousands):

	As of December 31, 2021

2022	$ 2,411
2023	2,354
2024	2,215
2025	1,936
2026	1,272
Total	$ 10,188

recorded in the consolidated statements of operations and comprehensive loss in the line item “restructuring and impairment charges” (see Note 12).

Construction Commitments

The Company’s contractual commitments for the development of the Tarzana project are limited to unreimbursed spend by the general contractor and as such, as of December 31, 2022December 31, 2023, was $4.0 $0.2 million, which is contractually committed to the development of this project.

During the year ended December 31, 2023, the Company entered into lease termination agreements for several office and laboratory spaces located in the United States as a part of the Plan. As consideration for the terminations, the Company agreed to pay certain landlord’s termination fees of approximately $0.4 million, which are recorded in the consolidated statements of operations and comprehensive loss in the line item “restructuring and impairment charges” (see Note 12).

Legal Proceedings

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues a liability for such matters when it is probable that future expenditures will be made and that such expenditures can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Company does not expect that the resolution of these matters will have a material adverse effect on its financial position, results of operations or cash flows.

Debt

In June 2022, the Company’s wholly-owned wholly owned subsidiary, Complex Therapeutics Mezzanine LLC, and the Company's wholly-owned Company’s wholly owned indirect subsidiary, Complex Therapeutics LLC, entered into a mortgage construction loan and mezzanine construction loan (together, the “Loan”) secured by its Tarzana, California land and building (the “Property”) which is partially complete. substantially complete and is waiting for final certificate of occupancy from the city of Los Angeles. The initial principal amount of the Loan was $52.1 million, with additional future principal of up to $32.9 million to fund ongoing Property construction costs. The Loan principal is payable in July 2025, with the option to extend until July 2027. As of December 31, 2022 December 31, 2023, the outstanding principal amount under the Loan was $74.8 $82.8 million and unamortized debt issuance costs were $2.4 $1.4 million. During the year ended December 31, 2023, $0.6 million in additional principal was paid in accordance with the lender agreement. The Loan is guaranteed by the Company and secured by the Property, and bears interest at one-month Secured Overnight Financing Rate, plus

5.25% per annum. The Company's effective Company discontinued capitalizing interest rate during on June 2023 as the year ended December 31, 2022 building was approximately 7.3%. substantially complete. The Loan contains customary negative and affirmative covenants that include limitations on the ability of the Company to enter into significant contracts and incur additional debt. The Company is also required to maintain consolidated net worth and liquid assets of at least $85.0 million as of December 31, 2022 December 31, 2023 and 2021 2022 as defined in the loan agreement. As of December 31, 2022 December 31, 2023, the Company was in compliance with the covenants of the Loan. The Company is also required to maintain certain insurance coverage on the Property. In connection with the Loan, the Company entered into an interest rate swap to effectively limit its maximum interest rate, as discussed in Note 5.

The net carrying amount of the liability component of the Loan was as follows (in thousands):

	As of December 31, 2022
Principal amount	$ 74,755
Unamortized debt issuance cost	(2,405)
Net carrying amount	$ 72,350

	As of December 31,	
	2023	2022
Principal amount	$ 82,837	$ 74,755
Unamortized debt issuance cost	(1,410)	(2,405)
Net carrying amount	$ 81,427	$ 72,350

The following table sets forth the interest expense recognized related to the Loan (in thousands):

	Year Ended December 31, 2022
Contractual interest expense	$ 1,302
Amortization of debt issuance cost	581
Total interest expense related to the Loan	$ 1,883

	Year Ended December 31,	
	2023	2022
Contractual interest expense	$ 4,214	$ 1,302
Amortization of debt issuance cost	995	581
Total interest expense related to the Loan	$ 5,209	$ 1,883

Indemnifications

The Company has entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted by Delaware corporate law. The Company currently has directors' and officers' insurance coverage that reduces its exposure and enables the Company to recover a portion of any future amounts paid. No liability associated with such indemnifications was recorded as of December 31, 2022 December 31, 2023 and 2021.

2022.

Other Commitments

In the normal course of business, we enter the Company enters into contracts and various purchase agreements commitments with third-party vendors for clinical research services, products and other services from third parties for operating purposes. These agreements generally provide for termination or cancellation, other than for costs already incurred. As of December 31, 2023, the Company had $3.1 million in commitment for contract terminations as part of the Plan. As of December 31, 2022, the Company had non-cancelable purchase commitments of approximately $18.3 million consisting mainly of contract research organizations, software and operating commitments. The Company also recorded $3.0 million in commitments elated related to one-time employee termination benefits and $2.4 million in commitments for contract termination terminations as part of the Plan (see Note 12).

The Company has entered into an agreement with a third-party to collaborate on the development of the Collaboration Product with the aim of enrolling patients in investigator-initiated ("IIT") clinical trials in China. During the year ended December 31, 2023, the Company paid $0.3 million in milestone payments. Additional milestone payments of $2.6 million were made during the first quarter of 2024 and upon successful completion of future milestones the Company may be required to pay up to $3.4 million for clinical development and related activities.

8. Equity

Common Stock

Each share of common stock has the right to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and if declared by the Board of Directors, subject to the prior rights of holders of all classes of stock outstanding having priority rights as to dividends. No cash dividends have been declared by the board Board of directors Directors from inception.

In November 2020, the Company executed a limited recourse promissory note with its Chief Executive Officer, Bronson Crouch, in the amount of $1.1 million which was secured by a pledge of a total of 3.2 million shares of its common stock issued upon exercise of vested stock options. The note bore an interest rate of 2.5% per annum with a maturity date of the earlier of (i) five years from the date of the note or (ii) one business day prior to the filing or submission of the Company's first registration statement covering the Company's common stock with the SEC. The principal and interest under the note may be repaid at any time without penalty. Because the Company only had partial recourse under the promissory note, the Company deemed the note receivable to be non-substantive. As such, the note receivable was not reflected in the consolidated financial statements and the related stock transaction was recorded at the time the note receivable is settled in cash. The promissory note was fully repaid in January 2021.

On March 23, 2021, the Company completed its IPO through an underwritten sale of an aggregate of 18,400,000 shares of its common stock at a price of $20.00 per share (see Note 2).

As of December 31, 2022 December 31, 2023, the Company had outstanding 130,079,097 6,503,913 shares of common stock. stock outstanding.

Preferred Stock Activity

All then outstanding shares of convertible preferred stock were converted into an aggregate of 89,220,699 shares of common stock on March 23, 2021, the closing date of the Company's IPO (see Note 2). After the completion of the IPO, the Company's The Company's current amended and restated certificate of incorporation authorizes the Company to issue up to 10,000,000 shares of preferred stock at $0.000001 par value per share. The Board of Directors is authorized to provide for the issuance of the preferred stock in one or more series, and to fix the number of shares and to determine or alter for each such series, such voting powers, full or limited, or no voting powers, and such designation,

preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in subsequent resolution or resolutions adopted by the board providing for the issuance of such shares. As of December 31, 2022 December 31, 2023 and 2021 2022 there were no shares of preferred stock issued nor or outstanding.

9. Stock-Based Compensation

2021 Equity Incentive Plan

In March 2021, the Company adopted the 2021 Equity Incentive Plan (the "2021 Plan"), which became effective in connection with the IPO. Company's initial public offering ("IPO"). The 2021 Plan was approved by the Company's Board of Directors and stockholders in March 2021. The 2021 Plan is an equity incentive plan pursuant to which the Company may grant the following awards: (i) incentive stock options; (ii) nonstatutory stock options; (iii) stock appreciation rights; (iv) restricted stock awards; (v) restricted stock unit awards; (vi) performance awards; and (vii) other forms of stock awards to employees, directors, and consultants, including employees and consultants of the Company's affiliates. The 2021 Plan is a successor to the Company's Company's 2018 Stock Incentive Plan (the "2018 Plan"). Following the effectiveness of the 2021 Plan, no further grants may be made under the 2018 Plan; however, any outstanding equity awards granted under the 2018 Plan will continue to be governed by the terms of the 2018 Plan.

The number of shares available for future issuance under the 2021 Plan is the sum of (1) 8,660,000 433,000 new shares of common stock, (2) 4,194,437 209,722 remaining shares of common stock reserved under the 2018 Plan that became available for issuance upon the effectiveness of the 2021 Plan and (3) the number of shares of common stock subject to outstanding awards under the 2018 Plan when the 2021 Plan became effective that thereafter expire or are forfeited, canceled, withheld to satisfy tax withholding or to purchase or exercise an award, repurchased by the Company or are otherwise terminated. The number of shares of common stock reserved for issuance under the 2021 Plan will automatically increase on January 1 of each year, for a period of ten years, from January 1, 2022

continuing through January 1, 2031, by 5% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares as may be determined by the Company's Board of Directors. Stock options granted by the Company to employees generally vest over four years with a one-year cliff.

As of December 31, 2022 December 31, 2023, 8,095,739 659,608 shares of common stock remained available for issuance under the 2021 Plan. As of December 31, 2022 December 31, 2023, the total number of shares authorized for issuance under the 2021 Plan was 12,854,437 642,722 shares.

The following summarizes option activity under the 2021 Plan: Plan as of December 31, 2023:

	Shares Available for Grant	Shares Issuable Under Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contract Term (in years)	Aggregate Intrinsic Value (in thousands)	Shares Available for Grant	Shares Issuable Under Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contract Term (in years)	Aggregate Intrinsic Value (in thousands)
Balance, December 31, 2020	10,217,230	15,331,923	$ 0.80	9.22	$ 78,857					
Additional Shares Authorized	8,660,000									
Options granted(1)	(9,413,187)	9,413,187	$ 9.96							
Options forfeited	390,245	(390,245)	$ 5.28							
Options exercised(2)	—	(3,976,028)	$ 0.44							
Balance, December 31, 2021	9,854,288	20,378,837	$ 5.17	8.75	$ 247,880					
Additional Shares Authorized	—									
Options granted(1)	(6,019,321)	6,019,321	$ 7.87							
Options granted(1)										
Options granted(1)										
Options forfeited										
Options forfeited										
Options forfeited	4,260,772	(4,260,772)	$ 7.69							
Options exercised	—	(1,050,819)	$ 1.47							
Options exercised										
Options exercised										
Balance, December 31, 2022	8,095,739	21,086,567	$ 5.61	7.22	$ 711					

Exercisable, December 31, 2022	9,925,790	$ 3.86	6.56	$ 709	
Vested and expected to vest, December 31, 2022	9,925,790	$ 3.86	6.56	$ 709	
Balance, December 31, 2022					
Balance, December 31, 2022					
Additional Shares Authorized					
Options granted(1)					
Options granted(1)					
Options granted(1)					
Options forfeited					
Options forfeited					
Options forfeited					
Options exercised					
Options exercised					
Options exercised					
Balance, December 31, 2023					
Balance, December 31, 2023					
Balance, December 31, 2023					
Exercisable, December 31, 2023					
Vested and expected to vest, December 31, 2023					

(1) Includes 295,237 4,796 and 2,519,137 14,762 stock options during the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively, subject to only performance conditions.

(2) Excludes the exercise of 3,159,750 stock options that are subject to a limited recourse promissory note.

The aggregate intrinsic value disclosed in the above table is based on the difference between the exercise price of the stock option and the estimated fair value of the Company's common stock as of the respective period-end dates. There were 1,050,819 zero and 3,976,028 52,450 stock options exercised during the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The aggregate intrinsic value of stock options exercised during the years ended December 31, 2022 December 31, 2023 and 2021, 2022, was $0 million and $66.3 million, nil, respectively. The weighted-average grant date fair value of stock options granted during the years ended December 31, 2022 December 31, 2023 and 2021, 2022, was $5.19 $8.74 and $11.59 $103.83 per share, respectively.

The following table sets forth stock-based compensation included in the Company's statement of operations and comprehensive loss (in thousands):

	Year Ended December 31,	
	2022	2021
Research and development expense	$ 11,882	$ 12,912
General and administrative expense	18,559	13,285
Total stock-based compensation expense	$ 30,441	$ 26,197

During 2022, the Company accelerated the vesting of 36,162 options held by 36 employees. As a result of that modification, the Company recognized a reversal of compensation expense of $0.2 million for the year ended December 31, 2022.

Also during 2022, the Company extended the post-termination exercise period for 1,068,544 fully vested share options held by an employee. As a result of that modification, the Company recognized additional compensation expense of $0.1 million for the year ended December 31, 2022.

	Year Ended December 31,	
	2023	2022
Research and development expense	$ 1,549	$ 11,882
General and administrative expense	16,617	18,559
Total stock-based compensation expense	$ 18,166	$ 30,441

As of December 31, 2022 December 31, 2023 and 2021, 2022, there was $55.0 $22.4 million and $69.5 $55.0 million of total unrecognized compensation cost related to unvested stock options granted under the 2021 Plan (excluding performance awards), which is expected to be recognized over a weighted average period of 1.98 1.39 years and 2.24 1.98 years, respectively.

The fair value of the Company's stock option awards was estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions:

	Year Ended December 31,	
	2022	2021
Expected term (in years)	6.10 — 6.26	5.77 — 6.24
Expected volatility	72.08 % — 74.30%	72.52 % — 89.11%
Risk-free interest rate	1.61 % — 4.21%	0.51 % — 1.44%
Fair value of common stock	$1.33 — $13.41	$5.95 — $26.44
Expected dividend yield	—%	—%

Prior to the Company's IPO in March 2021, the fair value of the shares of common stock underlying stock options had historically been determined by the Company's Board of Directors. Because there has been no public market for the Company's common stock, the Board of Directors has determined fair value of the common stock at the time of grant of the option by considering a number of objective and subjective factors including important developments in the Company's operations, contemporaneous valuations performed by an independent third party firm, sales of the Company's convertible preferred stock, the Company's operating results and financial performance, the conditions in the biotechnology industry and the economy in general, the stock price volatility of similar public companies and the lack of marketability of the Company's common stock, among other factors. After the Company's IPO in March 2021, the fair value of common stock is determined using the closing price of the Company's common stock on the Nasdaq Global Select Market.

	Year Ended December 31,	
	2023	2022
Expected term (in years)	5.28 — 6.08	6.10 — 6.26
Expected volatility	76.19 % — 77.56%	72.08 % — 74.30%
Risk-free interest rate	3.54 % — 4.01%	1.61 % — 4.21%
Fair value of common stock	$11.18 — $15.20	$26.60 — $268.20
Expected dividend yield	—%	—%

The Black-Scholes option pricing model requires the use of highly subjective assumptions which determine the fair value of stock-based awards. These assumptions include:

Expected term—The expected term represents the period that stock-based awards are expected to be outstanding and is determined as the average of the time-to-vesting and the contractual life of the awards.

Expected volatility—Since the Company is privately held and does not have any trading history for its common stock, the expected volatility was estimated based on the average volatility for comparable publicly traded biotechnology companies over a period equal to the expected term of the stock option grants. The comparable companies were chosen based on their similar size, stage in the life cycle or area of specialty.

Risk-free interest rate—The risk-free interest rate is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of awards.

Expected dividend yield—The Company has never paid dividends on its common stock and has no plans to pay dividends on its common stock. Therefore, the Company used an expected dividend yield of zero.

Performance Awards

During the years ended December 31, 2022 December 31, 2023 and 2021, 295,237 2022, 4,796 and 2,519,137 14,762 stock options were granted to both employees and non-employees based upon performance conditions and strategic transactions. 2023 performance grants are expected to be recognized over a weighted average period of 0.37 years, and the 2022 performance grants are expected to be recognized over a weighted average period of 3.17 years, and the 2021 performance grants are expected to be recognized over a weighted average period of 2.02 years. A strategic transaction has been defined as (a) a change in control, or (b) certain corporate and business goals specific to the employee's performance or employment agreement. Included in stock-based compensation expense for the year ended December 31, 2022 December 31, 2023 is $5.9 million $4.2 million related to awards where performance conditions were achieved. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company had $10.6 million $5.1 million and $21.1 million $10.6 million of unrecognized compensation cost relating to these performance awards, calculated using the accelerated attribution method and the grant date fair value of the awards, respectively.

Employee Stock Purchase Plan

In March 2021, the Company adopted the Employee Stock Purchase Plan (the "ESPP"), which became effective in connection with the IPO. The ESPP was adopted by the Company's Board of Directors and stockholders in March 2021. 2021, but the Company has not yet commenced offerings to employees under the ESPP. The ESPP initially provides participating employees with the opportunity to purchase up to an aggregate of 1,237,000 61,850 shares of common stock. The number of shares reserved under the 2021 ESPP will automatically increase increases on January 1 of each year for a period of ten years, from January 1, 2022 continuing through and until January 1, 2031, in an amount equal to

the lesser of (i) 1% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, and (ii) 2,474,000 123,700 shares; provided, however, that before the date of any such increase, the Board of Directors may determine that such increase will be less than the amount set forth in clauses (i) and (ii). The Company has not yet commenced offerings to employees under the ESPP.

10. Net Loss Per Share

The following outstanding potentially dilutive shares have been excluded from the calculation of diluted net loss per share for the periods presented due to their anti-dilutive effect:

December 31,		December 31,			December 31,	
		2022	2021		2023	2022
Stock options to purchase common stock	Stock options to purchase common stock	21,086,817	20,378,837	Stock options to purchase common stock	799,622	1,053,997
Total	Total	21,086,817	20,378,837	Total	799,622	1,053,997

All outstanding shares of convertible preferred stock were converted on a 1.2-for-1 conversion ratio of shares of common stock on March 23, 2021, the date of the Company's IPO (see Note 2).

Company's IPO.

11. Income Taxes

The geographical breakdown of loss before provision for income taxes is as follows (in thousands):

Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
		2022	2021	2023	2022
Domestic	Domestic	$(183,994)	$(154,778)		
Foreign	Foreign	(41,256)	(1,977)		
Loss before income taxes	Loss before income taxes	$(225,250)	$(156,755)		

The components of the provision for income taxes are as follows (in thousands):

Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
		2022	2021	2023	2022
Current provision for income taxes:	Current provision for income taxes:				
Domestic	Domestic				
Domestic	Domestic	$ 13	$ —		

Foreign	Foreign	—	—
Total current	Total current	13	—
Deferred tax provision:	Deferred tax provision:		
Domestic	Domestic	—	18
Domestic	Domestic		
Foreign	Foreign	(2,086)	21
Total deferred	Total deferred	(2,086)	39
Total income tax expense (benefit)	Total income tax expense (benefit)	$(2,073)	$ 39

The following table presents a reconciliation of the Company's statutory federal income tax rate and effective tax rate:

		Year Ended December 31,			Year Ended December 31,			
		2022	2021		2023		2022	
U.S. federal taxes at statutory rate	U.S. federal taxes at statutory rate	21.0 %	21.0 %	U.S. federal taxes at statutory rate	21.0	%	21.0	%
Research and development tax credits		— %	0.9 %					
Stock-based compensation	Stock-based compensation	(2.0)%	(3.1)%	Stock-based compensation	(1.8)	%	(2.0)	%
Permanent differences and other	Permanent differences and other	0.2 %	(0.3)%	Permanent differences and other	0.8	%	0.2	%
Statutory tax rate differences	Statutory tax rate differences	1.1 %	2.7 %	Statutory tax rate differences	3.4	%	1.1	%
Change in valuation allowance	Change in valuation allowance	(19.4)%	(21.2)%	Change in valuation allowance	(23.4)	%	(19.4)	%
Total	Total	0.9 %	— %	Total	—	%	0.9	%

The components of deferred tax liabilities consist of the following (in thousands):

		Year Ended December 31,			Year Ended December 31,	
		2022	2021	2023	2022	
Deferred tax assets:	Deferred tax assets:					
Net operating loss carryforwards						
Net operating loss carryforwards						

Net operating loss carryforwards	Net operating loss carryforwards	$58,259	$36,726
Research and development credits	Research and development credits	4,915	4,682
Accrued compensation and benefits	Accrued compensation and benefits	352	2,364
Stock-based compensation	Stock-based compensation	2,781	239
Capitalized Research and Development		20,966	505
Capitalized research and development			
Other temporary differences	Other temporary differences	517	1,033
Intangible assets			
Fixed assets			
Other			
Total gross deferred tax assets	Total gross deferred tax assets	87,790	45,549
Less: valuation allowance	Less: valuation allowance	(86,285)	(42,737)
Total deferred tax assets, net	Total deferred tax assets, net	1,505	2,812
Deferred tax liabilities:	Deferred tax liabilities:		
Intangible assets	Intangible assets	—	(2,672)
Intangible assets			
Intangible assets			
Fixed assets	Fixed assets	(420)	(2,566)
Other	Other	(1,085)	—
Total gross deferred tax liabilities	Total gross deferred tax liabilities	(1,505)	(5,238)
Net deferred tax liabilities	Net deferred tax liabilities	$ —	$ (2,426)

The components of unrecognized tax benefits consist of the following (in thousands):

Balance at December 31, 2021:	$	2,339
Additions in 2022		—
Balance at December 31, 2022:	$	2,339
Additions in 2023		—
Balance at December 31, 2023:	$	2,339

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Due to the uncertainty of the business in which the Company operates, projections of future profitability are difficult and past profitability is not necessarily indicative of future profitability. The Company does not believe it is more likely than not that the deferred tax assets will be realized, and accordingly, the valuation allowance increased $43.5 million $40.4 million for the year ended December 31, 2022 December 31, 2023. As of December 31, 2022 December 31, 2023, the Company had net operating loss carryforwards for federal income tax purposes of $225.7 million $319.5 million, which will carryforward indefinitely, but may only offset 80% of the Company's taxable income. This limitation on the net operating loss may require the Company to pay federal income taxes in future years despite generating a loss for federal income tax purposes in prior years. In addition, the Company has $25.1 million $173.3 million of net operating loss carryforwards available to reduce future taxable income, for California state income tax purposes for the year ended December 31, 2022 December 31, 2023. The state net operating loss carryforwards will begin to expire, if not utilized, in 2041. The Company has R&D credits of $4.1 million, and $3.7 million for federal and California, respectively, as of December 31, 2022 December 31, 2023. The federal R&D credits expire in 2040 2041 and the California R&D credits carryforward indefinitely.

The Company files income tax returns in the U.S. federal jurisdiction, various states where the Company has employees and/or significant business activities, and the United Kingdom. As of December 31, 2022 December 31, 2023, the Company's federal and state returns through 2019 2020 are still open to examination. The UK returns starting from 2016 2020 are open to examination. The Company had uncertain tax positions as of December 31, 2021 December 31, 2022 of $2.3 million and this balance remained unchanged during December 31, 2022 December 31, 2023. The Company does not anticipate that the amount of existing unrecognized tax benefits will significantly increase or decrease during the next 12 months. The Company had no accrued interest or penalties related to uncertain tax positions as of December 31, 2022 December 31, 2023.

The Company has not completed a Section 382 study to assess whether an ownership change has occurred or whether there have been multiple ownership changes since the Company's formation. Pursuant to Internal Revenue Code Sections 382 and 383, annual use of the Company's net operating loss and research and development tax credit carryforwards may be limited in the event a cumulative change in ownership of more than 50% occurs within a three-year period. If eliminated, the related asset would be removed from the deferred tax asset schedule with a corresponding reduction in the valuation allowance. Due to the existence of the valuation allowance, limitations created by future ownership changes, if any, will not impact the Company's effective tax rate.

12. Corporate Restructuring

In December 2022, the Company's Board of Directors approved a the Plan to implement a strategic prioritization of the Company's preclinical and clinical development programs. The Plan is strategy was designed to reduce costs and reallocate resources to focus on advancing the Company's CoStimulatory Antigen Receptor (CoStAR) CoStAR platform and other next-generation tumor infiltrating lymphocyte (TIL) technologies. As part of the Plan, strategy, the Company's ITIL-168 development program was discontinued, and the Company reduced its U.S. workforce by approximately 60%.

In January 2023, the Company announced the consolidation of the ITIL-306 Phase 1 clinical trial and related manufacturing of CoStAR-TIL operations in Manchester, UK and stopped recruiting for the ITIL-306-201 clinical trial. The December 2022 and January 2023 events are collectively referred to as (the "Plan").

In January 2024, the Company's Board of Directors approved the 2024 Plan that includes closing the Company's Manchester, UK manufacturing facility and clinical trial operations and cessation of the Company's ITIL-306-202 clinical trial. The Company expects to record restructuring and impairment charges in 2024.

In connection with the 2024 Plan, the Company currently estimates that it will incur charges of up to $6.1 million, including employee termination costs, severance and other benefits, and contract termination costs. The charges that the Company expects to incur in connection with the 2024 Plan are subject to a number of assumptions, and actual results may differ materially. The Company may also incur additional costs not currently contemplated due to events that may occur as a result of, or that are associated with, the 2024 Plan.

Restructuring and Impairment Charges

As a result of the Plan, in the year ended December 31, 2022, December 31, 2023 and 2022, the Company recorded restructuring and impairment charges of approximately $72.0 million and $23.2 million, respectively, within the restructuring and impairment charges line item within the consolidated statements of operations and comprehensive loss. These

charges relate to asset impairments, contract terminations, severance payments and other employee-related costs incurred. The following table summarizes the restructuring and impairment charges by category (in thousands):

	Year Ended December 31, 2022
Asset impairment for goodwill and intangible assets	$ 15,826
Asset impairment for leasehold improvements	1,202
Asset impairment for other fixed assets	705
One-time employee termination benefits	2,995
Contract terminations	2,439
Total restructuring and impairment charges	$ 23,167

	Year Ended December 31,

	2023	2022
Asset impairment for goodwill and intangible assets	$ —	$ 15,826
Asset impairment for leasehold improvements	2,644	1,202
Asset impairment for other fixed assets	—	705
One-time employee termination benefits	1,844	2,995
Building and construction work in progress impairment	41,542	—
Contract terminations expense	1,987	2,439
Right-of-use asset impairment	7,724	—
Impairment of long-lived assets held for sale	16,271	—
Total restructuring and impairment charges	$ 72,012	$ 23,167

Restructuring Liability

The As a result of the Plan, the restructuring liability was recorded in the consolidated balance sheets under "Accrued expenses and other current liabilities" and were measured at the amount expected amount to be paid. During the year ended December 31, 2022 December 31, 2023, the Company did not pay paid $5.4 million of restructuring charges costs and expects to pay the majority remainder of the restructuring cost costs within the next 12 months. The following table shows the liability related to the Plan (in thousands):

	As of December, 31 2022
One-Time Employee Termination Benefits	$ 2,995
Contract Termination	2,439
Restructuring liability balance	$ 5,434

Corporate Restructuring Expansion Plan

On January 30, 2023, the Company's Board of Directors approved an expansion of its previously announced restructuring plan implementing a strategic prioritization of the Company's preclinical and clinical development programs. In connection with the expanded restructuring plan ("the Expanded Plan"), the Company will extend its previously announced U.S. reduction in force, resulting in a team of approximately 15 in the United States to lead global business operations and approximately 65 employees in the United Kingdom for research, development, clinical studies and technical operations. The reduction is expected to be substantially completed by the end of April 2023. The Expanded Plan is designed to reduce operating expenses, which is expected to preserve financial resources and extend the Company's cash runway beyond 2026 based on the Expanded Plan as currently contemplated. In connection with the Expanded Plan, the Company expects to transition clinical manufacturing and trial operations of ITIL-306 to its operations in the United Kingdom. In addition, the Company is evaluating opportunities for a potential sale or lease of its Tarzana, California manufacturing site, as well as subleases of other facilities currently under lease.

The Company currently estimates that it will incur charges of up to $9.0 million in connection with the Expanded Plan, consisting primarily of cash expenditures for severance payments, retention bonus payments, contract terminations and related costs, as well as non-cash expenses related to vesting of share-based awards, excluding any charges or costs associated with any potential sale of its facilities and asset impairments, if any. The Company may incur additional costs associated with its restructuring plan. The Company expects that the majority of the restructuring charges will be incurred in the next 12 months and that the execution of the Expanded Plan will be substantially complete by the end of April 2023.

The charges that the Company expects to incur in connection with the Expanded Plan are estimates and subject to a number of assumptions, and actual results may differ materially. The foregoing estimated amounts do not include any non-cash charges associated with stock-based compensation.

	Employee Benefits	Contract terminations	Total
Restructuring liability ending December 31, 2022	$ 2,995	$ 2,439	$ 5,434
Payments	(4,543)	(893)	(5,436)
Additions, net	1,548	1,590	3,138
Restructuring liability balance as of December 31, 2023	$ —	$ 3,136	$ 3,136

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Annual Report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2022 December 31, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's Board of Directors, management and other personnel, 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022 December 31, 2023 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in its 2013 Internal Control - Integrated Framework. Based on its assessment, our management has concluded that our internal over financial reporting was effective as of December 31, 2022 December 31, 2023.

This Annual Report on Form 10-K does not include an attestation report of our independent public accounting firm as allowed by Section 404(b) of the Sarbanes-Oxley Act, as amended by Section 103 of the JOBS Act.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended December 31, 2022 December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact on our internal control over financial reporting despite the fact that most of our employees are continuing to work remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Attestation Report of the Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm due to an exemption for "emerging growth companies."

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item and not set forth below will be set forth in the sections captioned “Election of Directors,” “Information Regarding the Board of Directors and Corporate Governance” and "Executive Officers" “Executive Officers" in our definitive Proxy Statement for our 2023 2024 Annual Meeting of Stockholders to be filed with the SEC on or before April 30, 2023 April 29, 2024, or the 2023 *2024 Proxy Statement,* and is incorporated in this report by reference.

We have adopted a code of ethics for directors, officers and employees, known as the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is available on our website at http://www.instilbio.com under the Corporate Governance section of our Investors page. We will promptly disclose on our website (i) the nature of any amendment to the policy that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and (ii) the nature of any waiver, including an implicit waiver, from a provision of the policy that is granted to one of these specified individuals, the name of such person who is granted the waiver and the date of the waiver.

Item 11. Executive Compensation.

The information required by this Item will be set forth under the sections captioned “Executive Compensation” and “Director Compensation” in the 2023 2024 Proxy Statement and is incorporated in this report by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item will be set forth under the sections captioned “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance under Equity Compensation Plans” in the 2023 2024 Proxy Statement and is incorporated in this report by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item will be set forth under the sections captioned “Transactions with Related Persons and Indemnification” and “Independence of the Board of Directors” in the 2023 2024 Proxy Statement and is incorporated in this report by reference.

Item 14. Principal Accountant Fees and Services.

The information required by this Item will be set forth under the section captioned “Ratification of Selection of Independent Registered Public Accounting Firm” in the 2023 2024 Proxy Statement and is incorporated in this report by reference.

Part IV

Item 15. Exhibits, Financial Statement Schedules.

(a)(1) Financial Statements.

The response to this portion of Item 15 is set forth under Part II, Item 8 above.

(a)(2) Financial Statement Schedules.

All schedules have been omitted because they are not required or because the required information is given in the Financial Statements or Notes thereto set forth under Item 8 above.

(a)(3) Exhibits.

The exhibits listed on the Exhibit Index are either filed or furnished with this report or incorporated herein by reference.

Exhibit Number	Description of Exhibit
3.1 3.1*	Amended and Restated Certificate of Incorporation, (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-40215), filed with the SEC on March 23, 2021). as amended.
3.2	Amended and Restated Bylaws (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-40215), filed with the SEC on March 23, 2021).
4.1* 4.1	Description of Securities(incorporated (incorporated herein by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K (File No. 001-40215), filed with the SEC on March 7, 2022).
10.1†#	Share Purchase Agreement, by and between the Registrant and Immetacyte Limited, dated March 2, 2020 (incorporated herein by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1 (File No.333-253620) 333-253620), filed with the SEC on February 26, 2021).
10.2+	2021 Equity Incentive Plan and Forms of Option Grant Notice and Agreement, Exercise Notice, Early Exercise Notice and Restricted Stock Award Notice (incorporated herein by reference to Exhibit 10.2 to the Company's Registration StatementStatement on Form S-1 (File No. 333-253620), filed with the SEC on March 15, 2021).
10.3+	2018 Stock Incentive Plan and Forms of Stock Option Agreement, Notice of Stock Option Grant and Notice of Exercise and Common Stock Purchase Agreement (incorporated herein by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1 (File No. 333-253620) 333-253620), filed with the SEC on February 26, 2021).
10.4+	2021 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1 (File No. 333-253620) 333-253620), filed with the SEC on March 15, 2021).
10.5+	Form of Indemnification Agreement with Executive Officers and Directors (incorporated herein by reference to Exhibit 10.5 to the Company's Registration Registration Statement on Form S-1 (File No. 333-253620) 333-253620), filed with the SEC on March 15, 2021).
10.6+* 10.6*+	Amended and Restated Non-Employee Director Compensation Policy
10.7+	Executive Employment Agreement, by and between the Registrant and Bronson Crouch, dated as of June 2020 (incorporated herein by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1(File No. 333-253620), filed with the SEC on March 15, 2021).
10.8+	Executive Employment Agreement, by and between the Registrant and Zachary Roberts, M.D., Ph.D., dated as of June 2020 (incorporated herein by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 (File No. 333-253620) 333-253620), filed with the SEC on March 15, 2021).
10.9+ 10.8+	Executive Employment Agreement, by and between the Registrant and Sandeep Laumas, M.D., dated as of June 2020 (incorporated herein by reference to Exhibit 10.8 to the Company's Registration StatementRegistration Statement on Form S-1 (File No. 333-253620) 333-253620), filed with the SEC on March 15, 2021).
10.10+* 10.9+	Executive Employment Separation Agreement, by and between the Registrant and Sumita Ray, dated as of April 18, 2022. April 14, 2023 (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-40215), filed with the SEC on August 14, 2023).
10.11+*	Separation Agreement, by and between the Registrant and Timothy L. Moore, dated as of December 8, 2022.
10.12+*	Separation Agreement, by and between the Registrant and Zachary Roberts, M.D., Ph.D., dated as of November 11, 2022.
10.13^ 10.10^	Loan Agreement, by and between Complex Therapeutics LLC and OPG Hermes Investments (DE) LLC, dated June 10, 2022 (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-40215), filed with the SEC on August 12, 2022).
10.14^ 10.11^	Mezzanine Loan Agreement, by and between Complex Therapeutics Mezzanine LLC and OPG Hermes Investments (DE) LLC, dated June 10, 2022 (incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-40215), filed with the SEC on August 12, 2022).
21.1* 21.1	Subsidiaries of the Registrant (incorporated herein by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K (File No. 001-40215), filed with the SEC on March 7, 2022.
23.1*	Consent of Independent Registered Public Accounting Firm
24.1*	Power of Attorney (Included in signature pages hereto)
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*††	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*††	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1*+	Incentive Compensation Recoupment Policy
101	The following financial information from Instil Bio, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations and Comprehensive Loss, (iii) the Consolidated Statements of Convertible Preferred Stock and of Stockholders Equity, (Deficit), (v) the Consolidated Statements of Cash Flows, and (vi) Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.

† Confidential treatment has been requested for portions of this agreement.

Certain schedules to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedules will be furnished supplementally to the SEC upon request.

^Portions of this exhibit have been omitted because they are not material and are the type that the Company treats as private or confidential, in accordance with Item 601(b)(10) of Regulation S-K.

\+ Indicates management contract or compensatory plan.

†† These certifications are being furnished solely to accompany this annual report on Form 10-K pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

The agreements and other documents filed as exhibits to this Annual Report on Form 10-K are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Item 16. Form 10–K Summary.

None.

Signatures

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

INSTIL BIO, INC.

March 31, 2023 21, 2024

By: /s/ Bronson Crouch

Bronson Crouch

Chief Executive Officer

Signatures And Power of Attorney

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Bronson Crouch and Sandeep Laumas, M.D., jointly and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place, and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that all said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Bronson Crouch Bronson Crouch	Chief Executive Officer and Chairman (Principal Executive Officer)	March 31, 2023 21, 2024
/s/ Sandeep Laumas, M.D. Sandeep Laumas, M.D.	Chief Financial Officer and Chief Business Officer (Principal Financial and Accounting Officer)	March 31, 2023 21, 2024
/s/ Gwendolyn Binder, Ph.D. Gwendolyn Binder, Ph.D.	Director	March 31, 2023 21, 2024
/s/ Neil Gibson, Ph.D. Neil Gibson, Ph.D.	Director	March 31, 2023 21, 2024
/s/ George Matcham, Ph.D. George Matcham, Ph.D.	Director	March 31, 2023 21, 2024
/s/ R. Kent McGaughy, Jr. R. Kent McGaughy, Jr.	Director	March 31, 2023 21, 2024
/s/ Jack Nielsen Jack Nielsen	Director	March 31, 2023 21, 2024

DESCRIPTION CERTIFICATE OF COMMON STOCK AMENDMENT TO AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF INSTIL BIO, INC.

The following description summarizes the most important terms of our common stock. Because it is only Instil Bio, Inc. (the "***Company***"), a summary, it does not contain all the information that may be important to you. For a complete description corporation organized and existing under and by virtue of the matters set forth General Corporation Law of the State of Delaware (the "***DGCL***"), does hereby certify that:

First: That the name of this corporation is Instil Bio, Inc. The original Certificate of Incorporation of the Company was filed with the Delaware Secretary of State on August 31, 2018. An Amended and Restated Certificate of Incorporation was filed on March 4, 2019, a Certificate of Amendment to the Amended and Restated Certificate of Incorporation was filed on May 28, 2020, the Second Amended and Restated Certificate of Incorporation was filed on June 30, 2020, the Third Amended and Restated Certificate of Incorporation was filed on December 29, 2020, a Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation was filed on March 12, 2021, and an Amended and Restated Certificate of Incorporation was filed on March 23, 2021.

Second: The Board of Directors of the Company (the "***Board***"), acting in this "Description accordance with the provisions of Sections 141 and 242 of the DGCL, adopted resolutions amending its Amended and Restated Certificate of Incorporation (the "***Certificate of Incorporation***") as follows:

Effective as of 5:00 p.m., Eastern Time, on December 7, 2023 (the "***Effective Time***"), each twenty (20) shares of the Company's Common Stock, par value $0.000001 per share, issued and outstanding immediately prior to the Effective Time shall, automatically and without any action on the part of the Company or the respective holders thereof, be combined into one (1) share of Common Stock without increasing or decreasing the par value of each share of Common Stock (the "***Reverse Split***" you should refer); provided, however, no fractional shares of Common Stock shall be issued as a result of the Reverse Split and, in lieu thereof, upon receipt after the Effective Time by the exchange agent selected by the Company of a properly completed and duly executed transmittal letter and, where shares are held in certificated form, the surrender of the stock certificate(s) formerly representing shares of pre-Reverse Split Common Stock, any stockholder who would otherwise be entitled to our amended and restated certificate a fractional share of incorporation, post-Reverse Split Common Stock as amended (the "certificate a result of incorporation") the Reverse Split, following the Effective Time (after taking into account all fractional shares of post-Reverse Split Common Stock otherwise issuable to such stockholder), and amended and restated bylaws (the "bylaws"), which are included as exhibits shall be entitled to our Annual Report on Form 10-K, and receive a cash payment (without interest) equal to the applicable provisions fractional share of Delaware law. Our

authorized capital stock consists of 300,000,000 shares of common stock, $0.000001 par value per share and 10,000,000 shares of Convertible Preferred post-Reverse Split Common Stock $0.000001 par value per share. Our board of directors is authorized, without to which such stockholder approval, except as required would otherwise be entitled multiplied by the listing standards closing sales prices of a share of the Company's Common Stock (as adjusted to give effect to the Reverse Split) on The Nasdaq Stock Market LLC, on the date this Certificate of Amendment is filed with the Secretary of State of the State of Delaware, rounded to issue additional the nearest whole cent. Each stock certificate that, immediately prior to the Effective Time, represented shares of our capital stock. In addition, our board pre-Reverse Split Common Stock shall, from and after the Effective Time, automatically and without any action on the part of directors the Company or the respective holders thereof, represent that number of whole shares of post-Reverse Split Common Stock into which the shares of pre-Reverse Split Common Stock represented by such certificate shall have been combined (as well as the right to receive cash in lieu of any fractional shares of post-Reverse Split Common Stock as set forth above); provided, however, that each holder of record of a certificate that represented shares of pre-Reverse Split Common Stock shall receive, upon surrender of such certificate, a new certificate representing the number of whole shares of post-Reverse Split Common Stock into which the shares of pre-Reverse Split Common Stock represented by such certificate shall have been combined pursuant to the Reverse Split, as well as any cash in lieu of fractional shares of post-Reverse Split Common Stock to which such holder may without further action be entitled as set forth above. The Reverse Split shall be effected on a record holder- by-record holder basis, such that any fractional shares of post-Reverse Split Common Stock resulting from the Reverse Split and held by our stockholders, designate the rights, preferences, privileges, and restrictions of our preferred stock in one or more series. a single record holder shall be aggregated.

Voting Rights

Each holder of our common stock is entitled**Third**: The foregoing amendment to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. The affirmative vote of holders of at least 662/3% of the voting power of all of the then-outstanding shares of capital stock, voting as a single class, will be required to amend certain provisions of our certificate of incorporation, including provisions relating to amending our bylaws, the classified board, the size of our board, removal of directors, director liability, vacancies on our board, special meetings, stockholder notices, actions by written consent and exclusive forum.

Dividends

Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by the board of directors out of legally available funds.

Liquidation

In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

Rights and Preferences

Holders of common stock have no preemptive, conversion or subscription rights and there are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the right of the holders of shares of any series of preferred stock that we may designate in the future.

Delaware Anti-Takeover Law and Provisions of Our Certificate of Incorporation was duly approved by the Board and Bylaws the stockholders of the Company in accordance with the provisions of Section 242 of the DGCL.

Our certificate of incorporation and our bylaws contain certain provisions that could have the effect of delaying, deterring or preventing another party from acquiring control of us, and therefore could adversely affect the market price of our common stock. These provisions and certain provisions of Delaware General Corporation Law (the "DGCL"), which are summarized below, may also discourage coercive takeover practices and inadequate takeover bids, and are designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate more favorable terms with an unfriendly or unsolicited acquirer outweigh the disadvantages of potentially discouraging a proposal to acquire us. *** * ***

Delaware Anti-Takeover Law**In Witness Whereof**, Instil Bio, Inc. has caused this Certificate of Amendment to be executed by its Chief Executive Officer as of December 7, 2023.

By: /s/ Bronson Crouch Bronson Crouch

We are subject to Section 203 Chief Executive Officer

INSTIL BIO, INC.

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

Instil Bio, Inc., a corporation organized and existing under the laws of the State of Delaware (the "***Company***"), does hereby certify as follows:

FIRST: That the name of this corporation is Instil Bio, Inc. The original Certificate of Incorporation of the Company was filed with the Delaware Secretary of State on August 31, 2018. An Amended and Restated Certificate of Incorporation was filed on March 4, 2019, a Certificate of Amendment to the Amended and Restated Certificate of Incorporation was filed on May 28, 2020, the Second Amended and Restated Certificate of Incorporation was filed on June 30, 2020, the Third Amended and Restated Certificate of Incorporation was filed on December 29, 2020 and a Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation was filed on March 12, 2021.

SECOND: That the Board of Directors of the Company, acting in accordance with the provisions of Sections 141 and 242 of the General Corporation Law of the State of Delaware (the "***DGCL ("***"), duly adopted resolutions proposing to amend and restate the Certificate of Incorporation of the Company, declaring said amendment and restatement to be advisable and in the best interests of the Company and its stockholders, and authorizing the appropriate officers of the Company to solicit the consent of the stockholders therefore, and this Amended and Restated Certificate of Incorporation was approved by the holders of the requisite number of shares of stock of the Company in accordance with Section 203"). Section 203 generally prohibits a public Delaware corporation from engaging 228 of the DGCL.

THIRD: That this Amended and Restated Certificate of Incorporation has been duly adopted and approved by the Board of Directors and the stockholders of the Company in a "business combination" accordance with an "interested stockholder" for a period Sections 242 and 245 of three years following the time that such stockholder became an interested stockholder, unless: DGCL.

FOURTH: That this Amended and Restated Certificate of Incorporation so adopted reads in full as set forth in Exhibit A attached hereto and is incorporated herein by reference in its entirety.

* * * *

IN WITNESS WHEREOF, Instil Bio, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by its Chief Executive Officer on this 23rd day of March

- prior to such time the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

2021.

INSTIL BIO, INC.

By:

- upon consumption 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 (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or /s/ Bronson Crouch

Bronson Crouch

- at or subsequent to such time the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder. Chief Executive Officer

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;

EXHIBIT A

- any sale, transfer, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;

AMENDED AND RESTATED

- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

CERTIFICATE OF INCORPORATION

- subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; and

OF

- 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.

INSTIL BIO, INC.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more I.

The name of this corporation is Instil Bio, Inc. (the "***Company***").

II.

The address of the outstanding voting stock registered office of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

Certificate of Incorporation and Bylaws

Our certificate of incorporation and bylaws contain certain provisions that are intended to enhance the likelihood of continuity and stability Company in the composition State of Delaware is 3500 S. Dupont Hwy, in the city of Dover, county of Kent, Delaware 19901. The name of its registered agent at such address is Incorporating Services, Ltd.

III.

The purpose of the board of directors and Company is to engage in any lawful act or activity for which a corporation may have be organized under the effect of delaying, deferring or preventing a future takeover or change in control unless such takeover or change in control Delaware General Corporation Law ("***DGCL***").

IV.

A. The Company is approved by the board of directors. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors authorized to issue preferred two classes of stock with voting or other rights or preferences that could impede the success of any attempt to change our control. These provisions include:

Classified board of directors.

Our certificate of incorporation provides for our board of directors to be divided into three classes with staggered three-year terms. Only one class designated, respectively, "Common Stock" and "Preferred Stock." The total number of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Because our stockholders do not have cumulative voting rights, stockholders holding a majority of the shares of common all classes of capital stock outstanding will which the Company shall have authority to issue is three hundred million (300,000,000) shares shall be able to elect all of our directors. Our certificate of incorporation and our bylaws also provide that directors may be removed by the stockholders only for cause upon the vote of 66 2/3% or more of our outstanding common stock. Furthermore, the authorized number of directors may be changed only by resolution of the board of directors, and vacancies and newly created directorships on the board of directors may, except as otherwise required by law or determined by the board, only be filled by a majority vote of the directors then serving on the board, even though less than a quorum. Common Stock (the "***Common***

Stock"), each share having a par value of one-ten thousandth of one cent ($0.000001), and ten million (10,000,000) shares shall be Preferred Stock (the "***Preferred Stock***"), each share having a par value of one-ten thousandth of one cent ($0.000001).

Under our certificate**B.** The Preferred Stock may be issued from time to time in one or more series. The Board of incorporation Directors of the Company (the "***Board***") is hereby expressly authorized to provide for the issue of the shares of the Preferred Stock in one or more series, and bylaws our stockholders do to fix the number of shares and to determine or alter for each such series, such voting powers, full or limited, or no voting powers, and such designation, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board providing for the issuance of such shares and as may be permitted by the DGCL. The Board is also expressly authorized to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not have cumulative voting rights. Because below the number of this, shares of such series then outstanding. In case the number of shares of any series shall be decreased in accordance with the foregoing sentence, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the shares voting power of common the stock of the Company entitled to vote in any election of directors can elect all thereon, without a separate vote of the directors standing for election, if they should so choose. holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any certificate of designation filed with respect to any series of Preferred Stock.

Action **C.** Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Company for their vote; *provided, however,* that, except as otherwise required by Written Consent; Special Meetings law, holders of Stockholders.

Our Common Stock shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any certificate of incorporation designation filed with respect to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon by law or pursuant to this Amended and bylaws also provide that all stockholder actions must be effected at a duly called meeting Restated Certificate of stockholders and eliminate Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock).

V.

For the right of stockholders to act by written consent without a meeting. Our bylaws also provide that only our Chairman management of the board, Chief Executive Officer business and for the conduct of the affairs of the Company, and in further definition, limitation and regulation of the powers of the Company, of its directors and of its stockholders or any class thereof, as the board case may be, it is further provided that:

A.MANAGEMENT OF BUSINESS. The management of the business and the conduct of the affairs of the Company shall be vested in its Board.

B.BOARD OF DIRECTORS.

1.Number. The number of directors pursuant to a resolution that shall constitute the Board shall be fixed exclusively by resolutions adopted by a majority of the total authorized number of directors constituting the Board.

2.Term. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, following the closing of the initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "***Securities Act***") covering the offer and sale of securities to the public (the "***Initial Public Offering***"), the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. The Board is authorized directors may call a special to assign members of the Board already in office to such classes at the time the classification becomes effective. At the first annual meeting of stockholders. stockholders following the closing of the Initial Public Offering, the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting. Notwithstanding the foregoing provisions of this section, each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of directors constituting the Board shall shorten the term of any incumbent director.

3.Removal.

a. Subject to the rights of Directors. any series of Preferred Stock to elect additional directors under specified circumstances, following the closing of the Initial Public Offering, neither the Board nor any individual director may be removed without cause.

Our certificate of incorporation provides that our

b. Subject to any limitation imposed by law, any individual director or directors may be removed only for with cause by the affirmative vote of the holders of at least 66 sixty-six and two-thirds percent (66 2/3%) of the voting power of our outstanding all then-outstanding shares of capital stock voting together as a single class and of the Company entitled to vote in the generally at an election of directors. This requirement

4.Vacancies. Subject to the rights of a supermajority vote to remove directors could enable a minority the holders of our stockholders to prevent a change any series of Preferred Stock, any vacancies on the Board resulting from death, resignation, disqualification, removal or other causes, and any newly created directorships resulting from any increase in the composition number of directors, shall, unless the board of directors.

Advance Notice Procedures.

Our bylaws also provide Board determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders, seeking to present proposals before a meeting of stockholders to nominate candidates for election except as directors at a meeting of stockholders must provide timely advance notice in writing, and specify requirements as to the form and content of a stockholder's notice.

Super Majority Approval Requirements.

The Delaware General Corporation Law generally provides that otherwise provided by law, be filled only by the affirmative vote of a majority of the shares entitled directors then in office, even though less than a quorum of the Board, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified.

C.BYLAW AMENDMENTS. The Board is expressly empowered to adopt, amend or repeal the Bylaws of the Company. Any adoption, amendment or repeal of the Bylaws of the Company by the Board shall require the approval of a majority of the authorized number of directors. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Company; *provided, however,* that, in addition to any vote on of the holders of any matter is class or series of stock of the Company required to amend a corporation's certificate by law or by this Amended and Restated Certificate of incorporation or bylaws, unless either a corporation's certificate of incorporation or bylaws requires a greater

percentage. Our certificate of incorporation and bylaws provide that Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least 66 sixty-six and two-thirds percent (66 2/3%) of the outstanding voting power of all of the then-outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class class.

D.WRITTEN BALLOTS. The directors of the Company need not be elected by written ballot unless the Bylaws so provide.

E.ACTION BY STOCKHOLDERS. No action shall be taken by the stockholders of the Company except at an annual or special meeting of stockholders called in accordance with the Bylaws and entitled to vote in no action shall be taken by the stockholders by written consent or electronic transmission.

F.ADVANCE NOTICE. Advance notice of stockholder nominations for the election of directors are and of business to be required brought by stockholders before any meeting of the stockholders of the Company shall be given in the manner provided in the Bylaws of the Company.

VI.

A. The liability of the directors for monetary damages shall be eliminated to amend, alter, change the fullest extent under applicable law. If the DGCL is amended to authorize corporate action further eliminating or repeal limiting the bylaws and personal liability of directors, then the certificate of incorporation. This requirement liability of a supermajority vote director of the Company shall be eliminated to approve amendments the fullest extent permitted by the DGCL, as so amended.

B. Any repeal or modification of this Article VI shall be prospective and shall not affect the rights under this Article VI in effect at the time of the alleged occurrence of any act or omission to our bylaws could enable a minority act giving rise to liability or indemnification.

VII.

A. Unless the Company consents in writing to the selection of our stockholders to exercise veto power over any such amendments.

Authorized but Unissued Shares.

Our authorized but unissued shares of common stock will be available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock could render more difficult or discourage an attempt to obtain control of a majority of our common stock by means of a proxy contest, tender offer, merger or otherwise.

Exclusive Forum.

Our certificate of incorporation provides that alternative forum, the Court of Chancery of the state State of Delaware will (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court therefrom shall be the sole and exclusive forum for the following types claims or causes of actions or proceedings action under the Delaware statutory or common law:

- (i) any derivative action claim or proceeding cause of action brought on our behalf;
- behalf of the Company; (ii) any claim or cause of action asserting a for breach of a fiduciary duty;
- duty owed by any current or former director, officer or other employee of the Company, to the Company or the Company's stockholders; (iii) any claim or cause of action asserting a claim against us the Company or any current or former director, officer or other employee of the Company, arising out of or pursuant to any provision of the Delaware General Corporation Law, our certificate DGCL, this Amended and Restated Certificate of incorporation, Incorporation or our bylaws; the Bylaws of the Company (as each may be amended from time to time); (iv) any claim or
- cause of action seeking to interpret, apply, enforce or determine the validity of this Amended and Restated Certificate of Incorporation or the Bylaws of the Company (as each may be amended from time to time, including any right, obligation, or remedy thereunder); (v) any claim or cause of action asserting a as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; and (vi) any claim or cause of action against us that is the Company or any current or former director, officer or other employee of the Company, governed by the internal affairs doctrine.

The

The provision would internal-affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court having personal jurisdiction over the indispensable parties named as defendants. This Section A of Article VII shall not apply to suits claims or causes of action brought to enforce a duty or liability created by the Securities Act of 1933, as amended (the "***1933 Act***"), or the Securities Exchange Act of 1934, as amended. Furthermore, Section 22 of the Securities Act of 1933, as amended, or the Securities Act, creates concurrent jurisdiction any other claim for federal and state courts over all such Securities Act actions. Accordingly, both state and which the federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and exclusive jurisdiction.

B. Unless the threat of inconsistent or contrary rulings by different courts, among other considerations, our certificate of incorporation also provides that unless we consent Company consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities 1933 Act.
C. Any person or entity holding, owning or otherwise acquiring any interest in any security of the Company shall be deemed to have notice of and consented to the provisions of this Amended and Restated Certificate of Incorporation.

While VIII.

A. The Company reserves the Delaware courts have determined that such choice right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated Incorporation, in the exclusive forum provisions. In such instance, we would expect manner now or hereafter prescribed by statute, except as provided in paragraph B. of this Article VIII, and all rights conferred upon the stockholders herein are granted subject to vigorously assert the validity this reservation.
B. Notwithstanding any other provisions of this Amended and enforceability Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the exclusive forum provisions holders of our any particular class or series of the Company required by law or by this Amended and Restated Certificate of Incorporation or any certificate of incorporation. This designation filed with respect to a series of Preferred Stock that may require significant additional costs associated with resolving such action in other jurisdictions be designated from time to time, the affirmative vote of the holders of at least sixty-six and there can be no assurance that two-thirds percent (66 2/3%) of the provisions will be enforced by a court in those other jurisdictions

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our certificate voting power of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

Our certificate the then-outstanding shares of incorporation further provides that the federal district courts capital stock of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject Company entitled to and contingent upon a final adjudication vote generally in the State election of Delaware of the enforceability of such exclusive forum provision. directors, voting together as a single class, shall be required to alter, amend or repeal Articles V, VI, VII and VIII.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC. The transfer agent's address is 6201 15th Avenue, Brooklyn, New York 11219.

Listing

Our common stock is listed on the Nasdaq Global Select Market under the trading symbol "TIL."

* * * *

EXHIBIT 10.6

1 INSTIL BIO, INC. NON-EMPLOYEE DIRECTOR COMPENSATION POLICY Instil Bio, Inc.

Amended and Restated Non-Employee Director Compensation Policy

Each member of the Board of Directors (the "Board" "***Board***") who is not also serving as an employee of or consultant to Instil Bio, Inc. (the "Company" "***Company***") or any of its subsidiaries (each such member, an "Eligible Director" "***Eligible Director***") will receive the compensation described in this Amended and Restated Non-Employee Director Compensation Policy for his or her Board service upon and following the date of the underwriting agreement between the Company and the underwriters managing the initial public offering of the Company's common stock (the "Common Stock"), pursuant to which the Common Stock is priced in such initial public offering (the "Effective Date") service). An Eligible Director may decline all or any portion of his or her compensation by giving notice to the Company prior to the date cash may be paid or equity awards are to be granted, as the case may be. This policy is effective as of the April 1, 2024 ("***Effective Date")*** and may be amended at any time in the sole discretion of the Board or the Compensation Committee of the Board.

A. Annual Cash Compensation

The annual cash compensation amount set forth below is payable to Eligible Directors in equal quarterly installments, payable in arrears on the last day of each fiscal quarter in which the service occurred. If an Eligible Director joins the Board or a committee of the Board at a time other than effective as of the first day of a fiscal quarter, each annual retainer set forth below will be pro- rated pro-rated based on days served in the applicable fiscal quarter, with the pro-rated amount paid on the last day of the first fiscal quarter in which the Eligible Director provides the service and regular full quarterly payments thereafter. All annual cash fees are vested upon payment.

1. Annual Board Service Retainer: Retainer:
    a. All Eligible Directors: $35,000 $40,000
    b. Non-Executive Chairman: $30,000
    c. Lead Independent Director: $20,000 2.

1. Annual Committee Chair Service Retainer: Retainer:
    a. Chair of the Audit Committee: $20,000
    b. Chair of the Compensation Committee: $10,000 $12,000
    c. Chair of the Nominating and Corporate Governance Committee: $8,000 d. Chair of the Science and Technology Committee: $8,000 3.

2. Annual Committee Member Service Retainer (not applicable to Committee Chairs):
    a. Member of the Audit Committee: $7,500
    b. Member of the Compensation Committee: $5,000 $6,000
    c. Member of the Nominating and Corporate Governance Committee: $4,000 d. Member of the Science and Technology Committee: $4,000

B. Equity Compensation

The equity compensation set forth below will be granted under the Company's 2021 Equity Incentive Plan (the "Plan" "***Plan***"), subject to the approval of the Plan by the Company's stockholders. . All stock options granted under this policy will be nonstatutory stock options, with an exercise

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2 price per share equal to 100% of the Fair Market Value (as defined in the Plan) of the underlying Company common stock ("***Common Stock***") on the date of grant, and a term of ten years from the date of grant (subject to earlier termination in connection with a termination of service as provided in the Plan). Vested options may continue to be exercised within three years of leaving the Board, provided such period is within the original term of ten years from the date of grant.

EXHIBIT 10.6

1. Initial Grant: Grant for Newly Appointed Directors: For each Eligible Director who is first elected or appointed to the Board following the Effective Date, on the date of such Eligible Director's initial election or appointment to the Board (or, if such date is not a market trading day, the first market trading day thereafter), the Eligible Director will be automatically, and without further action by the Board or the Compensation Committee of the Board, granted a stock option to purchase 60,000 5,000 shares of Common Stock (the "Initial Grant" "***Initial Grant***"). The shares subject to each Initial Grant will vest in substantially equal monthly installments over a three year two-year period such that the option is fully vested on the third second anniversary of the date of grant, subject to the Eligible Director's Continuous Service (as defined in the Plan) through each such vesting date and provided that the Initial Grant will vest in full in the event of such Eligible Director's death or Disability (as defined in the Plan) or upon a Change in Control (as defined in the Plan).

2. Annual Grant: Grant: On the date of each annual stockholder meeting of the Company held after the Effective Date, each Eligible Director who continues to serve as a non-employee member of the Board following such stockholder meeting will be automatically, and without further action by the Board or the Compensation Committee of the Board, granted a stock option to purchase 30,000 5,000 shares of Common Stock (the "Annual Grant" "***Annual Grant***"). The shares subject to the Annual Grant will vest vest in substantially equal monthly installments over a one year one-year period such that the option is fully vested on the first anniversary of the date of grant, subject to the Eligible Director's Continuous Service (as defined in the Plan) through such vesting date. Any portion of the stock option award not yet vested on the date of the next annual stockholder meeting shall vest in full. The Annual Grant will also vest in full in the event of such Eligible Director's death or Disability or upon a Change in Control.

3. Pro-Rata Annual Grant for Newly Appointed Directors: For each Eligible Director who is first elected or appointed to the Board after the Effective Date on a date other than the date of the annual stockholder meeting, such Eligible Director, on the date of his or her appointment (or, if such date is not a market trading day, the first market trading day thereafter) will be automatically, and without further action of the Board or the Compensation Committee of the Board, granted a stock option to purchase a pro-rata portion of the Annual Grant, such pro-rata amount to be based on the calendar days that remain until the upcoming annual stockholder meeting ("***Pro-Rata Annual Grant***"). Such award shall be calculated based on the next scheduled annual stockholder meeting, provided that in the event the next annual stockholder meeting is not yet scheduled, then the pro-rata calculation shall assume the month and day of such meeting is the same month and day as the most recently completed annual stockholder meeting. The shares subject to the Pro-Rata Annual Grant will vest in substantially equal monthly installments such that the option is fully vested on the earlier to occur of the (1) first anniversary of the most recently completed annual stockholder meeting and (2) the date of the next annual stockholder meeting, subject to the Eligible Director's Continuous Service (as defined in the Plan) through such vesting date; provided further, that the Pro-Rated Annual Grant will vest in full in the event of such Eligible Director's death or Disability or upon a Change in Control (as defined in the Plan). Control.

C. Non-Employee Director Compensation Limit

As provided in the Plan and notwithstanding the foregoing, the aggregate value of all compensation granted or paid, as applicable, to any individual for service as a Non-Employee

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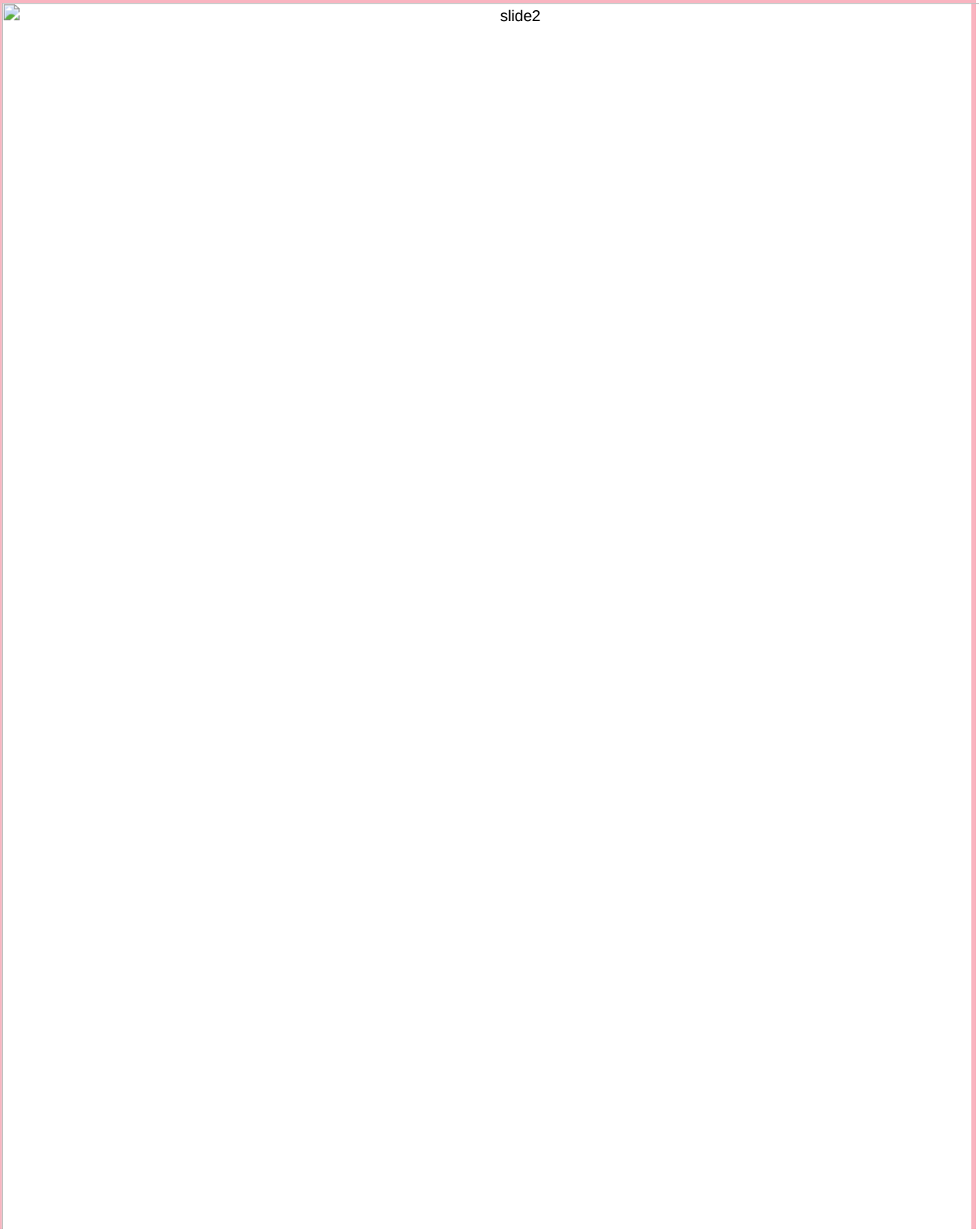
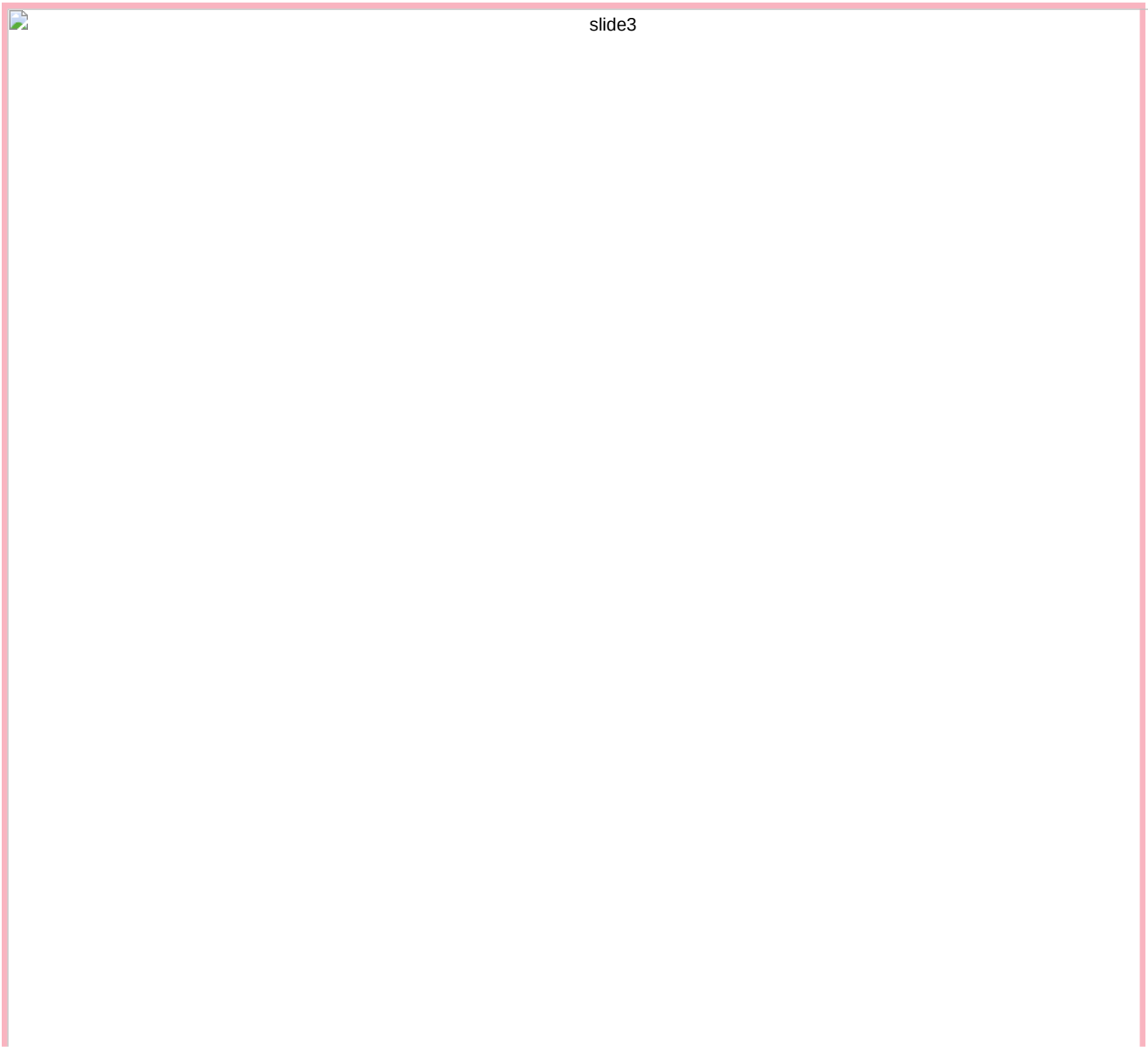
EXHIBIT 10.6

Director (as defined in the Plan) with respect to any period commencing on the date of the Company's annual meeting of stockholders for a particular year and ending on the day immediately prior to the date of the Company's annual meeting of stockholders for the next subsequent year (the "Annual Period" "***Annual Period***"), including awards granted under the Plan and cash fees paid by the Company to such Non- Employee Non-Employee Director, will not exceed (1) $400,000 $750,000 in total value or (2) in the event such Non- Employee Non-Employee Director is first appointed or elected to the Board during such Annual Period, $800,000 $1,000, 000 in total value, in each case calculating the value of any equity awards based on the grant date fair value of such equity awards for financial reporting purposes. As provided in the Plan, this limitation will apply commencing with the Annual Period that begins on the Company's first Annual Meeting of Stockholders following the effective date of the Plan.

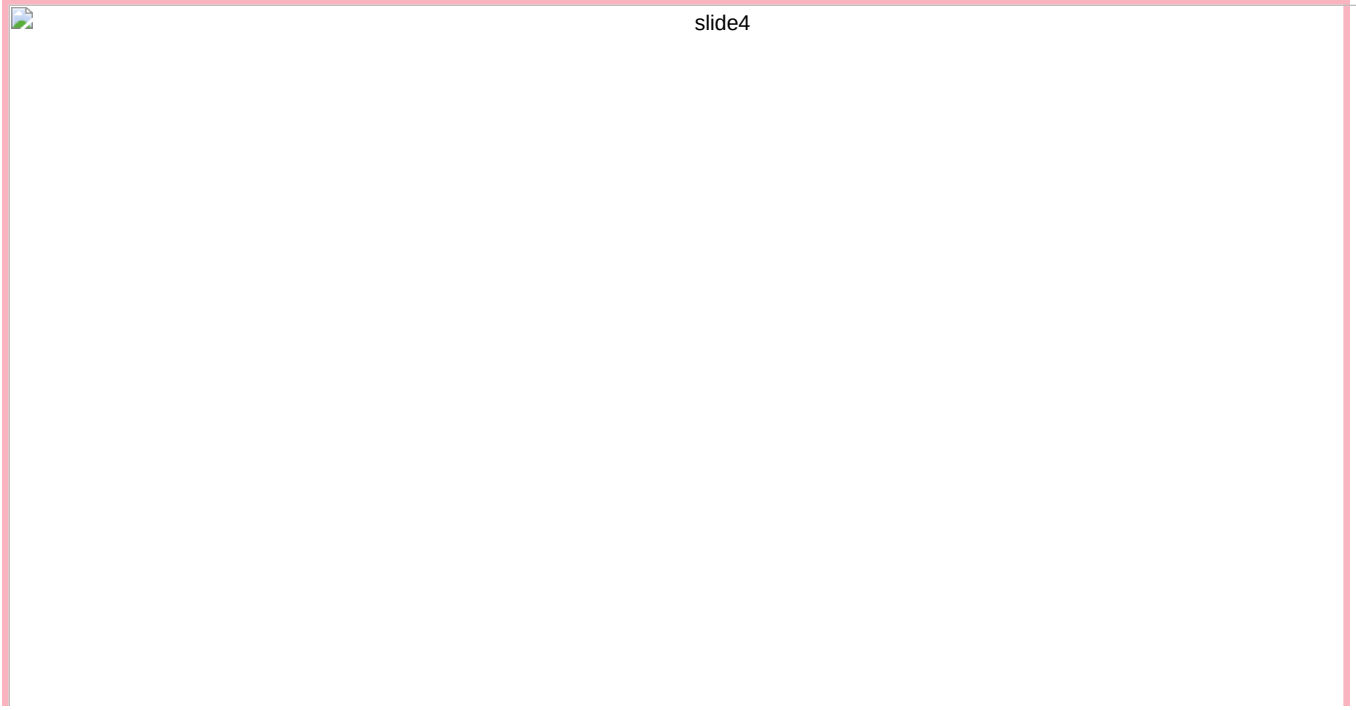
1. EMPLOYMENT AGREEMENT This EMPLOYMENT AGREEMENT (the "Agreement") by and between Sumita Ray ("Employee") and Instil Bio Inc. (the "Company") is effective as of April 18, 2022 (the "Effective Date"). The Company desires to employ Employee as its Chief Legal, Compliance and Administrative Officer and Corporate Secretary (hereinafter "Chief Legal and Administrative Officer" or "Chief Legal Officer") and, in connection therewith, to compensate Employee for Employee's personal services to the Company; and Employee wishes to be employed by the Company as its Chief Legal and Administrative Officer, and to provide professional services to the Company in return for certain compensation. Accordingly, in consideration of the mutual promises and covenants contained herein, the parties agree to the following: 1. EMPLOYMENT BY THE COMPANY. 1.1 Position. Subject to the terms set forth herein, the Company agrees to employ Employee in the position of Chief Legal and Administrative Officer. Employee hereby accepts such employment. During the term of Employee's employment with the Company, Employee will devote Employee's best efforts and substantially all of Employee's business time and attention to the business of the Company. 1.2 Duties. Employee will report to the Chief Executive Officer of the Company (the "CEO"). Employee will perform such duties as are normally associated with Employee's position as Chief Legal and Administrative Officer, as assigned from time to time by the CEO. Employee shall perform Employee's duties under this Agreement principally out of the Company's offices in the Los Angeles, California area, or at such other location as mutually agreed; Employee shall make such business trips to such places as may be necessary or advisable for the efficient operations of the Company. Employee's services shall include, though not be limited to: building a world class legal team rapidly with expertise in key legal areas including but not limited to corporate, IP, SEC/regulatory, clinical, privacy, real estate, employment and contracts; coordinating board of director meetings and acts as the corporate secretary preparing meeting minutes and maintaining appropriate corporate records; providing leadership and technical guidance to ensure an effective global ethics and compliance program; overseeing the development of programs to prevent and detect violations of laws, company policies, and other misconduct; promoting ethical practices; ensuring the implementation of the compliance program throughout the organization; and partnering with human resources on employment law matters both in the US and in UK. 1.3 Company Policies and Benefits. The employment relationship between the parties shall also continue to be subject to the Company's personnel policies and procedures as they may be interpreted, adopted, revised or deleted from time to time in the Company's sole discretion, and Employee will continue to be eligible to participate on the same basis as similarly situated employees in the Company's benefit plans in effect from time to time during DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192



2. Employee's employment. All matters of eligibility for coverage or benefits under any benefit plan shall be determined in accordance with the provisions of such plan. The Company reserves the right to change, alter, or terminate any benefit plan in its sole discretion. Notwithstanding the foregoing, in the event that the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control. 1.4 Indemnification. During employment and through at least the sixth anniversary of Employee's termination date, the Company shall maintain coverage for Employee as a named insured on all directors' and officers' insurance maintained by the Company for the benefit of its directors and officers on at least the same basis as all other covered individuals, as well as indemnify Employee for claims to the fullest extent of applicable law and as set forth in the Company's Amended and Restated By-Laws and Amended and Restated Certificate of Incorporation. 2. COMPENSATION. 2.1 Salary. Employee shall receive for Employee's services to be rendered hereunder an initial annualized base salary of $470,000, subject to annual review and adjustment by the Company's Board of Directors (the "Board") (or any authorized committee thereof) in its sole discretion, payable subject to standard federal and state payroll withholding requirements in accordance with the Company's standard payroll practices ("Base Salary"). 2.2 Target Bonus. (a) While this Agreement is in effect, Employee shall be eligible for a discretionary annual target bonus of up to 50% of Employee's then-current Base Salary ("Target Bonus"), determined by the Company in its sole discretion, and payable subject to standard federal and state payroll withholding requirements. The Target Bonus will be paid in a single annual installment paid no later than March 15 of the following year. Other than as set forth in Section 6.2(a)(ii), whether or not Employee earns any bonus will be dependent upon (a) Employee's continuous performance of services to the Company through the date any bonus is paid and (b) the actual achievement of the applicable individual performance targets and goals by Employee during the relevant bonus year as such targets and goals are reasonably established by the Board (or any authorized committee thereof). The Board (or any authorized committee thereof) will determine in its sole discretion the extent to which Employee has achieved the performance targets and goals upon which the bonus is based and the amount of the bonus, which could be zero. Employee's eligibility for a bonus is subject to change in the discretion of the Board (or any authorized committee thereof). For the 2022 calendar year, Employee shall be eligible for a bonus up to the amount of the Target Bonus prorated for the months of Employee's employment by the Company in 2022. 2.3 Stock Options. (a) Subject to approval by the Board (or any authorized committee thereof), the Company shall grant Employee an option (the "Option") to purchase 425,000 shares of the Company's common stock, with an exercise price equal to the fair market value of a share of common stock as determined by the Board (or any authorized committee thereof) as of the DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192



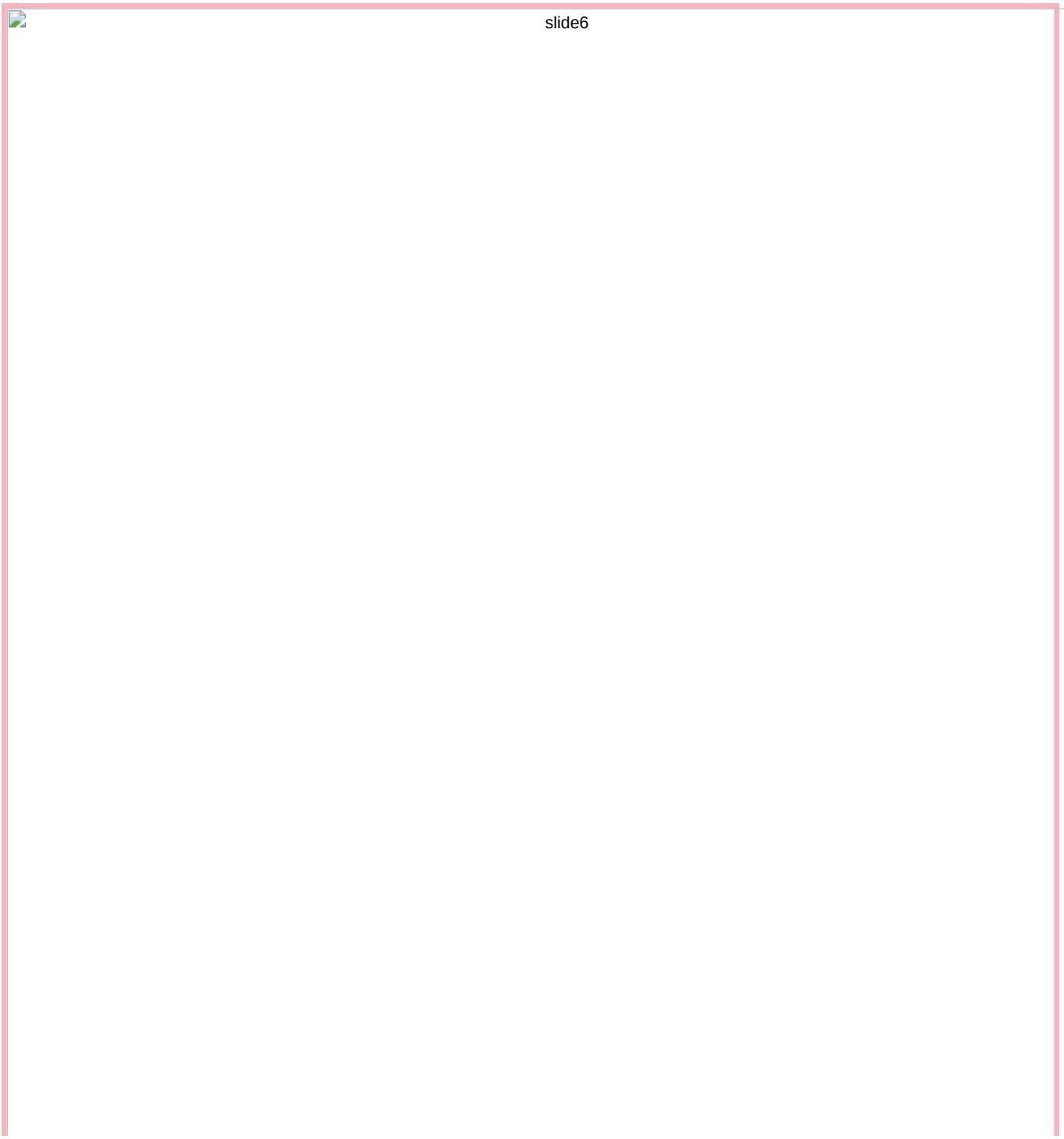
3. date of grant, pursuant to the terms of the Company's 2021 Equity Incentive Plan (the "Plan") and the individual stock option grant notice and related agreements to be provided to Employee (the Plan and such notice and related agreements, collectively, the "Equity Documents"). The Option will vest subject to the terms and conditions of the Plan and Employee's grant agreement, with 25% of the shares subject to the Option vesting upon the first anniversary of the Effective Date and the remaining 75% of the shares subject to the Option vesting over the subsequent 3- year period in substantially equal monthly installments at a rate of 1/48th of the total shares subject to the Option each month, subject to Employee's continuous service as of each such vesting date. (b) Subject to approval by the Board (or any authorized committee thereof), upon the achievement of each milestone contained in Exhibit 2, the Company shall grant Employee an option to purchase 25,000 shares of the Company's common stock, with a maximum of 50,000 shares if both milestones are achieved (each, a "Milestone Option"), with an exercise price equal to the fair market value of a share of common stock as determined by the Board (or any authorized committee thereof) as of the date of grant, pursuant to the terms of the Plan and the individual stock option grant notice and related agreements to be provided to Employee. Each Milestone Option will vest subject to the terms and conditions of the Plan and Employee's grant agreement, with 25% of the shares subject to the Milestone Option vesting upon the first anniversary of the Effective Date and the remaining 75% of the shares subject to the Milestone Option vesting over the subsequent 3-year period in substantially equal monthly installments at a rate of 1/48th of the total shares subject to the Milestone Option each month, subject to Employee's continuous service as of each such vesting date. 2.4 Expense Reimbursement. The Company will reimburse Employee for reasonable business expenses with proper documentation, within thirty (30) days after the Company's receipt of such documentation, and in accordance with the Company's standard expense reimbursement policy and applicable law (including legal fees of up to $7,500 incurred in connection with the review and negotiation of this Agreement). For the avoidance of doubt, to the extent that any reimbursements payable to Employee are subject to the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"): (a) any such reimbursements will be paid no later than December 31 of the year following the year in which the expense was incurred, (b) the amount of expenses reimbursed in one year will not affect the amount eligible for reimbursement in any subsequent year, and (c) the right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit. 2.5 Relocation and Temporary Living Reimbursement. The Company will reimburse Employee for (i) reasonable moving expenses incurred by Employee and Employee's family in the event that they relocate from Employee's primary residence to the Los Angeles, California area; (ii) reasonable temporary housing and living expenses for Employee in the Los Angeles, California area, to be mutually agreed to by the Company and Employee; and (iii) upon approval from the CEO, reasonable travel-related expenses incurred in connection with Employee purchasing a new residence in the Los Angeles, California area. Employee agrees to submit cost estimates to the Finance and Accounting Department prior to finalizing such arrangements. Notwithstanding anything to the contrary, neither reimbursements nor any temporary housing assistance will be paid to Employee or on Employee's behalf unless (i) Employee relocates to the Los Angelese, California area within the six (6) month period DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192



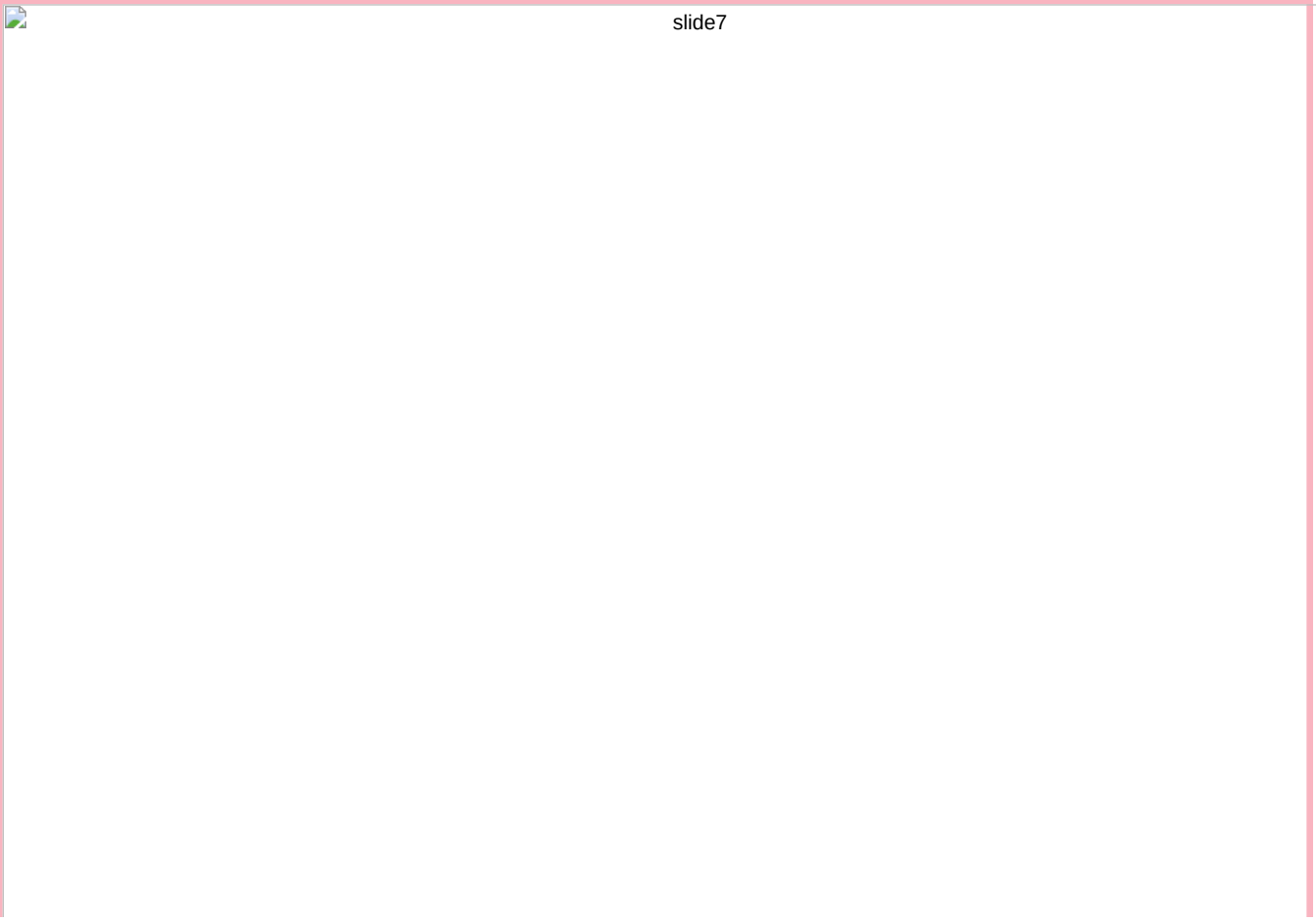
4. following the Effective Date; and (ii) Employee is employed with the Company on the date of any reimbursement or on the date any payment is made by the Company on Employee's behalf, as applicable. Further, notwithstanding the foregoing, Employee will receive relocation reimbursement under this Section 2.5 if Employee relocates to the Los Angeles, California area and incurs relocation expenses and Employee's employment is terminated by Employee for Good Reason (as defined below) or by the Company without Cause (as defined below) prior to receipt of reimbursement. Reimbursement will be made upon timely presentation of receipts (within thirty (30) days of invoice). The total of all such amounts of benefits provided to Employee under this Section 2.5 shall not exceed $200,000. Reimbursements paid by the Company will be considered taxable income to Employee. 3. CONFIDENTIAL INFORMATION AND INVENTIONS ASSIGNMENT OBLIGATIONS. As a condition of employment, Employee must execute and abide by the Employee Confidential Information and Inventions Assignment Agreement attached as Exhibit 1 (the "Confidential Information Agreement"), which may be amended by the parties from time to time without regard to this Agreement. The Confidential Information Agreement contains provisions that are intended by the parties to survive and do survive termination or expiration of this Agreement. 4. OUTSIDE ACTIVITIES. Except as otherwise stated herein, during the term of Employee's employment with the Company, Employee will be required to faithfully serve the Company and devote Employee's full time and attention to the business and affairs of the Company and the performance of Employee's duties and responsibilities. Employee will not, while employed by the Company, undertake or engage in any other employment, occupation or business enterprise, including accepting any appointment to the board of directors of another company, that would interfere or conflict, either directly or indirectly, with Employee's responsibilities and the performance of Employee's duties hereunder except for (i) reasonable time devoted to personal financial affairs or volunteer services for or on behalf of such religious, educational, nonprofit and/or other charitable organizations as Employee may wish to serve, (ii) reasonable time devoted to activities in the nonprofit and business communities consistent with Employee's duties, and (iii) such other activities as may be specifically approved by the Board (or any authorized committee thereof). This restriction shall not, however, preclude the Employee (x) from owning less than one percent (1%) of the total outstanding shares of a publicly traded company or (y) from employment or service in any capacity with Affiliates of the Company. As used in this Agreement, "Affiliates" means entities under common management or control with the Company. 5. NO CONFLICT WITH EXISTING OBLIGATIONS. Employee reasonably believes that Employee's performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement or obligation of any kind made prior to Employee's employment by the Company. Employee has disclosed any existing agreements or obligations Employee may have with prior employers or entities for which Employee has provided services. Employee has not entered into, and Employee agrees that Employee will not enter into, any agreement or obligation, either written or oral, in conflict herewith. 6. TERMINATION OF EMPLOYMENT. The parties acknowledge that Employee's employment relationship with the Company is at-will. Either Employee or the Company may terminate the employment relationship at any time, with or without Cause. The provisions in this DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192

5. Section govern the amount of compensation, if any, to be provided to Employee upon termination of employment and do not alter this at-will status. 6.1 Termination by the Company without Cause or Resignation by Employee for Good Reason Not in Connection with a Change in Control. (a) The Company shall have the right to terminate Employee's employment with the Company pursuant to this Section 6.1 at any time, in accordance with Section 6.7, without "Cause" (as defined in Section 6.3(b) below) by giving notice as described in Section 7.1 of this Agreement. A termination pursuant to Section 6.5 or 6.6 below is not a termination without Cause for purposes of receiving the benefits described in this Section 6.1. (b) If the Company terminates Employee's employment at any time, not in connection with a "Change in Control" (as that term is defined in the Plan), without Cause, or Employee terminates Employee's employment with the Company for "Good Reason" (as defined in Section 6.1(g) below) and provided that such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative

definition thereunder, a "Separation from Service"), then Employee shall be entitled to receive the Accrued Obligations (defined in Section 6.1(d) below). If Employee complies with the obligations in Section 6.1(c) below (including but not limited to the Release requirement), Employee shall also be eligible to receive the following "Severance Benefits:" (i) The Company will pay Employee an amount equal to Employee's then-current Base Salary for twelve (12) months, less all applicable withholdings and deductions ("Severance"), paid in equal installments beginning on the Company's first regularly scheduled payroll date following the Release Effective Date (as defined in Section 6.1(c) below), with the remaining installments occurring on the Company's regularly scheduled payroll dates thereafter. (ii) Provided Employee timely elects continued coverage under COBRA under the Company's group health plans following such termination, the Company will pay Employee's COBRA premiums, to continue Employee's health insurance coverage in effect on the termination date until the earliest of: (1) twelve (12) months following the termination date; (2) the date when Employee becomes eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment; or (3) the date Employee ceases to be eligible for COBRA continuation coverage for any reason, including plan termination (such period from the termination date through the earlier of (1)-(3), (the "COBRA Payment Period"). Notwithstanding the foregoing, if at any time the Company determines that its payment of COBRA premiums on Employee's behalf would result in a violation of applicable law (including, but not limited to, the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then in lieu of paying COBRA premiums pursuant to this Section, the Company shall pay Employee on the last day of each remaining month of the COBRA Payment Period a fully taxable cash payment equal to the COBRA premium for such month, subject to applicable tax withholding, for the remainder of the COBRA Payment Period. Nothing in this Agreement shall deprive Employee of Employee's rights under COBRA or ERISA for benefits under plans and policies arising under Employee's employment by the Company. DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192



6. (iii) Acceleration of the vesting of all outstanding unvested time-based equity awards that are held by Employee as of the date of Employee's Separation from Service as to the number of shares that would have vested in accordance with the applicable vesting schedule as if Employee had been in service for an additional six (6) months as of Employee's termination date (based upon months of service and not the occurrence of corporate events or milestones). (c) Employee will be paid all of the Accrued Obligations on the Company's first payroll date after Employee's date of termination from employment or earlier if required by law. Employee shall receive the Severance Benefits pursuant to Section 6.1(b) of this Agreement if: (i) within the time frame provided by the Company, which shall be no later than the 60th day following the date of Employee's Separation from Service, Employee has signed and delivered to the Company a separation agreement containing an effective, general release of claims in favor of the Company and its affiliates and representatives (with standard carve-outs for vested benefits and equity, as well as indemnification), in the form presented by the Company (the "Release"), which cannot be revoked in whole or in part by such date (the date that the Release can no longer be revoked is referred to as the "Release Effective Date"); (ii) if Employee holds any other positions with the Company or any Affiliate, including a position on the Board, Employee resigns such position(s) with such resignation to be effective no later than the date of Employee's termination date (or such other date as requested by the Board (or any authorized committee thereof)); (iii) Employee returns all Company property; (iv) Employee complies with Employee's post-termination obligations under this Agreement and the Confidential Information Agreement; and (v) Employee complies with the terms of the Release, including without limitation any non-disparagement and confidentiality provisions contained in the Release. To the extent that any severance payments are deferred compensation under Section 409A of the Code, and are not otherwise exempt from the application of Section 409A, then, if the period during which Employee may consider and sign the Release spans two calendar years, the payment of Severance will not be made or begin until the later calendar year. (d) For purposes of this Agreement, "Accrued Obligations" are (i) Employee's accrued but unpaid salary through the date of termination, (ii) any accrued but unused paid time off, (iii) any unreimbursed business expenses incurred by Employee payable in accordance with the Company's standard expense reimbursement policies and applicable law, (iv) benefits owed to Employee under any qualified retirement plan or health and welfare benefit plan in which Employee was a participant in accordance with applicable law and the provisions of such plan, and (v) payment of any annual Bonus previously approved by the Board (or any authorized committee thereof) in connection with a previously completed calendar year but which has not yet been paid out. (e) The Severance Benefits or Change in Control Severance Benefits (defined below) provided to Employee pursuant to this Section 6.1 or Section 6.2 are in lieu of, and not in addition to, any benefits to which Employee may otherwise be entitled under any Company severance plan, policy or program. (f) Any damages caused by the termination of Employee's employment without Cause would be difficult to ascertain; therefore, the Severance Benefits or Change in Control Severance Benefits for which Employee is eligible pursuant to Section 6.1(b) or 6.2(a) in DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192



7. exchange for the Release are agreed to by the parties as liquidated damages, to serve as full compensation, and not as a penalty. (g) For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following events without Employee's consent: (i) a material reduction in Employee's Base Salary, which the parties agree is a one-time or aggregated reduction of at least ten percent (10%) of Employee's Base Salary (unless pursuant to a salary reduction program applicable generally to the Company's similarly situated employees); (ii) a material reduction or significant change in Employee's duties, authority, or responsibilities for the Company relative to Employee's duties, authority, or responsibilities in effect immediately prior to such reduction; (iii) a material breach by the Company or any successor entity of any employment-related contract between the Company and Employee; or (iv) the relocation of Employee's principal place of employment, without Employee's consent, in a manner that lengthens Employee's one- way commute distance by fifty (50) or more miles from Employee's then-current principal place of employment immediately prior to such relocation; provided, however, that any such termination by Employee shall be deemed for Good Reason pursuant to this definition only if: (1) Employee gives the Company written notice of Employee's intent to terminate for Good Reason within thirty (30) days following Employee's first learning of the condition(s) that Employee believes constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the "Cure Period"); (3) the Company has not, prior to receiving such notice from Employee, already informed Employee that Employee's employment with the Company is being terminated; and (4) Employee voluntarily terminates Employee's employment within thirty (30) days following the end of the Cure Period. 6.2 Termination by the Company without Cause or Resignation by Employee for Good Reason in Connection with a Change in Control. (a) In the event that the Company terminates Employee's employment without Cause or Employee resigns for Good Reason within three (3) months prior to or twelve (12) months following the effective date of a Change in Control ("Change in Control Termination Date"), then Employee shall be entitled to the Accrued Obligations and, subject to Employee's compliance with Section 6.1(b) and (c) above, including but not limited to the Release requirement and Employee's continued compliance with Employee's obligations to the Company under Employee's Confidential Information Agreement, then Employee will be eligible for the following "Change in Control Severance Benefits": (i) Employee shall be eligible to receive the Severance Benefits set forth in Sections 6.1(b)(i) and 6.1(b)(ii) under the terms and conditions described in Section 6.1; (ii) The Company shall pay Employee an amount equal to Employee's full Target Bonus for the calendar year in which Employee's termination occurs, which shall be equivalent to 50% of Employee's then-current Base Salary, payable subject to standard federal and state payroll withholding requirements on the Company's first regularly scheduled payroll date following the Release Effective Date; and DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192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8. (ii) Effective as of the later of Employee's Change in Control Termination Date or the effective date of the Change in Control, the vesting and exercisability of all outstanding unvested equity awards that are held by Employee as of immediately prior to the Change in Control Termination Date shall be accelerated (and lapse, in the case of reacquisition or repurchase rights) in full. 6.3 Termination by the Company for Cause. (a) The Company shall have the right to terminate Employee's employment with the Company at any time for Cause by giving notice as described in Section 6.7 of this Agreement. (b) "Cause" for termination shall mean that the Company has determined in its sole discretion that Employee has engaged in any of the following: (i) a material breach of any covenant or condition under this Agreement or any other agreement between the parties, after the expiration of 30 days without cure after written notice of such alleged breach to the extent such breach is curable; (ii) any act constituting dishonesty, fraud, or immoral or disreputable conduct which is reasonably likely to cause harm (including reputational harm) to the Company; (iii) any conduct which constitutes a felony under applicable law; (iv) material violation of any Company policy, after the expiration of 30 days without cure after written notice of such violation to the extent such violation is curable; (v) refusal to follow or implement a clear, lawful and reasonable directive of Company after the expiration of 30 days without cure after written notice of such failure to the extent such failure is curable; (vi) gross negligence or incompetence in the performance of Employee's duties after the expiration of 30 days without cure after written notice of such failure; or (vii) breach of fiduciary duty. (c) In the event Employee's employment is terminated at any time for Cause, Employee will not receive the Severance Benefits, Change in Control Severance Benefits or any other severance compensation or benefit, except that, consistent with the Company's standard payroll policies, the Company shall provide to Employee the Accrued Obligations. 6.4 Resignation by Employee (other than for Good Reason). (a) Employee may resign from Employee's employment with the Company at any time by giving notice as described in Section 6.7. (b) In the event Employee resigns from Employee's employment with the Company (other than for Good Reason), Employee will not receive the Severance Benefits, Change in Control Severance Benefits, or any other severance compensation or benefit, except that, pursuant to the Company's standard payroll policies, the Company shall provide to Employee the Accrued Obligations. 6.5 Termination by Virtue of Death or Disability of Employee. (a) In the event of Employee's death while employed pursuant to this Agreement, all obligations of the parties hereunder shall terminate immediately, and the Company shall, pursuant to the Company's standard payroll policies, provide to the Employee's legal representatives Employee's Accrued Obligations. DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192

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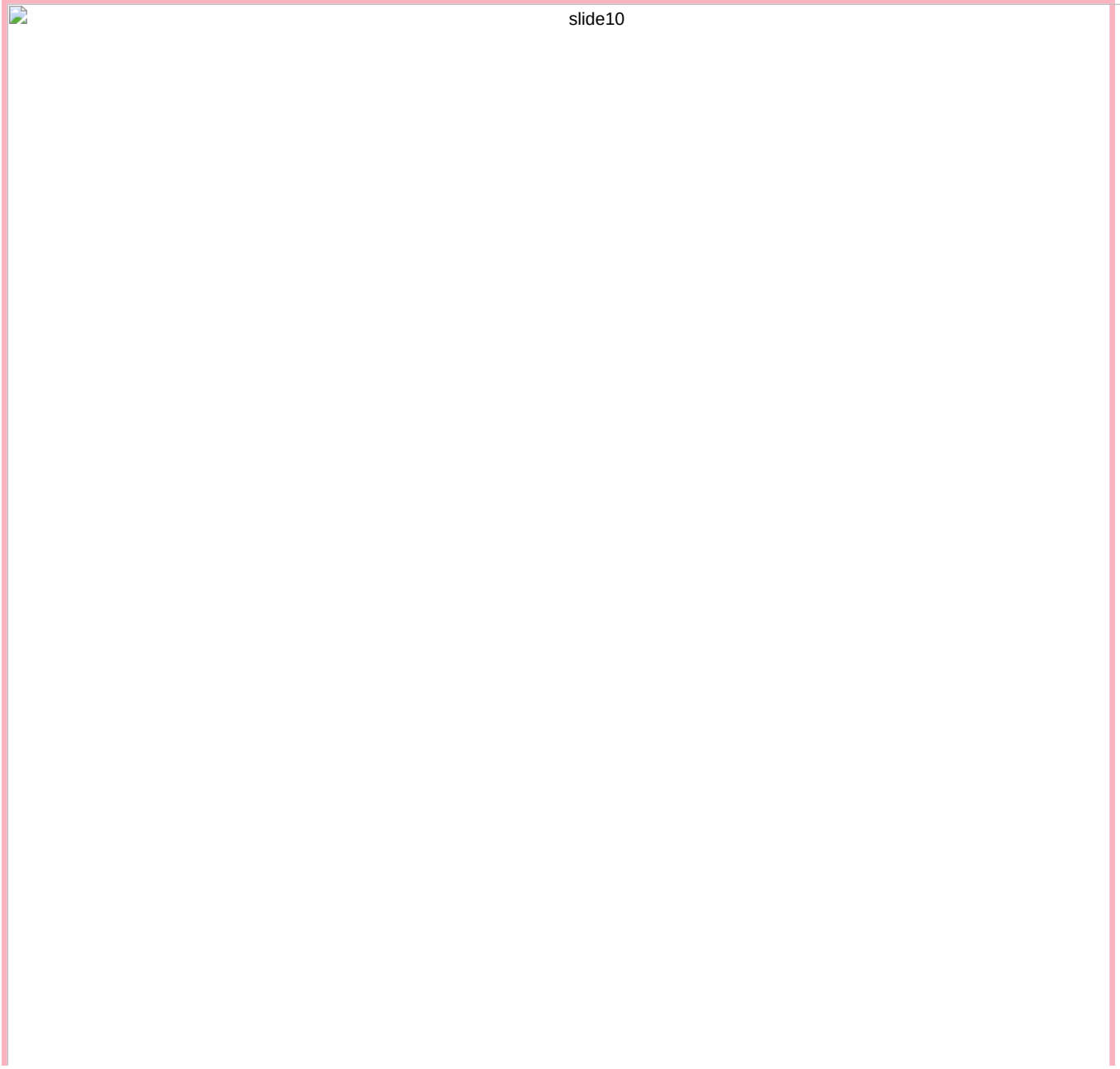
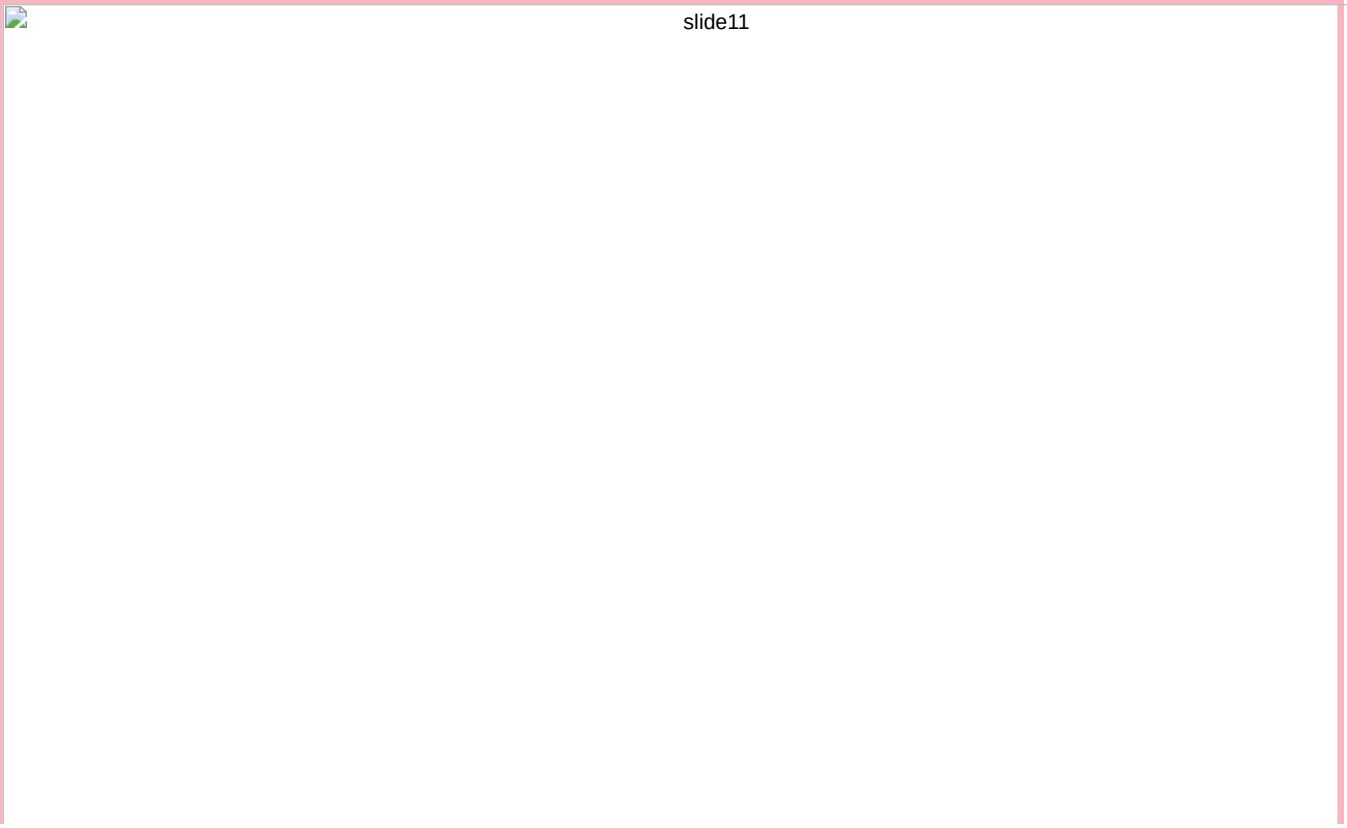
9. (b) Subject to applicable state and federal law, the Company shall at all times have the right, upon written notice to Employee, to terminate this Agreement based on the Employee's Disability (as defined below). Termination by the Company of the Employee's employment based on "Disability" shall mean termination because the Employee is unable due to a physical or mental condition to perform the essential functions of Employee's position with or without reasonable accommodation for six (6) months in the aggregate during any twelve (12) month period or based on the written certification of two licensed physicians (reasonably acceptable to Employee or his guardian) of the likely continuation of such condition for such period. This definition shall be interpreted and applied consistent with the Americans with Disabilities Act, the Family and Medical Leave Act, and other applicable law. In the event Employee's employment is terminated based on the Employee's Disability, Employee will not receive the Severance Benefits, Change in Control Severance Benefits, or any other severance compensation or benefit, except that, pursuant to the Company's standard payroll policies, the Company shall provide to Employee the Accrued Obligations. 6.6 Termination Due to Discontinuance of Business. Anything in this Agreement to the contrary notwithstanding, in the event the Company's business is discontinued because it is rendered impracticable by substantial financial losses, lack of funding, legal decisions, administrative rulings, declaration of war, dissolution, national or local economic depression or crisis, or any reasons beyond the control of the Company, then this Agreement shall terminate as of the day the Company determines to cease operation with the same force and effect as if such day of the month were originally set as the termination date hereof. In the event this Agreement is terminated pursuant to this Section 6.6, Employee will not receive any of the Severance Benefits, Change in Control Severance Benefits, or any other compensation or benefits, except that, pursuant to the Company's standard payroll policies, the Company shall pay to Employee the Accrued Obligations. 6.7 Notice; Effective Date of Termination. (a) Termination of Employee's employment pursuant to this Agreement shall be effective on the earliest of: (i) immediately after the Company gives notice to Employee of Employee's termination, with or without Cause, unless pursuant to Section 6.3(b)(i), 6.3(b)(iv), 6.3(b)(v) or 6.3(b)(vi), in which case termination shall be effective thirty (30) days after notice if not cured or unless the Company specifies a later date, in which case termination shall be effective as of such later date; (ii) immediately upon the Employee's death; (iii) ten (10) days after the Company gives notice to Employee of Employee's termination on account of Employee's Disability, unless the Company specifies a later date, in which case termination shall be effective as of such later date, provided that Employee has not returned to the fulltime performance of Employee's duties prior to such date; (iv) ten (10) days after Employee gives written notice to the Company of Employee's resignation not for Good Reason, provided that the Company may set a DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192

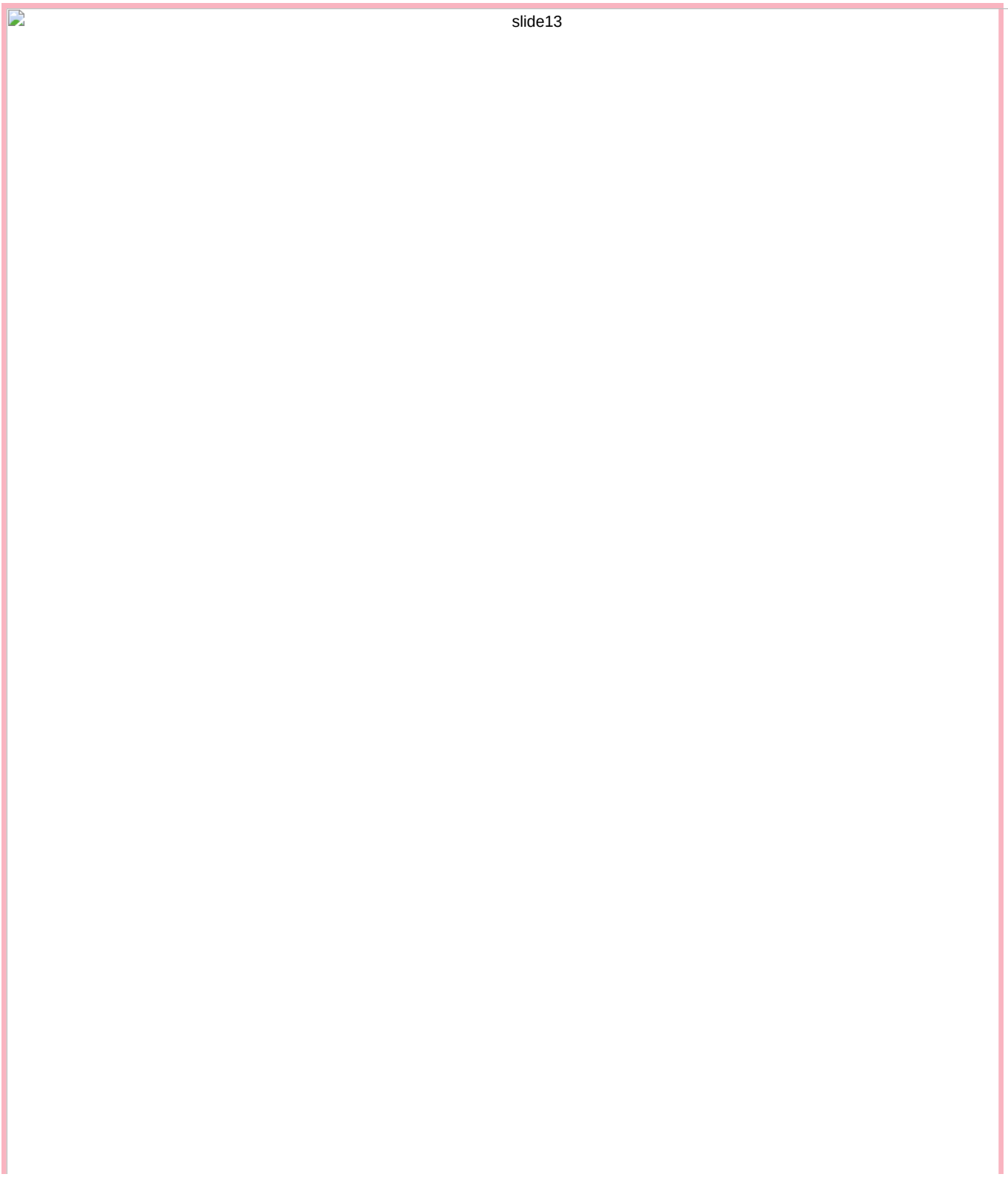


10. termination date at any time between the date of notice and the date of resignation, in which case Employee's resignation shall be effective as of such other date. Employee will receive compensation through any required notice period; or (v) for a termination for Good Reason, immediately upon Employee's full satisfaction of the requirements of Section 6.1(g). (b) In the event notice of a termination under subsections (a)(i) and (iii) above is given orally, at the other party's request, the party giving notice must provide written confirmation of such notice within five (5) business days of the request in compliance with the requirement of Section 7.1 below. In the event of a termination for Cause, written confirmation shall specify the subsection(s) of the definition of Cause relied on to support the decision to terminate. 6.8 Cooperation with Company After Termination of Employment. Following termination of Employee's employment for any reason, Employee shall cooperate fully with the Company in all matters relating to the winding up of Employee's pending work including, but not limited to, any litigation in which the Company is involved, and the orderly transfer of any such pending work to such other employees as may be designated by the Company. Employee shall be compensated at an hourly rate as agreed upon by Company and Employee at time of termination for any such post-termination services. Further, Employee shall be reimbursed for any reasonable, preapproved expenses incurred in connection herewith. 6.9 Section 409A. (a) Notwithstanding anything to the contrary herein, the following provisions apply to the extent severance benefits provided herein are subject to the Code and the regulations and other guidance thereunder and any state law of similar effect (collectively, "Section 409A"). Severance shall not commence until the Employee has a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "separation from service"). Each installment of severance is a separate "payment" for purposes of Treas. Reg. Section 1.409A-2(b)(2)(i). and the severance is intended to satisfy the exemptions from application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9). However, if such exemptions are not available and Employee is, upon separation from service, a "specified employee" for purposes of Section 409A, then, solely to the extent necessary to avoid adverse personal tax consequences under Section 409A, the timing of the severance payments shall be delayed until the earlier of (i) six (6) months and one day after Employee's separation from service, or (ii) Employee's death. The parties acknowledge that the exemptions from application of Section 409A to severance benefits are fact specific, and any later amendment of this Agreement to alter the timing, amount or conditions that will trigger payment of severance benefits may preclude the ability of severance benefits provided under this Agreement to qualify for an exemption. (b) It is intended that this Agreement shall comply with the requirements of Section 409A, and any ambiguity contained herein shall be interpreted in such manner as to avoid adverse personal tax consequences under Section 409A. Notwithstanding the DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192

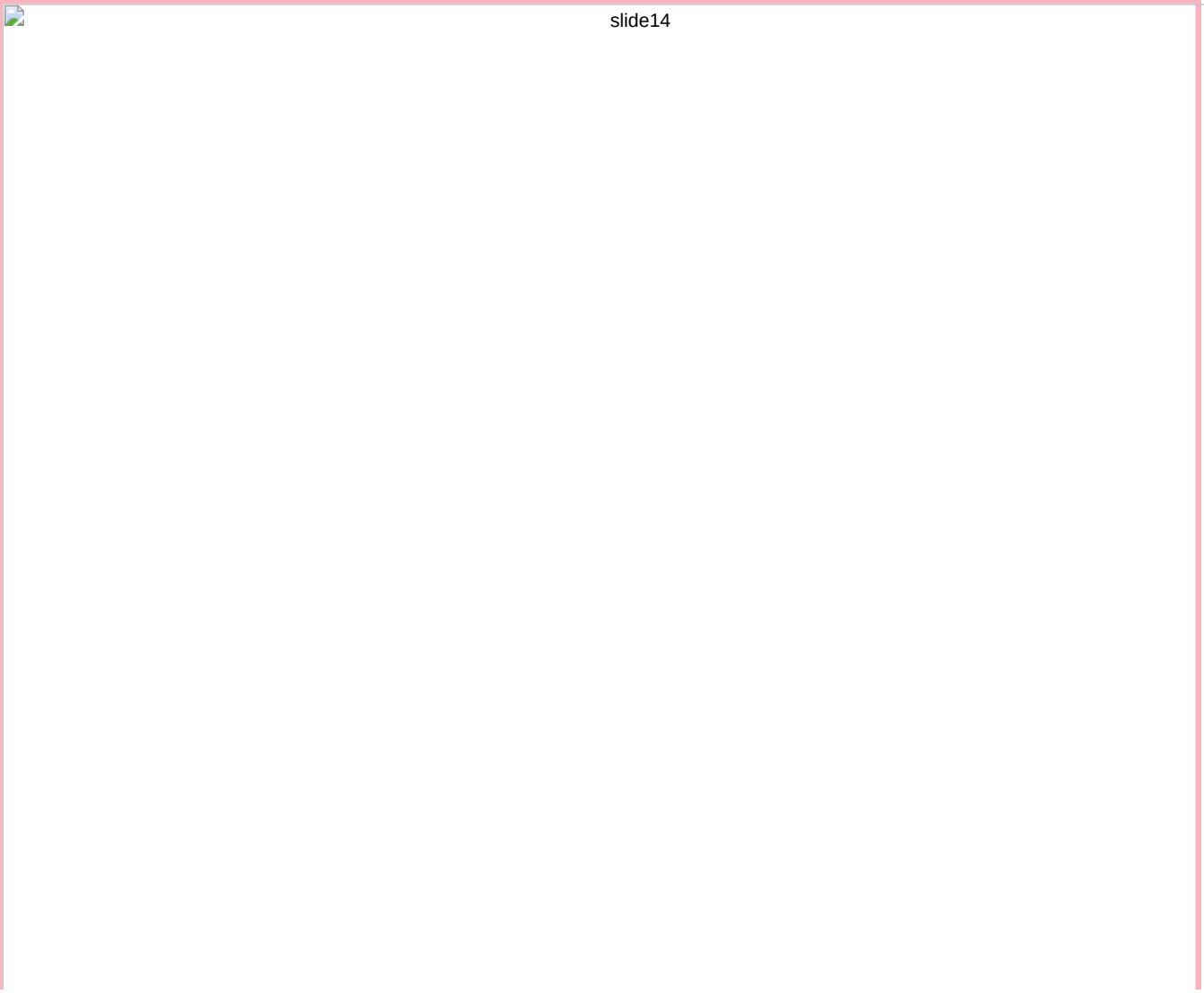


11. foregoing, the Company shall in no event be obligated to indemnify Employee for any taxes or interest that may be assessed by the Internal Revenue Service pursuant to Section 409A of the Code to payments made pursuant to this Agreement. 6.10 Certain Excise Taxes. (a) Notwithstanding anything to the contrary in this Agreement, if any payment or benefit Employee would receive from the Company or any other party whether in connection with the provisions of this Agreement or otherwise ("Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be equal to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount ((x) or (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Employee's receipt of the greatest economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a Reduced Amount will give rise to the greater after-tax benefit, the reduction in the Payments shall occur in the following order: (a) reduction of cash payments; (b) cancellation of accelerated vesting of equity awards other than stock options; (c) cancellation of accelerated vesting of stock options; and (d) reduction of other benefits paid to Employee. Within any such category of payments and benefits (that is, (a), (b), (c) or (d)), a reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of Section 409A and then with respect to amounts that are. In the event that acceleration of compensation from Employee's equity awards is to be reduced, such acceleration of vesting shall be canceled, subject to the immediately preceding sentence, in the reverse order of the date of grant. (b) The independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the event described in Section 280G(b)(2)(A)(i) of the Code shall perform the foregoing calculations. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting such event, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent registered public accounting firm required to be made hereunder. The independent registered public accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Employee within thirty (30) calendar days after the date on which Employee's right to a Payment is triggered (if requested at that time by the Company or Employee) or at such other time as reasonably requested by the Company or Employee. Any good-faith determinations of the independent registered public accounting firm made hereunder shall be final, binding and conclusive upon the Company and Employee. 7. GENERAL PROVISIONS. DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192

12. 7.1 Notices. Any notices required hereunder to be in writing shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by electronic mail or confirmed facsimile if sent during normal business hours of the recipient, and if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the Company at its primary office location and to Employee at Employee's address as listed on the Company payroll or Employee's company-provided email address, or at such other address as the Company or Employee may designate by ten (10) days' advance written notice to the other. 7.2 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provisions had never been contained herein. 7.3 Waiver. If either party should waive any breach of any provisions of this Agreement, such party shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement. 7.4 Complete Agreement. This Agreement and the Equity Documents constitute the entire agreement between Employee and the Company with regard to the subject matter hereof. This Agreement is the complete, final, and exclusive embodiment of the parties' agreement with regard to this subject matter and supersedes any prior oral discussions or written communications and agreements. This Agreement is entered into without reliance on any promise or representation other than those expressly contained herein, and it cannot be modified or amended except in writing signed by Employee and an authorized officer of the Company. The parties have entered into a separate Confidential Information Agreement. Any such separate agreement governs other aspects of the relationship between the parties, has or may have provisions that survive termination of the Employee's employment under this Agreement, may be amended or superseded by the parties without regard to this agreement and is enforceable according to its terms without regard to the enforcement provision of this Agreement. 7.5 Counterparts. This



13. or into which the Company may hereafter merge or consolidate or to which the Company may transfer all or substantially all of its assets, if in any such case said company or other entity shall by operation of law or expressly in writing assume all obligations of the Company hereunder as fully as if it had been originally made a party hereto, but the Company may not otherwise assign this Agreement or its rights and obligations hereunder. Employee may not assign or transfer this Agreement, or any rights or obligations hereunder, other than to Employee's estate upon Employee's death. 7.8 Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the law of the State of California. 8. ARBITRATION OF ALL DISPUTES. 8.1 Agreement to Arbitrate. To ensure the timely and economical resolution of disputes that may arise between Employee and the Company, both Employee and the Company mutually agree that pursuant to the Federal Arbitration Act, 9 U.S.C. §1-16, and to the fullest extent permitted by applicable law, Employee and the Company will submit solely to final, binding and confidential arbitration any and all disputes, claims, or causes of action arising from or relating to: (i) the negotiation, execution, interpretation, performance, breach or enforcement of this Agreement; or (ii) Employee's employment with the Company (including but not limited to all statutory claims); or (iii) the termination of Employee's employment with the Company (including but not limited to all statutory claims). BY AGREEING TO THIS ARBITRATION PROCEDURE, BOTH EMPLOYEE AND THE COMPANY WAIVE THE RIGHT TO RESOLVE ANY SUCH DISPUTES THROUGH A TRIAL BY JURY OR JUDGE OR THROUGH AN ADMINISTRATIVE PROCEEDING. 8.2 Arbitrator Authority. The arbitrator shall have the sole and exclusive authority to determine whether a dispute, claim or cause of action is subject to arbitration under this Section and to determine any procedural questions which grow out of such disputes, claims or causes of action and bear on their final disposition. 8.3 Individual Capacity Only. All claims, disputes, or causes of action under this Section, whether by Employee or the Company, must be brought solely in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences in this Section are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration. 8.4 Arbitration Process. Any arbitration proceeding under this Section shall be presided over by a single arbitrator and conducted by the American Arbitration Association ("AAA") in Los Angeles, California, or as otherwise agreed to by Employee and the Company, under the then applicable AAA rules for the resolution of employment disputes (available upon request and also currently available at https://adr.org/sites/default/files/EmploymentRules_Web_2.pdf). Employee and the Company DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192



14. both have the right to be represented by legal counsel at any arbitration proceeding, at each party's own expense. The arbitrator shall: (i) have the authority to compel adequate discovery for the resolution of the dispute; (ii) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award; and (iii) be authorized to award any or all remedies that Employee or the Company would be entitled to seek in a court of law. The Company shall pay all AAA arbitration fees in excess of the amount of court fees that would be required of Employee if the dispute were decided in a court of law. 8.5 Excluded Claims. This Section shall not apply to any action or claim that cannot be subject to mandatory arbitration as a matter of law, including, without limitation, claims brought pursuant to the California Private Attorneys General Act of 2004, as amended, the California Fair Employment and Housing Act, as amended, and the California Labor Code, as amended, to the extent such claims are not permitted by applicable law to be submitted to mandatory arbitration and such applicable law is not preempted by the Federal Arbitration Act or otherwise invalid (collectively, the "Excluded Claims"). In the event Employee intends to bring multiple claims, including one of the Excluded Claims listed above, the Excluded Claims may be filed with a court, while any other claims will remain subject to mandatory arbitration. 8.6 Injunctive Relief and Final Orders. Nothing in this Section is intended to prevent either Employee or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any final award in any arbitration proceeding hereunder may be entered as a judgment in the federal and state courts of any competent jurisdiction and enforced accordingly DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192

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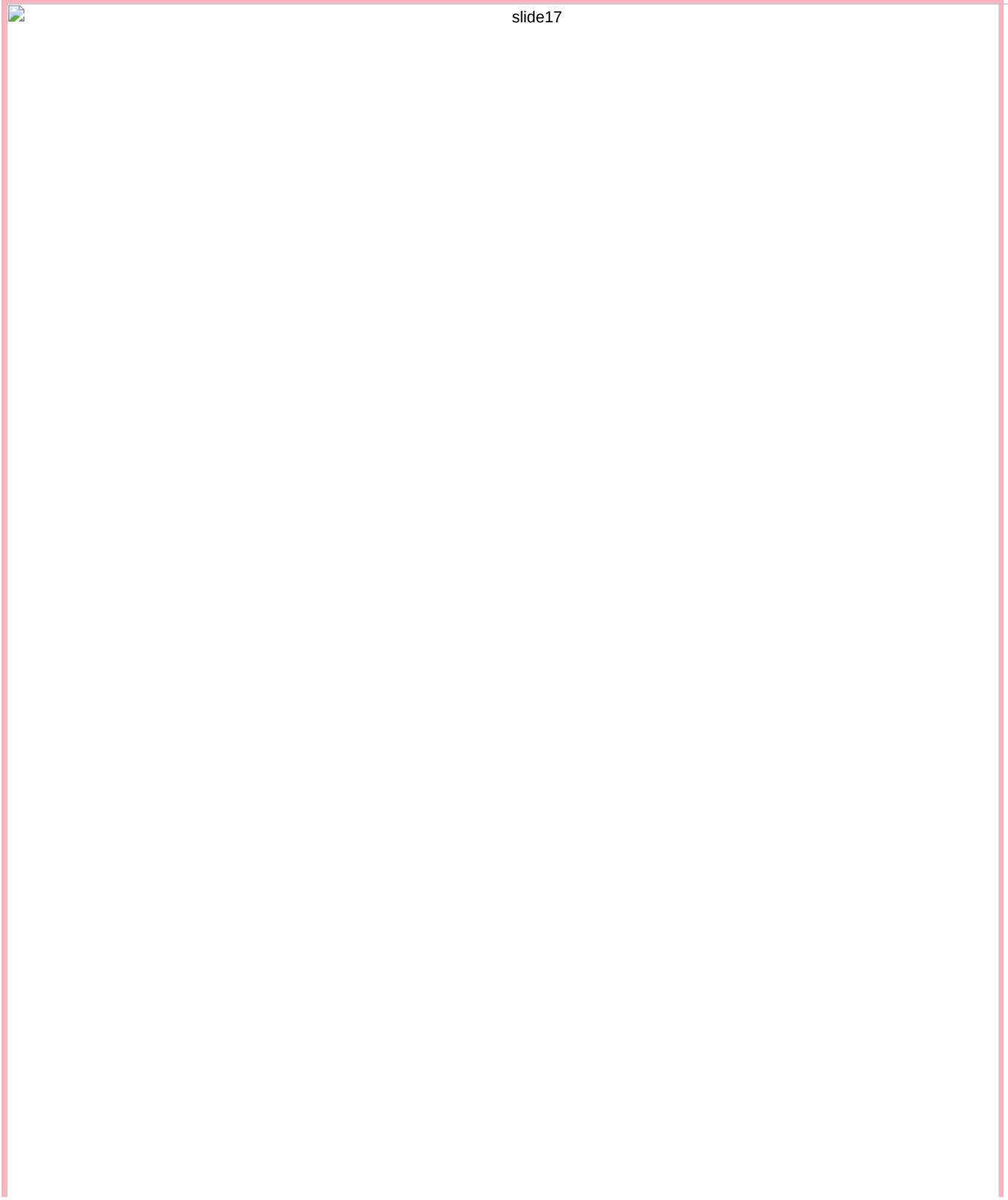
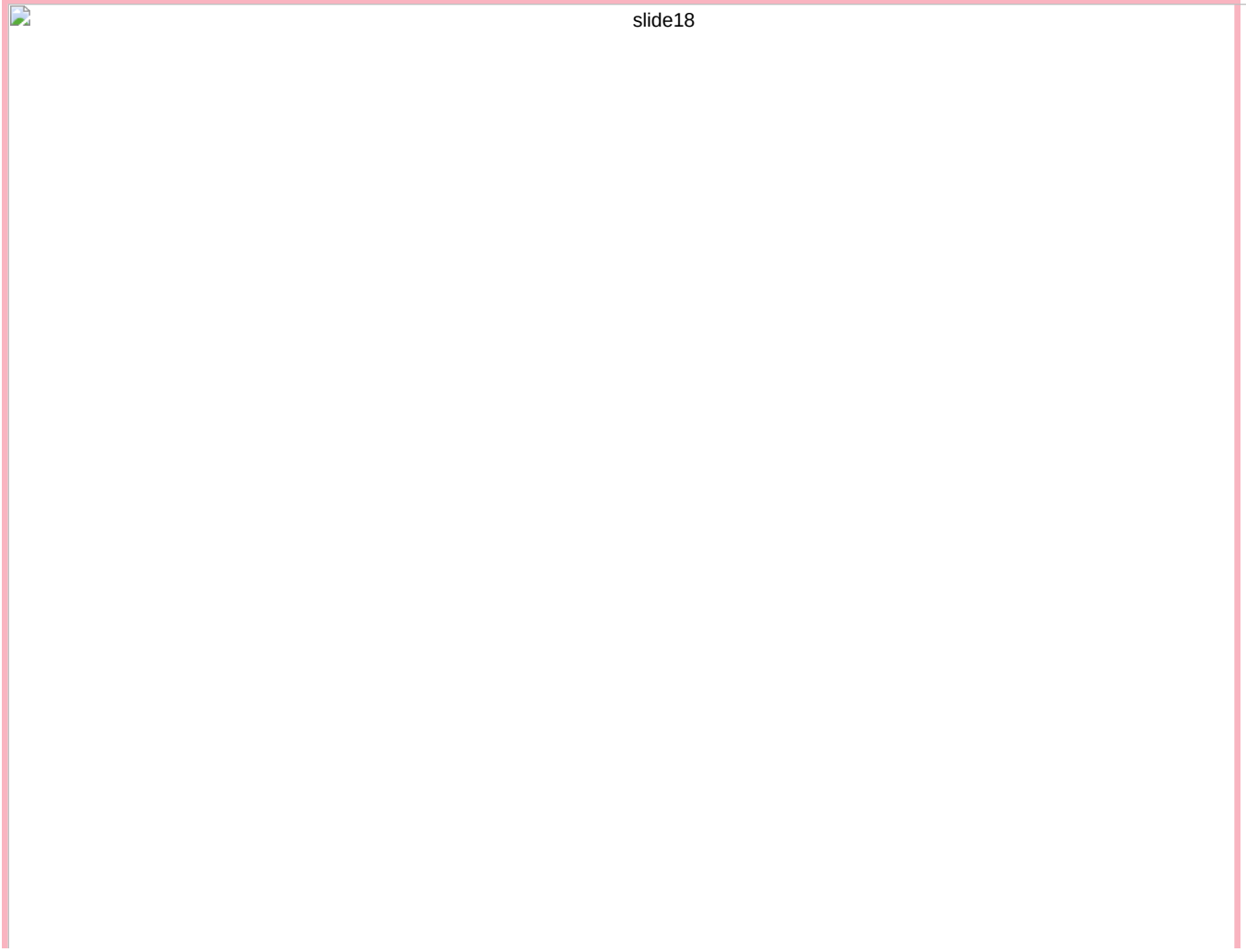
IN WITNESS WHEREOF, the parties have executed this Employment Agreement on the day and year first written above. INSTIL BIO INC. By: Name: Bronson Crouch Title: Chief Executive Officer Employee: By: Name: Sumita Ray DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192

Employee Confidential Information and Inventions Assignment Agreement Page 1 EXHIBIT 1 INSTIL BIO INC. EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTIONS ASSIGNMENT AGREEMENT In consideration of my employment or continued employment by Instil Bio Inc. ("Employer"), and its subsidiaries, parents, affiliates, successors and assigns (together with Employer, "Company"), the compensation paid to me now and during my employment with Company, and Company's agreement to provide me with access to its Confidential Information (as defined below), I enter into this Employee Confidential Information and Inventions Assignment Agreement with Employer (the "Agreement"). Accordingly, in consideration of the mutual promises and covenants contained herein, Employer (on behalf of itself and Company) and I agree as follows: 1. Confidential Information Protections. 1.1 Recognition of Company's Rights; Nondisclosure. My employment by Company creates a relationship of confidence and trust with respect to Confidential Information (as defined below) and Company has a protectable interest in the Confidential Information. At all times during and after my employment, I will hold in confidence and will not disclose, use, lecture upon, or publish any Confidential Information, except as required in connection with my work for Company, or as approved by an officer of Company. I will obtain written approval by an officer of Company before I lecture on or submit for publication any material (written, oral, or otherwise) that discloses and/or incorporates any Confidential Information. I will take all reasonable precautions to prevent the disclosure of Confidential Information. Notwithstanding the foregoing, pursuant to 18 U.S.C. Section 1833(b), I will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (1) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. I agree that Company information or documentation to which I have access during my employment, regardless of whether it contains Confidential Information, is the property of Company and cannot be downloaded or retained for my personal use or for any use that is outside the scope of my duties for Company. 1.2 Confidential Information. "Confidential Information" means any and all confidential knowledge or data of Company, and includes any confidential knowledge or data that Company has received, or receives in the future, from third parties that Company has agreed to treat as confidential and to use for only certain limited purposes. By way of illustration but not limitation, Confidential Information includes (a) trade secrets, inventions, ideas, processes, formulas, software in source or object code, data, technology, know-how, designs and techniques, and any other work product of any nature, and all Intellectual Property Rights (defined below) in all of the foregoing (collectively, "Inventions"), including all Company Inventions (defined in Section 2.1); (b) information regarding research, development, new products, business and operational plans, budgets, unpublished financial statements and projections, costs, margins, discounts, credit terms, pricing, quoting procedures, future plans and strategies, capital-raising plans, internal services, suppliers and supplier information; (c) information about customers and potential customers of Company, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by Company, and other non-public information; (d) information about Company's business partners and their services, including names, representatives, proposals, bids, contracts, and the products and services they provide; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information that a competitor of Company could use to Company's competitive disadvantage. However, Company agrees that I am free to use information that I knew prior to my employment with Company or that is, at the time of use, generally known in the trade or industry through no breach of this Agreement by me. Company further agrees that this Agreement does not limit my right to discuss my employment or discuss or disclose information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that I have reason to believe is unlawful, or report possible violations of law or regulation with any federal, state or local government agency, or to discuss the terms and conditions of my employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act, or to the extent that such disclosure is protected under the applicable provisions of law or regulation, including but not limited



Employee Confidential Information and Inventions Assignment Agreement Page 2 1.3 Term of Nondisclosure Restrictions. I will only use or disclose Confidential Information as provided in this Section 1 and I agree that the restrictions in Section 1.1 are intended to continue indefinitely, even after my employment by Company ends. However, if a time limitation on my obligation not to use or disclose Confidential Information is required under applicable law, and the Agreement or its restriction(s) cannot otherwise be enforced, Company and I agree that the two year period after the date my employment ends will be the time limitation relevant to the contested restriction; provided, however, that my obligation not to disclose or use trade secrets that are protected without time limitation under applicable law shall continue indefinitely. 1.4 No Improper Use of Information of Prior Employers and Others. During my employment by Company, I will not improperly use or disclose confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto Company's premises any unpublished documents or property belonging to a former employer or any other person to whom I have an obligation of confidentiality unless that former employer or person has consented in writing. 2. Assignments of Inventions. 2.1 Definitions. The term (a) "Intellectual Property Rights" means all past, present and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: trade secrets, Copyrights, trademark and trade name rights, mask work rights, patents and industrial property, and all proprietary rights in technology or works of authorship (including, in each case, any application for any such rights, all rights to priority, and any rights to apply for any such rights, as well as all rights to pursue remedies for infringement or violation of any such rights); (b) "Copyright" means the exclusive legal right to reproduce, perform, display, distribute and make derivative works of a work of authorship (for example, a literary, musical, or artistic work) recognized by the laws of any jurisdiction in the world; (c) "Moral Rights" means all paternity, integrity, disclosure, withdrawal, special and similar rights recognized by the laws of any jurisdiction in the world; and (d) "Company Inventions" means any and all Inventions (and all Intellectual Property Rights related to Inventions) that are made, conceived, developed, prepared, produced, authored, edited, amended, reduced to practice, or learned or set out in any tangible medium of expression or otherwise created, in whole or in part, by me, either alone or with others, during my employment by Company, and all printed, physical, and electronic copies, and other tangible embodiments of Inventions. 2.2 California Limited Exclusion Notification. (a) I acknowledge that California Labor Code section 2870(a) provides that I cannot be required to assign to Company any Invention that I develop entirely on my own time without using Company's equipment, supplies, facilities or trade secret information, except for Inventions that either (i) relate at the time of conception or reduction to practice to Company's business, or actual or demonstrably anticipated research or development, or (ii) result from any work performed by me for Company ("Nonassignable Inventions"). (b) To the extent that a provision in this Agreement purports to require me to assign a Nonassignable Invention to Company, the provision is against the public policy of the state of California and is unenforceable. (c) This limited exclusion does not apply to any patent or Invention covered by a contract between Company and the United States or any of its agencies requiring full title to such patent or Invention to be in the United States. 2.3 Prior Inventions. (a) On the signature page to this Agreement is a list describing any Inventions that (i) are owned by me or in which I have an interest and that were made or acquired by me prior to my date of first employment by Company, and (ii) may relate to Company's business or actual or demonstrably anticipated research or development, and (iii) are not to be assigned to Company ("Prior Inventions"). If no such list is attached, I represent and warrant that no Inventions that would be classified as Prior Inventions exist as of the date of this Agreement. (b) I agree that if I use any Prior Inventions and/or Nonassignable Inventions in the scope of my employment, or if I include any Prior Inventions and/or Nonassignable Inventions in any product or service of Company, or if my rights in any Prior Inventions and/or any Nonassignable Inventions may block or interfere with, or may otherwise DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192



Employee Confidential Information and Inventions Assignment Agreement Page 3 be required for, the exercise by Company of any rights assigned to Company under this Agreement (each, a "License Event"), (i) I will immediately notify Company in writing, and (ii) unless Company and I agree otherwise in writing, I hereby grant to Company a non-exclusive, perpetual, transferable, fully-paid, royalty-free, irrevocable, worldwide license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium (whether now known or later developed), make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in, such Prior Inventions and/or Nonassignable Inventions. To the extent that any third parties have any rights in or to any Prior Inventions or any Nonassignable Inventions, I represent and warrant that such third party or parties have validly and irrevocably granted to me the right to grant the license stated above. For purposes of this paragraph, "Prior Inventions" includes any Inventions that would be classified as Prior Inventions, whether or not they are listed on the signature page to this Agreement. 2.4 Assignment of Company Inventions. I hereby assign to Employer all my right, title, and interest in and to any and all Company Inventions other than Nonassignable Inventions and agree that such assignment includes an assignment of all Moral Rights. To the extent such Moral Rights cannot be assigned to Employer and to the extent the following is allowed by the laws in any country where Moral Rights exist, I hereby unconditionally and irrevocably waive the enforcement of such Moral Rights, and all claims and causes of action of any kind against Employer or related to Employer's customers, with respect to such rights. I further agree that neither my successors-in-interest nor legal heirs retain any Moral Rights in any Company Inventions. Nothing contained in this Agreement may be construed to reduce or limit Company's rights, title, or interest in any Company Inventions so as to be less in any respect than that Company would have had in the absence of this Agreement. 2.5 Obligation to Keep Company Informed. During my employment by Company, I will promptly and fully disclose to Company in writing all Inventions that I author, conceive, or reduce to practice, either alone or jointly with others. At the time of each disclosure, I will advise Company in writing of any Inventions that I believe constitute Nonassignable Inventions; and I will at that time provide to Company in writing all evidence necessary to substantiate my belief. Subject to Section 2.3(b), Company agrees to keep in confidence, not use for any purpose, and not disclose to third parties without my consent, any confidential information relating to Nonassignable Inventions that I disclose in writing to Company. 2.6 Government or Third Party. I agree that, as directed by Company, I will assign to a third party, including without limitation the United States, all my right, title, and interest in and to any particular Company Invention. 2.7 Ownership of Work Product. I acknowledge that all original works of authorship that are made by me (solely or jointly with others) within the scope of my employment and that are protectable by Copyright are "works made for hire," pursuant to United States Copyright Act (17 U.S.C., Section 101). 2.8 Enforcement of Intellectual Property Rights and Assistance. I will assist Company, in every way Company requests, including signing, verifying and delivering any documents and performing any other acts, to obtain and enforce United States and foreign Intellectual Property Rights and Moral Rights relating to Company Inventions in any jurisdictions in the world. My obligation to assist Company with respect to Intellectual Property Rights relating to Company Inventions will continue beyond the termination of my employment, but Company will compensate me at a reasonable rate after such termination for the time I actually spend on such assistance. If Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in this paragraph, I hereby irrevocably designate and appoint Employer and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and on my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of this Agreement with the same legal force and effect as if executed by me. I hereby waive and quitclaim to Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Intellectual Property Rights assigned to Employer under this Agreement. 2.9 Incorporation of Software Code. I agree not to incorporate into any Inventions, including any Company software, or otherwise deliver to Company, any software code licensed under the GNU General Public License, Lesser General Public License, or any other license that, by its terms, requires or conditions the use or distribution of such code on the disclosure, licensing, or distribution of any source code owned or licensed by Company, except in strict compliance with Company's policies regarding the use of such software or as directed by Company. DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192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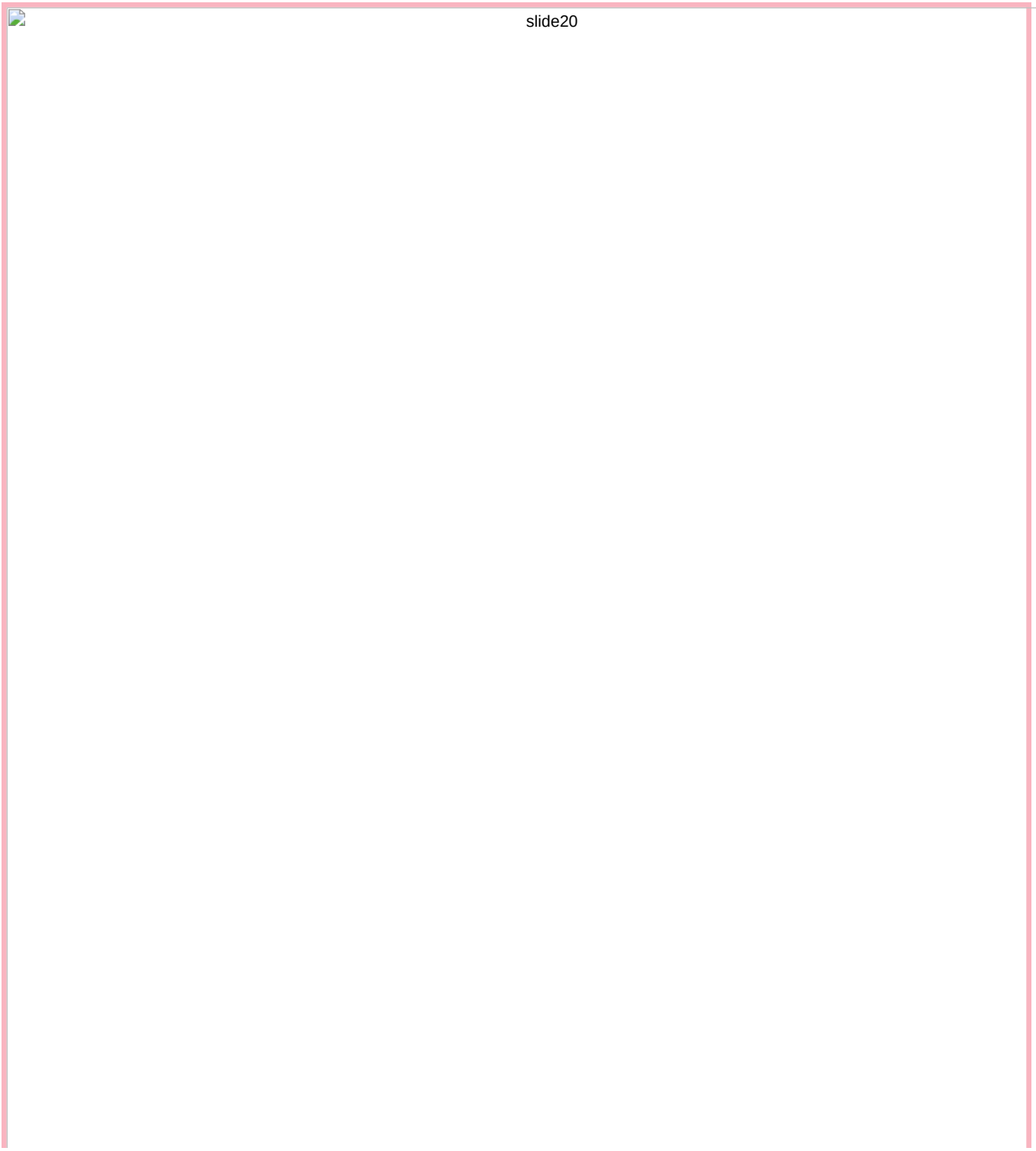
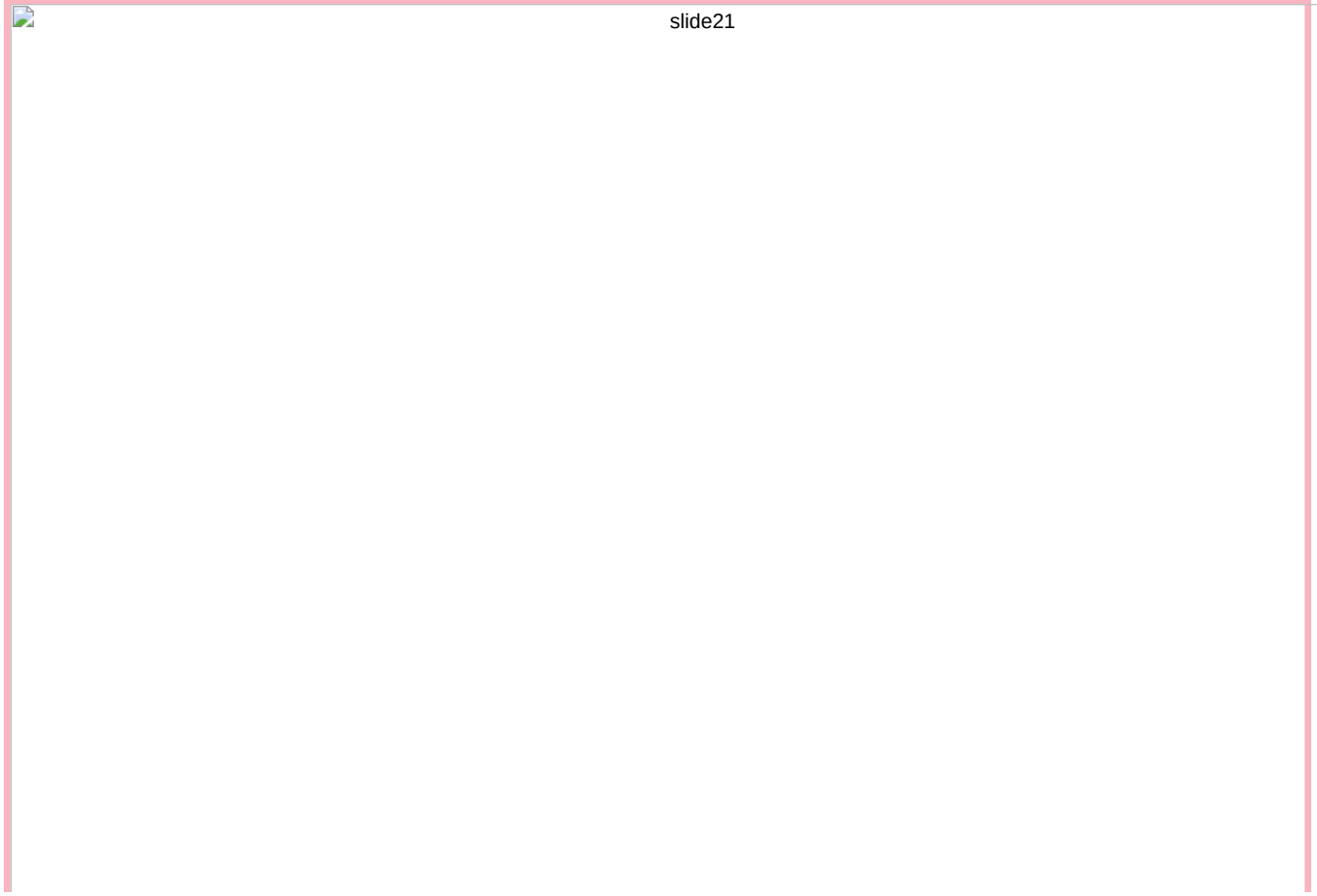
Employee Confidential Information and Inventions Assignment Agreement Page 4 3. Records. I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that is required by Company) of all Confidential Information developed by me and all Company Inventions made by me during the period of my employment at Company, which records will be available to and remain the sole property of Employer at all times. 4. Duty of Loyalty During Employment. During my employment by Company, I will not, without Company's written consent, directly or indirectly engage in any employment or business activity that is directly or indirectly competitive with, or would otherwise conflict with, my employment by Company. 5. No Solicitation of Employees, Consultants or Contractors. To the extent permitted by applicable law, I agree that during my employment and for the one year period after the date my employment ends for any reason, including but not limited to voluntary termination by me or involuntary termination by Company, I will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others (except on behalf of Company) solicit, induce, encourage any person known to me to be an employee, consultant, or independent contractor of Company to terminate his, her or its relationship with Company. 6. Reasonableness of Restrictions. I have read this entire Agreement and understand it. I agree that (a) this Agreement does not prevent me from earning a living or pursuing my career, and (b) the restrictions contained in this Agreement are reasonable, proper, and necessitated by Company's legitimate business interests. I represent and agree that I am entering into this Agreement freely, with knowledge of its contents and the intent to be bound by its terms. If a court finds this Agreement, or any of its restrictions, are ambiguous, unenforceable, or invalid, Company and I agree that the court will read the Agreement as a whole and interpret such restriction(s) to be enforceable and valid to the maximum extent allowed by law. If the court declines to enforce this Agreement in the manner provided in this Section and/or Section 12.2, Company and I agree that this Agreement will be automatically modified to provide Company with the maximum protection of its business interests allowed by law, and I agree to be bound by this Agreement as modified. 7. No Conflicting Agreement or Obligation. I represent that my performance of all the terms of this Agreement and as an employee of Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by Company. I have not entered into, and I agree I will not enter into, any written or oral agreement in conflict with this Agreement. 8. Return of Company Property. When I cease to be employed by Company, I will deliver to Company any and all materials, together with all copies thereof, containing or disclosing any Company Inventions, or Confidential Information. I will not copy, delete, or alter any information contained upon my Company computer or Company equipment before I return it to Company. In addition, if I have used any personal computer, server, or e-mail system to receive, store, review, prepare or transmit any Company information, including but not limited to, Confidential Information, I agree to provide Company with a computer-

useable copy of all such information and then permanently delete such information from those systems; and I agree to provide Company access to my system as reasonably requested to verify that the necessary copying and/or deletion is completed. I further agree that any property situated on Company's premises and owned by Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company's personnel at any time during my employment, with or without notice. Prior to leaving, I hereby agree to: provide Company any and all information needed to access any Company property or information returned or required to be returned pursuant to this paragraph, including without limitation any login, password, and account information; cooperate with Company in attending an exit interview; and complete and sign Company's termination statement if required to do so by Company. 9. Legal and Equitable Remedies. I agree that (a) it may be impossible to assess the damages caused by my violation of this Agreement or any of its terms, (b) any threatened or actual violation of this Agreement or any of its terms will constitute immediate and irreparable injury to Company, and (c) Company will have the right to enforce this Agreement by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that Company may have for a breach or threatened breach of this Agreement. If Company enforces this Agreement through a court order, I agree that the restrictions of Section 5 will remain in effect for a period of 12 months from the effective date of the order enforcing the Agreement. DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192



Employee Confidential Information and Inventions Assignment Agreement Page 5 10. Notices. Any notices required or permitted under this Agreement will be given to Company at its headquarters location at the time notice is given, labeled "Attention Chief Executive Officer," and to me at my address as listed on Company payroll, or at such other address as Company or I may designate by written notice to the other. Notice will be effective upon receipt or refusal of delivery. If delivered by certified or registered mail, notice will be considered to have been given five business days after it was mailed, as evidenced by the postmark. If delivered by courier or express mail service, notice will be considered to have been given on the delivery date reflected by the courier or express mail service receipt. 11. Publication of This Agreement to Subsequent Employer or Business Associates of Employee. If I am offered employment, or the opportunity to enter into any business venture as owner, partner, consultant or other capacity, while the restrictions in Section 5 of this Agreement are in effect, I agree to inform my potential employer, partner, co-owner and/or others involved in managing the business I have an opportunity to be associated with, of my obligations under this Agreement and to provide such person or persons with a copy of this Agreement. I agree to inform Company of all employment and business ventures which I enter into while the restrictions described in Section 5 of this Agreement are in effect and I authorize Company to provide copies of this Agreement to my employer, partner, co-owner and/or others involved in managing the business I have an opportunity to be associated with and to make such persons aware of my obligations under this Agreement. 12. General Provisions. 12.1 Governing Law; Consent to Personal Jurisdiction. This Agreement will be governed by and construed according to the laws of the State of California without regard to any conflict of laws principles that would require the application of the laws of a different jurisdiction. I expressly consent to the personal jurisdiction and venue of the state and federal courts located in California for any lawsuit filed there against me by Company arising from or related to this Agreement. 12.2 Severability. If any portion of this Agreement is, for any reason, held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability will not affect the other provisions of this Agreement, and this Agreement will be construed as if such provision had never been contained in this Agreement. If any portion of this Agreement is, for any reason, held to be excessively broad as to duration, geographical scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent allowed by the then applicable law. 12.3 Successors and Assigns. This Agreement is for my benefit and the benefit of Company and its and their successors, assigns, parent corporations, subsidiaries, affiliates, and purchasers, and will be binding upon my heirs, executors, administrators and other legal representatives. 12.4 Survival. This Agreement will survive the termination of my employment, regardless of the reason, and the assignment of this Agreement by Company to any successor in interest or other assignee. 12.5 Employment At-Will. I understand and agree that nothing in this Agreement will change my at-will employment status or confer any right with respect to continuation of employment by Company, nor will it interfere in any way with my right or Company's right to terminate my employment at any time, with or without cause or advance notice. 12.6 Waiver. No waiver by Company of any breach of this Agreement will be a waiver of any preceding or succeeding breach. No waiver by Company of any right under this Agreement will be construed as a waiver of any other right. Company will not be required to give notice to enforce strict adherence to all terms of this Agreement. 12.7 Export. I agree not to export, reexport, or transfer, directly or indirectly, any U.S. technical data acquired from Company or any products utilizing such data, in violation of the United States export laws or regulations. 12.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes. DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192



Employee Confidential Information and Inventions Assignment Agreement Page 6 12.9 Advice of Counsel. I ACKNOWLEDGE THAT, IN EXECUTING THIS AGREEMENT, I HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND I HAVE READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT WILL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION OF THIS AGREEMENT. 12.10 Entire Agreement. The obligations in Sections 1 and 2 (except Section 2.2 and Section 2.7, in each case, with respect to a consulting relationship) of this Agreement will apply to any time during which I was previously engaged, or am in the future engaged, by Company as a consultant, employee or other service provider if no other agreement governs nondisclosure and assignment of inventions during such period. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter of this Agreement and supersedes and merges all prior discussions between us, provided, however, if, prior to execution of this Agreement, Company and I were parties to any agreement regarding the subject matter hereof, that agreement will be superseded by this Agreement prospectively only. No modification of or amendment to this Agreement will be effective unless in writing and signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement. This Agreement will be effective as of the date signed by the Employee below. EMPLOYER: Instil Bio Inc. EMPLOYEE: Sumita Ray (Signature) (Signature) Bronson Crouch Sumita Ray Chief Executive Officer (Date Signed) PRIOR INVENTIONS 1. Prior Inventions Disclosure. Except as listed in Section 2 below, the following is a complete list of all Prior Inventions: No Prior Inventions. See below: Additional sheets attached. 2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 above with respect to the Prior Inventions generally listed below, the intellectual property rights and duty of confidentiality with respect to which I owe to the following party(ies): Excluded Invention Party(ies) Relationship 1. 2. 3. Additional sheets attached. DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192 3/11/2022


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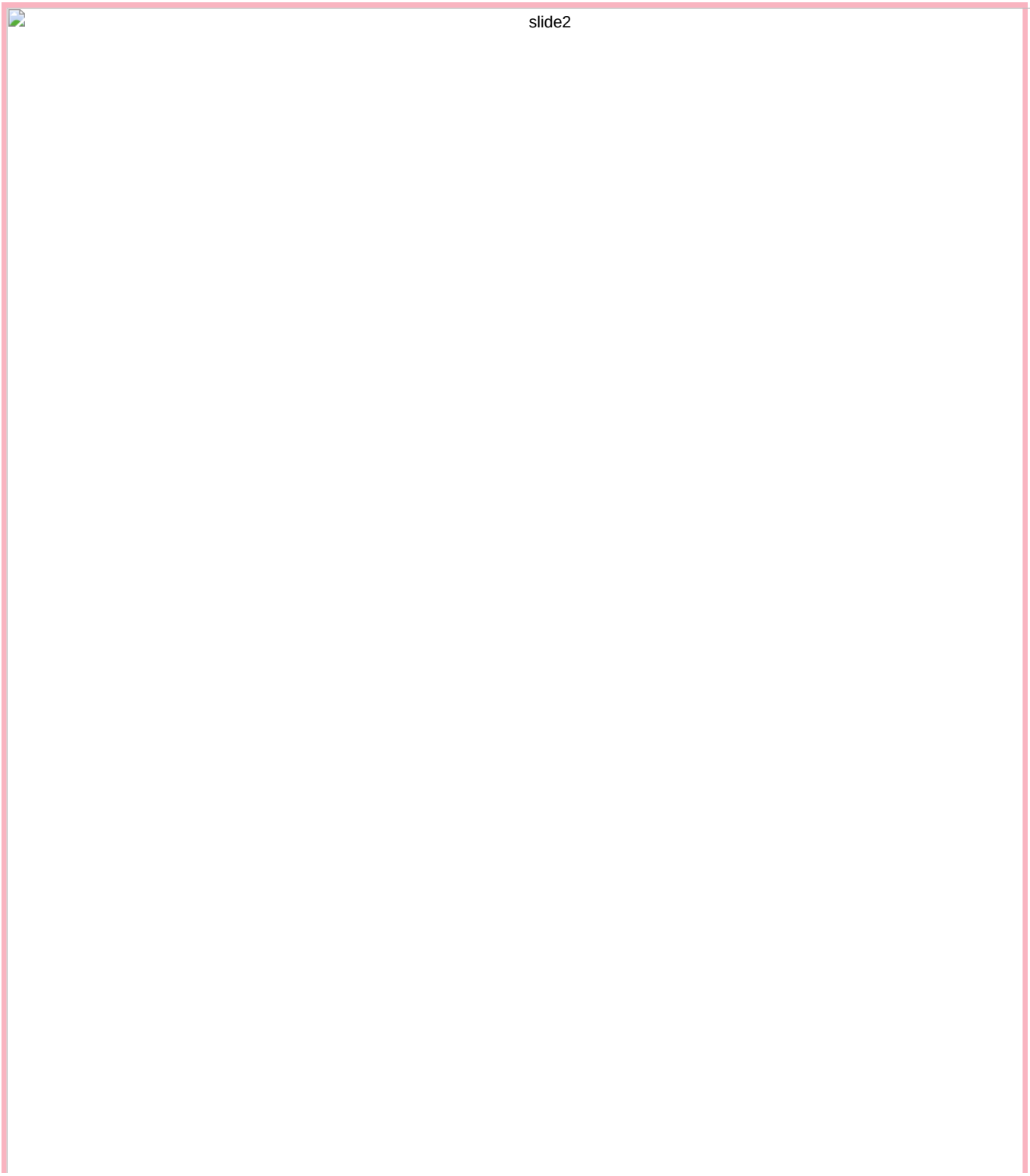
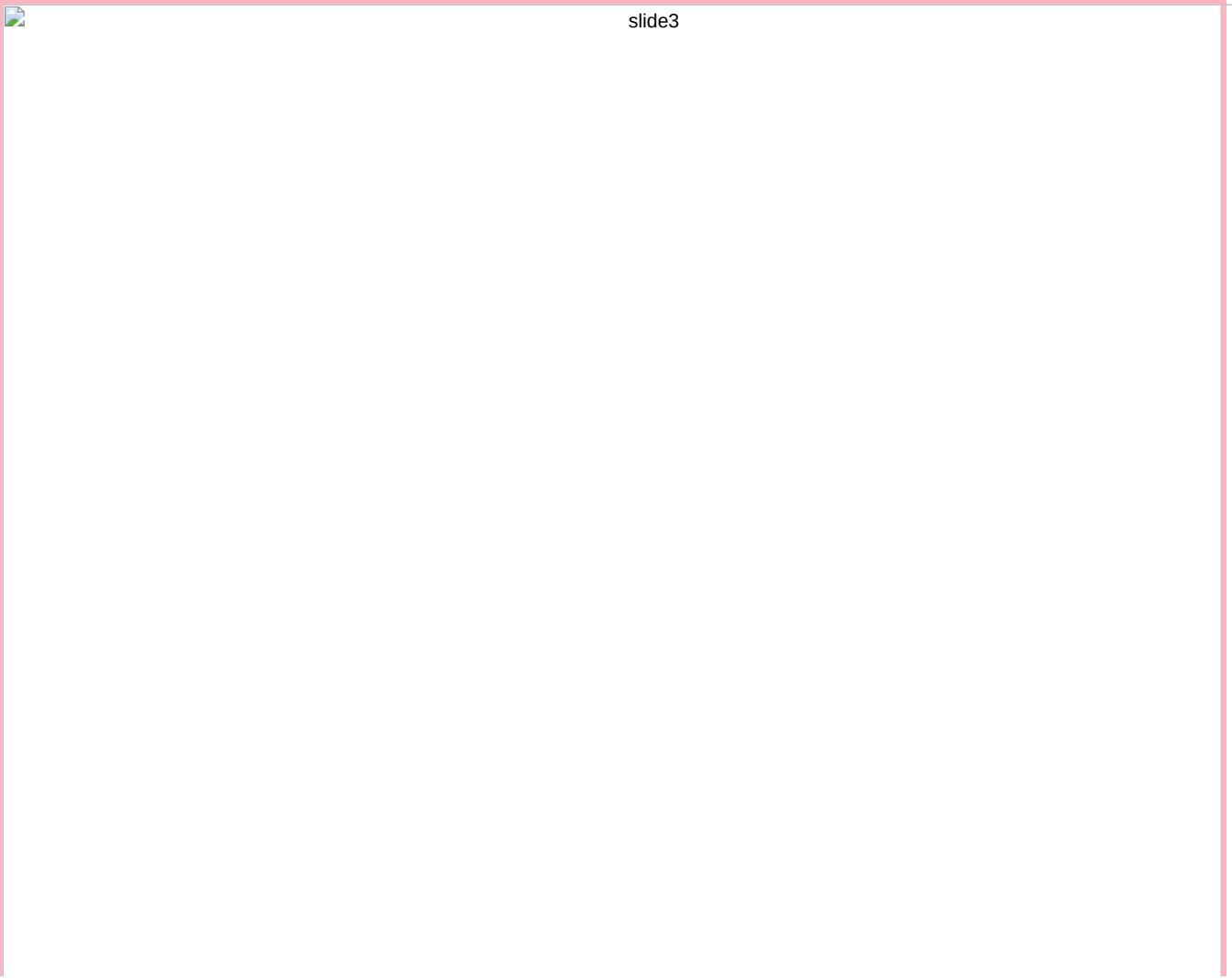
EXHIBIT 2 MILESTONES RELATED TO MILESTONE OPTION Milestone Options shall be awarded in accordance with the terms and subject to the conditions set forth in Section 2.3(b) of the Agreement to which this Exhibit 2 is attached upon the achievement of each of the following two milestones identified below, as determined by the Board (or any authorized committee thereof): Milestone 1: Grant of 25,000 options upon completion: • Within 6 months after Effective Date, Presentation to the Company's Executive Committee and Board of Directors/Audit Committee, and such committee's subsequent endorsement, of a 12-18 month strategic plan for staffing, priorities and deliverables for the Legal Department; • Within 6 months after Effective Date, Presentation to the Company's Executive Committee and Board Of Directors/Audit Committee, the plan for building an Effective Compliance Program as defined in the Office of Inspecor General's Voluntary Guidance for Pharmaceutical Manufacturers; Milestone 2: Grant of 25,000 options upon completion: • Within 12 months after Effective Date, build out company's stage-appropriate Effective Compliance Program pursuant to above, that can continue to be appropriately scaled with company growth and lifecycle. 265051854 v4 DocuSign Envelope ID: D8A827FD-E793-49E3-8EF8-D0340CB1F192

278719272 v2 INSTIL BIO, INC. December 8, 2022 Timothy Moore Via E-Mail Re: Separation and Consulting Agreement Dear Tim: This letter sets forth the terms of the separation and consulting agreement (the "Agreement") that Instil Bio, Inc. (the "Company") is offering to aid in your employment transition. 1. Separation. Your last day of work with the Company and your employment termination date will be December 8, 2022 (the "Separation Date"). 2. Final Pay. On the Separation Date, the Company will pay you all accrued salary and all accrued and unused PTO earned through the Separation Date, subject to standard payroll deductions and withholdings. You are entitled to this payment regardless of whether or not you sign this Agreement. 3. Severance Payment. If you timely sign this Agreement, allow it to become effective, and comply with your obligations under it (collectively, the "Severance Preconditions"), then the Company will pay you, as severance, the equivalent of nine (9) months of your base salary in effect as of the Separation Date, subject to standard payroll deductions and withholdings. This amount will be paid in a lump sum within ten (10) days after the Effective Date (as defined below). 4. Health Insurance. Your participation in the Company's group health insurance plan will end on the last day of the month in which the Separation Date occurs. To the extent provided by the

federal COBRA law or, if applicable, state insurance laws, and by the Company's current group health insurance policies, you may be eligible to continue your group health insurance benefits at your own expense following the Separation Date. Later, you may be able to convert to an individual policy through the provider of the Company's health insurance, if you wish. You will be provided with a separate notice describing your rights and obligations under COBRA and a form for electing COBRA coverage. As an additional severance benefit, provided that you satisfy the Severance Preconditions and timely elect continued coverage under COBRA, the Company shall reimburse you or pay directly (at the Company's discretion) for the COBRA premiums to continue your health insurance coverage (including coverage for eligible dependents, if applicable) through the period starting on the Separation Date and ending on the earliest to occur of: (a) the date that is nine (9) months after the Separation Date; (b) the date you become eligible for group health insurance coverage through a new employer; or (c) the date you cease to be eligible for COBRA coverage for any reason (the "COBRA Premiums"). DocuSign Envelope ID: EA34A06C-9590-4A5F-B8E7-82587927C87E

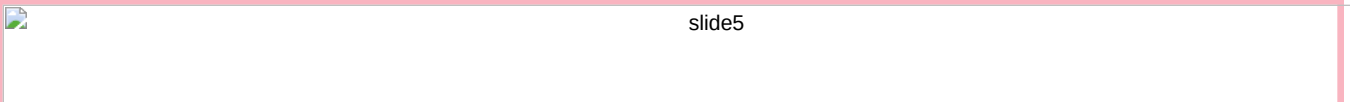


278719272 v2 Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA Premiums without a substantial risk of violating applicable law, then the Company instead shall pay you a fully taxable cash payment equal to the remaining COBRA Premiums due under this Section, subject to applicable tax withholdings, which you may, but are not obligated to, use toward the cost of COBRA premiums. In the event you become covered under another employer's group health plan or otherwise cease to be eligible for COBRA during the time that the Company is providing the COBRA Premiums, you must immediately notify the Company of such event. 5. Consulting Agreement after Separation Date. If (i) you timely sign, date, and return this fully signed Agreement to the Company and allow it to become effective, and (ii) you have complied with your obligations under and have not breached any provision of this Agreement (including without limitation all applicable terms under your signed Employee Confidential Information, Inventions, Non-Solicitation and Non-Competition Agreement referenced below), then the Company will engage you as a consultant on the terms specified below: 5.1 Consulting Period. Your consulting engagement will begin on the Separation Date and will continue for three months, unless terminated earlier pursuant to Section 5.8 below. Your full consulting engagement will be referred to as the "Consulting Period". 5.2 Consulting Services. You agree to provide consulting services to the Company in any area of your expertise and as requested by the Company (the "Consulting Services") and you agree to make yourself available to perform the Consulting Services on an as needed basis for no more than an average of eight hours per week upon request from the Company, although you and the Company are not agreeing to any minimum amount of time that your services will be requested during the Consulting Period. During the Consulting Period, you will report directly to me. You agree to exercise the highest degree of professionalism and utilize your expertise and creative talents in performing these services. The Consulting Services shall constitute a permanent reduction in your services to the Company to not more than 20% of the average level of bona fide services you provided to the Company during the 36-month period immediately preceding the Separation Date (or such lesser period of time you have been with the Company), such that any such Consulting Services shall be deemed a "separation from service" under Section 409A (as defined below). You will not be required to report to the Company's offices during the Consulting Period, except as specifically requested by the Company. When providing such services, you shall abide by the Company's policies and procedures. 5.3 Consulting Compensation. (a) Cash Compensation. In consideration for the Consulting Services rendered pursuant to this Agreement, you will be compensated at a rate of $500/hour, payable on a monthly basis, for Consulting Services provided by you as requested by the Company. You must submit monthly invoices to me detailing the Consulting Services rendered to receive timely payment. You will be compensated for all properly submitted invoices in accordance with the Company's regular payment schedule for consultants. DocuSign Envelope ID: EA34A06C-9590-4A5F-B8E7-82587927C87E

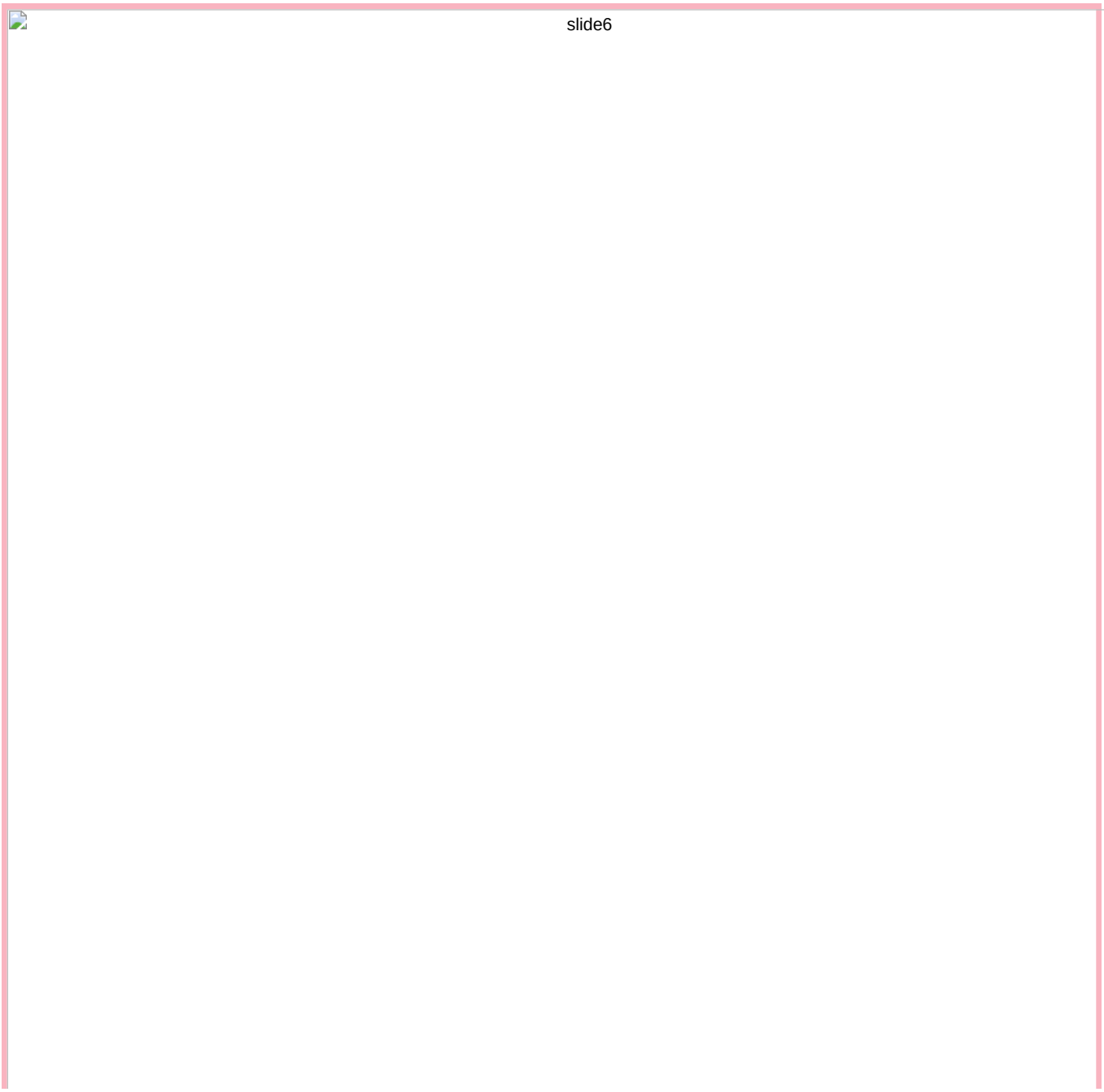


278719272 v2 (b) Continued Equity Vesting. During your employment with the Company, you were granted options to purchase shares of Common Stock (the "Options") pursuant to applicable stock option agreement(s), grant notice(s), the Company's applicable Equity Incentive Plan(s) and other grant documents (collectively, the "Equity Documents"). During the Consulting Period, vesting of the Options will continue as set forth in the Equity Documents, subject to your compliance with this Agreement and your continued service on each applicable vesting date. Upon termination of the Consulting Period, vesting of the Options will cease. Your right to exercise any vested shares subject to the Options and all other rights and obligations with respect to such Options will be as set forth in the Equity Documents. You understand that, to the extent the Options are intended to, and do, qualify as "incentive stock options" under Section 422 of the Internal Revenue Code of 1986, as amended, such Options will cease to so qualify to the extent not exercised before the date that is three months after the Separation Date. 5.4 Tax Treatment. You will be responsible for all taxes with respect to any consulting compensation paid to you, and you agree to indemnify, hold harmless and defend the Company from any and all claims, liabilities, damages, taxes, fines or penalties sought or recovered by any governmental entity, including but not limited to the Internal Revenue Service or any state taxing authority, arising out of or in connection with the consulting fees. 5.5 Independent Contractor Status. Your relationship with the Company during the Consulting Period will be that of an independent contractor, and nothing in this Agreement is intended to, or should be construed to, create a partnership, agency, joint venture or employment relationship after the Separation Date. You will not be entitled to any of the benefits which the Company may make available to its employees, including but not limited to, group health or life insurance, profit-sharing or retirement benefits, and you acknowledge and agree that your relationship with the Company during the Consulting Period will not be subject to the Fair Labor Standards Act or other laws or regulations governing employment relationships. 5.6 Limitations on Authority. You will have no responsibilities or authority as a consultant to the Company other than as provided above. You will have no authority to bind the Company to any contractual obligations, whether written, oral or implied, except with my express written authorization. You agree not to represent or purport to represent the Company in any manner whatsoever to any third party unless authorized by the Company, in writing, to do so. 5.7 Proprietary Information and Inventions. You agree that, during the Consulting Period and thereafter, you will not use or disclose any confidential or proprietary information or materials of the Company, including any confidential or proprietary information that you obtain or develop in the course of performing the Consulting Services. Notwithstanding the foregoing, pursuant to 18 U.S.C. Section 1833(b), you shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (1) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Any and all work product you create in the course of performing DocuSign Envelope ID: EA34A06C-9590-4A5F-B8E7-82587927C87E

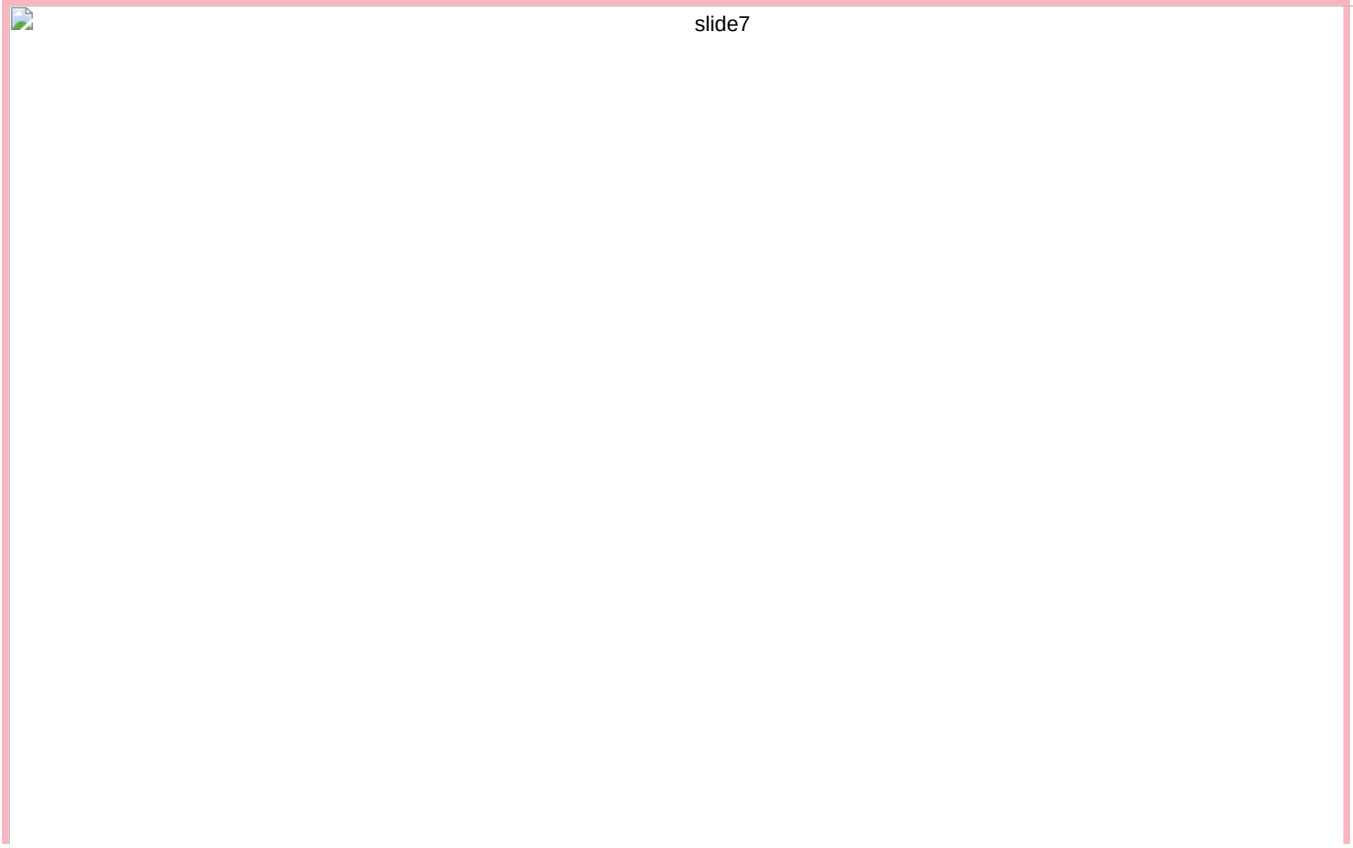
278719272 v2 the Consulting Services will be the sole and exclusive property of the Company. You hereby assign to the Company all right, title, and interest in all inventions, techniques, processes, materials, and other intellectual property developed in the course of performing the Consulting Services. 5.8 Termination of Consulting Period. Without waiving any other rights or remedies, you or the Company may terminate the consulting relationship at any time and for any reason upon five business days advance notice to the other party. You or the Company may terminate the Consulting Period immediately upon the other party's breach of this Agreement. 5.9 Other Work Activities / Non-Competition. Throughout the Consulting Period, you retain the right to engage in employment, consulting, or other work relationships in addition to your work for the Company. In order to protect the trade secrets and confidential and proprietary information of the Company, you agree that, during the Consulting Period, you will not obtain employment with or perform competitive work for any business entity, or engage in any other work activity that is competitive with the Company. 5.10 Representations. You represent and warrant that you are self-employed in an independently established trade, occupation, or business, maintains and operate a business that is separate and independent from the Company's business, hold yourself out to the public as independently competent and available to provide applicable services similar to the Consulting Services, have obtained and/or expect to obtain clients or customers other than the Company for whom you will perform services, and will perform work for the Company that you understand is outside the usual course of the Company's business. The Company will make reasonable arrangements to enable you to perform your work for the Company at such times and in such a manner so that it will not interfere with other activities in which you may engage. 6. No Other Compensation or Benefits. You acknowledge and agree that: the benefits provided in this Agreement are in lieu of the severance benefits provided in Section 6 of the employment agreement between you and the Company dated September 6, 2022 (the "Employment Agreement"); in providing you with the benefits contained this in this Agreement the Company has fully satisfied any obligation it has to you to provide you with any severance benefits pursuant to the Employment Agreement or any other severance plan, program, or agreement; and this Agreement supersedes your eligibility for and entitlement to severance benefits under the Employment Agreement and any other agreement, plan, or policy, and such eligibility and entitlement is hereby extinguished. You further acknowledge that, except as expressly provided in this Agreement, you have not earned and will not receive from the Company any additional compensation, severance, or benefits on or after the Separation Date, with the exception of any vested right you may have under the express terms of a written ERISA-qualified benefit plan (e.g., 401(k) account). By way of example, you acknowledge that you have not earned and are not owed any bonus, vacation, incentive compensation, commissions or equity. 7. Expense Reimbursements. You agree that, within thirty days of the Separation Date, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek DocuSign Envelope ID: EA34A06C-9590-4A5F-B8E7-82587927C87E



278719272 v2 reimbursement. The Company will reimburse you for these expenses pursuant to its regular business practice. 8. Return of Company Property. Within five days after the Separation Date or earlier if requested by the Company, you shall return to the Company all Company documents (and all copies thereof) and other Company property in your possession or control, including, but not limited to, Company files, notes, financial and operational information, customer lists and contact information, product and services information, research and development information, Company device and account login and password information, drawings, records, plans, forecasts, reports, payroll information, spreadsheets, studies, analyses, compilations of data, proposals, agreements, sales and marketing information, personnel information, specifications, code, software, databases, computer-recorded information, tangible property and equipment (including, but not limited to, computers, facsimile machines, mobile telephones, tablets, handheld devices, and servers), credit cards, entry cards, identification badges and keys; and any materials of any kind which contain or embody any proprietary or confidential information of the Company and all reproductions thereof in whole or in part and in any medium. You agree that you will make a diligent search to locate any such documents, property and information within the timeframe referenced above. In addition, if you have used any personally owned computer, server, or e-mail system to receive, store, review, prepare or transmit any confidential or proprietary data, materials or information of the Company, then within five business days after the Separation Date or earlier if requested by the Company, you must provide the Company with a computer-useable copy of such information and then permanently delete and expunge such confidential or proprietary information from those systems without retaining any reproductions (in whole or in part); and you agree to provide the Company access to your system, as requested, to verify that the necessary copying and deletion is done. Your entitlement to and receipt of the severance benefits provided hereunder are expressly conditioned upon your return of all Company property as set forth in this paragraph. Notwithstanding the foregoing, during the Consulting Period only, the Company will permit you to retain, receive, and/or use any documents and/or information reasonably necessary to perform the Consulting Services, all of which equipment, documents and information you must return to the Company upon request and not later than the last day of the Consulting Period. 9. Proprietary Information Obligations. You acknowledge and reaffirm your obligations under your signed Employee Confidential Information, Inventions, Non-Solicitation and Non-Competition Agreement, a copy of which is attached hereto as Exhibit A and incorporated herein by reference. 10. Confidentiality. The provisions of this Agreement will be held in strictest confidence by you and will not be publicized or disclosed by you in any manner whatsoever; provided, however, that: (a) you may disclose this Agreement in confidence to your immediate family and to your attorneys, accountants, tax preparers and financial advisors; (b) you may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law; and (c) you may make such statements and disclosures as set forth in the section of this Agreement entitled "Protected Rights." In particular, and without limitation, you agree not to disclose the terms of this Agreement to any current or former Company employee or independent contractor. During the Consulting Period, you may inform others that you are serving as a consultant to the Company. DocuSign Envelope ID: EA34A06C-9590-4A5F-B8E7-82587927C87E



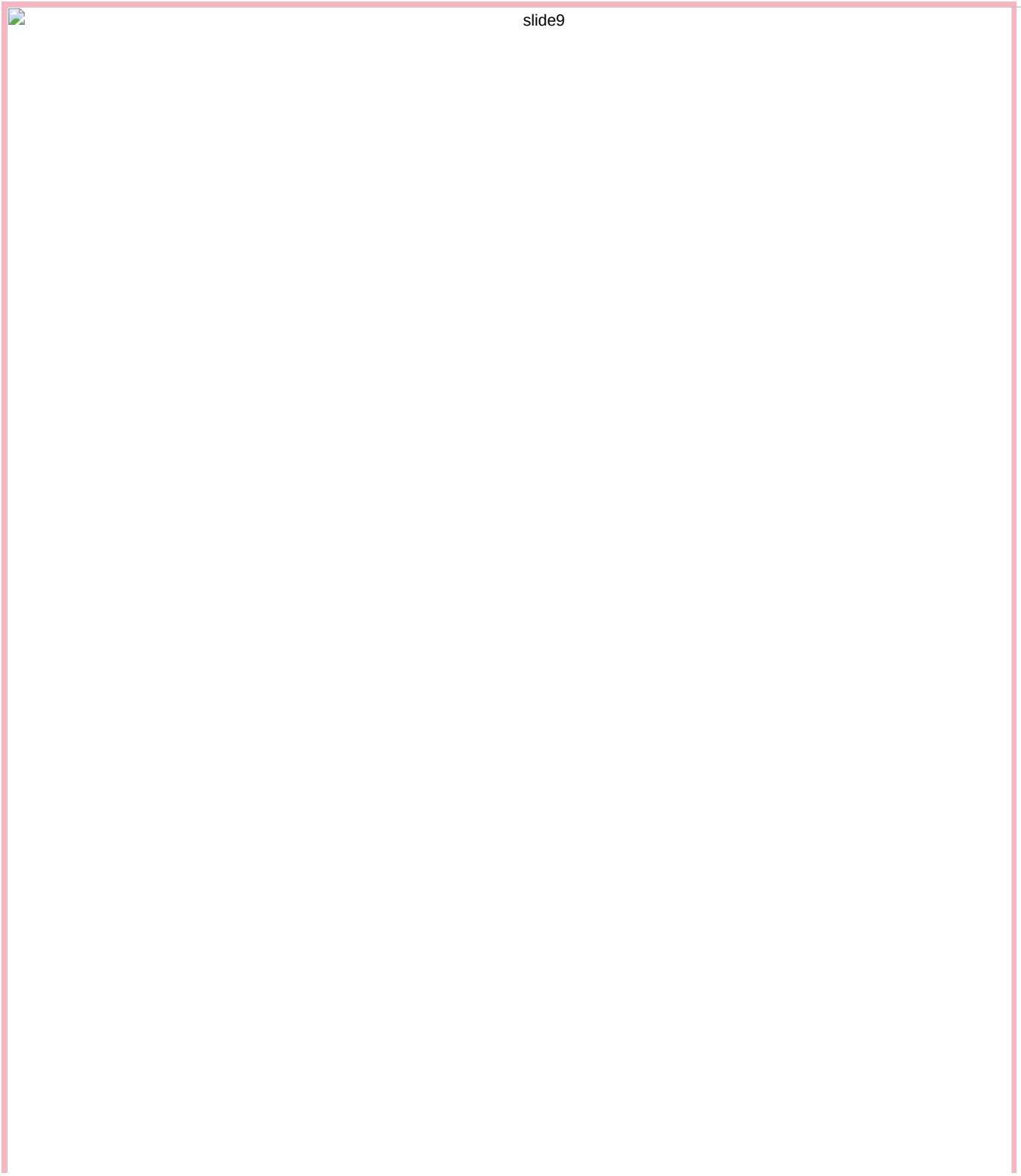
278719272 v2 11. Nondisparagement. You agree not to disparage the Company, its officers, directors, employees, shareholders, parents, subsidiaries, affiliates, and agents, in any manner likely to be harmful to its or their business, business reputation, or personal reputation; provided that you may respond accurately and fully to any request for information if required by legal process or in connection with a government investigation. In addition, nothing in this provision or this Agreement is intended to prohibit or restrain you in any manner from making disclosures protected under the whistleblower provisions of federal or state law or regulation or other applicable law or regulation or as set forth in the section of this Agreement entitled "Protected Rights." 12. No Admissions. The promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by either party to the other party, and neither party makes any such admission. 13. Release of Claims. 13.1 General Release. In exchange for the consideration provided to you under this Agreement to which you would not otherwise be entitled, you hereby generally and completely release the Company, and its affiliated, related, parent and subsidiary entities, and its and their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the "Released Parties") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date you sign this Agreement (collectively, the "Released Claims"). You acknowledge that you have been advised, pursuant to California Government Code Section 12964.5(b)(4), that you have the right to consult an attorney regarding this Agreement and that you were given a reasonable time period of not less than five business days in which to do so. You further acknowledge and agree that, in the event you sign this Agreement prior to the end of the reasonable time period provided by the Company, your decision to accept such shortening of time is knowing and voluntary and is not induced by the Company through fraud, misrepresentation, or a threat to withdraw or alter the offer prior to the expiration of the reasonable time period, or by providing different terms to employees who sign such an agreement prior to the expiration of the time period. 13.2 Scope of Release. The Released Claims include, but are not limited to: (a) all claims arising out of or in any way related to your employment with the Company, or the decision to terminate that employment; (b) all claims related to compensation or benefits from the Company, including salary, bonuses, commissions, vacation, paid time off, sick time, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (c) all claims for breach of contract (including without limitation breach of the Employment Agreement), wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination DocuSign Envelope ID: EA34A06C-9590-4A5F-B8E7-82587927C87E



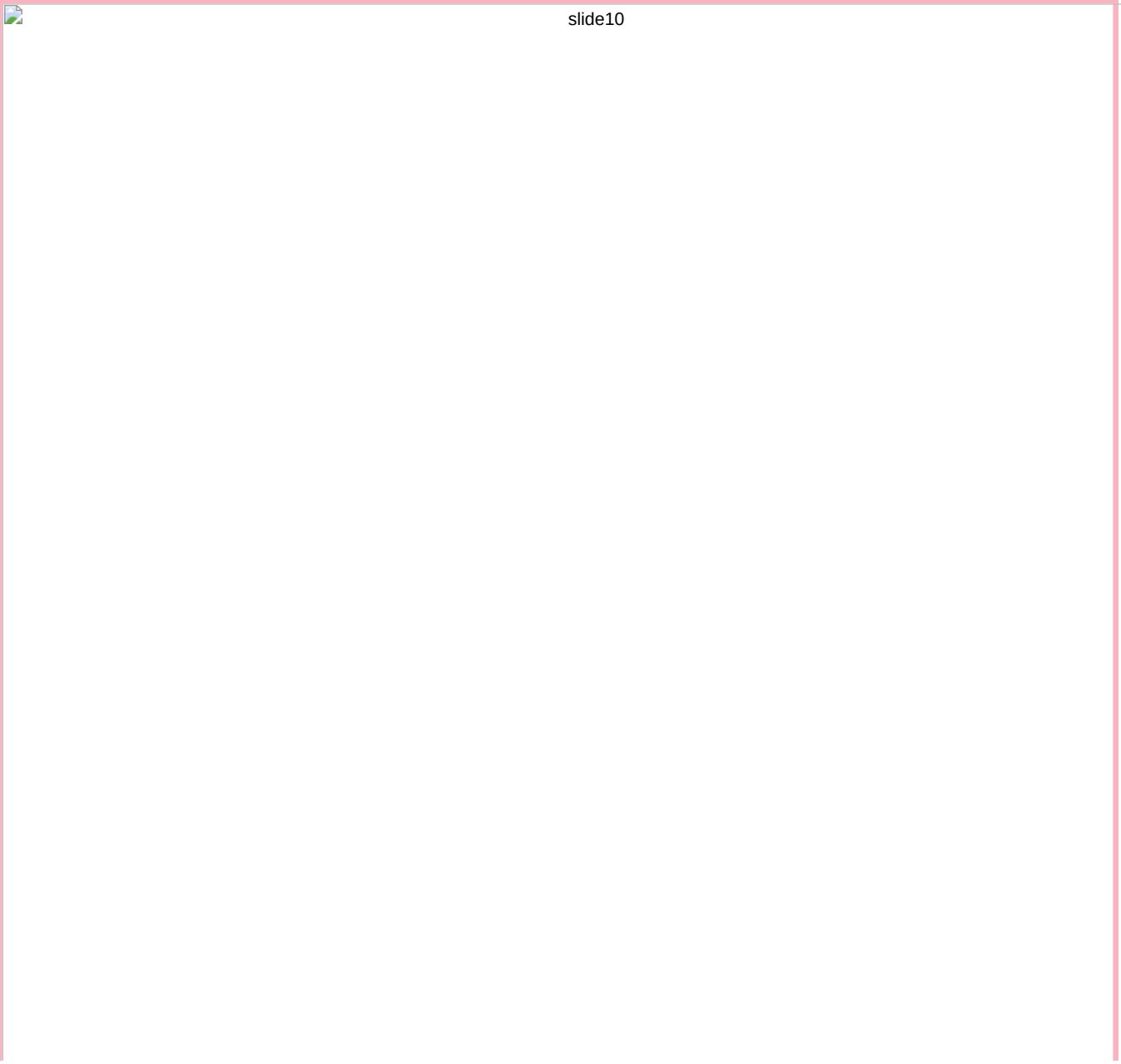
278719272 v2 in Employment Act of 1967, as amended (the "ADEA"), the California Labor Code (as amended), and the California Fair Employment and Housing Act (as amended). 13.3 ADEA Waiver. You acknowledge that you are knowingly and voluntarily waiving and releasing any rights you may have under the ADEA, and that the consideration given for the waiver and release in this Section is in addition to anything of value to which you are already entitled. You further acknowledge that you have been advised, as required by the ADEA, that: (a) your waiver and release do not apply to any rights or claims that may arise after the date that you sign this Agreement; (b) you should consult with an attorney prior to signing this Agreement (although you may choose voluntarily not to do so); (c) you have twenty-one days to consider this Agreement (although you may choose voluntarily to sign it earlier); (d) you have seven days following the date you sign this Agreement to revoke it (by providing written notice of your revocation to me); and (e) this Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth day after the date that this Agreement is signed by you provided that you do not revoke it (the "Effective Date"). 13.4 Excluded Claims/Protected Rights. Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"): (a) any rights or claims for indemnification either party may have pursuant to any written indemnification agreement with the Company to which you are a party or under applicable law; (b) any rights which cannot be waived as a matter of law; (c) any rights you have to file or pursue a claim for workers' compensation or unemployment insurance; and (d) any claims for breach of this Agreement. 13.5 Waiver of Unknown Claims. In giving the releases set forth in this Agreement, which include claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code which reads as follows: "A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." You hereby expressly waive and relinquish all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to your release of claims herein, including but not limited to the release of unknown and unsuspected claims. 14. Protected Rights. You understand that nothing in this Agreement limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). You further understand this Agreement does not limit your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. While this Agreement does not limit your right to receive an award for information provided to the Securities and Exchange Commission, you understand and agree that, to maximum extent permitted by law, you are otherwise waiving any and all rights you may have to DocuSign Envelope ID: EA34A06C-9590-4A5F-B8E7-82587927C87E

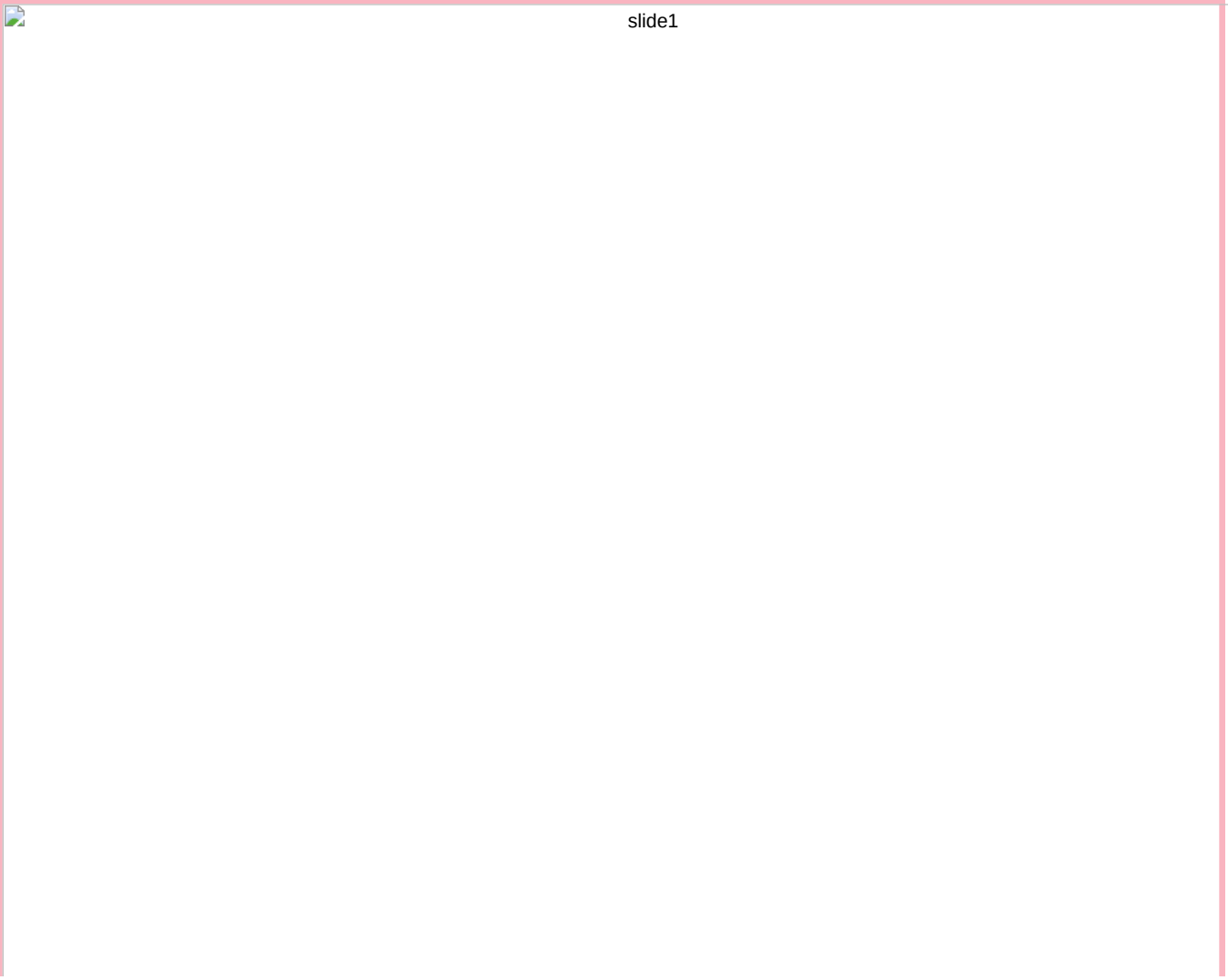
278719272 v2 individual relief based on any claims that you have released and any rights you have waived by signing this Agreement. Nothing in this Agreement prevents you from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful. 15. Section 409A. All payments and benefits provided under this Agreement are intended to satisfy the requirements for an exemption from application of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance thereunder and any state law of similar effect (collectively, "Section 409A") to the maximum extent that an exemption is available and any ambiguities herein shall be interpreted accordingly; provided, however, that to the extent such an exemption is not available, such payments and benefits are intended to comply with the requirements of Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly. For purposes of Section 409A, any installment payments provided under this Agreement will each be treated as a separate payment. Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under the this Agreement is determined to be subject to (and not exempt from) Section 409A, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expenses, and in no event will any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit. To the extent required under Section 409A, any payments to be made under this Agreement in connection with a termination of employment will only be made if such termination constitutes a "separation from service" under Section 409A. 16. Representations. You hereby represent that you have been paid all compensation owed and for all hours worked, you have received all the leave and leave benefits and protections for which you are eligible pursuant to the federal Family and Medical Leave Act or otherwise, and you have not suffered any on-the-job injury for which you have not already filed a workers' compensation claim. 17. Miscellaneous. This Agreement, including Exhibit A, constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to the subject matter hereof. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other agreements, promises, warranties or representations concerning its

subject matter. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Any ambiguity in this Agreement shall not be construed against either party as the drafter. Any waiver of a breach of this Agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver DocuSign Envelope ID: EA34A06C-9590-4A5F-B8E7-82587927C87E



278719272 v2 of any successive breach or rights hereunder. This Agreement may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and shall be deemed to have been duly and validly delivered and be valid and effective for all purposes, and may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures. If this Agreement is acceptable to you, please sign and date below within 21 days, and send me the fully signed Agreement. The Company's offer contained herein will automatically expire if we do not receive the fully signed Agreement within this timeframe. We wish you the best in your future endeavors. Sincerely, INSTIL BIO, INC. By: Bronson Crouch Chief Executive Officer UNDERSTOOD AND AGREED: Timothy Moore Date DocuSign Envelope ID: EA34A06C-9590-4A5F-B8E7-82587927C87E 12/8/2022



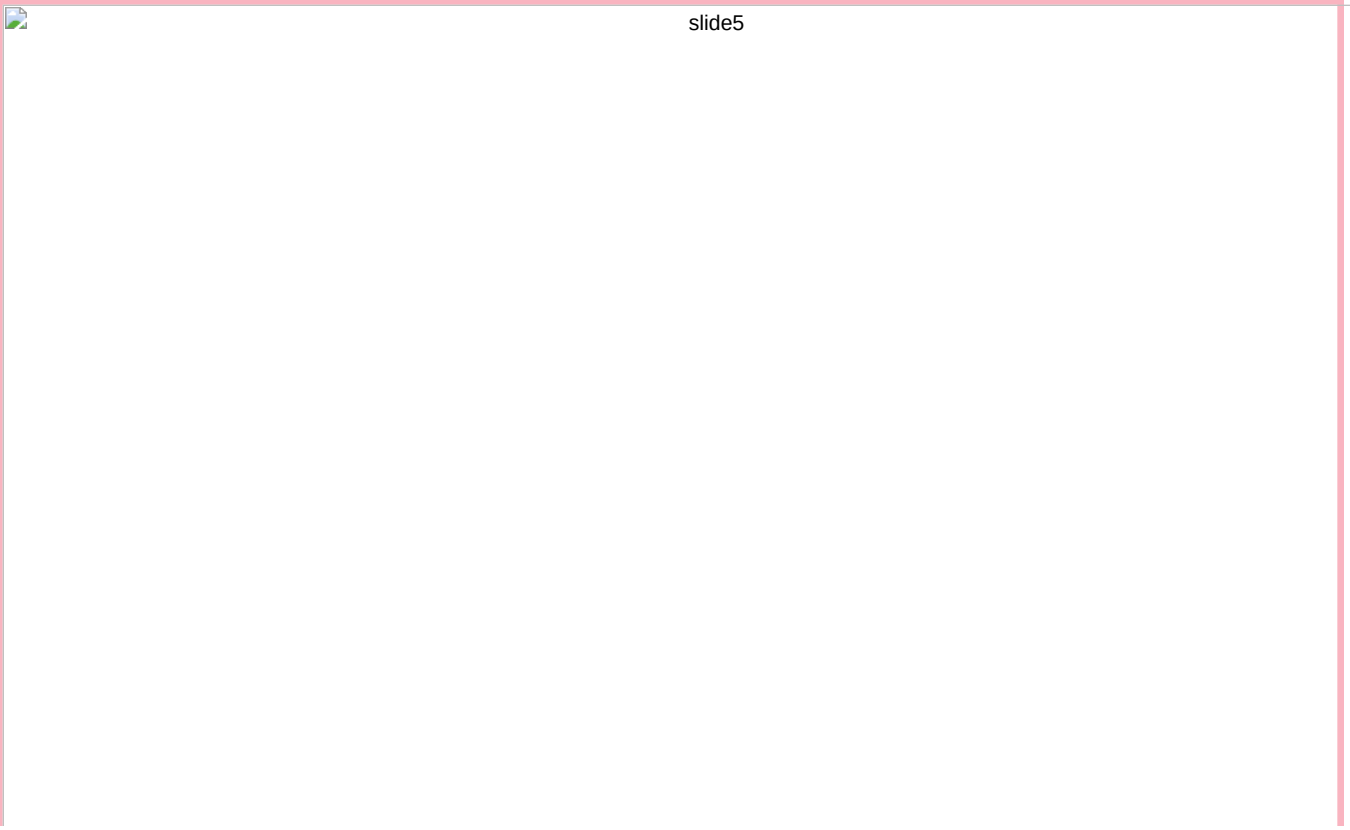


277314868 v3 November 11, 2022 Zachary Roberts c/o counsel, Richard Davis (rdavis@richardwdavis.com) Dear Zachary: This letter sets forth the substance of the separation agreement (the "Agreement") that Instil Bio, Inc. (the "Company") is offering to you to aid in your employment transition. 1. SEPARATION. You and the Company have mutually agreed that you are resigning your employment with the Company, with your last day of work with the Company and your employment termination date as November 11, 2022 (the "Separation Date"). The Company acknowledges and agrees that your employment termination is not for Cause (as that term is defined in that certain Amended and Restated Executive Employment Agreement between you and the Company, dated June 2020 (the "Employment Agreement")), and you acknowledge and agree that your resignation is not for Good Reason (as that term is defined in the Employment Agreement). Thus, you acknowledge and agree that you are not entitled to any severance benefits upon your resignation, including as set forth in the Employment Agreement or pursuant to any Company policy, practice, or plan, except as set forth herein. 2. ACCRUED SALARY AND PAID TIME OFF. Shortly after the Separation Date, the Company will pay you all accrued salary and all accrued and unused PTO earned through the Separation Date, subject to standard payroll deductions and withholdings. You are entitled to this payment regardless of whether or not you sign this Agreement. 3. HEALTH INSURANCE. Unless you follow the procedures set forth in this paragraph, your participation in the Company's group health insurance plan will end on the last day of the month in which the Separation Date occurs. To the extent provided by the federal COBRA law or, if applicable, state insurance laws, and by the Company's current group health insurance policies, you will be eligible to continue your group health insurance benefits at your own expense following the Separation Date. Later, you may be able to convert to an individual policy through the provider of the Company's health insurance, if you wish. You will be provided with a separate notice describing your rights and obligations under COBRA and a form for electing COBRA coverage. 4. CASH SEVERANCE. If you timely sign and return this fully signed Agreement to the Company, allow it to become effective, and continue to comply with your obligations under it (including without limitation, your continued compliance with your signed Employee Confidential Information and Inventions Assignment Agreement with the Company) (collectively, the "Severance Preconditions"), then the Company will pay you, as severance, the total amount of two hundred thousand dollars ($200,000), subject to standard payroll deductions and withholdings (the "Severance Amount"). Fifty thousand dollars ($50,000) of the Severance Amount will be paid, subject to standard payroll deductions and withholdings, in a lump sum within ten (10) business days after the Effective Date (as defined below), subject to satisfaction DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A

277314868 v3 Page 2 of the Severance Preconditions; and the remaining one hundred fifty thousand dollars ($150,000) of the Severance Amount will be paid, subject to standard payroll deductions and withholdings, on the date that is the one-year anniversary of the Effective Date, subject to continued satisfaction of the Severance Preconditions. 5. STOCK OPTIONS & EQUITY SEVERANCE BENEFITS. Under the terms of your stock option agreement and the applicable plan documents, vesting of your stock options will cease as of the Separation Date. As an additional severance benefit under this Agreement, subject to satisfaction of the Severance Preconditions, the Company will extend the post-termination period of time for you to exercise any vested options until the date that is one year after the Separation Date. Except as expressly set forth in this paragraph, your rights and obligations with respect to your stock options will be as set forth in your stock option agreement, grant notice and applicable plan documents. You acknowledge and agree that after the date that is ninety (90) days after the Separation Date, any options held by you that are incentive stock options will automatically convert to nonstatutory stock options. Upon the exercise of each respective option that has converted to a nonstatutory stock option, you will be treated as having received compensation income from the Company (taxable at ordinary income tax rates) equal to the excess, if any, of the aggregate fair market value of the exercised shares on the date of exercise over their aggregate exercise price. In addition to the payment of the aggregate exercise price, your exercise of each respective option is conditioned on payment to the Company of applicable income and employment taxes incurred upon exercise. You acknowledge and agree that you remain solely responsible for all employee related taxes associated with the exercise of each respective option. You also agree that with respect to any shares of the Company's common stock acquired upon the exercise of such options (the "Option Shares"), without the written consent of the Company, prior to the date that is one year after the Separation Date, you will not (I) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any such Option Shares or (II) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Option Shares, whether any such transaction described in clause (I) or (II) above is to be settled by delivery of such Option Shares or other securities, in cash or otherwise. 6. MUTUAL NON-DISPARAGEMENT. You agree not to disparage the Company, or any of its officers, directors, employees, shareholders, parents, subsidiaries, affiliates, and agents, including but not limited to the Chief Executive Officer, Bronson Crouch, or Chief Financial Officer, Sandeep "Steve" Laumas, in any manner likely to be harmful to its or their business, business reputation, or personal reputation. In addition, if you timely sign this Agreement, allow it to become effective, and comply with your obligations under it, the Company will instruct its officers and directors not to disparage you in any manner likely to be harmful to your personal or business reputation. Notwithstanding anything to the contrary herein, nothing in this Agreement restricts you or the Company (including any of its officers or directors) from responding accurately and fully to any request for information if required by legal process or in connection with a government investigation. In addition, nothing in this provision or this Agreement is intended to prohibit or restrain any person in any manner from making disclosures protected under the whistleblower provisions of federal or state law or regulation or other applicable law or regulation or as set forth in the section of this Agreement entitled "Protected Rights." DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A

277314868 v3 Page 3 7. MESSAGING AND COMMUNICATIONS. You and the Company agree that, in communications with third parties about the circumstances related to your termination of service from the Company, your and the Company's statements shall be consistent with the following points: (a) the Company will express appreciation for your contributions to it; (b) you will express pride in those contributions and in the Company, and appreciation for the opportunity to have played a key role in the growth of the Company; (c) you have resigned your employment with the Company to pursue other opportunities; and (d) the Company wishes you the best in your future endeavors. In addition, in the event you or the Company must respond to questions from third parties regarding whether you asserted you had Good Reason to terminate your employment or the Company asserted it had Cause to terminate your employment under the Employment Agreement, your and the Company's statements shall be consistent with the following points: (i) you and the Company had negotiations wherein each party alleged various legal rights under your employment agreement; (ii) as has been publicly disclosed, you and the Company have released each other from any and all claims and liabilities; and (iii) you and the Company have each retracted any allegations of any rights related to Cause or Good Reason under your employment agreement. Nothing in this provision or this Agreement is intended to prohibit or restrain any person in any manner from making disclosures as set forth in the section of this Agreement entitled "Protected Rights." 8. OTHER COMPENSATION OR BENEFITS. You acknowledge that, except as expressly provided in this Agreement, you have not earned, will not earn by, on or after the Separation, and will not receive from the Company any additional compensation (including base salary, bonus, incentive compensation, or equity), severance, or benefits before or after the Separation Date, with the exception of any vested right you may have under the express terms of a written ERISA-qualified benefit plan (e.g., 401(k) account) or any vested stock options. 9. EXPENSE REIMBURSEMENTS. You agree that, within thirty (30) days after the Separation Date, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek reimbursement. The Company will reimburse you for these expenses pursuant to its regular business practice. 10. YOUR RELEASE OF CLAIMS AGAINST THE COMPANY. (a) General Release of Claims. In exchange for the consideration provided to you under this Agreement to which you would not otherwise be entitled, you hereby generally and completely release the Company, and its affiliated, related, parent and subsidiary entities, and its and their current and former directors, officers, employees, shareholders, attorneys, predecessors, successors, affiliates, and assigns from any and all claims, liabilities, demands, causes of action, and obligations, both known and unknown, arising from or in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date you sign this Agreement. (b) Scope of Release. This general release includes, but is not limited to: (i) all claims arising from or in any way related to your employment with the Company or the termination of that employment; (ii) all claims related to your compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A

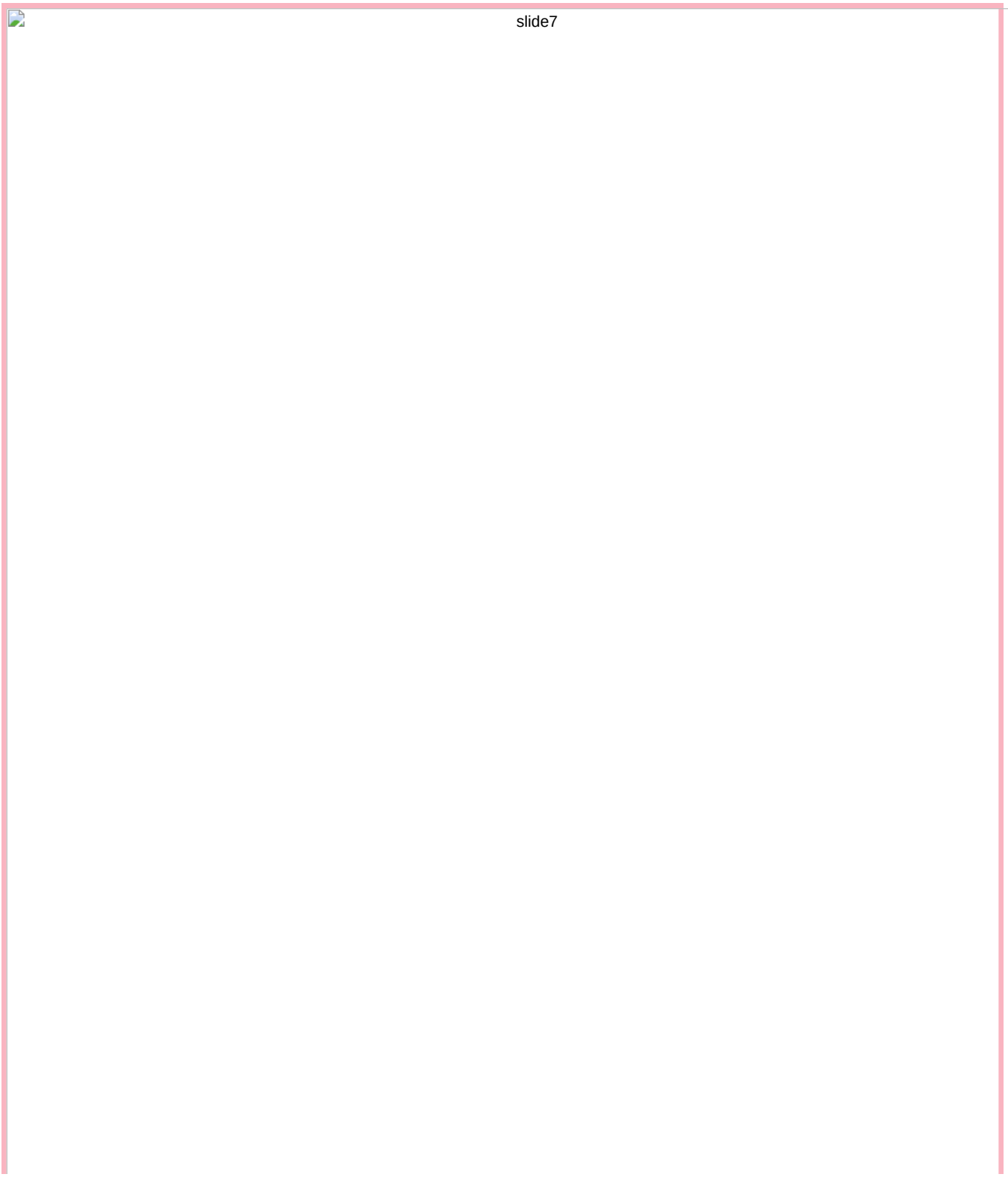
277314868 v3 Page 4 severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the California Labor Code (as amended), the California Family Rights Act, the Age Discrimination in Employment Act ("ADEA"), and the California Fair Employment and Housing Act (as amended). You acknowledge that you have been advised, pursuant to California Government Code Section 12964.5(b)(4), that you have the right to consult an attorney regarding this Agreement and that you were given a reasonable time period of not less than five business days in which to do so. You further acknowledge and agree that, in the event you sign this Agreement prior to the end of the reasonable time period provided by the Company, your decision to accept such shortening of time is knowing and voluntary and is not induced by the Company through fraud, misrepresentation, or a threat to withdraw or alter the offer prior to the expiration of the reasonable time period, or by providing different terms to employees who sign such an agreement prior to the expiration of the time period. (c) ADEA Release. You acknowledge that you are knowingly and voluntarily waiving and releasing any rights you have under the ADEA, and that the consideration given for the waiver and releases you have given in this Agreement is in addition to anything of value to which you were already entitled. You further acknowledge that you have been advised, as required by the ADEA, that: (i) your waiver and release does not apply to any rights or claims arising after the date you sign this Agreement; (ii) you should consult with an attorney prior to signing this Agreement (although you may choose voluntarily not to do so); (iii) you have twenty-one (21) days to consider this Agreement (although you may choose voluntarily to sign it sooner); (iv) you have seven (7) days following the date you sign this Agreement to revoke this Agreement (in a written revocation sent to me); and (v) this Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth day after you sign this Agreement provided that you do not revoke it (the "Effective Date"). (d) Exceptions. Notwithstanding the foregoing, you are not releasing the Company hereby from: (i) any obligation to defend and indemnify you pursuant to the Articles and Bylaws of the Company, any valid fully executed indemnification agreement with the Company, applicable law, or applicable directors and officers liability insurance; (ii) any claims that cannot be waived by law; or (iii) any claims for breach of this Agreement. 11. THE COMPANY'S RELEASE OF CLAIMS AGAINST YOU. In exchange for your release of claims and other consideration under this Agreement, the Company hereby generally and completely releases you of and from any and all claims, liabilities, demands, causes of action, and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date the Company signs this Agreement; provided, however, that this release shall not extend to claims that cannot be waived by law. DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A



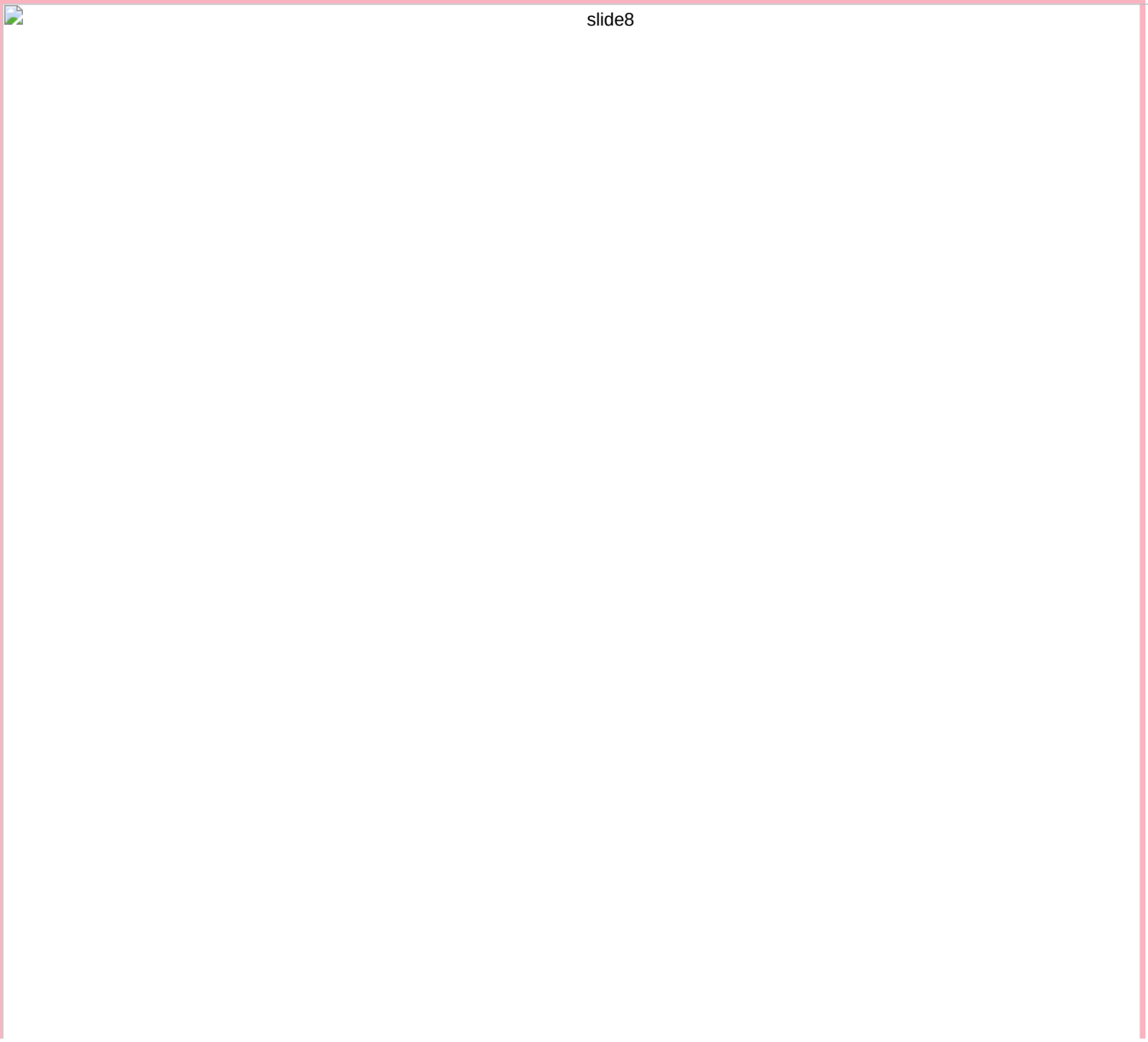
277314868 v3 Page 5 12. SECTION 1542 WAIVER. In giving the releases herein, which include claims which may be unknown to the releasing parties at present, you and the Company acknowledge having read and understood Section 1542 of the California Civil Code, which reads as follows: "A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." You and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to your respective releases of claims herein, including but not limited to your and the Company's releases of unknown claims. 13. PROTECTED RIGHTS. You and the Company understand that nothing in this Agreement limits any person's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the California Department of Fair Employment and Housing, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). You and the Company further understand this Agreement does not limit your, the Company's or anyone else's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the other party. While this Agreement does not limit your right to receive an award for information provided to the Securities and Exchange Commission, you understand and agree that, to maximum extent permitted by law, you are otherwise waiving any and all rights you may have to individual relief based on any claims that you have released and any rights you have waived by signing this Agreement. Nothing in this Agreement prevents you or anyone else from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that such person has reason to believe is unlawful. You also acknowledge and agree that this Agreement will be disclosed by the Company as required by the federal securities laws. 14. RETURN OF COMPANY PROPERTY. You agree that, within five (5) days after the Separation Date, you will return to the Company all Company documents (and all copies thereof) and other Company property in your possession or control, including, but not limited to, Company files, notes, drawings, records, plans, forecasts, reports, studies, analyses, proposals, agreements, drafts, financial and operational information, research and development information, sales and marketing information, customer lists, prospect information, pipeline reports, sales reports, personnel information, Company device and account login and password information specifications, code, software, databases, computer-recorded information, tangible property and equipment (including, but not limited to, computing and electronic devices, mobile telephones, servers), credit cards, entry cards, identification badges and keys; and any materials of any kind which contain or embody any proprietary or confidential information of the Company (and all reproductions or embodiments thereof in whole or in part). You agree that you will make a diligent search to locate any such documents, property and information by the close of business on the Separation Date or as soon as possible thereafter. If you have used any personally owned DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A

277314868 v3 Page 6 computer or other electronic device, server, or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, within five (5) days after the Separation Date, you shall provide the Company with a computer-useable copy of such information and then permanently delete and expunge such Company confidential or proprietary information from those systems; and you agree to provide the Company access to your system as requested to verify that the necessary copying and/or deletion is completed. 15. CONFIDENTIAL INFORMATION OBLIGATIONS. You acknowledge and reaffirm your continuing obligations under your Employee Confidential Information and Inventions Assignment Agreement, a copy of which is attached hereto as Exhibit A and incorporated herein by reference. 16. NO VOLUNTARY ADVERSE ACTION. You agree that you will not voluntarily (except in response to legal compulsion or as permitted under the section of this Agreement entitled "Protected Rights") assist any person in bringing or pursuing any proposed or pending litigation, arbitration, administrative claim or other formal proceeding against the Company, its parent or subsidiary entities, affiliates, officers, directors, employees or agents. 17. COOPERATION. You agree to cooperate fully with the Company in connection with its actual or contemplated defense, prosecution, or investigation of any claims or demands by or against third parties, or other matters arising from events, acts, or failures to act that occurred during the period of your employment by the Company. Such cooperation includes, without limitation, making yourself available to the Company upon reasonable notice, without subpoena, to provide complete, truthful and accurate information in witness interviews, depositions, and trial testimony. The Company will reimburse you for reasonable out-of-pocket expenses you incur in connection with any such cooperation (excluding foregone wages) and will make reasonable efforts to accommodate your scheduling needs. Should the Company require your cooperation to an extent that you deem to be unreasonable, the parties agree to discuss in good faith terms to compensate you for your time. 18. INDEMNIFICATION. The Company represents that it has directors' and officers' liability insurance in place, and for claims that may arise from the time of your employment as an executive officer of the Company, you will be covered by such policy in the same manner as

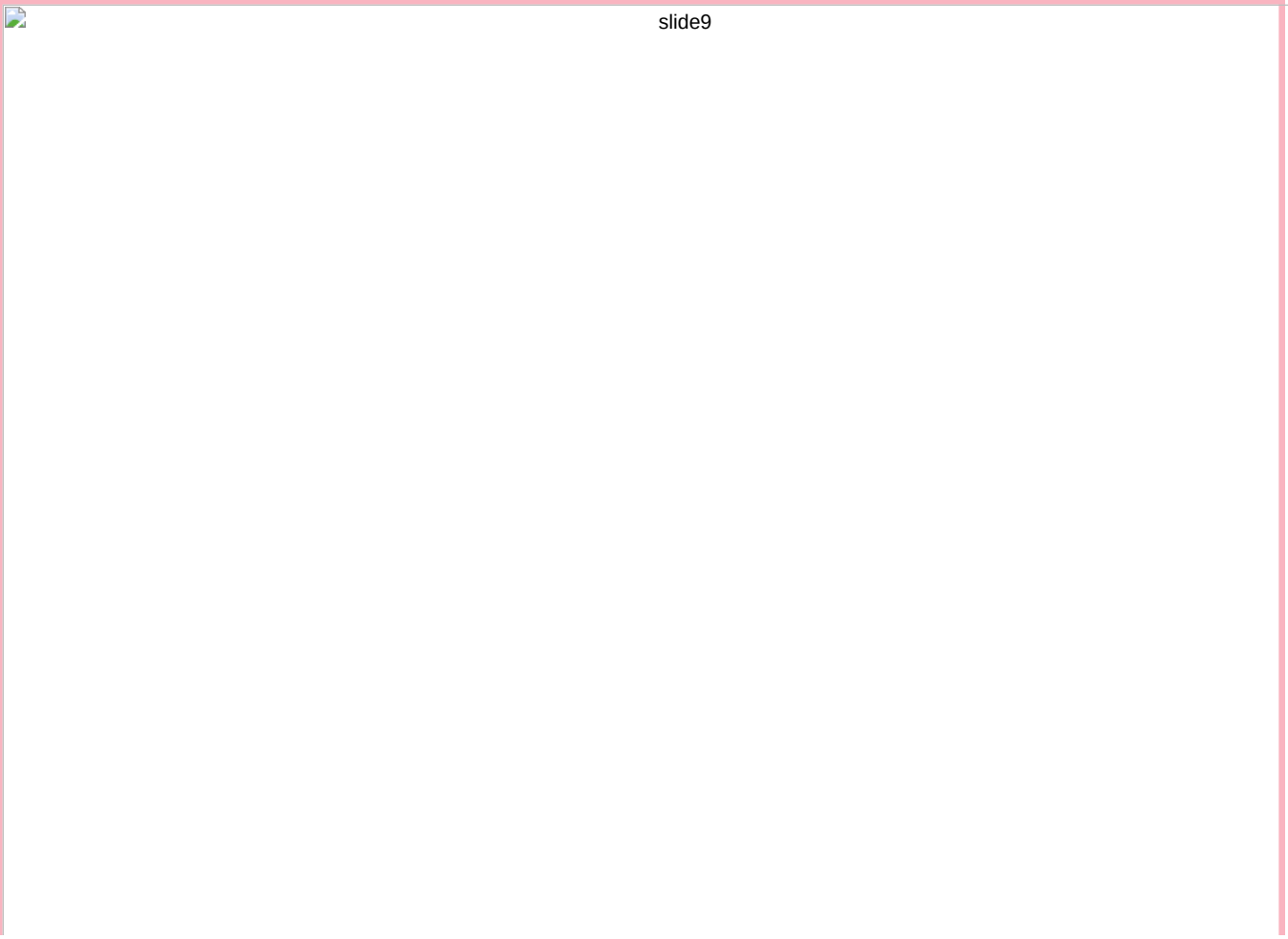
other executive officers are covered. 19. NO ADMISSIONS. You understand and agree that the promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by the Company to you or to any other person, and that the Company makes no such admission. 20. REPRESENTATIONS. You hereby represent that, once the Company satisfies its obligations under Section 2 of this Agreement, you will have: been paid all compensation owed and for all hours worked; received all leave and leave benefits and protections for which you are eligible pursuant to the Family and Medical Leave Act, the California Family Rights Act, or otherwise; and not suffered any on-the-job injury for which you have not already filed a workers' compensation claim. DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A

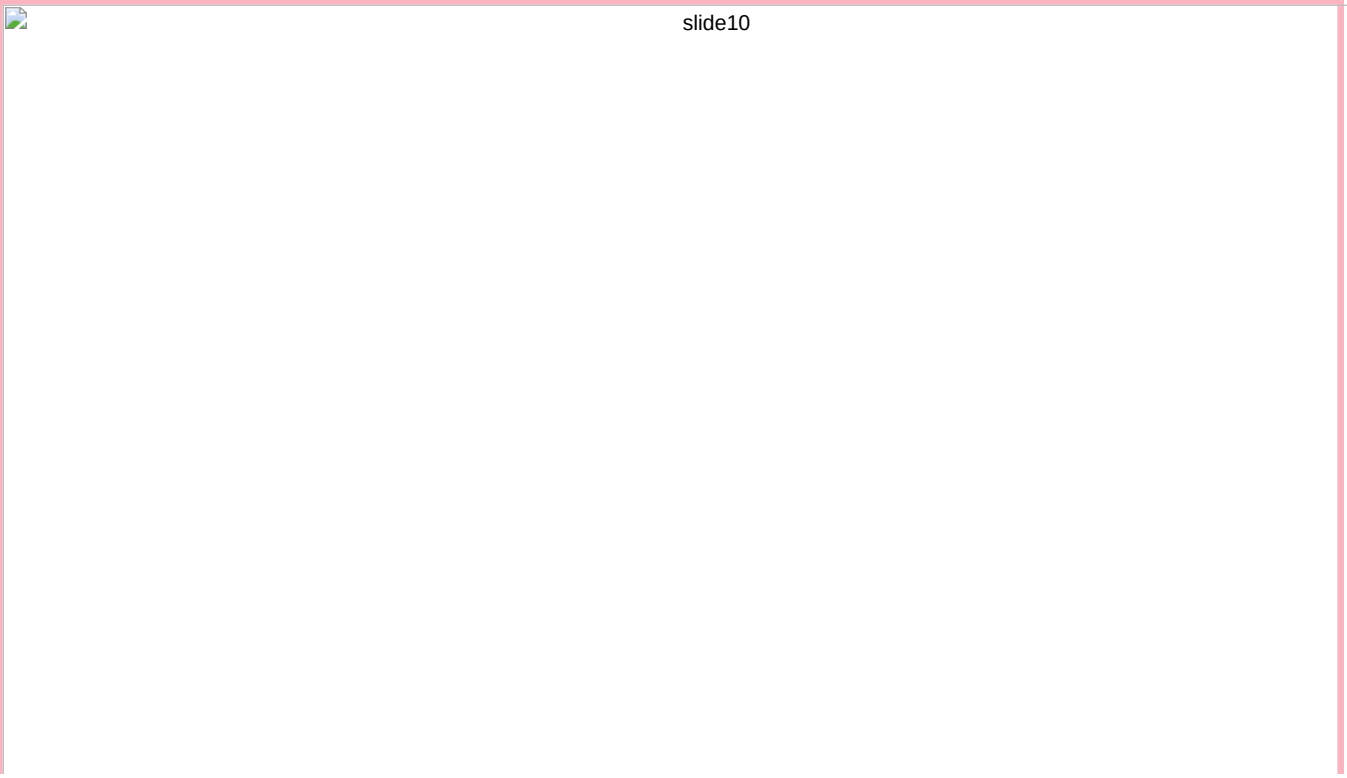


277314868 v3 Page 7 21. MISCELLANEOUS. This Agreement, including Exhibit A, constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to its subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified by the court so as to be rendered enforceable to the fullest extent permitted by law, consistent with the intent of the parties. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the State of California without regard to conflict of laws principles. Any ambiguity in this Agreement shall not be construed against either party as the drafter. Any waiver of a breach of this Agreement shall be in writing and shall not be deemed to be a waiver of any successive breach. This Agreement may be delivered and executed via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and shall be deemed to have been duly and validly delivered and executed and be valid and effective for all purposes. [Signature page to follow] DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A



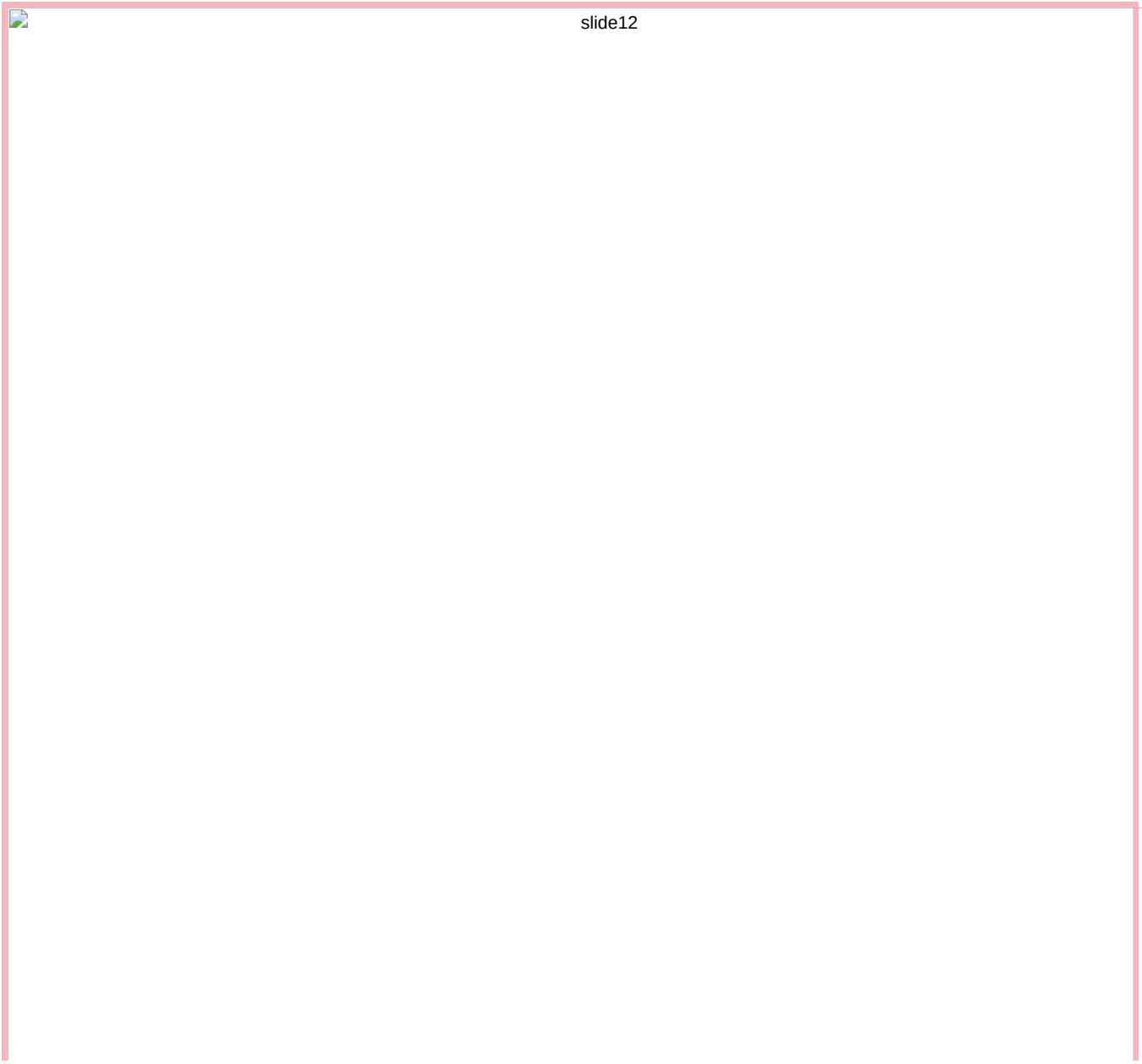
277314868 v3 Page 8 If this Agreement is acceptable to you, please sign below and return the original to me. You have twenty-one (21) calendar days to decide whether to accept this Agreement, and the Company's offer contained herein will automatically expire if you do not sign and return it within that timeframe. We wish you the best in your future endeavors. Sincerely, By: Bronson Crouch Chief Executive Officer I HAVE READ, UNDERSTAND AND AGREE FULLY TO THE FOREGOING AGREEMENT: Zachary Roberts, M.D., Ph.D. Date DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A 11/12/2022





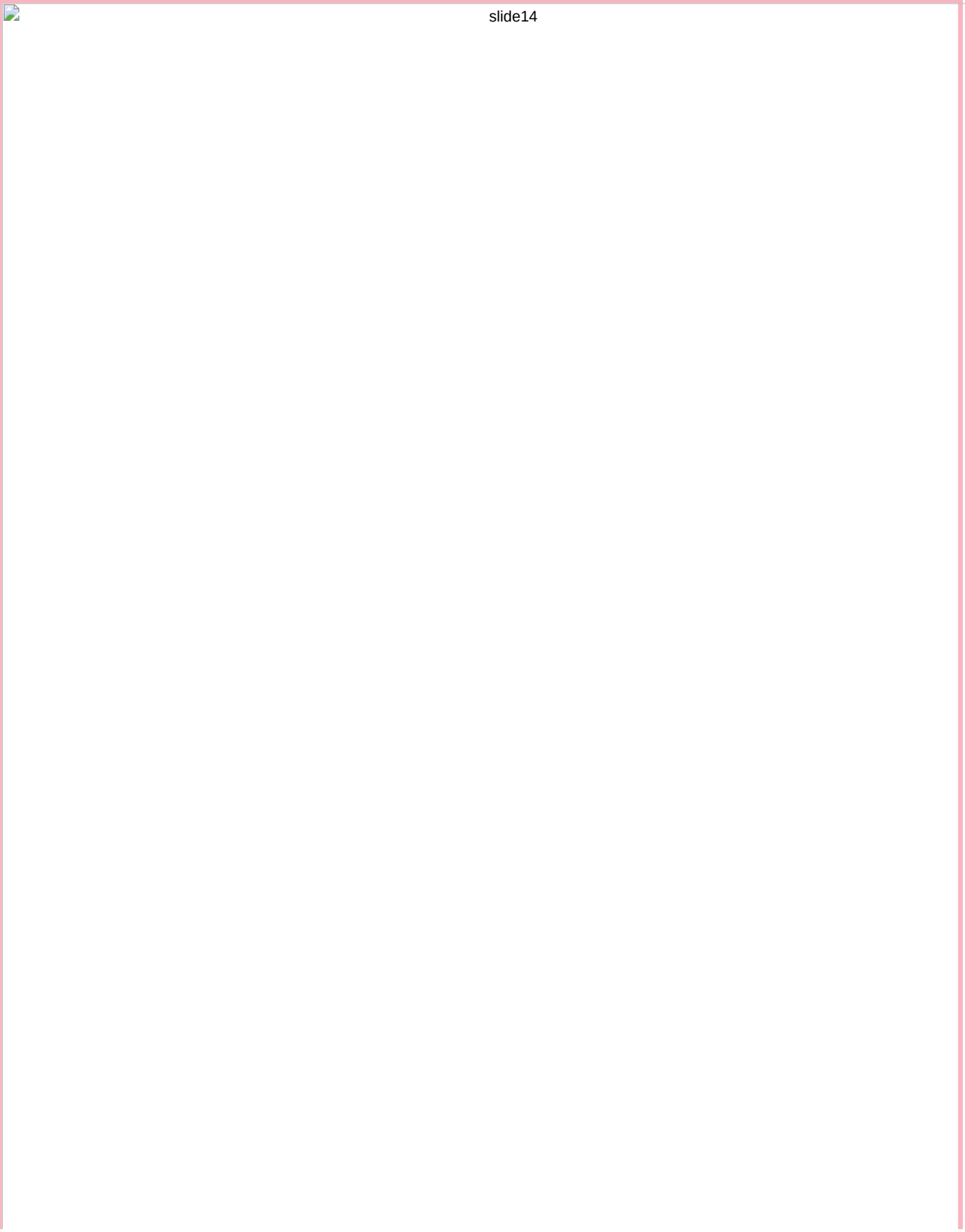
228297516 v1 For California Employees Employee Confidential Information and Inventions Assignment Agreement Page 1 INSTIL BIO INC. EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTIONS ASSIGNMENT AGREEMENT In consideration of my employment or continued employment by Instil Bio Inc. ("Employer"), and its subsidiaries, parents, affiliates, successors and assigns (together with Employer, "Company"), the compensation paid to me now and during my employment with Company, and Company's agreement to provide me with access to its Confidential Information (as defined below), I enter into this Employee Confidential Information and Inventions Assignment Agreement with Employer (the "Agreement"). Accordingly, in consideration of the mutual promises and covenants contained herein, Employer (on behalf of itself and Company) and I agree as follows: 1. Confidential Information Protections. Recognition of Company's Rights; Nondisclosure. My employment by Company creates a relationship of confidence and trust with respect to Confidential Information (as defined below) and Company has a protectable interest in the Confidential Information. At all times during and after my employment, I will hold in confidence and will not disclose, use, lecture upon, or publish any Confidential Information, except as required in connection with my work for Company, or as approved by an officer of Company. I will obtain written approval by an officer of Company before I lecture on or submit for publication any material (written, oral, or otherwise) that discloses and/or incorporates any Confidential Information. I will take all reasonable precautions to prevent the disclosure of Confidential Information. Notwithstanding the foregoing, pursuant to 18 U.S.C. Section 1833(b), I will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (1) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. I agree that Company information or documentation to which I have access during my employment, regardless of whether it contains Confidential Information, is the property of Company and cannot be downloaded or retained for my personal use or for any use that is outside the scope of my duties for Company. Confidential Information. "Confidential Information" means any and all confidential knowledge or data of Company, and includes any confidential knowledge or data that Company has received, or receives in the future, from third parties that Company has agreed to treat as confidential and to use for only certain limited purposes. By way of illustration but not limitation, Confidential Information includes (a) trade secrets, inventions, ideas, processes, formulas, software in source or object code, data, technology, know-how, designs and techniques, and any other work product of any nature, and all Intellectual Property Rights (defined below) in all of the foregoing (collectively, "Inventions"), including all Company Inventions (defined in Section 2.1); (b) information regarding research, development, new products, business and operational plans, budgets, unpublished financial statements and projections, costs, margins, discounts, credit terms, pricing, quoting procedures, future plans and strategies, capital-raising plans, internal services, suppliers and supplier information; (c) information about customers and potential customers of Company, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by Company, and other non-public information; (d) information about Company's business partners and their services, including names, representatives, proposals, bids, contracts, and the products and services they provide; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information that a competitor of Company could use to Company's competitive disadvantage. However, Company agrees that I am free to use information that I knew prior to my employment with Company or that is, at the time of use, generally known in the trade or industry through no breach of this Agreement by me. Company further agrees that this Agreement does not limit my right to discuss my employment or unlawful acts in Company's workplace, including but not limited to sexual harassment, or report possible violations of law or regulation with any federal, state or local government agency, or to discuss the terms and conditions of my employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act, or to the extent that such disclosure is protected under the applicable provisions of law or regulation, including but not limited to "whistleblower" statutes or other similar provisions that protect such disclosure, to the extent any such rights are not permitted by applicable law to be the subject of nondisclosure obligations. Term of Nondisclosure Restrictions. I will only use or disclose Confidential Information as provided in this Section 1 and I agree that the restrictions in Section 1.1 are intended to continue indefinitely, even after my employment by Company ends. However, if a time limitation on my obligation not to use or disclose Confidential Information is required □□□□□□□□□□□□□□□□□□□ □□□□□□□ □ □□□ □ □□□□□□□ □□□□ □□□□□□□□□□□□□□ □□□□□□□□ □□ □ □□□□□□□□□□□ □□□□□ □□□ □ □□□□□□□□DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A

 under applicable law, and the Agreement or its restriction(s) cannot otherwise be enforced, Company and I agree that the two year period after the date my employment ends will be the time limitation relevant to the contested restriction; provided, however, that my obligation not to disclose or use trade secrets that are protected without time limitation under applicable law shall continue indefinitely. No Improper Use of Information of Prior Employers and Others. During my employment by Company, I will not improperly use or disclose confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto Company's premises any unpublished documents or property belonging to a former employer or any other person to whom I have an obligation of confidentiality unless that former employer or person has consented in writing. 2. Assignments of Inventions. Definitions. The term (a) "Intellectual Property Rights" means all past, present and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: trade secrets, Copyrights, trademark and trade name rights, mask work rights, patents and industrial property, and all proprietary rights in technology or works of authorship (including, in each case, any application for any such rights and any rights to apply for any such rights, as well as all rights to pursue remedies for infringement or violation of any such rights); (b) "Copyright" means the exclusive legal right to reproduce, perform, display, distribute and make derivative works of a work of authorship (for example, a literary, musical, or artistic work) recognized by the laws of any jurisdiction in the world; (c) "Moral Rights" means all paternity, integrity, disclosure, withdrawal, special and similar rights recognized by the laws of any jurisdiction in the world; and (d) "Company Inventions" means any and all Inventions (and all Intellectual Property Rights related to Inventions) that are made, conceived, developed, prepared, produced, authored, edited, amended, reduced to practice, or learned or set out in any tangible medium of expression or otherwise created, in whole or in part, by me, either alone or with others, during my employment by Company, and all printed, physical, and electronic copies, and other tangible embodiments of Inventions. California Limited Exclusion Notification. I acknowledge that California Labor Code section 2870(a) provides that I cannot be required to assign to Company any Invention that I develop entirely on my own time without using Company's equipment, supplies, facilities or trade secret information, except for Inventions that either (i) relate at the time of conception or reduction to practice to Company's business, or actual or demonstrably anticipated research or development, or (ii) result from any work performed by me for Company ("Nonassignable Inventions"). To the extent that a provision in this Agreement purports to require me to assign a Nonassignable Invention to Company, the provision is against the public policy of the state of California and is unenforceable. This limited exclusion does not apply to any patent or Invention covered by a contract between Company and the United States or any of its agencies requiring full title to such patent or Invention to be in the United States. Prior Inventions. On Exhibit A to this Agreement is a list describing any Inventions that (i) are owned by me or in which I have an interest and that were made or acquired by me prior to my date of first employment by Company, and (ii) may relate to Company's business or actual or demonstrably anticipated research or development, and (iii) are not to be assigned to Company ("Prior Inventions"). If no such list is attached, I represent and warrant that no Inventions that would be classified as Prior Inventions exist as of the date of this Agreement. I agree that if I use any Prior Inventions and/or Nonassignable Inventions in the scope of my employment, or if I include any Prior Inventions and/or Nonassignable Inventions in any product or service of Company, or if my rights in any Prior Inventions and/or any Nonassignable Inventions may block or interfere with, or may otherwise be required for, the exercise by Company of any rights assigned to Company under this Agreement (each, a "License Event"), (i) I will immediately notify Company in writing, and (ii) unless Company and I agree otherwise in writing, I □□□□□□□□□□□□□□□□□□□□□□ □□□□□□□□ □ □□□ □ □□□□□□□□ □□□□ □□□□□□□□□□□□□□□ □□□□□□□□ □□ □ □□□□□□□□□□□□ □□□□□□ □□□ □ □□□□□□□□DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A

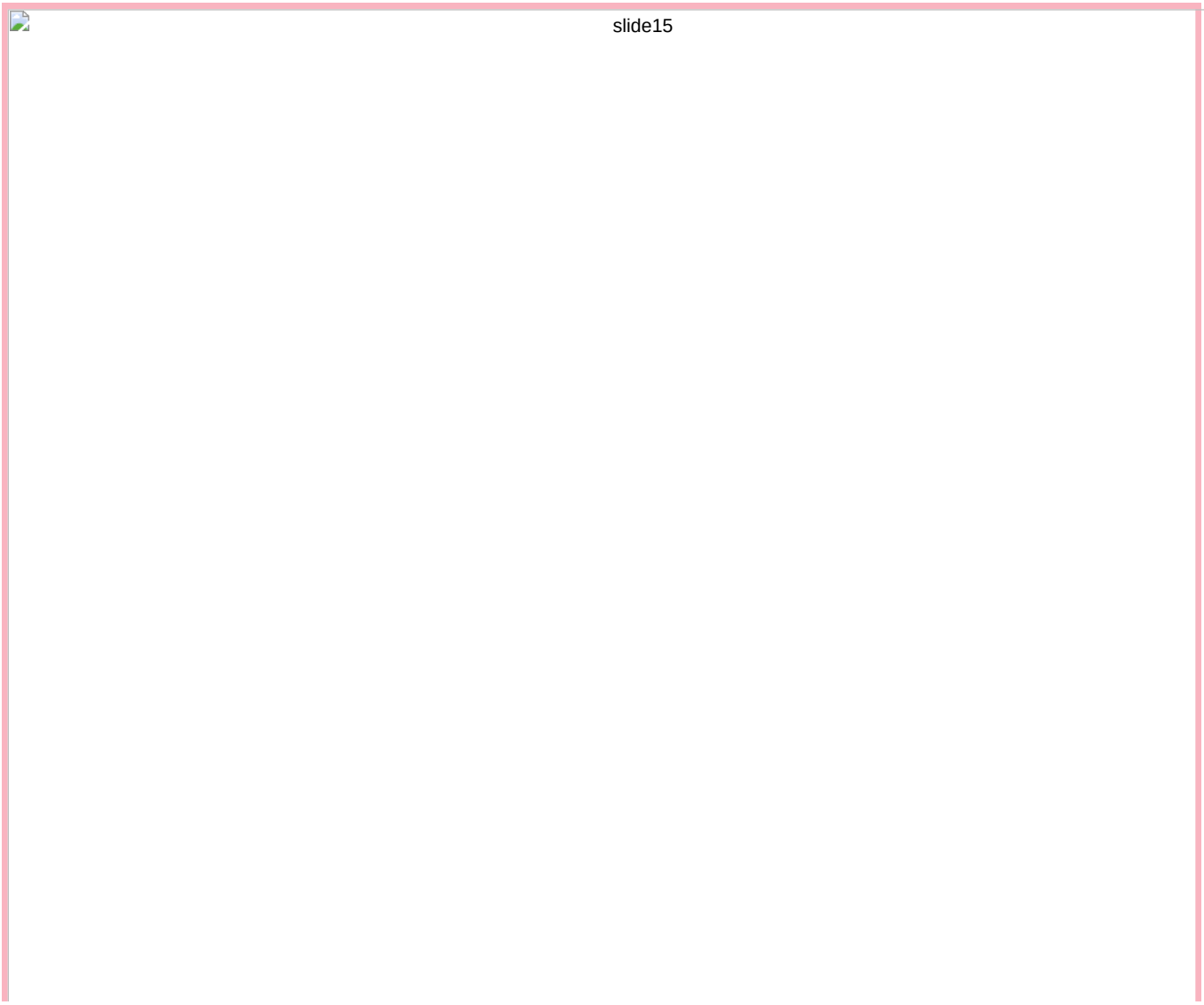


228297516 v1 Employee Confidential Information and Inventions Assignment Agreement Page 3 hereby grant to Company a non-exclusive, perpetual, transferable, fully-paid, royalty-free, irrevocable, worldwide license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium (whether now known or later developed), make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in, such Prior Inventions and/or Nonassignable Inventions. To the extent that any third parties have any rights in or to any Prior Inventions or any Nonassignable Inventions, I represent and warrant that such third party or parties have validly and irrevocably granted to me the right to grant the license stated above. For purposes of this paragraph, "Prior Inventions" includes any Inventions that would be classified as Prior Inventions, whether or not they are listed on Exhibit A to this Agreement. Assignment of Company Inventions. I hereby assign to Employer all my right, title, and interest in and to any and all Company Inventions other than Nonassignable Inventions and agree that such assignment includes an assignment of all Moral Rights. To the extent such Moral Rights cannot be assigned to Employer and to the extent the following is allowed by the laws in any country where Moral Rights exist, I hereby unconditionally and irrevocably waive the enforcement of such Moral Rights, and all claims and causes of action of any kind against Employer or related to Employer's customers, with respect to such rights. I further agree that neither my successors-in-interest nor legal heirs retain any Moral Rights in any Company Inventions. Nothing contained in this Agreement may be construed to reduce or limit Company's rights, title, or interest in any Company Inventions so as to be less in any respect than that Company would have had in the absence of this Agreement. Obligation to Keep Company Informed. During my employment by Company, I will promptly and fully disclose to Company in writing all Inventions that I author, conceive, or reduce to practice, either alone or jointly with others. At the time of each disclosure, I will advise Company in writing of any Inventions that I believe constitute Nonassignable Inventions; and I will at that time provide to Company in writing all evidence necessary to substantiate my belief. Subject to Section 2.3(b), Company agrees to keep in confidence, not use for any purpose, and not disclose to third parties without my consent, any confidential information relating to Nonassignable Inventions that I disclose in writing to Company. Government or Third Party. I agree that, as directed by Company, I will assign to a third party, including without limitation the United States, all my right, title, and interest in and to any particular Company Invention. Ownership of Work Product. I acknowledge that all original works of authorship that are made by me (solely or jointly with others) within the scope of my employment and that are protectable by Copyright are "works made for hire," pursuant to United States Copyright Act (17 U.S.C., Section 101). Enforcement of Intellectual Property Rights and Assistance. I will assist Company, in every way Company requests, including signing, verifying and delivering any documents and performing any other acts, to obtain and enforce United States and foreign Intellectual Property Rights and Moral Rights relating to Company Inventions in any jurisdictions in the world. My obligation to assist Company with respect to Intellectual Property Rights relating to Company Inventions will continue beyond the termination of my employment, but Company will compensate me at a reasonable rate after such termination for the time I actually spend on such assistance. If Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in this paragraph, I hereby irrevocably designate and appoint Employer and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and on my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of this Agreement with the same legal force and effect as if executed by me. I hereby waive and quitclaim to Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Intellectual Property Rights assigned to Employer under this Agreement. Incorporation of Software Code. I agree not to incorporate into any Inventions, including any Company software, or otherwise deliver to Company, any software code licensed under the GNU General Public License, Lesser General Public License, or any other license that, by its terms, requires or conditions the use or distribution of such code on the disclosure, licensing, or distribution of any source code owned or licensed by Company, except in strict compliance with Company's policies regarding the use of such software or as directed by Company. 3. Records. I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that is required by Company) of all Confidential Information developed by me and all Company Inventions □□□□□□□□□□□□□□□□□□□□ □□□□□□□□ □ □□□ □ □□□□□□□□ □□□□ □□□□□□□□□□□□□□ □□□□□□□□□ □□ □ □□□□□□□□□□□□ □□□□□□ □□□ □ □□□□□□□DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A

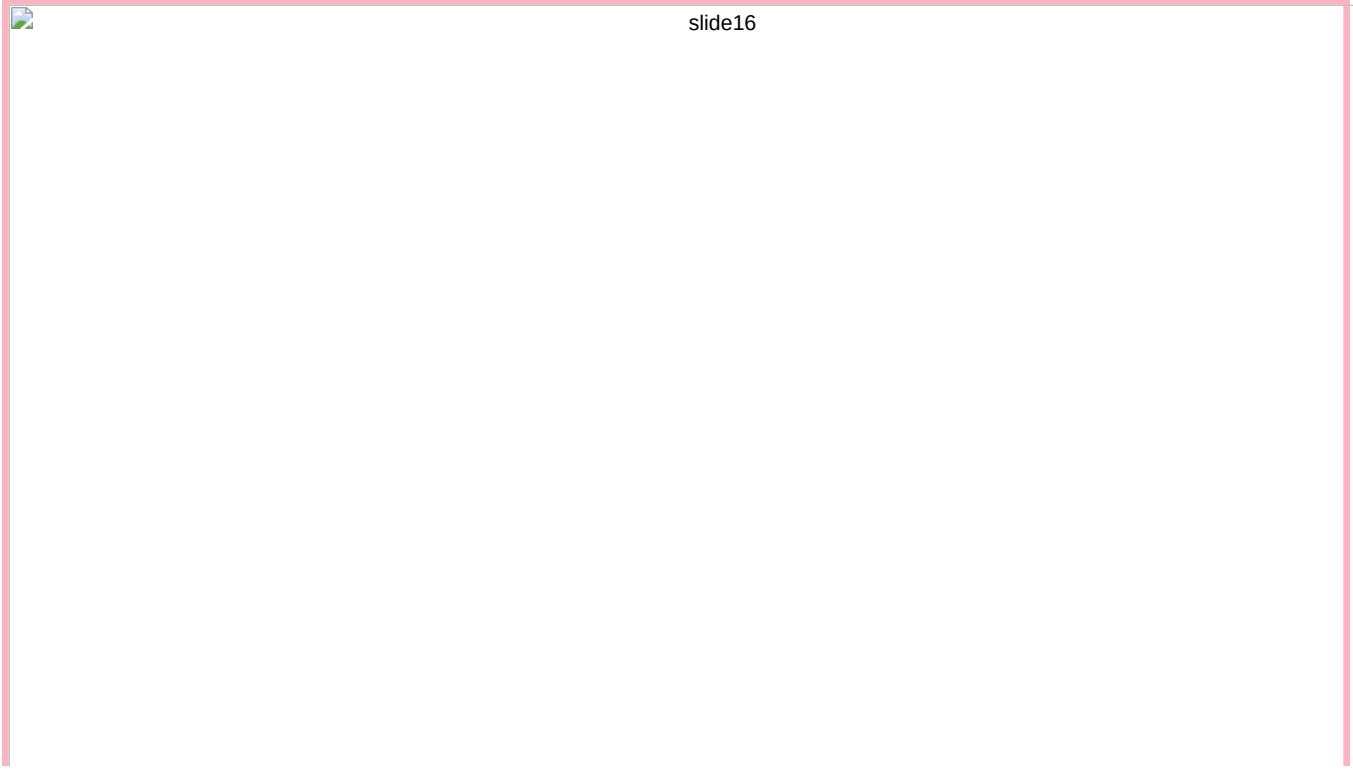
228297516 v1 Employee Confidential Information and Inventions Assignment Agreement Page 4 made by me during the period of my employment at Company, which records will be available to and remain the sole property of Employer at all times. 4. Duty of Loyalty During Employment. During my employment by Company, I will not, without Company's written consent, directly or indirectly engage in any employment or business activity that is directly or indirectly competitive with, or would otherwise conflict with, my employment by Company. 5. No Solicitation of Employees, Consultants or Contractors. To the extent permitted by applicable law, I agree that during my employment and for the one year period after the date my employment ends for any reason, including but not limited to voluntary termination by me or involuntary termination by Company, I will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others (except on behalf of Company) solicit, induce, encourage any person known to me to be an employee, consultant, or independent contractor of Company to terminate his, her or its relationship with Company. 6. Reasonableness of Restrictions. I have read this entire Agreement and understand it. I agree that (a) this Agreement does not prevent me from earning a living or pursuing my career, and (b) the restrictions contained in this Agreement are reasonable, proper, and necessitated by Company's legitimate business interests. I represent and agree that I am entering into this Agreement freely, with knowledge of its contents and the intent to be bound by its terms. If a court finds this Agreement, or any of its restrictions, are ambiguous, unenforceable, or invalid, Company and I agree that the court will read the Agreement as a whole and interpret such restriction(s) to be enforceable and valid to the maximum extent allowed by law. If the court declines to enforce this Agreement in the manner provided in this Section and/or Section 12.2, Company and I agree that this Agreement will be automatically modified to provide Company with the maximum protection of its business interests allowed by law, and I agree to be bound by this Agreement as modified. 7. No Conflicting Agreement or Obligation. I represent that my performance of all the terms of this Agreement and as an employee of Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by Company. I have not entered into, and I agree I will not enter into, any written or oral agreement in conflict with this Agreement. 8. Return of Company Property. When I cease to be employed by Company, I will deliver to Company any and all materials, together with all copies thereof, containing or disclosing any Company Inventions, or Confidential Information. I will not copy, delete, or alter any information contained upon my Company computer or Company equipment before I return it to Company. In addition, if I have used any personal computer, server, or e-mail system to receive, store, review, prepare or transmit any Company information, including but not limited to, Confidential Information, I agree to provide Company with a computer-useable copy of all such information and then permanently delete such information from those systems; and I agree to provide Company access to my system as reasonably requested to verify that the necessary copying and/or deletion is completed. I further agree that any property situated on Company's premises and owned by Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company's personnel at any time during my employment, with or without notice. Prior to leaving, I hereby agree to: provide Company any and all information needed to access any Company property or information returned or required to be returned pursuant to this paragraph, including without limitation any login, password, and account information; cooperate with Company in attending an exit interview; and complete and sign Company's termination statement if required to do so by Company. 9. Legal and Equitable Remedies. I agree that (a) it may be impossible to assess the damages caused by my violation of this Agreement or any of its terms, (b) any threatened or actual violation of this Agreement or any of its terms will constitute immediate and irreparable injury to Company, and (c) Company will have the right to enforce this Agreement by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that Company may have for a breach or threatened breach of this Agreement. If Company enforces this Agreement through a court order, I agree that the restrictions of Section 5 will remain in effect for a period of 12 months from the effective date of the order enforcing the Agreement. □□□□□□□□□□□□□□□□□□□□□□ □□□□□□□□ □ □□□□ □ □□□□□□□□ □□□□□ □□□□□□□□□□□□□□ □□□□□□□□□ □□ □ □□□□□□□□□□□□ □□□□□□ □□□ □ □□□□□□□DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A



228297516 v1 Employee Confidential Information and Inventions Assignment Agreement Page 5 10. Notices. Any notices required or permitted under this Agreement will be given to Company at its headquarters location at the time notice is given, labeled "Attention Chief Executive Officer," and to me at my address as listed on Company payroll, or at such other address as Company or I may designate by written notice to the other. Notice will be effective upon receipt or refusal of delivery. If delivered by certified or registered mail, notice will be considered to have been given five business days after it was mailed, as evidenced by the postmark. If delivered by courier or express mail service, notice will be considered to have been given on the delivery date reflected by the courier or express mail service receipt. 11. Publication of This Agreement to Subsequent Employer or Business Associates of Employee. If I am offered employment, or the opportunity to enter into any business venture as owner, partner, consultant or other capacity, while the restrictions in Section 5 of this Agreement are in effect, I agree to inform my potential employer, partner, co-owner and/or others involved in managing the business I have an opportunity to be associated with, of my obligations under this Agreement and to provide such person or persons with a copy of this Agreement. I agree to inform Company of all employment and business ventures which I enter into while the restrictions described in Section 5 of this Agreement are in effect and I authorize Company to provide copies of this Agreement to my employer, partner, co-owner and/or others involved in managing the business I have an opportunity to be associated with and to make such persons aware of my obligations under this Agreement. 12. General Provisions. Governing Law; Consent to Personal Jurisdiction. This Agreement will be governed by and construed according to the laws of the State of California without regard to any conflict of laws principles that would require the application of the laws of a different jurisdiction. I expressly consent to the personal jurisdiction and venue of the state and federal courts located in California for any lawsuit filed there against me by Company arising from or related to this Agreement. Severability. If any portion of this Agreement is, for any reason, held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability will not affect the other provisions of this Agreement, and this Agreement will be construed as if such provision had never been contained in this Agreement. If any portion of this Agreement is, for any reason, held to be excessively broad as to duration, geographical scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent allowed by the then applicable law. Successors and Assigns. This Agreement is for my benefit and the benefit of Company and its and their successors, assigns, parent corporations, subsidiaries, affiliates, and purchasers, and will be binding upon my heirs, executors, administrators and other legal representatives. Survival. This Agreement will survive the termination of my employment, regardless of the reason, and the assignment of this Agreement by Company to any successor in interest or other assignee. Employment At-Will. I understand and agree that nothing in this Agreement will change my at-will employment status or confer any right with respect to continuation of employment by Company, nor will it interfere in any way with my right or Company's right to terminate my employment at any time, with or without cause or advance notice. Waiver. No waiver by Company of any breach of this Agreement will be a waiver of any preceding or succeeding breach. No waiver by Company of any right under this Agreement will be construed as a waiver of any other right. Company will not be required to give notice to enforce strict adherence to all terms of this Agreement. Export. I agree not to export, reexport, or transfer, directly or indirectly, any U.S. technical data acquired from Company or any products utilizing such data, in violation of the United States export laws or regulations. Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes. □□□□□□□□□□□□□□□□□□□□ □□□□□□□□ □ □□□□ □ □□□□□□□□ □□□□□ □□□□□□□□□□□□□□□ □□□□□□□□□ □□ □ □□□□□□□□□□□□ □□□□□□ □□□□ □ □□□□□□□□DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A



 Advice of Counsel. I ACKNOWLEDGE THAT, IN EXECUTING THIS AGREEMENT, I HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND I HAVE READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT WILL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION OF THIS AGREEMENT. Entire Agreement. The obligations in Sections 1 and 2 (except Section 2.2 and Section 2.7, in each case, with respect to a consulting relationship) of this Agreement will apply to any time during which I was previously engaged, or am in the future engaged, by Company as a consultant, employee or other service provider if no other agreement governs nondisclosure and assignment of inventions during such period. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter of this Agreement and supersedes and merges all prior discussions between us, provided, however, if, prior to execution of this Agreement, Company and I were parties to any agreement regarding the subject matter hereof, that agreement will be superseded by this Agreement prospectively only. No modification of or amendment to this Agreement will be effective unless in writing and signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement. [Signatures to follow on next page] □□□□□□□□□□□□□□□□□□□□ □□□□□□□□ □ □□□ □ □□□□□□□□ □□□□ □□□□□□□□□□□□□□□ □□□□□□□□□ □□ □ □□□□□□□□□□□□ □□□□□□ □□□ □ □□□□□□□□DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A



228297516 v1 Employee Confidential Information and Inventions Assignment Agreement Signature Page This Agreement will be effective as of the date signed by the Employee below. EMPLOYER: Instil Bio Inc. EMPLOYEE: (Signature) (Signature) (Printed Name) (Printed Name) (Title) (Date Signed) DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A

228297516 v1 Employee Confidential Information and Inventions Assignment Agreement Exhibit A, Page 1 EXHIBIT A PRIOR INVENTIONS 1. Prior Inventions Disclosure. Except as listed in Section 2 below, the following is a complete list of all Prior Inventions: No Prior Inventions. See below: Additional sheets attached. 2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 above with respect to the Prior Inventions generally listed below, the intellectual property rights and duty of confidentiality with respect to which I owe to the following party(ies): Excluded Invention Party(ies) Relationship 1. 2. 3. Additional sheets attached. 228297516 v2 DocuSign Envelope ID: 7EE6F995-B19B-4E52-ABB5-DABB54CDBC1A

Exhibit 21.1

INSTIL BIO, INC.
LIST OF SUBSIDIARIES

	Name of Entity	Jurisdiction of Organization
1.	Instil Bio (UK) Limited	United Kingdom
2.	Cellular Therapeutics Limited	United Kingdom
3.	Complex Therapeutics Mezzanine LLC	Delaware
4.	Complex Therapeutics LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-264090 on Form S-3 and Registration Statement No. 333-255355 on Form S-8 and Registration Statement No. 333-264090 on Form S-3 of our report dated March 31, 2023 March 21, 2024, relating to the financial statements of Instil Bio, Inc. appearing in this Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

/s/ Deloitte & Touche LLP

San Diego, California
March 31, 2023 21, 2024

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Bronson Crouch, certify that:

1. I have reviewed this Annual Report on Form 10-K of Instil Bio, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal 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 31, 2023 March 21, 2024

/s/ Bronson Crouch

Bronson Crouch

Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Sandeep Laumas, certify that:

1. I have reviewed this Annual Report on Form 10-K of Instil Bio, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal 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 31, 2023 March 21, 2024

/s/ Sandeep Laumas

Sandeep Laumas

Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Bronson Crouch, Chief Executive Officer of Instil Bio, Inc. (the "Company"), hereby certifies that, to the best of his knowledge:

1. The Company's Annual Report on Form 10-K for the period ended December 31, 2022 December 31, 2023, to which this Certification is attached as Exhibit 32.1 (the "Annual Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and

2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned has set their hand hereto as of the March 31, 2023 March 21, 2024.

/s/ Bronson Crouch

Bronson Crouch

Chief Executive Officer

"This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Instil Bio, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing."

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Bronson Crouch, Chief Executive Officer of Instil Bio, Inc. (the "Company"), hereby certifies that, to the best of his knowledge:

1. The Company's Annual Report on Form 10-K for the period ended December 31, 2022 December 31, 2023, to which this Certification is attached as Exhibit 32.1 (the "Annual Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and

2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned has set their hand hereto as of the March 31, 2023 March 21, 2024.

/s/ Sandeep Laumas

Sandeep Laumas

Chief Financial Officer

"This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Instil Bio, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing."

EXHIBIT 97.1

INSTIL BIO, INC.

INCENTIVE COMPENSATION RECOUPMENT POLICY

1. INTRODUCTION

The Compensation Committee (the "***Compensation Committee***") of the Board of Directors (the "***Board***") of Instil Bio, Inc., a Delaware corporation (the "***Company***"), has determined that it is in the best interests of the Company and its stockholders to adopt this Incentive Compensation Recoupment Policy (this "***Policy***") providing for the Company's recoupment of Recoverable Incentive Compensation that is received by Covered Officers of the Company under certain circumstances. Certain capitalized terms used in this Policy have the meanings given to such terms in Section 3 below.

This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder ("***Rule 10D-1***") and Nasdaq Listing Rule 5608 (the "***Listing Standards***").

2. EFFECTIVE DATE

This Policy shall apply to all Incentive Compensation that is received by a Covered Officer on or after October 2, 2023 (the "***Effective Date***"). Incentive Compensation is deemed "***received***" in the Company's fiscal period in which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of such Incentive Compensation occurs after the end of that period.

3. DEFINITIONS

"***Accounting Restatement***" means an accounting restatement that the Company is required to prepare due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements 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.

"***Accounting Restatement Date***" means the earlier to occur of (a) the date that the Board, a committee of the Board authorized to take such action, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (b) the date that a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

"***Administrator***" means the Compensation Committee or, in the absence of such committee, the Board.

"***Code***" means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"***Covered Officer***" means each current and former Executive Officer. "***Exchange***" means the Nasdaq Stock Market.

"***Exchange Act***" means the U.S. Securities Exchange Act of 1934, as amended.

"***Executive Officer***" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy-making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this Policy would include at a minimum executive officers identified pursuant to Item 401(b) of Regulation S-K promulgated under the Exchange Act.

"***Financial Reporting Measures***" means measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including Company stock price and total stockholder return ("***TSR***"). A measure need not be presented in the Company's financial statements or included in a filing with the SEC in order to be a Financial Reporting Measure.

"***Incentive Compensation***" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

"***Lookback Period***" means the three completed fiscal years immediately preceding the Accounting Restatement Date, as well as any transition period (resulting from a change in the Company's fiscal year) within or immediately following those three completed fiscal years (except that a transition period of at least nine months shall count as a completed fiscal year). Notwithstanding the foregoing, the Lookback Period shall not include fiscal years completed prior to the Effective Date.

"***Recoverable Incentive Compensation***" means Incentive Compensation received by a Covered Officer during the Lookback Period that exceeds the amount of Incentive Compensation that would have been received had such amount been determined based on the Accounting Restatement, computed without regard to any taxes paid (*i.e.*, on a gross basis without regarding to tax withholdings and other deductions). For any compensation plans or programs that take into account Incentive Compensation, the amount of Recoverable Incentive Compensation for purposes of this Policy shall include, without limitation, the amount contributed to any notional account based on Recoverable Incentive Compensation and any earnings to date on that notional amount. For any Incentive Compensation that is based on stock price or TSR, where the Recoverable Incentive Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the Administrator will determine the amount of Recoverable Incentive Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive Compensation was received. The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange in accordance with the Listing Standards.

"***SEC***" means the U.S. Securities and Exchange Commission.

4. RECOUPMENT

(a) Applicability of Policy. This Policy applies to Incentive Compensation received by a Covered Officer (i) after beginning services as an Executive Officer, (ii) who served as an Executive Officer at any time during the performance period for such Incentive Compensation, (iii) while the Company had a class of securities listed on a national securities exchange or a national securities association, and (iv) during the Lookback Period.

EXHIBIT 97.1

(b) Recoupment Generally. Pursuant to the provisions of this Policy, if there is an Accounting Restatement, the Company must reasonably promptly recoup the full amount of the Recoverable Incentive Compensation, unless the conditions of one or more subsections of Section 4(c) of this Policy are met and the Compensation Committee, or, if such committee does not consist solely of independent directors, a majority of the independent directors serving on the Board, has made a determination that recoupment would be impracticable. Recoupment is required regardless of whether the Covered Officer engaged in any misconduct and regardless of fault, and the Company's obligation to recoup Recoverable Incentive Compensation is not dependent on whether or when any restated financial statements are filed.

(c) Impracticability of Recovery. Recoupment may be determined to be impracticable if, and only if:

(i) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount of the applicable Recoverable Incentive Compensation; provided that, before concluding that it would be impracticable to recover any amount of Recoverable Incentive Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Recoverable Incentive Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange in accordance with the Listing Standards; or

(ii) recoupment of the applicable Recoverable Incentive Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Code Section 401(a)(13) or Code Section 411(a) and regulations thereunder.

(d) Sources of Recoupment. To the extent permitted by applicable law, the Administrator shall, in its sole discretion, determine the timing and method for recouping Recoverable Incentive Compensation hereunder, provided that such recoupment is undertaken reasonably promptly. The Administrator may, in its

discretion, seek recoupment from a Covered Officer from any of the following sources or a combination thereof, whether the applicable compensation was approved, awarded, granted, payable or paid to the Covered Officer prior to, on or after the Effective Date: (i) direct repayment of Recoverable Incentive Compensation previously paid to the Covered Officer; (ii) cancelling prior cash or equity-based awards (whether vested or unvested and whether paid or unpaid); (iii) cancelling or offsetting against any planned future cash or equity-based awards; (iv) forfeiture of deferred compensation, subject to compliance with Code Section 409A; and (v) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may effectuate recoupment under this Policy from any amount otherwise payable to the Covered Officer, including amounts payable to such individual under any otherwise applicable Company plan or program, *e.g.*, base salary, bonuses or commissions and compensation previously deferred by the Covered Officer. The Administrator need not utilize the same method of recovery for all Covered Officers or with respect to all types of Recoverable Incentive Compensation.

(e) No Indemnification of Covered Officers. Notwithstanding any indemnification agreement, applicable insurance policy or any other agreement or provision of the Company's certificate of incorporation or bylaws to the contrary, no Covered Officer shall be entitled to indemnification or advancement of expenses in connection with any enforcement of this Policy by the Company, including paying or reimbursing such Covered Officer for insurance premiums to cover potential obligations to the Company under this Policy.

(f) Indemnification of Administrator. Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be indemnified by the

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Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

5. ADMINISTRATION

Except as specifically set forth herein, this Policy shall be administered by the Administrator. The Administrator shall have full and final authority to make any and all determinations required under this Policy. Any determination by the Administrator with respect to this Policy shall be final, conclusive and binding on all interested parties and need not be uniform with respect to each individual covered by this Policy. In carrying out the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board as may be necessary or appropriate as to matters within the scope of such other committee's responsibility and authority. Subject to applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions that the Administrator, in its sole discretion, deems necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

6. SEVERABILITY

If any provision of this Policy or the application of any such provision to a Covered Officer shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

7. NO IMPAIRMENT OF OTHER REMEDIES

Nothing contained in this Policy, and no recoupment or recovery as contemplated herein, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Officer arising out of or resulting from any actions or omissions by the Covered Officer. This Policy does not preclude the Company from taking any other action to enforce a Covered Officer's obligations to the Company, including, without limitation, termination of employment and/or institution of civil proceedings. This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer and to any other compensation recoupment policy and/or similar provisions in any employment, equity plan, equity award, or other individual agreement, to which the Company is a party or which the Company has adopted or may adopt and maintain from time to time.

8. AMENDMENT; TERMINATION

The Administrator may amend, terminate or replace this Policy or any portion of this Policy at any time and from time to time in its sole discretion. The Administrator shall amend this Policy as it deems necessary to comply with applicable law or any Listing Standard.

9. SUCCESSORS

This Policy shall be binding and enforceable against all Covered Officers and, to the extent required by Rule 10D-1 and/or the applicable Listing Standards, their beneficiaries, heirs, executors, administrators or other legal representatives.

10. REQUIRED FILINGS

EXHIBIT 97.1

The Company shall make any disclosures and filings with respect to this Policy that are required by law, including as required by the SEC.

* * * * *

EXHIBIT 97.1

INSTIL BIO, INC.

INCENTIVE COMPENSATION RECOUPMENT POLICY

FORM OF EXECUTIVE ACKNOWLEDGMENT

I, the undersigned, agree and acknowledge that I am bound by, and subject to, the Instil Bio, Inc. Incentive Compensation Recoupment Policy, as may be amended, restated, supplemented or otherwise modified from time to time (the "***Policy***"). In the event of any inconsistency between the Policy and the terms of any employment agreement, offer letter or other individual agreement with Instil Bio, Inc. (the "***Company***") to which I am a party, or the terms of any compensation plan, program or agreement, whether or not written, under which any compensation has been granted, awarded, earned or paid to me, the terms of the Policy shall govern.

In the event that the Administrator (as defined in the Policy) determines that any compensation granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company pursuant to the Policy, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement. I further agree and acknowledge that I am not entitled to indemnification, and hereby waive any right to advancement of expenses, in connection with any enforcement of the Policy by the Company.

Agreed and Acknowledged:

_____

Name: _____

Title: _____

Date: _____

DISCLAIMER

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