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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024

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: 001-38662

SUTRO BIOPHARMA, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**47-0926186**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
111 Oyster Point Blvd, South San Francisco, California	**94080**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (650) 881-6500

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	Name of each exchange on which registered
Common stock, $0.001 par value	STRO	The Nasdaq Stock Market LLC (Nasdaq Global Market)

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

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

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

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

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

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

As of May 8, 2024, the registrant had 81,794,334 shares of common stock, $0.001 par value per share, outstanding.

Table of Contents

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Sutro Biopharma, Inc.
Condensed Balance Sheets
(Unaudited)
(In thousands, except share and per share data)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 65,218	$ 69,268
Marketable securities	202,384	264,413
Investment in equity securities	45,616	41,937
Accounts receivable	31,300	36,078
Prepaid expenses and other current assets	10,064	9,846
Total current assets	354,582	421,542
Property and equipment, net	20,630	21,940
Operating lease right-of-use assets	21,594	22,815
Other non-current assets	5,739	3,567
Restricted cash	857	872
Total assets	$ 403,402	$ 470,736
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 7,511	$ 9,440
Accrued compensation	7,077	14,686
Deferred revenue - current	20,502	20,666
Operating lease liability - current	6,673	6,420
Debt - current	-	4,061
Accrued expenses and other current liabilities	37,746	38,473
Total current liabilities	79,509	93,746
Deferred revenue - non-current	46,313	53,379
Operating lease liability - non-current	21,397	23,154
Deferred royalty obligation related to the sale of future royalties	156,465	149,114
Other non-current liabilities	1,694	1,694
Total liabilities	305,378	321,087
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Preferred stock, $0.001 par value — 10,000,000 shares authorized as of March 31, 2024 and December 31, 2023; no shares issued and outstanding as of March 31, 2024 and December 31, 2023	-	-
Common stock, $0.001 par value — 300,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 62,456,546 and 61,009,829 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	62	61
Additional paid-in-capital	715,696	708,975
Accumulated other comprehensive income (loss)	(113)	21
Accumulated deficit	(617,621)	(559,408)
Total stockholders' equity	98,024	149,649
Total Liabilities and Stockholders' Equity	$ 403,402	$ 470,736

See accompanying notes to unaudited interim condensed financial statements.

Sutro Biopharma, Inc.
Condensed Statements of Operations
(Unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2024	**2023**
Revenue	$ 13,008	$ 12,674
Operating expenses		
Research and development	56,878	39,399
General and administrative	12,721	15,512
Total operating expenses	69,599	54,911
Loss from operations	(56,591)	(42,237)
Interest income	4,096	2,560
Unrealized gain (loss) on equity securities	3,679	(6,992)
Non-cash interest expense related to the sale of future royalties	(7,184)	-
Interest and other income (expense), net	(2,213)	(2,986)
Loss before provision for income taxes	(58,213)	(49,655)
Provision for income taxes	-	395
Net loss	$ (58,213)	$ (50,050)
Net loss per share, basic and diluted	$ (0.95)	$ (0.85)
Weighted-average shares used in computing basic and diluted net loss per share	61,457,793	58,723,432

See accompanying notes to unaudited interim condensed financial statements.

Sutro Biopharma, Inc.
Condensed Statements of Comprehensive Loss
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2024	**2023**
Net loss	$ (58,213)	$ (50,050)
Other comprehensive (loss) income:		
Net unrealized (loss) income on available-for-sale securities	(134)	511
Comprehensive loss	$ (58,347)	$ (49,539)

See accompanying notes to unaudited interim condensed financial statements.

Sutro Biopharma, Inc.
Condensed Statements of Stockholders' Equity
(Unaudited)
(In thousands, except share amounts)

	Common Stock Shares	Common Stock Amount	Additional Paid-In-Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balances at December 31, 2023	61,009,829	$ 61	$ 708,975	$ 21	$ (559,408)	$ 149,649
Exercise of common stock options	23,748	—	117	—	—	117
Issuance of common stock under Employee Stock Purchase Plan	284,362	—	911	—	—	911
Vesting of restricted stock units	1,215,729	1	(1)	—	—	—
Stock transaction associated with taxes withheld on restricted stock units	(77,122)	—	(374)	—	—	(374)
Stock-based compensation expense	—	—	6,068	—	—	6,068
Net unrealized income on available-for-sale securities	—	—	—	(134)	—	(134)
Net loss	—	—	—	—	(58,213)	(58,213)
Balances at March 31, 2024	62,456,546	$ 62	$ 715,696	$ (113)	$ (617,621)	$ 98,024

	Common Stock Shares	Common Stock Amount	Additional Paid-In-Capital	Accumulated Other Comprehensive (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balances at December 31, 2022	57,499,541	$ 58	$ 670,223	$ (618)	$ (452,615)	$ 217,048
Exercise of common stock options	53,060	—	314	—	—	314
Issuance of common stock under Employee Stock Purchase Plan	239,060	—	1,097	—	—	1,097
Vesting of restricted stock units	801,769	—	—	—	—	—
Stock transaction associated with taxes withheld on restricted stock units	(73,003)	—	(451)	—	—	(451)
Stock-based compensation expense	—	—	6,021	—	—	6,021
Issuance of common stock in connection with At-The-Market sale, net of issuance costs of $308	1,641,374	2	10,921	—	—	10,923
Net unrealized income on available-for-sale securities	—	—	—	511	—	511
Net loss	—	—	—	—	(50,050)	(50,050)
Balances at March 31, 2023	60,161,801	$ 60	$ 688,125	$ (107)	$ (502,665)	$ 185,413

See accompanying notes to unaudited interim condensed financial statements.

Sutro Biopharma, Inc.
Condensed Statements of Cash Flows
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2024	**2023**
Operating activities		
Net loss	$ (58,213)	$ (50,050)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,761	1,615
Accretion of discount on marketable securities	(2,656)	(1,786)
Stock-based compensation	6,068	6,021
Non-cash lease expenses	1,221	641
Unrealized (gain) / loss on equity securities	(3,679)	6,992
Non-cash interest expense on deferred royalty obligation	7,184	—
Other	189	(13)
Changes in operating assets and liabilities:		
Accounts receivable	4,778	(2,751)
Prepaid expenses and other assets	(2,390)	(7,424)
Accounts payable	(1,897)	198
Accrued compensation	(7,609)	(6,786)
Accrued expenses and other liabilities	(765)	(2,399)
Deferred revenue	(7,230)	(4,412)
Change in operating lease liability	(1,503)	(837)
Net cash used in operating activities	(64,741)	(60,991)
Investing activities		
Purchases of marketable securities	(135,001)	(52,764)
Maturities of marketable securities	199,262	112,102
Sales of marketable securities	290	9,055
Purchases of equipment and leasehold improvements	(446)	(942)
Net cash provided by investing activities	64,105	67,451
Financing activities		
Proceeds from sales of common stock, net of issuance costs	—	10,923
Payment of debt	(4,083)	(3,125)
Proceeds from exercise of common stock options	117	314
Taxes paid related to net shares settlement of restricted stock units	(374)	(451)
Proceeds from employee stock purchase plan	911	1,097
Net cash (used in) provided by financing activities	(3,429)	8,758
Net (decrease) increase in cash, cash equivalents and restricted cash	(4,065)	15,218
Cash, cash equivalents and restricted cash at beginning of period	70,140	48,126
Cash, cash equivalents and restricted cash at end of period	$ 66,075	$ 63,344
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 63	$ 393
Income tax paid	$ 10	$ -
Supplemental disclosure of non-cash investing and financing information:		
Purchases of equipment included in accounts payable and accrued expense	$ 219	$ 371
Financing component associated with program fees	$ 2,160	$ 2,543
Deferred offering cost included in accounts payable and accrued expenses	$ 528	$ 101

See accompanying notes to unaudited interim condensed financial statements.

1. Organization and Principal Activities

Description of Business

Sutro Biopharma, Inc. (the "Company"), is a clinical-stage oncology company developing site-specific and novel-format antibody drug conjugates, or ADCs. The Company was incorporated on April 21, 2003, and is headquartered in South San Francisco, California.

The Company operates in one business segment, the development of biopharmaceutical products. Operating segments are components of an enterprise for which separate financial information is available and is evaluated regularly by the Chief Executive Officer, the Company's chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company operates and manages its business as one operating segment. The Company's Chief Executive Officer reviews financial information on an aggregate basis for the purposes of allocating and evaluating financial performance.

All of the Company's long-lived assets are maintained in the United States.

Liquidity

The Company has incurred significant losses and has negative cash flows from operations. As of March 31, 2024, there was an accumulated deficit of $617.6 million. Management expects to continue to incur additional substantial losses in the foreseeable future as a result of the Company's research and development and other operational activities.

As of March 31, 2024, the Company had unrestricted cash, cash equivalents, and marketable securities of $267.6 million and equity securities of $45.6 million, consisting solely of common stock of Vaxcyte, which are available to fund future operations. The Company will need to raise additional capital to support the completion of its research and development activities and to support its operations.

The Company believes that its unrestricted cash, cash equivalents, marketable securities and investments in equity securities as of March 31, 2024, will enable the Company to maintain its operations for a period of at least 12 months following the filing date of its condensed financial statements.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying interim condensed financial statements of the Company are unaudited. These interim condensed financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and the applicable rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete financial statements. The December 31, 2023 condensed balance sheet was derived from the audited financial statements as of that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates on historical experience and market-specific or other relevant assumptions that it believes are reasonable under the circumstances. The amounts of assets and liabilities reported in the Company's condensed Balance Sheets and the amounts of expenses and income reported for each of the periods presented are affected by estimates and assumptions, which are used for, but are not limited to, determining research and development periods under collaboration arrangements, stock-based compensation expense, valuation of marketable securities, impairment of long-lived assets, income taxes, deferred royalty obligation related to the sale of future royalties and related non-cash interest expense, and certain accrued liabilities. Actual results could differ from such estimates or assumptions.

The accompanying unaudited interim condensed financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of management, reflect all adjustments of a normal recurring nature considered necessary to state fairly the Company's financial position, results of operations, comprehensive loss, and cash flows for the interim periods. The interim results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024, or for any other future annual or interim period.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company's audited financial statements included in the Annual Report on Form 10-K pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, for the year ended December 31, 2023.

Recent Accounting Pronouncements Not Yet Adopted

There were no new accounting pronouncements issued since the Company's filing of the Annual Report on Form 10-K for the year ended December 31, 2023, which could have a significant effect on the Company's condensed financial statements.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Company's condensed Balance Sheets that sum to the total of the same amounts shown in the Company's condensed Statements of Cash Flows.

	March 31,	
	2024	2023
	(in thousands)	
Cash and cash equivalents	$ 65,218	$ 62,472
Restricted cash	857	872
Total cash, cash equivalents, and restricted cash shown in the condensed Statements of Cash Flows	$ 66,075	$ 63,344

Investments in Equity Securities

Vaxcyte common stock held by the Company is measured at fair value at each reporting period based on the closing price of Vaxcyte's common stock on the last trading day of each reporting period, with any realized or unrealized gains and losses recorded in the Company's condensed Statements of Operations.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability, or an exit price, in the principal or most advantageous market for that asset or liability in an orderly transaction between market participants on the measurement date and establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value. The Company determined the fair value of financial assets and liabilities using the fair value hierarchy that describes three levels of inputs that may be used to measure fair value, as follows:

Level 1—Quoted prices in active markets for identical assets and liabilities;

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

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.

The carrying amounts of accounts receivable, prepaid expenses, accounts payable, accrued liabilities and accrued compensation and benefits approximate fair value due to the short-term nature of these items.

The carrying value of the deferred royalty obligation related to the sale of future royalties under the 2015 License Agreement with Vaxcyte approximates its fair value as of March 31, 2024, and is based on our current estimates of future royalties expected to be earned over the estimated life of the royalty term arrangement. See Note 8. Deferred Royalty Obligation Related to the Sale of Future Royalties for a description of the Level 3 inputs used to estimate the fair value of the liability.

Revenue Recognition

When the Company enters into collaboration agreements, it assesses whether the arrangements fall within the scope of ASC 808, Collaborative Arrangements ("ASC 808") based on whether the arrangements involve joint operating activities and whether both parties have active participation in the arrangement and are exposed to significant risks and rewards. To the extent that the arrangement falls within the scope of ASC 808, the Company assesses whether the payments between the Company and its collaboration partner fall within the scope of other accounting literature. If it concludes that payments from the collaboration partner to the Company represent consideration from a customer, such as license fees and contract research and development activities, the Company accounts for those payments within the scope of Accounting Standards Update (ASU) No. 2014-09 (Topic 606), Revenue from Contracts with Customers (“ASC 606”).

Under ASC 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. However, if the Company concludes that its collaboration partner is not a customer for certain activities and associated payments, such as for certain collaborative research, development, manufacturing and commercial activities, the Company presents such payments as a reduction of research and development expense or general and administrative expense, based on where the Company presents the underlying expense.

The Company has no products approved for commercial sale and has not generated any revenue from commercial product sales. The total revenue to date has been generated principally from collaboration and license agreements and to a lesser extent, from manufacturing, supply and services, and materials the Company provides to its collaboration partners.

Collaboration Revenue: The Company derives revenue from collaboration arrangements, under which the Company may grant licenses to its collaboration partners to further develop and commercialize its proprietary product candidates. The Company may also perform research and development activities under the collaboration agreements. Consideration under these contracts generally includes a nonrefundable upfront payment, development, regulatory and commercial milestones and other contingent payments, and royalties based on net sales of approved products. Additionally, the collaborations may provide options for the customer to acquire from the Company materials and reagents, clinical product supply or additional research and development services under separate agreements.

The Company assesses which activities in the collaboration agreements are considered distinct performance obligations that should be accounted for separately. The Company develops assumptions that require judgement to determine whether the license to the Company's intellectual property is distinct from the research and development services or participation in activities under the collaboration agreements.

At the inception of each agreement, the Company determines the arrangement transaction price, which includes variable consideration, based on the assessment of the probability of achievement of future milestones and contingent payments and other potential consideration. The Company recognizes revenue over time by measuring its progress towards the complete satisfaction of the relevant performance obligation using an appropriate input or output method based on the nature of the service promised to the customer.

For arrangements that include multiple performance obligations, the Company allocates the transaction price to the identified performance obligations based on the standalone selling price, or SSP, of each distinct performance obligation. In instances where SSP is not directly observable, the Company develops assumptions that require judgment to determine the SSP for each performance obligation identified in the contract. These key assumptions may include full-time equivalent, or FTE, personnel effort, estimated costs, discount rates and probabilities of clinical development and regulatory success.

Upfront Payments: For collaboration arrangements that include a nonrefundable upfront payment, if the license fee and research and development services cannot be accounted for as separate performance obligations, the transaction price is deferred and recognized as revenue over the expected period of performance using a cost-based input methodology. The Company uses judgement to assess the pattern of delivery of the performance obligation. In addition, amounts paid in advance of services being rendered may result in an associated financing component to the upfront payment. Accordingly, the interest on such borrowing cost component will be recorded as interest expense and revenue, based on an appropriate borrowing rate applied to the value of services to be performed by the Company over the estimated service performance period.

License Grants: For collaboration arrangements that include a grant of a license to the Company's intellectual property, the Company considers whether the license grant is distinct from the other performance obligations included in the arrangement. For licenses that are distinct, the Company recognizes revenues from nonrefundable, upfront payments and other consideration allocated to the license when the license term has begun and the Company has provided all necessary information regarding the underlying intellectual property to the customer, which generally occurs at or near the inception of the arrangement.

Milestone and Contingent Payments: At the inception of the arrangement and at each reporting date thereafter, the Company assesses whether it should include any milestone and contingent payments or other forms of variable consideration in the transaction price using the most likely amount method. If it is probable that a significant reversal of cumulative revenue would not occur upon resolution of the uncertainty, the associated milestone value is included in the transaction price. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of each milestone and any related constraint and, if necessary, adjusts its estimate of the overall transaction price. Since milestone and contingent payments may become payable to the Company upon the initiation of a clinical study or filing for or receipt of regulatory approval, the Company reviews the relevant facts and circumstances to determine when the Company should update the transaction price, which may occur before the triggering event. When the Company updates the transaction price for milestone and contingent payments, the Company allocates the changes in the total transaction price to each performance obligation in the agreement on the same basis as the initial allocation. Any such adjustments are recorded on a cumulative catch-up basis in the period of adjustment, which may result in recognizing revenue for previously satisfied performance obligations in such period. The Company's collaborators generally pay milestones and contingent payments subsequent to achievement of the triggering event.

Research and Development Services: For amounts allocated to the Company's research and development obligations in a collaboration arrangement, the Company recognizes revenue over time using a cost-based input methodology, representing the transfer of goods or services as activities are performed over the term of the agreement.

Materials Supply: The Company provides materials and reagents, clinical materials, and services to certain of its collaborators under separate agreements. The consideration for such services is generally based on FTE personnel effort used to manufacture those materials, reimbursed at an agreed upon rate in addition to agreed-upon pricing for the provided materials. The amounts billed are recognized as revenue as the performance obligations are met by the Company.

Revenue subject to governmental withholding taxes is recognized on a gross basis with the withholding taxes recorded as a component of income tax expense.

3. Fair Value Measurements

The following table sets forth the fair value of the Company's financial assets and liabilities measured on a recurring basis by level within the fair value hierarchy:

	March 31, 2024			
	Total	**Level 1**	**Level 2**	**Level 3**
	(in thousands)			
Assets:				
Money market funds	$ 42,498	$ 42,498	$ -	$ -
Commercial paper	21,379	-	21,379	-
Corporate debt securities	44,036	-	44,036	-
Equity securities	45,616	45,616	-	-
Asset-backed securities	44,598	-	44,598	-
U.S. government securities	113,130	113,130	-	-
Total	$ 311,257	$ 201,244	$ 110,013	$ -

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
	(in thousands)			
Assets:				
Money market funds	$ 56,397	$ 56,397	$ -	$ -
Commercial paper	82,152	-	82,152	-
Corporate debt securities	61,894	-	61,894	-
Equity securities	41,937	41,937	-	-
Asset-backed securities	10,505	-	10,505	-
U.S. government securities	113,652	113,652	-	-
U.S. agency securities	4,961	-	4,961	-
Total	$ 371,498	$ 211,986	$ 159,512	$ -

Where applicable, the Company uses quoted market prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments, which are comprised of money market funds, U.S. government securities and the shares of Vaxcyte common stock held by the Company.

If quoted prices in active markets for identical assets are not available, then the Company uses quoted prices for similar assets or inputs other than quoted prices that are observable, either directly or indirectly. These investments are included in Level 2 and consist of commercial paper, corporate debt securities, asset-backed securities, and U.S. agency securities. These assets are valued using market prices when available, adjusting for accretion of the purchase price to face value at maturity.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

In certain cases where there is limited activity or less transparency around inputs to valuation, securities are classified as Level 3 within the valuation hierarchy. As of March 31, 2024 and December 31, 2023, the deferred royalty obligation related to the sale of future Vaxcyte royalties was classified as Level 3 within the valuation hierarchy. Refer to Note 8 below for information relating to the Purchase Agreement between the Company and Blackstone, pursuant to which the Company sold to Blackstone its 4% royalty, or revenue interest, in potential future net sales of Vaxcyte's pneumococcal conjugate vaccine, or PCV, products, including VAX-24 and VAX-31.

Investments in Equity Securities

As of March 31, 2024 and December 31, 2023, the Company held 667,780 shares of Vaxcyte common stock with an estimated fair value of $45.6 million and $41.9 million, respectively. The Company recognized an unrealized gain of $3.7 million and an unrealized loss of $7.0 million for the three months ended March 31, 2024 and 2023, respectively.

4. Cash Equivalents and Marketable Securities

Cash equivalents and marketable securities consisted of the following:

	March 31, 2024			
	Amortized Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
	(in thousands)			
Money market funds	$ 42,498	$ -	$ -	$ 42,498
Commercial paper	21,391	-	(12)	21,379
Corporate debt securities	44,044	3	(11)	44,036
Asset-based securities	44,641	-	(43)	44,598
U.S. government securities	113,180	-	(50)	113,130
Total	265,754	3	(116)	265,641
Less amounts classified as cash equivalents	(63,257)	-	-	(63,257)
Total marketable securities	$ 202,497	$ 3	$ (116)	$ 202,384

	December 31, 2023			
	Amortized Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
	(in thousands)			
Money market funds	$ 56,397	$ -	$ -	$ 56,397
Commercial paper	82,179	1	(28)	82,152
Corporate debt securities	61,887	12	(5)	61,894
Asset-based securities	10,505	-	–	10,505
U.S. government securities	113,612	40	–	113,652
U.S. agency securities	4,960	1	–	4,961
Total	329,540	54	(33)	329,561
Less amounts classified as cash equivalents	(65,144)	(4)	-	(65,148)
Total marketable securities	$ 264,396	$ 50	$ (33)	$ 264,413

No marketable securities had maturities of more than one year as of March 31, 2024 and December 31, 2023.

There were $190.5 million and $110.9 million of investments in an unrealized loss position of $0.1 million and $33,000 as of March 31, 2024 and December 31, 2023, respectively. During the three months ended March 31, 2024 and 2023, the Company did not record any other-than-temporary impairment charges on its available-for-sale securities. Based on the Company's procedures under the expected credit loss model, including an assessment of unrealized losses on the portfolio after March 31, 2024 and 2023, the Company concluded that the unrealized losses for its marketable securities were not attributable to credit and therefore an allowance for credit losses for these securities has not been recorded as of March 31, 2024. Also, based on the scheduled maturities of the investments, the Company was more likely than not to hold these investments for a period of time sufficient for a recovery of the Company's cost basis.

The Company recognized no material gains or losses on its cash equivalents and current and non-current marketable securities as of March 31, 2024 and December 31, 2023 and as a result, the Company did not reclassify any amounts out of accumulated other comprehensive income (loss) for the period then ended.

5. Collaboration and License Agreements and Supply Agreements

The Company has entered into collaboration and license agreements and supply agreements with various pharmaceutical and biotechnology companies. See "Note 5. Collaboration and License Agreements and Supply Agreements" to the Company's financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2023, or as further described below, for additional information on each of its collaboration agreements.

The Company's accounts receivable balances may contain billed and unbilled amounts from upfront payments, milestones and other contingent payments, as well as reimbursable costs from collaboration and license agreements and supply agreements. The Company performs a regular review of its customers' credit risk and payment histories, including payments made after the period end. Historically, the Company has not experienced credit loss from its accounts receivable and, therefore, has not recorded a reserve for estimated credit losses as of March 31, 2024 and December 31, 2023.

In accordance with the collaboration, license and supply agreements, the Company recognized revenue as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Merck Sharp & Dohme Corporation ("Merck")	$ 6	$ 2,553
Astellas Pharma Inc. ("Astellas")	11,385	6,272
Tasly Biopharmaceuticals Co., Ltd. ("Tasly")	970	-
Vaxcyte, Inc. ("Vaxcyte")	647	675
Bristol Myers Squibb Company ("BMS")	-	3,166
Merck KGaA, Darmstadt, Germany (operating in the United States and Canada under the name "EMD Serono")	-	8
Total revenue	$ 13,008	$ 12,674

The following table presents the changes in the Company's deferred revenue balance from the agreements during the three months ended March 31, 2024:

	Three Months Ended March 31, 2024 (in thousands)
Deferred revenue—December 31, 2023	$ 74,045
Additions to deferred revenue	-
Recognition of revenue in current period	(7,230)
Deferred revenue—March 31, 2024	$ 66,815

The Company's balance of deferred revenue contains upfront and contingent payments for obligations from our agreements which remain partially unsatisfied. The Company expects to recognize approximately $20.5 million of the deferred revenue over the next twelve months.

Collaboration with Merck

2018 Merck Agreement

In July 2018, the Company entered into an agreement (the "2018 Merck Agreement") with Merck for access to the Company's technology and the identification and preclinical research and development of two target programs, with an option for Merck to engage the Company to continue these activities for a third program, upon the payment of an additional amount, focusing on cytokine derivatives for cancer and autoimmune disorders.

In April 2021, Merck initiated the first IND-enabling toxicology study under the first cytokine-derivative program in the collaboration.

In December 2021, Merck did not extend the research term for the second research program of the collaboration, which research program reverted to the Company. The first research program of the collaboration is focused on MK-1484, a distinct cytokine derivative molecule for the treatment of cancer. The Company is eligible to receive aggregate contingent payments of up to approximately $500 million for the target program selected by Merck, assuming the development and sale of the therapeutic candidate and all possible indications identified under the collaboration. If one or more products from the target program is developed for non-oncology or a single indication, the Company will be eligible for reduced aggregate contingent payments. In addition, the Company is eligible to receive tiered royalties ranging from mid-single digit to low-teen digit percentages on the worldwide sales of any commercial products that may result from the collaboration.

In July 2022, the first patient was dosed with MK-1484 in a Phase 1 study.

As of both March 31, 2024 and December 31, 2023, there was no deferred revenue under the 2018 Merck Agreement and 2021 Amendment.

2020 Merck Master Services Agreement

In August 2020, the Company entered into a Pre-Clinical and Clinical Supply Agreement (the "2020 Merck Master Services Agreement") with Merck, wherein Merck requested the Company to provide development, manufacturing and supply chain management services, including clinical product supply, upon completion of the research programs under the 2018 Merck Agreement.

As of both March 31, 2024 and December 31, 2023, there was no deferred revenue under the 2020 Merck Master Services Agreement.

Revenues under the 2018 Merck Agreement and the 2020 Merck Master Services Agreement were as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Research and development services	$ 6	$ 125
Materials supply	-	2,428
Total revenue	$ 6	$ 2,553

Astellas License and Collaboration Agreement

In June 2022, the Company entered into a License and Collaboration Agreement (the "Astellas Agreement") with Astellas for the development of immunostimulatory antibody-drug conjugates for up to three biological targets, to be identified by Astellas. The Company will conduct research and pre-clinical development of any compound (as designated by Astellas) in each of the three programs in accordance with the terms of a research plan between the Company and Astellas. Astellas will have an exclusive worldwide license to develop and commercialize any such designated compound, subject to the Company's rights to participate in cost and profit sharing in the United States, as described below.

Pursuant to the Astellas Agreement, the Company received from Astellas a one-time, nonrefundable, non-creditable, upfront payment of $90.0 million during the year ended December 31, 2022. Under ASC 808 and ASC 606, the Company determined that both parties are active participants in the activities and are exposed to significant risks and rewards dependent on the success of the development program, and identified four performance obligations under the Astellas Agreement as: (1) performance of services related to the first target program; (2) performance of services related to the second target program; (3) performance of services related to the third target program; and (4) the Company's estimated future services on the collaboration JSC. The transaction price of $90.0 million was allocated among the performance obligations using the Company's best estimate of the standalone selling price, or SSP, for each of the associated performance obligations. Revenue allocated to the three target programs, which totaled $89.1 million, is being recognized on a proportion of performance basis, using FTE cost as the basis of measurement, with such performance expected to occur over an estimated service period of four years for each target program. As it pertains to the JSC performance obligation, the revenue allocated to such performance obligation was $0.9 million, and is being recognized on a proportion of performance basis using FTE cost as the basis of measurement, and such effort is expected to be incurred on a relatively consistent basis throughout the term of the Astellas Agreement.

Additionally, under ASC 606, the Company determined a financing component associated with the $90.0 million upfront payment and has calculated $32.6 million as of March 31, 2024, on the unearned revenue portion beyond one year from the effective date of the agreement, which amount is being recognized as interest expense and revenue over the estimated service period for the three target programs.

The Company is also eligible to receive up to $422.5 million in development, regulatory and commercial milestones for each product candidate, and tiered royalties ranging from low double-digit to mid-teen percentages on worldwide sales of any commercial products that may result from the collaboration, subject to customary deductions under certain circumstances. The Company can also elect to convert any product candidate into a cost and profit-sharing arrangement, for the United States only. In the event the Company makes such election, it will share commercialization costs and profits relating to such product candidate equally with Astellas in the United States, and no royalties will be due from Astellas for net sales of such product candidates in the United States.

Revenues under the Astellas Agreement were as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Ongoing performance related to unsatisfied performance obligations	$ 7,230	$ 2,572
Research and development services	1,623	1,157
Financing component on unearned revenue	2,160	2,543
Materials supply	372	-
Total revenue	$ 11,385	$ 6,272

As of March 31, 2024 and December 31, 2023, there was $61.8 million and $69.0 million of deferred revenue, respectively, related to the upfront payment received by the Company under the Astellas Agreement.

Collaboration with Tasly

Tasly License Agreement

In December 2021, the Company entered into a license agreement with Tasly to grant Tasly an exclusive license to develop and commercialize STRO-002, or luveltamab tazevibulin, or luvelta, in Greater China (the "Tasly License Agreement"). Tasly will pursue the clinical development, regulatory approval, and commercialization of luvelta in multiple indications, including ovarian cancer, non-small cell lung cancer, triple-negative breast cancer, and other indications in

Greater China. The Company will retain development and commercial rights of luvelta globally outside of Greater China, including the United States.

The Company determined that the Tasly License Agreement falls within the scope of ASC 808, as both parties are active participants in the activities and are exposed to significant risks and rewards dependent on the success of the commercialization of indications for luvelta in Greater China. The Company concluded that the Tasly License Agreement contained the following units of account: i) licensed know-how and Sutro patents, license to trademark rights, and initial regulatory data and information necessary to prepare an IND; and ii) collaboration governance and information sharing activities, such as JSC participation and ongoing regulatory and pharmacovigilance support.

The promises related to the licensed know-how and Sutro patents, license to trademark rights, and initial regulatory data and information necessary to prepare an IND are considered to be interdependent and not distinct from each other, representing a combined output. The Company determined that these promises are capable of being distinct from the collaboration governance and information sharing activities discussed below and further determined that this unit of account is a vendor-customer relationship and accounted for it in accordance with ASC 606. All potential future milestones and other payments were considered constrained at the inception of the Tasly License Agreement since the Company could not conclude it was probable that a significant reversal in the amount of revenue recognized would not occur. Since there is only one performance obligation accounted for under ASC 606, no allocation of the transaction price was necessary.

The Company determined that the unit of account consisting of collaboration governance and information sharing activities, such as JSC participation and ongoing regulatory and pharmacovigilance support, do not represent a customer-vendor relationship between the Company and Tasly. These promises are considered to be interdependent and not distinct from each other, representing a combined output. However, the Company determined that these promises are capable of being distinct from the intellectual property and data license promises discussed above. As such, based on the nature of the agreement and collaborative activities, the Company determined that the costs associated with these governance and information sharing activities performed under the agreement will be included in research and development expenses in the Statements of Operations, with any reimbursement of costs by Tasly reflected as a reduction of such expenses. During the three months ended March 31, 2024 and 2023, the Company did not recognize any material reduction of research and development expenses under the Tasly License Agreement.

In April 2022, the Company entered into amendment No. 1 (the “Tasly Amendment”) to the Tasly License Agreement with Tasly. Pursuant to the Tasly Amendment, the initial nonrefundable upfront payment due by Tasly was amended to $25.0 million, and a $15.0 million payment will become payable to the Company upon the achievement of certain regulatory milestones. The Tasly Amendment also added an additional regulatory milestone payment to the Tasly License Agreement, providing additional potential payments totaling up to $350.0 million related to development, regulatory and commercialization milestones, beyond the payments described above, and made certain other ministerial edits.

During 2023, the Company recognized a $5.0 million contingent payment as revenue, net of withholding tax, after Tasly received its first IND clearance by National Medical Products Administration, or NMPA, in Greater China. The withholding tax of $0.5 million was recorded as an income tax charge related to the contingent payment.

During 2023, the Company also recorded a $5.0 million contingent payment, received by the Company from Tasly related to the first patient dosed in the Company’s REFRaME-O1 trial for luvelta, as deferred revenue, net of withholding tax of $0.5 million. The REFRaME-O1 study consists of two parts, Part I being the dose-finding portion and Part II being the portion of the study that will focus on the selected dose from Part I, and is intended to generate data to enable the potential registration of luvelta. Although it currently intends to conduct the REFRaME-O1 study to completion, the Company has the sole discretion to terminate the REFRaME-O1 study at any time. As such, the Company has agreed with Tasly that, in the event the Company terminates the REFRaME-O1 study prior to dosing the first patient in Part II, the Company will refund Tasly the contingent payment received by the Company within 30 days of such study termination. Given the above, the contingent payment received by the Company was considered constrained for accounting purposes during the three months ended March 31, 2024, since the Company could not conclude it was probable that a significant reversal in the amount of revenue recognized would not occur. The withholding tax was recorded by the Company as a tax charge related to the received contingent payment.

2023 Tasly Supply Agreement

In June 2023, the Company entered into a Master Development and Clinical Supply Agreement (the “2023 Tasly Supply Agreement”) with Tasly, wherein Tasly requested the Company to provide development, manufacturing and supply chain management services, including clinical product supply.

Revenues under the Tasly agreements were as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Research and development services	$ 33	$ –
Materials supply	937	–
Total revenue	$ 970	$ –

Agreements with Vaxcyte

Vaxcyte Supply Agreement

In May 2018, the Company entered into a Supply Agreement (the “Supply Agreement”) with Vaxcyte, wherein Vaxcyte engaged the Company to provide research and development services and to supply extracts and custom reagents, as requested by Vaxcyte. The pricing is based on an agreed upon cost-plus arrangement.

During 2020, upon Vaxcyte’s request and their agreement to reimburse the related costs, the Company entered into agreements with third-party contract manufacturing organizations, or CMOs, to conduct process transfers to allow for such CMOs to manufacture and supply extract and custom reagents for Vaxcyte. As part of the agreement with Vaxcyte, should the Company decide to purchase extract from the extract CMO, the Company would be required to reimburse Vaxcyte for a portion of all incurred process transfer costs. As of March 31, 2024 and December 31, 2023, there was $7.4 million and $6.9 million, respectively, in such accruals related to the Vaxcyte Supply Agreement.

For the three months ended March 31, 2024 and 2023, the agreed-upon reimbursements by Vaxcyte of the costs associated with such arrangements, principally for pass-through costs from the CMOs, were $1.6 million and $1.9 million, respectively, and were accounted for by the Company as a reduction to research and development expense based on the Company’s conclusion that Vaxcyte was not a customer for such activities and associated payments.

Vaxcyte Agreement

In December 2022, the Company entered into a letter agreement (the “Vaxcyte Agreement”) with Vaxcyte under which the Company granted to Vaxcyte (i) authorization to enter into an agreement with an independent alternate CMO to source cell-free extract solely for the products it licensed from the Company, allowing Vaxcyte to have direct oversight over financial and operational aspects of the relationship with the CMO (“CMO Relationship Rights”), and (ii) a right, but not an obligation, to obtain certain exclusive rights to internally manufacture and/or source extract from certain CMOs and the right to independently develop and make improvements to extract for use in connection with the exploitation of certain vaccine compositions (the “Option”).

In November 2023 (the "Exercise Date"), Vaxcyte exercised the Option by submitting written notice thereof to the Company and concurrently paid the Company $50.0 million in cash as the first of two installment payments for the Option exercise price. Under the Vaxcyte Agreement, Vaxcyte is obligated to pay the Company an additional $25.0 million in cash within six months of the Exercise Date as the second of two installment payments for the Option exercise price.

Upon the occurrence of certain regulatory milestones, Vaxcyte would be obligated to pay the Company certain additional payments totaling up to $60.0 million in cash. In the event that Vaxcyte undergoes a change of control, certain rights and payments may be accelerated. These contingent payments were considered constrained variable consideration or otherwise not eligible for revenue recognition at inception and as of March 31, 2024.

Revenues under the Vaxcyte agreements were as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Research and development services	$ 647	$ 504
Materials supply	-	171
Total revenue	$ 647	$ 675

Refer to Note 8 below for information relating to the Purchase Agreement between the Company and Blackstone, pursuant to which the Company sold to Blackstone its 4% royalty, or revenue interest, in potential future net sales of Vaxcyte products, including VAX-24 and VAX-31.

Ipsen Agreement

In March 2024, the Company and Ipsen Pharma SAS ("Ipsen") entered into an Exclusive License Agreement (the "Ipsen License Agreement") pursuant to which the Company licensed to Ipsen, on an exclusive basis, the right to research, develop, manufacture and commercialize STRO-003.

In consideration for the rights and licenses granted by the Company to Ipsen in the Ipsen License Agreement, (i) Ipsen paid the Company an upfront license fee in the amount of $50.0 million in April 2024 and (ii) Ipsen Biopharmaceuticals, Inc. (USA) (the "Ipsen USA"), a fully-owned Affiliate of Ipsen, purchased 4,827,373 shares of the Company's common stock for $25.0 million, at a price per share representing a 17% premium to the volume weighted average price ("VWAP") of the Company's common stock for the twenty trading day period prior to the parties' execution of the Ipsen License Agreement, in accordance with the terms set forth in a certain investment agreement by and between the Company and Ipsen USA dated March 29, 2024 (the "Ipsen Investment Agreement").

Further, pursuant to the Ipsen License Agreement, upon the occurrence of a specified developmental milestone according to a specified timetable, the Company will receive a payment of up to $7.0 million and Ipsen is obligated to purchase up to an additional $10.0 million in shares of the Company's common stock at a price per share representing a 17% premium to the VWAP of the Company's common stock for the twenty trading day period prior to such milestone achievement, in accordance with the terms set forth in the Ipsen Investment Agreement. The Company is also eligible to receive up to an additional $447.0 million in developmental and regulatory milestones, assuming multiple indications, and up to $360.0 million in sales milestones, as well as tiered royalty payments ranging from low double-digit to mid-teen digit percentages of annual net sales of STRO-003, subject to certain adjustments specified in the Ipsen License Agreement.

The royalty payment obligations under the Ipsen License Agreement expire on a country-by-country basis no earlier than ten years following the first commercial sale of STRO-003 in the applicable country. Ipsen may terminate the Ipsen License Agreement for convenience with sixty calendar days prior written notice or for certain other specified reasons. The Company may terminate the Ipsen License Agreement if Ipsen or any of its Affiliates challenge the validity of any patents controlled by the Company that are licensed under the agreement. Both Ipsen and the Company may terminate the Ipsen License Agreement (i) for material breach by the other party and a failure to cure such breach within the time period specified in the Ipsen License Agreement or (ii) the other party's bankruptcy event.

The Company did not recognize the upfront license fee of $50.0 million as the performance obligations related to the Ipsen License Agreement were not satisfied during the three months ended March 31, 2024.

6. Commitments and Contingencies

Leases

The Company leases certain office, laboratory and manufacturing facilities in South San Francisco, California and San Carlos, California. These leases require monthly lease payments that may be subject to annual increases throughout the lease term. Certain of these leases also include renewal options at the election of the Company to renew or extend the lease for an additional 5 years. These renewal options have not been considered in the determination of the right-of-use assets and lease liabilities associated with these leases as the Company has determined it is not reasonably certain it will exercise such options.

The Company recognizes rent expense for these operating leases on a straight-line basis over the lease period. The components of lease costs, which the Company includes in operating expenses in the Company's condensed Statements of Operations, were as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Operating lease cost	$ 1,984	$ 1,538
Short-term lease cost	53	24
Variable lease cost	594	410
Total lease costs	$ 2,631	$ 1,972

During the three months ended March 31, 2024 and 2023, the Company recorded operating lease expense of $2.0 million and $1.5 million, respectively, and paid $2.3 million and $1.7 million, respectively, of operating lease payments related to the lease liabilities, which the Company includes in net cash used in operating activities in the Company's condensed Statements of Cash Flows.

As of March 31, 2024 and December 31, 2023, the weighted-average remaining lease term was 3.6 years and 3.8 years, respectively, and the weighted-average discount rate used to determine the operating lease liability was 10.8% for both periods.

As of March 31, 2024, the maturities of the Company's operating lease liabilities were as follows (in thousands):

Year Ending December 31,		**Amount (in thousands)**
Remaining in 2024	$	6,951
2025		9,533
2026		8,994
2027		8,289
Total lease payments		33,767
Less: imputed interest		(5,697)
Operating lease liabilities		28,070
Less: current portion		(6,673)
Total lease liabilities, non-current	$	21,397

Indemnification & Other

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to vendors, lessors, business partners, board members, officers, and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, services to be provided by the Company, negligence or willful misconduct of the Company, violations of law by the Company, or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with directors and certain officers and employees that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers, or employees. No demands have been made upon the Company to provide indemnification under such agreements, and thus, there are no claims that the Company is aware of that could have a material effect on the Company's condensed Balance Sheets, condensed Statements of Operations, or condensed Statements of Cash Flows. The Company currently has directors' and officers' liability insurance.

In addition, the Company enters into agreements in the normal course of business, including with contract research organizations for clinical trials, contract manufacturing organizations for certain manufacturing services, and vendors for preclinical studies and other services and products for operating purposes, which are generally cancelable upon written notice.

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	March 31, 2024	**December 31, 2023**
	(in thousands)	
Vaxcyte-related accrual under Vaxcyte Supply Agreement	$ 7,375	$ 6,933
CMO-related accrual	6,934	8,195
Clinical trials-related accrual	4,865	4,283
Tax and related expenses	15,165	15,165
Other	3,407	3,897
Total accrued expenses and other current liabilities	$ 37,746	$ 38,473

8. Deferred Royalty Obligation related to the Sale of Future Royalties

In June 2023, the Company entered into the Purchase Agreement with Blackstone, pursuant to which the Company sold to Blackstone its 4% royalty, or revenue interest, in the potential future net sales of Vaxcyte products, including the Purchased Interest under the 2015 License Agreement. As described in Note 5. Collaboration and License Agreements

and Supply Agreements, Vaxcyte Agreement, following agreement with Vaxcyte on the Form Definitive Agreement and upon effectiveness of the amendment No. 3 to the 2015 License Agreement, the revenue interest in the 4% royalty on potential future net sales of Vaxcyte products other than Vaxcyte's PCV products reverted to the Company. The Company retains the right to discover and develop vaccines for the treatment or prophylaxis of any disease that is not caused by an infectious pathogen, including cancer.

In June 2023, Blackstone made an upfront payment of $140.0 million to the Company and will also pay up to an additional $250.0 million upon the achievement of various return thresholds as set forth in the Purchase Agreement.

Under the Purchase Agreement, and in connection with its sale of the Purchased Interest, the Company has agreed to certain covenants with respect to the exercise of its rights under the 2015 License Agreement, including with respect to the Company's right to amend, assign and terminate the 2015 License Agreement. The Purchase Agreement contains other customary terms and conditions, including representations and warranties, covenants, and indemnification obligations in favor of each party.

The Company recorded the $140.0 million upfront payment from Blackstone as a deferred royalty obligation related to the sale of future royalties on the Company's condensed Balance Sheets. Due to the Company's then ongoing manufacturing obligations under the 2015 License Agreement, the Company accounted for the proceeds as imputed debt and, therefore, will recognize future non-cash royalty revenues. Non-cash interest expense will be recognized over the estimated life of the royalty term arrangement using the effective interest method based on the imputed interest rate derived from estimated amounts and timing of potential future royalty payments to be received from Vaxcyte. As part of the sale, the Company incurred approximately $3.8 million in transaction costs, which are being amortized over the estimated life of the royalty term arrangement using the effective interest method. As future royalties are earned from Vaxcyte by Blackstone, the balance of the deferred royalty obligation will be amortized over the estimated life of the royalty term arrangement.

There are a number of factors that could materially affect the fair value of the deferred royalty obligation. Such factors include, but are not limited to, the amount and timing of potential future royalty payments to be earned and received by Blackstone from Vaxcyte under the 2015 License Agreement, changing standards of care, the introduction of competing products, manufacturing or other delays, intellectual property matters, adverse events that result in governmental health authority imposed restrictions on the use of the vaccine products, and other events or circumstances that could result in reduced royalty payments from Vaxcyte to Blackstone, which are not within the Company's control, and all of which would result in a reduction or increase of non-cash royalty revenues and the non-cash interest expense over the estimated life of the royalty term arrangement. The Company periodically assesses the estimated royalty payments to be earned by Blackstone from Vaxcyte and, to the extent that the amount or timing of such payments is materially different than our original estimates, the Company prospectively adjusts the imputed interest rate and the related amortization of the deferred royalty obligation. As of March 31, 2024, the effective interest rate used by the Company to amortize the liability is 19.0%.

During the three months ended March 31, 2024 and 2023, the Company recognized approximately $7.2 million and zero, respectively, of non-cash interest expense on the deferred royalty obligation, which amount will increase such balance. As of March 31, 2024, Blackstone has not received any royalty payment from Vaxcyte and, therefore, the deferred royalty obligation has not begun to be amortized.

The following table shows the activity of the deferred royalty obligation for the three months ended March 31, 2024:

		March 31, 2024 (in thousands)
Liability related to sale of future Vaxcyte royalties - beginning balance	$	149,114
Non-cash interest expense associated with the sale of future Vaxcyte royalties		7,184
Amortization of issuance costs		167
Liability related to the sale of future Vaxcyte royalties - ending balance	$	156,465

9. Stockholders' Equity

Common Stock

Holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders of the Company.

The Company has reserved common stock, on an if-converted basis, for issuance as follows:

	March 31, 2024	December 31, 2023
Common stock options issued and outstanding	8,749,825	7,905,032
Common stock awards issued and outstanding	6,222,549	5,244,873
Remaining shares reserved for issuance under 2018 Equity Incentive Plan and 2021 Equity Inducement Plan	1,801,715	1,777,919
Shares reserved for issuance under 2018 Employee Stock Purchase Plan	745,303	914,911
Warrants to purchase common stock	127,616	127,616
Total	17,647,008	15,970,351

Preferred Stock

As of March 31, 2024 and December 31, 2023, the Company had 10,000,000 shares of preferred stock authorized with a par value of $0.001 per share. No shares of preferred stock were outstanding as of March 31, 2024 and December 31, 2023.

10. Equity Incentive Plans, Equity Inducement Plans, Employee Stock Purchase Plan and Stock-Based Compensation

2004 Equity Incentive Plan, 2018 Equity Incentive Plan, 2021 Equity Inducement Plan, and Amended and Restated 2021 Equity Inducement Plan

In September 2018, the Company adopted the 2018 Equity Incentive Plan ("2018 Plan"), which became effective on September 25, 2018. As a result, the Company will not grant any additional awards under the 2004 Equity Incentive Plan ("2004 Plan"). The terms of the 2004 Plan and applicable award agreements will continue to govern any outstanding awards thereunder. In addition to the shares of common stock reserved for future issuance under the 2004 Plan that were added to the 2018 Plan upon its effective date, the Company initially reserved 2,300,000 shares of common stock for issuance under the 2018 Plan. In addition, the number of shares of common stock reserved for issuance under the 2018 Plan will automatically increase on the first day of January for a period of up to ten years, commencing on January 1, 2019, in an amount equal to 5% of the total number of shares of the Company's capital stock outstanding on the last day of the preceding year (rounded to the nearest whole share), or a lesser number of shares determined by the Company's board of directors. As a result, common stock reserved for issuance under the 2018 Plan was increased by 3,050,491 shares on January 1, 2024.

In August 2021, the Company adopted the 2021 Equity Inducement Plan ("2021 Plan"), which became effective on August 4, 2021. Upon its effective date, the Company initially reserved 750,000 shares of common stock for issuance pursuant to non-qualified stock options and restricted stock units ("RSUs") under the 2021 Plan. In accordance with Rule 5635(c)(4) of the Nasdaq listing rules, equity awards under the 2021 Plan may only be made to an employee if he or she is granted such equity awards in connection with his or her commencement of employment with the Company and such grant is an inducement material to his or her entering into employment with the Company or such subsidiary. In addition, awards under the 2021 Plan may only be made to employees who have not previously been an employee or member of the Board (or any parent or subsidiary of the Company) or following a bona fide period of non-employment of the employee by the Company (or a parent or subsidiary of the Company). At all times, the Company will reserve and keep available a sufficient number of shares as will be required to satisfy the requirements of all outstanding awards granted under the 2021 Plan.

In August 2022, the Company amended and restated the 2021 Plan (the "Amended and Restated 2021 Plan") and reserved an additional 750,000 shares of common stock available for issuance under the Amended and Restated 2021 Plan to be granted by the Company to certain employees as a material inducement to their acceptance of employment with the Company in accordance with Nasdaq Listing Rule 5635(c)(4).

Additionally, in February 2023, the Company amended and restated the Amended and Restated 2021 Plan and reserved an additional 500,000 shares of common stock available for issuance under the Amended and Restated 2021 Plan to be granted by the Company to certain employees as a material inducement to their acceptance of employment with the Company in accordance with Nasdaq Listing Rule 5635(c)(4). The total number of shares reserved for issuance pursuant to the Amended and Restated 2021 Plan is 2,000,000 shares.

As of March 31, 2024, the Company had a total of 1,801,715 shares available for grant under the 2018 Plan and the 2021 Plan.

The following table summarizes option activity under the Company's 2004 Plan, 2018 Plan and 2021 Plan:

	Shares		Weighted-Average Exercise Price
Stock options outstanding at December 31, 2023	7,905,032	$	11.24
Granted	976,750		4.55
Exercised	(23,748)		4.91
Canceled and forfeited	(108,209)		7.83
Stock options outstanding at March 31, 2024	8,749,825		10.55
Stock options exercisable at March 31, 2024	5,985,449	$	12.29

Restricted Stock Units

During the three months ended March 31, 2024, the Company granted 2,309,030 shares of restricted common stock units ("RSUs") to certain employees. These RSUs vest annually, and generally, will become fully vested over four years.

A summary of the status and activity of non-vested RSUs during the three months ended March 31, 2024 is as follows:

	Number of shares		Weighted Average Grant-Date Fair Value
Non-vested December 31, 2023	5,244,873	$	8.31
Granted	2,309,030		4.54
Vested and released	(1,215,729)		9.90
Canceled and forfeited	(115,625)		8.22
Non-vested March 31, 2024	6,222,549	$	6.60

2018 Employee Stock Purchase Plan

In September 2018, the Company adopted the 2018 Employee Stock Purchase Plan ("ESPP"), which became effective on September 26, 2018, in order to enable eligible employees to purchase shares of the Company's common stock. The Company initially reserved 230,000 shares of common stock for sale under the ESPP. The aggregate number of shares reserved for sale under the ESPP will automatically increase on the first day of January for a period of up to ten years, commencing on January 1, 2019, in an amount equal to 1% of the total number of shares of the Company's capital stock outstanding on the last day of the preceding year (rounded to the nearest whole share), or a lesser number of shares determined by the Company's board of directors. As a result, common stock reserved for issuance under the ESPP was increased by 114,754 shares on January 1, 2023. The aggregate number of shares issued over the term of the Company's ESPP, subject to stock-splits, recapitalizations or similar events, may not exceed 2,300,000 shares of the Company's common stock.

As of March 31, 2024, 1,554,697 shares had been purchased and 745,303 shares were available for future issuance under the ESPP.

Stock-Based Compensation Expense

The Company believes that the fair value of the stock options, RSUs and ESPP shares is more reliably measurable than the fair value of services received.

Total stock-based compensation expense recognized was as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Research and development expense:	$ 3,174	$ 2,821
General and administrative expense:	2,894	3,200
Total	$ 6,068	$ 6,021

As of March 31, 2024, unrecognized stock-based compensation expense related to the unvested stock options and RSUs granted was $12.1 million and $36.5 million, respectively. The remaining unrecognized compensation cost related to the unvested stock options and RSUs is expected to be recognized over a weighted-average period of 2.3 years and 2.6 years, respectively. As of March 31, 2024, there was $0.6 million of unrecognized stock-based compensation expense related to the ESPP.

As of March 31, 2023, unrecognized stock-based compensation expense related to the unvested stock options and RSUs granted was $18.0 million and $45.0 million, respectively. The remaining unrecognized compensation cost related to the unvested stock options and RSUs is expected to be recognized over a weighted-average period of 2.4 years and 2.9 years, respectively. As of March 31, 2023, there was $0.5 million of unrecognized stock-based compensation expense related to the ESPP.

11. Net Loss Per Share

The following table sets forth the computation of the Company's basic and diluted net loss per share.

	Three Months Ended March 31,	
	2024	2023
	(in thousands, except share and per share amounts)	
Numerator:		
Net loss	$ (58,213)	$ (50,050)
Denominator:		
Shares used in computing net loss per share	61,457,793	58,723,432
Net loss per share, basic and diluted	$ (0.95)	$ (0.85)

The following common stock equivalents were excluded from the computation of diluted net loss per share for the period ended March 31, 2024 and 2023, because including them would have been antidilutive:

	As of March 31,	
	2024	2023
Common stock options issued and outstanding	8,749,825	8,336,599
Restricted stock units issued and outstanding	6,222,549	5,354,600
Warrants to purchase common stock	127,616	127,616
Shares to be issued under employee stock purchase plan	33,575	31,381
Total	15,133,565	13,850,196

12. Subsequent Events

In April 2024, the Company closed an underwritten offering with BofA Securities, Inc., pursuant to which the Company issued and sold 14,478,764 shares of its common stock at an offering price of $5.18 per share. The gross proceeds from these sales were approximately $75.0 million, before deducting fees and offering expenses.

In April 2024, the Company issued 4,827,373 shares to Ipsen USA at a price of $5.18 per share under the Ipsen Investment Agreement, and received gross proceeds of $25.0 million.

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

You should read the following discussion of our financial condition and results of operations in conjunction with our condensed financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2023. In addition to historical financial information, this discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties, such as statements of our plans, objectives, expectations, intentions and belief. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the section titled "Risk Factors" under Part II, Item 1A below. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements related to our expectations regarding our future results of operations and financial position, business strategy, market size for our product candidates, potential future milestone and royalty payments, the value of the our holdings of Vaxcyte common stock, potential growth opportunities, nonclinical and clinical development activities, efficacy and safety profile of our product candidates, our ability to maintain and recognize the benefits of certain designations received by product candidates, our ability to successfully leverage Fast Track Designation, the timing and results of nonclinical studies and clinical trials, collaboration with third parties, the expected impact of pandemics or contagious diseases, such as the COVID-19 pandemic, on our operations, and the receipt and timing of potential regulatory designations, approvals and commercialization of product candidates, are forward-looking statements. The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "predict," "target," "intend," "could," "would," "should," "project," "plan," "expect," and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q and, while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete; and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

Overview

We are a clinical-stage oncology company developing site-specific and novel-format antibody drug conjugates, or ADCs, enabled by our proprietary integrated cell-free protein synthesis platform, XpressCF®, and our site-specific conjugation platform, XpressCF+®. We aim to design and develop therapeutics using the most relevant and potent modalities, including ADCs, bispecific ADCs, immunostimulatory ADCs, or iADCs, dual conjugate ADCs, or ADC^{2}s, and cytokine derivatives. Our molecules are directed primarily against clinically validated targets where the current standard of care is suboptimal. We believe that our platform allows us to accelerate the discovery and development of potential first-in-class and/or best-in-class molecules by enabling the rapid and systematic evaluation of protein structure-activity relationships to create optimized homogeneous product candidates. Our mission is to transform the lives of patients by creating medicines with improved therapeutic profiles for areas of unmet need.

Once identified, production of protein drug candidates can be rapidly and predictably scaled in our current Good Manufacturing Practices, or cGMP, compliant manufacturing facility. We have the ability to manufacture our proprietary cell-free extract that supports our production of proteins on a large scale using a semi-continuous fermentation process. Our most advanced product candidate is STRO-002, or luveltamab tazevibulin, or luvelta, an ADC directed against folate receptor-alpha, or FolRα, for patients with FolRα-expressing cancers, including ovarian cancer.

Luvelta was designed and optimized for an improved therapeutic index by placing a precise number of linker-warheads at four specific locations within the antibody using our proprietary XpressCF+® platform. Our first Phase 1 trial for luvelta is an open-label study evaluating luvelta as a monotherapy for patients with ovarian and endometrial cancers. This trial is being conducted in two-parts, dose escalation and dose expansion. The primary objectives of the clinical trial are to determine the safety and tolerability profile, to define the recommended Phase 2 dose level and interval and to evaluate preliminary anti-tumor activity. Our secondary objectives are to characterize the human pharmacokinetics and additional safety, tolerability, and efficacy measures.

In 2019, we began enrolling patients in a Phase 1 trial of luvelta that focused on ovarian and endometrial cancers. The Phase 1 trial assessing safety, tolerability and preliminary efficacy of luvelta to treat platinum resistant ovarian cancer has been completed and near-final results from this Phase 1 trial reported in January 2024 showed that luvelta exhibited a manageable safety profile together with promising preliminary efficacy data in the tested patient population. We began enrolling patients in a Phase 2/3 trial of luvelta for the treatment of platinum-resistant ovarian cancer, the REFRαME-O1 study, in June 2023. In April 2024 we announced we had completed enrollment of Part 1 of this study and had initiated enrollment of Part 2 of the study.

In January 2024, we presented an aggregated data set from our Phase I trials of luvelta. This data set included data from all ovarian cancer patients treated with luvelta as a monotherapy in Phase 1 studies, regardless of FolRα expression levels, dose level of luvelta, or platinum sensitivity or resistance, corresponding to a total of 99 patients, of which 92 were RECIST-evaluable, with 21% platinum sensitive patients and 78% platinum refractory patients. Patients received a median of three prior lines of therapy. There were 72% of the patients that had experienced prior bevacizumab therapy and 70% had been treated with a PARP inhibitor. These patients were not selected for FolRα expression levels and were treated at starting dose levels ≤2.9 mg/kg, 4.3 mg/kg, 5.2 mg/kg or ≥5.6 mg/kg.

The safety profile of luvelta from these aggregated data was shown to be manageable, with a low rate of discontinuation of treatment resulting from neutropenia. The predominant TEAE was neutropenia, encompassing neutropenia, febrile neutropenia, and decreased neutrophil count, with 69.7% patients reporting any grade neutropenia and 64.6% patients reporting Grade 3 or higher neutropenia. Neuropathy and arthralgia were the other most commonly reported significant TEAEs, with 57.6% and 16% of patients reporting any grade and Grade 3 or higher arthralgia, respectively, and 44% and 7% patients reporting any grade and Grade 3 or higher neuropathy, respectively. The observed neutropenia was primarily uncomplicated, with less than 5% incidence of febrile neutropenia. Neutropenia and arthralgia each led to discontinuation of treatment in 1.5% of patients. Neuropathy led to discontinuation of treatment in 2.9% of patients. There were six patients that experienced grade 5 safety events on study, with one such event assessed as probably luvelta related and the remainder assessed as unrelated to luvelta.

We also presented a subset of the aggregated data from our Phase 1 trials of luvelta for which 43 patients with platinum resistant ovarian cancer selected for FolRα TPS ≥25%, or tumors with ≥25% of the tumor cells expressing FolRα at any level of staining intensity, were treated with 4.3 mg/kg or 5.2 mg/kg doses of luvelta, corresponding to all patients treated in phase 1 studies that would be eligible for enrollment in the REFRαME-O1 registrational study. The ORR observed for this subset population was 28%, with a DOR of 5.7 months and PFS of 5.8 months.

Based on the data from our Phase 1 program, we selected FolRα expression TPS ≥25% as the target eligibility cutoff or threshold for further study in clinical development of luvelta. We estimate that approximately 80% of the platinum resistant ovarian cancer patients would be eligible for luvelta treatment based on this TPS ≥25% threshold for FolRα expression.

We also opened for enrollment a Phase 1 trial to assess the combination of luvelta and bevacizumab for treatment of ovarian cancer in December 2021 and presented initial preliminary results of this study in January 2024. Safety signals from this study were generally consistent with those previously reported and the combination treatment with luvelta and bevacizumab demonstrated clinical activity in treated patients regardless of their FolRα expression status. We expect to present updated results from the initial cohort of the bevacizumab combination study in 2024. In addition, we began enrolling patients in the expansion phase of the bevacizumab combination Phase 1 study in the first half of 2024. We expect enrollment to be complete in the first half of 2024.

We also began enrolling patients in an expansion cohort for FolRα-selected endometrial cancer in the fourth quarter of 2021 and presented initial preliminary results from the study at the 2023 ESMO Congress in October 2023. In this trial, luvelta showed encouraging preliminary anti-tumor activity in FolRα-selected patients, defined by a TPS of >25% FolRα expression, and the safety profile was consistent with prior data in patients with platinum-resistant ovarian cancer.

Finally, our IND for the treatment of NSCLC with luvelta was cleared by the FDA in the first half of 2024 and we expect to initiate the Phase 2 study in the second half of 2024. Initial data is expected in the first half of 2025.

In addition to the Phase 1 studies discussed above, we initiated a Phase 2/3 study, the REFRαME-O1 study, of luvelta for the treatment of platinum-resistant ovarian cancer in June 2023. This study comprises two parts; in Part 1, we anticipate enrolling 50 patients randomized 1:1 to two different doses of luvelta, either 4.3 mg/kg or 5.2 mg/kg plus prophylactic pegfilgrastim for two cycles, followed by reduction to 4.3 mg/kg. After proceeding to Part 2 of the study, the non-optimized dose of luvelta will be dropped and approximately 516 patients will be randomized 1:1 to the selected luvelta dose or investigators choice of chemotherapy. The protocol will include an optional interim analysis for ORR and DOR to support a potential application for accelerated approval and the endpoints that will be assessed for a potential full approval are PFS and OS. The REFRαME-O1 study patient population includes those with platinum-resistant ovarian cancer, 1-3 lines of prior treatment and tumors that express FolRα at TPS≥25% and excludes primary platinum refractory patients and those with ECOG PS of 0-1.

In 2022 we initiated an exploratory cohort, or cohort C, of 15 patients to assess the safety of treatment with luvelta at 5.2 mg/kg in combination with prophylactic pegfilgrastim and presented preliminary data from ten patients from this cohort in January 2023. In January 2024 we announced updated data from this cohort based on 16 patients. In particular:

•Grade 3+ neutropenia was reduced from 66.7% to 6.3%, resulting in a 90.6% decrease in Grade 3+ neutropenia rates at the first cycle of luvelta (p=0.0002); Grade 3 neutropenia was reduced from 71.4% to 18.8%, resulting in a 73.7% decrease in Grade 3+ neutropenia rates at the first and second cycle (p=0.0015)

•Overall Grade 3+ neutropenia was reduced from 76.2% to 37.5%

In addition, we have been offering compassionate use of luvelta to treat pediatric patients with relapsed/refractory CBFA2T3-GLIS2, or CBF/GLIS, acute myeloid leukemia, or AML, commonly known as RAM phenotype AML. Updated compassionate use data continued to show anti-leukemic activity of luvelta in pediatric patients with relapsed/refractory CBF/GLIS AML and was presented at ASH 2023 in December 2023. The data showed that luvelta was well tolerated as a monotherapy agent and in combination with standard cancer therapies. Luvelta was granted Orphan Drug Designation by the FDA in December 2022 in this pediatric patient population. We expect to begin enrollment of a registration-directed trial of luvelta for treatment of pediatric RAM phenotype AML in the second half of 2024.

Our most advanced asset in preclinical development is STRO-004. We believe STRO-004 has the potential to be a best-in-class ADC targeting TF. Preclinical data suggest that STRO-004 has potent antitumor activity and the potential for a differentiated safety profile. We anticipate being ready to file an IND for STRO-004 in 2025.

Enabled through our proprietary XpressCF® and XpressCF+® platforms, we have entered into multi-target, product-focused collaborations with leading pharmaceutical and biotechnology companies in the field of oncology, with our ongoing relationships that include licensing to Ipsen, on an exclusive basis, the right to research, develop, manufacture and commercialize STRO-003; an immunostimulatory antibody-drug conjugates collaboration with Astellas; a cytokine derivatives collaboration with Merck; and a licensing agreement for luvelta in Greater China with Tasly. In August 2023, Tasly received its first IND clearance by NMPA in Greater China for luvelta.

Our XpressCF® and XpressCF+® platforms have also supported Vaxcyte, focused on discovery and development of vaccines for the treatment and prophylaxis of infectious disease. The lead programs for Vaxcyte are VAX-31 and VAX-24, its 31-valent and 24-valent, respectively, pneumococcal conjugate vaccine candidates. Vaxcyte is responsible for performing all research and development activities, and we provide technical support and supply XtractCF® and other materials to Vaxcyte. In June 2023, we entered into a purchase and sale agreement (the “Purchase Agreement”) with Blackstone, in which Blackstone acquired the right to receive our 4% revenue interest in Vaxcyte’s future products, including Vaxcyte’s pneumococcal conjugate vaccine, or PCV, products such as VAX-24 and VAX-31. As described further below, following agreement with Vaxcyte on the Form Definitive Agreement and upon effectiveness of an amendment to the licensing agreement, the revenue interest in the 4% royalty on potential future sales of Vaxcyte products other than Vaxcyte’s PCV products reverted to us. In November 2023, Vaxcyte exercised its option to access expanded rights to develop and manufacture cell-free extract for use in development and manufacture of its vaccine products, among certain other rights.

Since the commencement of our operations, we have devoted substantially all of our resources to performing research and development and manufacturing activities in support of our own product development efforts and those of our collaborators, raising capital to support and expand such activities and providing general and administrative support for these operations. We have funded our operations to date primarily from upfront, milestone and other payments under our collaboration agreements with BMS, Merck, Astellas, EMD Serono, Vaxcyte, Ipsen, BioNova, and Tasly, the issuance and sale of redeemable convertible preferred stock, our initial public offering, or IPO, follow-on public and other offerings of common stock, sales of our common stock through our ATM Facility, debt financing, and the royalty monetization agreement with Blackstone.

We do not have any products approved for commercial sale and have not generated any revenue from commercial product sales. We had a loss from operations of $56.6 million and a net loss of $58.2 million for the three months ended March 31, 2024, which net loss included the non-operating, unrealized gain of $3.7 million related to our holdings of Vaxcyte common stock. We had a loss from operations of $54.9 million and net loss of $50.0 million, which net loss included the non-operating, unrealized loss of $7.0 million related to our holdings of Vaxcyte common stock, for the three months ended March 31, 2023. Substantially all of our losses have resulted from expenses incurred in connection with our research and development programs and from general and administrative costs associated with our operations. We cannot assure you that we will have net income or that we will generate positive cash flow from operating activities in the future. As of March 31, 2024, we had an accumulated deficit of $617.6 million. We do not expect to generate any revenue from commercial product sales unless and until we successfully complete development and obtain regulatory approval for one or more of our product candidates, which we expect will take a number of years. If we obtain regulatory approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, access, marketing, manufacturing and distribution. Our operating expenses would significantly increase due to continued activities to develop, and seek regulatory approvals for, our product candidates, engage in other research and development activities, expand our pipeline of product candidates, continue to develop our manufacturing facility and capabilities, maintain and expand our intellectual property portfolio, seek regulatory and marketing approval for any product candidates

that we may develop, acquire or in-license other assets or technologies, ultimately establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval, and operate as a public company. Current capital market conditions provide a challenging financing environment. In this context, we are continuing our process of evaluating our programs and spending. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our clinical trials, our expenditures on other research and development activities and the timing of achievement and receipt of upfront, milestones and other collaboration agreement payments.

Financial Operations Overview

Revenue

We do not have any products approved for commercial sale and have not generated any revenue from commercial product sales. Our total revenue to date has been generated principally from our collaboration and license agreements with BMS, Merck, Astellas, Vaxcyte, and Tasly, and to a lesser extent, from manufacturing, supply and services and materials we provide to the above collaborators.

We derive revenue from collaboration arrangements, under which we may grant licenses to our collaboration partners to further develop and commercialize our proprietary product candidates. We may also perform research and development activities under the collaboration agreements. Consideration under these contracts generally includes a nonrefundable upfront payment, development, regulatory and commercial milestones and other contingent payments, and royalties based on net sales of approved products. Additionally, the collaborations may provide options for the customer to acquire from us materials and reagents, clinical product supply, or additional research and development services under separate agreements. We assess which activities in the collaboration agreements are considered distinct performance obligations that should be accounted for separately. We develop assumptions that require judgement to determine whether the license to our intellectual property is distinct from the research and development services or participation in activities under the collaboration agreements.

At the inception of each agreement, we determine the arrangement transaction price, which includes variable consideration, based on the assessment of the probability of achievement of future milestones and contingent payments and other potential consideration. We recognize revenue over time by measuring our progress towards the complete satisfaction of the relevant performance obligation using an appropriate input or output method based on the nature of the service promised to the customer.

For arrangements that include multiple performance obligations, we allocate the transaction price to the identified performance obligations based on the standalone selling price, or SSP, of each distinct performance obligation. In instances where SSP is not directly observable, we develop assumptions that require judgment to determine the SSP for each performance obligation identified in the contract. These key assumptions may include full-time equivalent, or FTE, personnel effort, estimated costs, discount rates and probabilities of clinical development and regulatory success.

Operating Expenses

Research and Development

Research and development expenses represent costs incurred in performing research, development and manufacturing activities in support of our own product development efforts and those of our collaborators, and include salaries, employee benefits, stock-based compensation, laboratory supplies, outsourced research and development expenses, professional services, and allocated facilities and IT-related costs. We expense both internal and external research and development costs as they are incurred. Nonrefundable advance payments for services that will be used or rendered for future research and development activities are recorded as prepaid expenses and recognized as expenses as the related services are performed.

Our research and development expenses would increase in the future due to continued activities to advance our product candidates into and through preclinical studies and clinical trials, pursue regulatory approval of our product candidates, expand our pipeline of product candidates, and continue to develop our manufacturing facility and capabilities. The process of conducting the necessary preclinical and clinical research to obtain regulatory approval is costly and time consuming. The actual probability of success for our product candidates may be affected by a variety of factors including: the safety and efficacy of our product candidates, early clinical data, investment in our clinical programs, the ability of collaborators to successfully develop our licensed product candidates, competition, manufacturing capability and commercial viability. We may never succeed in achieving regulatory approval for any of our product candidates. As a result of the uncertainties discussed above, we are unable to determine the duration and completion costs of our research and development projects or when and to what extent we will generate revenue from the commercialization and sale of our product candidates.

The following table summarizes our research and development expenses incurred during the indicated periods. The internal costs include personnel, facility costs and research and scientific related activities associated with our pipeline. The external program costs reflect external costs attributable to our clinical development candidates and preclinical candidates selected for further development. Such expenses include third-party costs for preclinical and clinical studies and research, development and manufacturing services, and other consulting costs.

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Internal costs:		
Research and drug discovery	$ 10,206	$ 8,969
Process and product development	6,299	5,028
Manufacturing	12,364	12,175
Clinical development	3,733	2,933
Total internal costs	32,602	29,105
External Program Costs:		
Research and drug discovery	541	312
Process and product development	338	504
Manufacturing	15,610	4,711
Clinical development	7,787	4,767
Total external program costs	24,276	10,294
Total research and development expenses	$ 56,878	$ 39,399

General and Administrative

Our general and administrative expenses consist primarily of personnel costs, expenses for outside professional services, including legal, human resources, audit, accounting and tax services and allocated facilities-related costs. Personnel costs include salaries, employee benefits and stock-based compensation. We expect to incur expenses operating as a public company, including expenses related to compliance with the rules and regulations of the SEC and listing standards applicable to companies listed on the Nasdaq Global Market, additional insurance expenses, investor relations activities and other administrative and professional services. The size of our administrative function and our general and administrative expenses to support the anticipated growth of our business would increase as we continue to advance our product candidates into and through the clinic.

Interest Income

Interest income consists primarily of interest earned on our invested funds.

Unrealized Gain (Loss) on Equity Securities

Unrealized gain (loss) on equity securities consists of the remeasurement of our investment in Vaxcyte common stock.

Non-cash interest expense related to the sale of future royalties

Non-cash interest expense related to the sale of future Vaxcyte royalties represents the imputed interest expense on our deferred royalty obligation related to the sale of future Vaxcyte royalties pursuant to the Purchase Agreement, using the effective interest method. As further described in the interim condensed financial statements Note 8. Deferred Royalty Obligation Related to the Sale of Future Royalties, in June 2023, we entered into the Purchase Agreement with Blackstone, pursuant to which we sold to Blackstone our 4% royalty, or revenue interest, in the potential future net sales of Vaxcyte's PCV products, such as VAX-24 and VAX-31.

Non-cash interest expense will be recognized over the estimated life of the royalty term arrangement using the effective interest method based on the imputed interest rate derived from estimated amounts and timing of potential future royalty payments to be earned and received by Blackstone from Vaxcyte under the 2015 License Agreement.

Interest and Other Income (Expense), Net

Interest expense includes interest incurred on our debt and amortization of debt issuance costs, including accretion of the final payment. Additionally, we identified a financing component under the Astellas Agreement and recorded interest expense associated with the upfront payment. Other income (expense) includes realized gain (loss) on the equity securities.

Comparison of the Three Months Ended March 31, 2024 and 2023

	Three Months Ended March 31,			
	2024	2023	Change	Change (%)
	(in thousands)			
Revenues	$ 13,008	$ 12,674	$ 334	3%
Operating expenses				
Research and development	56,878	39,399	17,479	44%
General and administrative	12,721	15,512	(2,791)	(18)%
Total operating expenses	69,599	54,911	14,688	27%
Loss from operations	(56,591)	(42,237)	(14,354)	34%
Interest income	4,096	2,560	1,536	60%
Unrealized gain (loss) on equity securities	3,679	(6,992)	10,671	(153)%
Non-cash interest expense related to the sale of future royalties	(7,184)	-	(7,184)	*
Interest and other income (expense), net	(2,213)	(2,986)	773	(26)%
Loss before provision for income taxes	(58,213)	(49,655)	(8,558)	17%
Provision for income taxes	-	395	(395)	(100)%
Net loss	$ (58,213)	$ (50,050)	$ (8,163)	16%

*Percentage not meaningful

Revenue

We have recognized revenue as follows during the indicated periods:

	Three Months Ended March 31,			
	2024	2023	Change	Change (%)
	(in thousands)			
Merck Sharp & Dohme Corporation (“Merck”)	$ 6	$ 2,553	$ (2,547)	(100)%
Astellas Pharma Inc. (“Astellas”)	11,385	6,272	5,113	82%
Tasly Biopharmaceuticals Co., Ltd. (“Tasly”)	970	-	970	*
Vaxcyte, Inc. ("Vaxcyte")	647	675	(28)	(4)%
Bristol Myers Squibb Company (“BMS”)	-	3,166	(3,166)	(100)%
Merck KGaA, Darmstadt, Germany (operating in the United States and Canada under the name “EMD Serono”)	-	8	(8)	(100)%
Total revenue	$ 13,008	$ 12,674	$ 334	3%

*Percentage not meaningful

Total revenue increased by $0.3 million during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. This was primarily due to a $5.1 million increase from Astellas, of which $4.7 million was from the ongoing performance related to partially unsatisfied performance obligations, $0.5 million was from research and development services, and $0.4 million was from materials supply, which was partially offset by a $0.4 million decrease from the financing component related to the Astellas Agreement, and a $1.0 million increase in Tasly revenue primarily due to an increase in clinical product supply under the 2023 Tasly Supply Agreement. These increases were partially offset by a $3.2 million combined decrease in BMS and EMD Serono revenue due to their decisions to end clinical development of CC-99712 and M1231, respectively, in 2023, and a $2.5 million decrease in Merck revenue primarily due to a $2.4 million decrease in manufacturing activities supporting clinical trial supply, and a $0.1 million decrease in research and development activities.

Research and Development Expense

Research and development expense increased by $17.5 million, or 44%, during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. The overall increase was due primarily to increases of $11.8 million in outside services mainly due to increased CMO-related activities, $2.7 million in facilities expenses, alongside the allocation of IT-related expenses, which commenced in 2024, $2.2 million in preclinical research and clinical development expenses, $1.7 million in personnel related expenses due to higher headcount, and $0.8 million in equipment and office-related expenses, partially offset by a decrease of $1.7 million in laboratory supplies.

General and Administrative Expense

General and administrative expense decreased by $2.8 million, or 18%, during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. The overall decrease was due primarily to decreases of $2.5 million in allocated IT-related expenses beginning in 2024 and $1.1 million in personnel related expenses, partially offset by increases of $0.5 million in outside services, $0.2 million in equipment and office-related expenses, and $0.1 million in allocated facilities-related expenses.

Interest Income

Interest income increased by $1.5 million during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, due primarily to higher average investment balances and higher average rates of return in 2024.

Unrealized Gain (Loss) on Equity Securities

Unrealized gain on equity securities was $3.7 million during the three months ended March 31, 2024, as compared to an unrealized loss of $7.0 million for the three months ended March 31, 2023. The unrealized gain (loss) on equity securities in each period was entirely due to the remeasurement of the fair value of our investment in Vaxcyte common stock.

Non-cash Interest Expense related to the Sale of Future Royalties

Non-cash interest expense increased by $7.2 million during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. Non-cash interest expense was recognized on our deferred royalty obligation related to the June 2023 sale of future Vaxcyte royalties pursuant to the Purchase Agreement, using the effective interest method based on the imputed interest rate derived from estimated amounts and timing of potential future royalty payments to be earned and received by Blackstone from Vaxcyte under the 2015 License Agreement. No non-cash interest expense was recorded during the three months ended March 31, 2023.

Interest and Other Income (Expense), Net

Interest and other income (expense), net, decreased by $0.8 million during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily due to decreases of $0.4 million in interest incurred on our outstanding loan and $0.4 million from the financing component related to the Astellas Agreement.

Liquidity and Capital Resources

Sources of Liquidity

To date, we have incurred significant net losses, and negative cash flows from operations. Our operations have been funded primarily by payments received from our collaborators, and net proceeds from equity sales, debt, and a royalty monetization. As of March 31, 2024, we had cash, cash equivalents and marketable securities of $267.6 million, equity securities of $45.6 million, and an accumulated deficit of $617.6 million, which amounts do not include any proceeds under the Ipsen License Agreement or the Underwritten Offering described below.

Ipsen Agreement

In March 2024, we and Ipsen Pharma SAS (“Ipsen”) entered into an Exclusive License Agreement (the “Ipsen License Agreement”) pursuant to which we licensed to Ipsen, on an exclusive basis, the right to research, develop, manufacture and commercialize STRO-003.

In consideration for the rights and licenses granted by us to Ipsen in the Ipsen License Agreement, Ipsen (i) paid us an upfront license fee in the amount of $50.0 million in April 2024 and (ii) Ipsen Biopharmaceuticals, Inc. (USA) ("Ipsen USA") purchased 4,827,373 shares of our common stock for $25.0 million, at a price of $5.18 per share, representing a 17% premium to the volume weighted average price ("VWAP") of our common stock for the twenty trading day period prior to the parties' execution of the Ipsen License Agreement, in accordance with the terms set forth in a certain investment agreement by and between us and the Ipsen USA dated March 29, 2024 (the "Ipsen Investment Agreement").

Further, pursuant to the Ipsen License Agreement, upon the occurrence of a specified developmental milestone according to a specified timetable, we will receive a payment of up to $7.0 million and Ipsen is obligated to purchase up to an additional $10.0 million in shares of our common stock at a price per share representing a 17% premium to the VWAP of our common stock for the twenty trading day period prior to such milestone achievement, in accordance with the terms set forth in the Ipsen Investment Agreement. We are also eligible to receive up to an additional $447.0 million in developmental and regulatory milestones, assuming multiple indications, and up to $360.0 million in sales milestones, as well as tiered royalty payments ranging from low double-digit to mid-teen digit percentages of annual net sales of STRO-003, subject to certain adjustments specified in the Ipsen License Agreement.

The royalty payment obligations under the Ipsen License Agreement expire on a country-by-country basis no earlier than ten years following the first commercial sale of STRO-003 in the applicable country. Ipsen may terminate the Ipsen License Agreement for convenience with sixty calendar days prior written notice or for certain other specified reasons. We may terminate the Ipsen License Agreement if Ipsen or any of its Affiliates challenge the validity of any patents controlled by us that are licensed under the agreement. Both Ipsen and we may terminate the Ipsen License Agreement (i) for material breach by the other party and a failure to cure such breach within the time period specified in the Ipsen License Agreement or (ii) the other party's bankruptcy event.

Underwritten Offering

In April 2024, we closed an underwritten offering with BofA Securities, Inc., pursuant to which we issued and sold 14,478,764 shares of our common stock at an offering price of $5.18 per share. The gross proceeds from these sales were approximately $75.0 million, before deducting fees and offering expenses.

At-The-Market Sales

We did not issue any shares under the ATM during the three months ended March 31, 2024.

Leases

In June 2021, we entered into a third amendment, or Third Amendment, to our manufacturing facility lease, dated May 18, 2011, as amended, by and between Alemany Plaza LLC, located at San Carlos, California, or San Carlos Lease, as an extension to the term of the San Carlos Lease for a period of five years, or the Lease Extension Period. Pursuant to the Third Amendment, the San Carlos Lease will expire on July 31, 2026, and it includes an option to renew the San Carlos Lease for an additional five years. The aggregate estimated base rent payments due over the Lease Extension Period is approximately $4.2 million, subject to certain terms contained in the San Carlos Lease.

In June 2021, we entered into a first amendment, or First Amendment, to our manufacturing facility lease, dated March 4, 2015, as amended, by and between 870 Industrial Road LLC, located at San Carlos, California, or the Industrial Lease, as an extension to the term of the Industrial Lease for a period of five years, or the Industrial Lease Extension Period. Pursuant to the first Amendment, the Industrial Lease will expire on June 30, 2026, and it includes an option to renew the Industrial Lease for an additional five years. The aggregate estimated base rent payments due over the Industrial Lease Extension Period is approximately $4.3 million, subject to certain terms contained in the Industrial Lease.

In September 2020, we entered into a sublease agreement, or the Sublease with Five Prime Therapeutics, Inc., or the Sublessor, for approximately 115,466 square feet, in a building located in South San Francisco, California, or the Premises. We use the Premises as our corporate headquarters and to conduct (or expand) research and development activities. We commenced making monthly payments for the first 85,755 square feet of the Premises, or Initial Premises, in July 2021, with occupancy of such space commencing in August 2021. We were provided early access to the Initial Premises in the fourth quarter of 2020 to conduct certain planning and tenant improvement work. The Sublease is subordinate to the lease agreement, effective December 12, 2016, between the Sublessor and HCP Oyster Point III LLC, or the Landlord. We commenced using the remaining 29,711 square feet of the Premises, or the Expansion Premises, on July 1, 2023 under the sublease agreement. The Sublease for both the Initial Premises and Expansion Premises will expire on December 31, 2027. With a commencement date on the Initial Premises of July 1, 2021, and Expansion Premises of July 1, 2023, the aggregate estimated base rent payments due over the term of the Sublease are approximately $39.1 million, including the approximately $5.2 million in potential financial benefit to us of base rent abatement to be provided by the Sublessor, subject to certain terms contained in the Sublease. The Sublease contains

customary provisions requiring us to pay our pro rata share of utilities and a portion of the operating expenses and certain taxes, assessments and fees of the Premises and provisions allowing the Sublessor to terminate the Sublease upon the termination of the lease with the Landlord or if we fail to remedy a breach of certain of our obligations within specified time periods. Additionally, we posted a security deposit of $0.9 million, which is reflected as restricted cash in non-current assets on our Balance Sheets as of March 31, 2024 and December 31, 2023.

Funding Requirements

Based upon our current operating plan, we believe that our existing capital resources will enable us to fund our operating expenses and capital expenditure requirements through at least the next twelve months after the date of this filing. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. We will continue to require additional financing to advance our current product candidates into and through clinical development, to develop, acquire or in-license other potential product candidates, pay our obligations and to fund operations for the foreseeable future.

We may seek to raise any necessary additional capital through a combination of public or private equity offerings, debt financings, collaborations, strategic alliances, licensing arrangements, marketing and distribution arrangements, royalty monetizations, or other sources of financing. Adequate additional funding may not be available to us on acceptable terms, or at all. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies, and may cause us to delay, reduce the scope of or suspend one or more of our pre-clinical and clinical studies, research and development programs or commercialization efforts, and may necessitate us to delay, reduce or terminate planned activities in order to reduce costs. Due to the numerous risks and uncertainties associated with the development and commercialization of our product candidates and the extent to which we may enter into additional collaborations with third parties to participate in their development and commercialization, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical studies.

To the extent we raise additional capital through new collaborations, strategic alliances, or licensing arrangements with third parties, we may have to relinquish valuable rights to our product candidates, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. If we do raise additional capital through public or private equity or convertible debt offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends.

Cash Flows

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

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Net cash used in operating activities	$ (64,741)	$ (60,991)
Net cash provided by investing activities	64,105	67,451
Net cash (used in) provided by financing activities	(3,429)	8,758
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (4,065)	$ 15,218

Cash Flows from Operating Activities

Cash used in operating activities for the three months ended March 31, 2024 was $64.7 million. Our net loss of $58.2 million included non-cash charges of $7.2 million for non-cash interest expense on our deferred royalty obligation, $6.1 million for stock-based compensation, $3.7 million for the unrealized gain on equity securities as a result of the remeasurement of the estimated fair value of our investment in Vaxcyte common stock, $2.7 million for the accretion of discount on marketable securities, $1.8 million for depreciation and amortization, and $1.2 million for non-cash lease expense. Cash used in operating activities also reflected a net change in operating assets and liabilities of $16.6 million, due to a decrease of $7.2 million in deferred revenue from revenue recognized under our collaboration agreements, decrease of $7.6 million in accrued compensation expense primarily due to bonuses paid in 2024 in connection with certain company 2023 goal achievements, a decrease of $2.7 million in accounts payable, accrued expenses and other liabilities due to timing of payments, an increase of $2.4 million in prepaid expenses and other assets, and a decrease of $1.5 million in our operating lease liability, which was partially offset by a decrease of $4.8 million in accounts receivable from our collaborators.

Cash used in operating activities for the three months ended March 31, 2023 was $61.0 million. Our net loss of $50.1 million included non-cash charges of $7.0 million for the unrealized loss on equity securities as a result of the remeasurement of the estimated fair value of our investment in Vaxcyte common stock, $6.0 million for stock-based compensation, $1.8 million for the accretion of discount on marketable securities, $1.6 million for depreciation and amortization, and $0.6 million for noncash lease expense. Cash used in operating activities also reflected a net change in operating assets and liabilities of $24.4 million, due to an increase of $7.4 million in prepaid expenses and other assets, a decrease of $6.8 million in accrued compensation expense primarily due to bonuses paid in 2023 in connection with certain company 2022 goal achievements, a decrease of $4.4 million in deferred revenue from revenue recognized under our collaboration agreements, an increase of $2.8 million in accounts receivable from our collaborators, a decrease of $2.2 million in accounts payable and other liabilities due to timing of payments, and a decrease of $0.8 million in our operating lease liability.

Cash Flows from Investing Activities

Cash provided by investing activities of $64.1 million for the three months ended March 31, 2024 was primarily related to maturities and sales of marketable securities of $199.5 million, partially offset by purchases of marketable securities of $135.0 million, and purchases of property and equipment of $0.4 million, principally for laboratory equipment.

Cash provided by investing activities of $67.5 million for the three months ended March 31, 2023 was primarily related to maturities and sales of marketable securities of $121.2 million, partially offset by purchases of marketable securities of $52.8 million, and purchases of property and equipment of $0.9 million, principally for laboratory equipment.

Cash Flows from Financing Activities

Cash used in financing activities of $3.4 million for the three months ended March 31, 2024 was primarily related to a debt repayment of $4.1 million, and a $0.4 million tax payment related to the net shares settlement of vested restricted stock units, partially offset by a $0.9 million of net proceeds received from participants in our employee equity plans, and $0.1 million of proceeds received from the exercise of common stock options.

Cash provided by financing activities of $8.8 million for the three months ended March 31, 2023 was primarily related to $10.9 million of net proceeds from our ATM Facility sales of common stock, $1.1 million of net proceeds received from participants in our employee equity plans and $0.3 million of proceeds received from the exercise of common stock options, partially offset by debt repayment of $3.1 million and a $0.5 million tax payment related to the net shares settlement of vested restricted stock units.

Contractual Obligations and Other Commitments

In addition to the contractual obligations and commitments as noted above and elsewhere in this Quarterly Report on Form 10-Q with regards to the leases and term loans, we enter into agreements in the normal course of business, including with contract research organizations for clinical trials, contract manufacturing organizations for certain manufacturing services, and vendors for preclinical studies and other services and products for operating purposes, which are generally cancelable upon written notice.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with United States generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue generated, and 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.

There have been no material changes to our critical accounting policies and estimates discussed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Recent Accounting Pronouncements

See Note 2 to our financial statements included elsewhere in this report for more information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities. The primary objective of our investment activities is to preserve our capital to fund our operations. We also seek to maximize income from our investments without assuming significant risk. To achieve our objectives, we maintain a portfolio of cash equivalents and investments in a variety of securities of high credit quality.

We had cash, cash equivalents and marketable securities of $267.6 million and $333.7 million as of March 31, 2024 and December 31, 2023, respectively, which consisted primarily of money market funds, commercial paper, corporate debt securities, asset-based securities, U.S. government securities, and U.S. agency securities. Such interest earning instruments carry a degree of interest rate risk; however, historical fluctuations in interest income have not been significant. Additionally, we had equity securities of $45.6 million as of March 31, 2024, consisting solely of common stock of Vaxcyte.

Equity risk is the risk we will incur economic losses due to adverse changes in equity prices. Our potential exposure to changes in equity prices results from our Vaxcyte common stock holdings. Therefore, we are subject to market risk if such holdings materially decrease in value. A hypothetical 10 percent decrease in the market price for our equity investments as of March 31, 2024 would decrease the fair value of such investments by $4.6 million. We intend to manage equity risk going forward by continuously evaluating market conditions.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. We have not been exposed nor do we anticipate being exposed to material risks due to changes in interest rates. A hypothetical 10% change in market interest rates would not have a material impact on our financial statements. We do not believe that our cash, cash equivalents or marketable securities have a significant risk of default or illiquidity.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of March 31, 2024, management, with the participation of our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), performed an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act 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. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2024, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, in the opinion of management, would have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity and reputational harm, and other factors.

Item 1A. *Risk Factors*

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before making your decision to invest in shares of our common stock, you should carefully consider the risks described below, together with the other information contained in this Quarterly Report on Form 10-Q, including our interim condensed financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. We cannot assure you that any of the events discussed below will not occur. These events could have a material and adverse impact on our business, financial condition, results of operations and prospects. If that were to happen, the trading price of our common stock could decline, and you could lose all or part of your investment.

Summary of Risk Factors

Our business is subject to a number of risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this summary. Some of these risks include:

- We have a history of significant losses and may never achieve or maintain profitability.
- We will need substantial additional funds to advance development of our product candidates and failure to obtain sufficient funding may force us to delay, limit or terminate our product development programs, commercialization efforts or other operations. We may have difficulties accessing the required additional capital on reasonable, or even any, terms to continue our product and platform development or other operations, and may have to make difficult prioritization decisions regarding development and potential partnering of our clinical and preclinical product candidates.
- Our product candidates are in development and may fail, be impacted by competitive products or suffer delays that materially and adversely affect their commercial viability.
- Our business is dependent on the success of our product candidates, including Iuvelta, which is generated from our proprietary XpressCF® and XpressCF+® platforms.
- If we do not achieve our development goals in the timeframes we anticipate and project, the commercialization of our products may be delayed and, as a result, our stock price may decline.
- Our approach to the discovery and development of our therapeutic treatments is based on novel technologies that are unproven and may not result in marketable products.
- We depend on our information technology systems, and any failure of these systems, or those of our CROs, third-party vendors, or other contractors or consultants we may utilize, could harm our business. Security breaches, cyber-attacks, loss of data, and other disruptions could compromise sensitive information related to our business or other personal information or prevent us from accessing critical information and expose us to liability, which could adversely affect our business, reputation, results of operations, financial condition and prospects.
- Our information technology systems could face serious disruptions that could adversely affect our business.

•Our failure to comply with privacy and data protection laws or to adequately secure the personal information we hold could result in significant liability or reputational harm and, in turn, a material adverse effect on our client base, member base and revenue.

•If our collaborations with third parties to develop and commercialize certain product candidates are not successful, we may not be able to capitalize on the market potential of our XpressCF® and XpressCF+® platforms and the product candidates.

•Our inability to manufacture sufficient quantities of our product candidates or such materials, or the loss of our third-party suppliers, or our or their failure to comply with applicable regulatory requirements or to supply sufficient quantities at acceptable quality levels or prices, or at all, would materially and adversely affect our business.

•We face competition from entities that have developed or may develop product candidates for cancer, including companies developing novel treatments and technology platforms. If these companies develop technologies or product candidates more rapidly than we do or their technologies are more effective, our ability to develop and successfully commercialize product candidates may be adversely affected.

•If we are not able to obtain and enforce patent protection for our technologies or product candidates, development and commercialization of our product candidates may be adversely affected.

•Our collaborators may fail to abide by the terms of the agreements with us, which would require us to seek to enforce our agreements in accordance with the dispute resolution procedures set forth therein. These procedures may require us to engage in litigation or arbitration to enforce our rights, which can be expensive, time-consuming, and distracting to our management and Board of Directors and that may ultimately end up being unsuccessful.

•If we are unable to develop, obtain regulatory approval for or commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed. Changes in regulatory policy may render our strategies for obtaining regulatory approval less effective or completely ineffective, preventing us from obtaining regulatory approval for our product candidates on time or at all.

Risks Related to Our Business

We are a clinical stage biopharmaceutical company with no products approved for commercial sale. We have a history of significant losses, expect to continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability, which could result in a decline in the market value of our common stock.

We are a clinical stage biopharmaceutical company. Biotechnology product development is a highly speculative undertaking and involves a substantial degree of risk.

To date, we have no products approved for commercial sale, have not generated any revenue from commercial product sales and, as of March 31, 2024, had an accumulated deficit of $617.6 million. For the three months ended March 31, 2024 and the year ended December 31, 2023, our net loss was $58.2 million and $106.8 million, respectively. Substantially all of our losses have resulted from expenses incurred in connection with our research and development programs and from general and administrative costs associated with our operations. In addition, our expenses could increase beyond expectations if we are required by the FDA, or foreign regulatory agencies, to perform studies or clinical trials in addition to those studies and clinical trials that we currently anticipate conducting for our product candidates, or if there are any delays in our or our partners completing clinical trials or the development of any of our product candidates. Our technologies and product candidates are in varying stages of development, and we are subject to the risks of failure inherent in the development of product candidates based on novel technologies. In addition, we have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the biotechnology industry. Furthermore, we do not expect to generate any revenue from commercial product sales for the foreseeable future, and we expect to continue to incur significant operating losses for the foreseeable future due to the cost of research and development, preclinical studies and clinical trials and the regulatory approval process for our product candidates and manufacturing clinical and early commercial supply of our product candidates. We expect our net losses to increase substantially as we progress further into clinical development of our lead programs and create additional infrastructure to support operations as a public company. However, the amount of our future losses is uncertain. We may never generate revenues from the commercial sale of our or our collaborators' products. Our ability to achieve profitability, if ever, will depend on, among other things,

our, or our existing or future collaborators', successful development of product candidates, evaluating the related commercial opportunities, obtaining regulatory approvals to market and commercialize product candidates, manufacturing any approved products on commercially reasonable terms, establishing a sales and marketing organization or suitable third-party alternatives for any approved product, and raising sufficient funds to finance business activities. If we, or our existing or future collaborators, are unable to develop our technologies and commercialize one or more of our product candidates or if sales revenue from any product candidate that receives approval is insufficient, we will not achieve profitability, which could have a material and adverse effect on our business, financial condition, results of operations and prospects. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods.

We will need substantial additional funds to advance development of our product candidates and failure to obtain sufficient funding may force us to delay, limit or terminate our product development programs, commercialization efforts or other operations. We may have difficulty accessing additional capital on reasonable, or even any, terms to continue our product and platform development or other operations and may have to make difficult prioritization decisions regarding development and potential partnering of our clinical and preclinical product candidates.

The development of biopharmaceutical product candidates is capital-intensive. As our product candidates advance through preclinical studies and clinical trials, we will need substantial additional funds to expand our development, regulatory, manufacturing, marketing and sales capabilities. We have used substantial funds to develop our technology and product candidates and will require significant funds to conduct further research and development and preclinical testing and clinical trials of our product candidates, to seek regulatory approvals for our product candidates, to manufacture extract and products, if any, which may be approved for commercial sale, to establish marketing and sales capabilities to commercialize our product candidates, and to provide support to our collaborators in the development of their products. In addition, we expect to continue to incur additional costs associated with operating as a public company.

Since our inception, we have invested a significant portion of our efforts and financial resources in research and development activities for our clinical-stage product candidates and the development of our technology platform, including our in-house manufacturing capabilities. Clinical trials for our product candidates have required substantial funds to date and will continue to require substantial funds to complete. As of March 31, 2024, we had $267.6 million in cash, cash equivalents and marketable securities. We expect to incur substantial expenditures in the foreseeable future as we seek to advance multiple product candidates through clinical development, manufacturing, the regulatory approval process and, if approved, commercial launch activities, as well as in connection with the continued development of our technology platform and manufacturing capabilities. Based on our current operating plan, we believe that our available cash, cash equivalents and marketable securities will be sufficient to fund our operations through at least the next 12 months. However, our future capital requirements and the period for which we expect our existing resources to support our operations may vary significantly from what we expect, and we may need to seek additional funds sooner than planned. Our monthly spending levels vary based on new and ongoing research and development and other corporate activities. Because the length of time and activities associated with successful research and development of our product candidates is highly uncertain, we are unable to estimate the actual funds we will require for development and any marketing and commercialization activities for approved products. For example, the timing and amount of our operating expenditures will depend largely on:

- the timing, progress and results of preclinical and worldwide clinical development activities;
- the costs associated with the development of our internal manufacturing and research and development facilities and processes;
- the number and scope of preclinical and clinical programs we decide to pursue;
- the progress of the development efforts of parties with whom we have entered or may in the future enter into collaborations and research and development agreements;
- the timing and amount of milestone and other payments we may receive under our collaboration and/or research and development agreements;
- our ability to establish and maintain collaborations, strategic partnerships or marketing, distribution, licensing or other strategic arrangements with third parties on favorable terms, if at all;

•our ability to achieve sufficient market acceptance, adequate coverage and reimbursement from third-party payors and adequate market share and revenue for any approved product candidates;

•the costs involved in prosecuting, defending and enforcing patent and other intellectual property claims;

•the costs of manufacturing our product candidates and those of our collaborators using our proprietary XpressCF® and XpressCF+® platforms;

•the cost and timing of regulatory approvals;

•the cost of commercialization activities if our product candidates or any future product candidates are approved for sale, including marketing, sales and distribution costs;

•our efforts to enhance operational systems and hire and retain key personnel, including personnel to support development of our product candidates and satisfy our obligations as a public company; and

•general economic, industry and market conditions, including market volatility, high levels of inflation, changes in interest rates, uncertainty with respect to the federal debt ceiling and budget and potential government shutdowns related thereto.

If we are unable to obtain funding on a timely basis or on acceptable terms, we may have to delay, reduce or terminate our research and development programs and preclinical studies or clinical trials, limit strategic opportunities or undergo reductions in our workforce or other corporate restructuring activities. We also could be required to seek funds through arrangements with collaborators or others that may require us to relinquish rights to some of our technologies or product candidates that we would otherwise pursue on our own. We cannot provide assurance that anticipated collaborator payments will, in fact, be received. We do not expect to realize revenue from sales of commercial products or royalties from licensed products in the foreseeable future, if at all, and, in no event, before our product candidates are clinically tested, approved for commercialization and successfully marketed. To date, we have primarily financed our operations through payments received under our collaboration and other associated agreements, the sale of equity securities, debt financing and a royalty monetization agreement. We will be required to seek additional funding in the future and currently intend to do so through additional collaborations and/or licensing agreements, public or private equity offerings or debt financings, credit or loan facilities, royalty monetization or a combination of one or more of these funding sources. Additional funds may not be available to us on acceptable terms or at all.

If we raise additional funds by issuing equity securities, our stockholders will suffer dilution and the terms of any financing may adversely affect the rights of our stockholders. If we raise additional funds through licensing or collaboration arrangements with third parties, we may have to relinquish valuable rights to our product candidates, or grant licenses on terms that are not favorable to us. In addition, as a condition to providing additional funds to us, future investors may demand, and may be granted, rights superior to those of existing stockholders. Any future debt financings, if available, are likely to 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. Failure to obtain capital when needed on acceptable terms may force us to delay, limit or terminate our product development and commercialization of our current or future product candidates, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our product candidates are in varying development stages and may fail in development or be impacted by competitive products or suffer delays that materially and adversely affect their commercial viability. If we or our collaborators are unable to complete development of or commercialize our product candidates or experience significant delays in doing so, our business will be materially harmed.

We have no products on the market and all of our product candidates for cancer therapy are in clinical development. Our most advanced product candidate, luvelta, is being evaluated in REFRαME-O1, a Phase 2/3 pivotal trial for treatment of women with platinum resistant ovarian cancer, as well as in additional clinical studies underway, including for treatment of women with endometrial cancer and children with pediatric AML. Additionally, we have programs that are being evaluated by partners in clinical trials and by us in earlier stages of discovery and preclinical development and may never advance to clinical-stage development. Our ability to achieve and sustain profitability depends on obtaining regulatory approvals for and successfully commercializing our product candidates, either alone or with third parties, and we cannot guarantee you that we will ever obtain regulatory approval for any of our product candidates. We have limited experience

in conducting and managing the clinical trials necessary to obtain regulatory approvals, including approval by the FDA. Before obtaining regulatory approval for the commercial distribution of our product candidates, we or an existing or future collaborator must conduct extensive preclinical tests and clinical trials to demonstrate the safety and efficacy in humans of our product candidates.

We may not have the financial resources to continue development of, or to modify existing or enter into new collaborations for, a product candidate if we experience any issues that delay or prevent regulatory approval of, or our ability to commercialize, product candidates, including:

- negative or inconclusive results from our clinical trials or the clinical trials of others for product candidates similar to ours, leading to a decision or requirement to conduct additional preclinical testing or clinical trials or abandon a program;
- product-related side effects experienced by patients in our clinical trials or by individuals using drugs or therapeutic biologics similar to our product candidates;
- difficulty achieving successful continued development, or transfer to third-parties, of our internal manufacturing processes, including process development and scale-up activities to supply products for preclinical studies, clinical trials and commercial sale;
- delays in submitting INDs or comparable foreign applications or delays or failures in obtaining the necessary approvals from regulators to commence a clinical trial, or a suspension or termination of a clinical trial once commenced;
- conditions imposed by the FDA or comparable foreign authorities regarding the scope or design of our clinical trials;
- delays in enrolling patients or high drop-out rates in our clinical trials;
- inadequate supply or quality of product candidate components or materials or other supplies necessary for the conduct of our clinical trials;
- inability to obtain alternative sources of supply for which we have a single source for product candidate components or materials;
- occurrence of epidemics, pandemics or contagious diseases and potential effects on our business, clinical trial sites, highly complex supply chain and manufacturing facilities;
- greater than anticipated costs of our clinical programs;
- harmful side effects or inability of our product candidates to meet efficacy endpoints during clinical trials, which can be unpredictable even in light of earlier non-clinical and clinical data;
- failure to demonstrate in our clinical trials a sufficient response rate or duration of response;
- failure to demonstrate a benefit-risk profile acceptable to the FDA or other regulatory agencies;
- unfavorable FDA or other regulatory agency inspection and review of one or more of our clinical trial sites or manufacturing facilities;
- failure of our third-party contractors or investigators to comply with regulatory requirements or otherwise meet their contractual obligations in a timely manner, or at all;
- delays and changes in regulatory requirements, policy and guidelines, including the imposition of additional regulatory oversight around clinical testing generally or with respect to our technology in particular; and
- varying interpretations of our data by the FDA and similar foreign regulatory agencies.

We or our collaborators' inability to complete development of or commercialize our product candidates or significant delays in doing so due to one or more of these factors, could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our business is dependent on the success of our product candidates, including luvelta, which is generated from our proprietary XpressCF® and XpressCF+® platforms. Existing and future preclinical studies and clinical trials of our product candidates may not be successful. If we are unable to commercialize our product candidates or experience significant delays in doing so, our business will be materially harmed.

We have invested a significant portion of our efforts and financial resources in the development of our proprietary XpressCF® and XpressCF+® platforms and our proprietary product candidates, luvelta, and STRO-004. Our ability to generate commercial product revenues, which we do not expect will occur for many years, if ever, will depend heavily on the successful development and eventual commercialization of our product candidates. We have not previously submitted a new drug application, or NDA, or a biologics license application, or BLA, to the FDA, or similar regulatory approval filings to comparable foreign authorities, for any product candidate, and we cannot be certain that our product candidates will be successful in clinical trials or receive regulatory approval. In addition, although we believe that our REFRαME-O1 Phase 2/3 pivotal trial of luvelta for the treatment of women with platinum resistant ovarian cancer will provide a sufficient dataset to support submission of a BLA to the FDA or equivalent to regulatory agencies, we cannot assure you that the FDA will agree with our conclusions or require data prior to approval. Further, our product candidates may not receive regulatory approval even if they are successful in clinical trials. If we do not receive regulatory approvals for our product candidates, we may not be able to continue our operations. Even if we successfully obtain regulatory approvals to market our product candidates, our revenues will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval and have commercial rights. If the markets for patient subsets that we are targeting are not as significant as we estimate, we may not generate significant revenues from sales of such products, if approved.

We plan to seek regulatory approval to commercialize our product candidates both in the United States and in selected foreign countries. While the scope of regulatory approvals generally is similar in other countries, in order to obtain separate regulatory approvals in other countries, we must comply with numerous and varying regulatory requirements of such countries regarding safety and efficacy. Other countries also have their own regulations governing, among other things, clinical trials and commercial sales, as well as pricing and distribution of our product candidates, and we may be required to expend significant resources to obtain regulatory approval and to comply with ongoing regulations in these jurisdictions.

The success of luvelta, STRO-004 and our other future proprietary product candidates will depend on many factors, including the following:

•successful enrollment of patients in, and the completion of, our clinical trials;

•receiving required regulatory approvals for the development and commercialization of our product candidates;

•establishing our commercial manufacturing capabilities or making arrangements with third-party manufacturers;

•establishing successful technology transfers and collaborations to develop our product candidates with licensees, including our licensees with rights to luvelta in Greater China;

•obtaining and maintaining patent, trademark and trade secret protection and non-patent exclusivity for our product candidates and their components;

•enforcing and defending our intellectual property rights and claims and avoiding or defending against intellectual property rights and claims from third parties;

•achieving desirable therapeutic properties for our product candidates' intended indications;

•launching commercial sales of our product candidates, if and when approved, whether alone or in collaboration with third parties;

•acceptance of our product candidates, if and when approved, by patients, the medical community and third-party payors;

•effectively competing with other therapies, including those that have not yet entered the market;

•maintaining an acceptable safety profile of our product candidates through clinical trials and following regulatory approval; and

•achieving commercially relevant success in the market post approval.

Many of these factors are out of our control and if we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our product candidates, which would materially harm our business, financial condition, results of operations and prospects.

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, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any new drugs or therapeutic biologics that may be approved for the indications being investigated by us. Furthermore, we expect to rely on our collaborators, CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials and, while we expect to enter into agreements governing their committed activities, we have limited influence over their actual performance.

We could encounter delays if prescribing physicians encounter unresolved ethical issues associated with enrolling patients in clinical trials of our product candidates in lieu of prescribing existing treatments that have established safety and efficacy profiles.

Additionally, we have in the past and may in the future create benchmark molecules for comparative purposes. For example, we have created a benchmark FolRα targeting antibody-drug conjugate, or ADC, using conventional technology that results in a heterogeneous ADC mixture. We have compared luvelta to this benchmark molecule in multiple preclinical models. We believe the results of these tests help us understand how the therapeutic index of luvelta compares to competitors' product candidates. However, we cannot be certain that any benchmark molecule that we create is the same as the molecule we are attempting to recreate, and the results of the tests comparing any such benchmark molecule to any other potential or current product candidate may be different than the actual results of a head-to-head test of any such other potential or current product candidate against a competitor molecule. Additional preclinical and clinical testing will be needed to evaluate the therapeutic index of our potential or current product candidates, and to understand their therapeutic potential relative to other product candidates in development. While we believe our ADCs may be superior to other investigative agents in development, without head-to-head comparative data, we will not be able to make claims of superiority to other products in our promotional materials, if our product candidates are approved.

If we do not achieve our projected development goals in the time frames we anticipate and project, the commercialization of our products may be delayed and our stock price may decline.

From time to time, we estimate the timing of the anticipated accomplishment of various scientific, clinical, regulatory, commercial and other product development goals, which we sometimes refer to as milestones. These milestones may include the commencement or completion of scientific 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 numerous assumptions. The actual timing of these milestones can vary dramatically compared to our estimates, in some cases for reasons beyond our control, such as health epidemics and pandemics, global instability and geopolitical conflicts within regions where our clinical trials are conducted. For example, we have opened a clinical trial site in Israel, which may face enrollment, operational or other difficulties due to conflicts within the region, including, for example, difficulties importing clinical study drug through Israeli customs, difficulties with patient enrollment, or difficulties with patients or medical personnel accessing appropriate medical facilities. In addition, we rely on third party vendors, contractors and consultants to provide services in connection with our clinical trials. If these third parties do not perform their services in a timely or workmanlike manner, our clinical studies may be delayed. If we do not meet these milestones as publicly announced, or at all, the commercialization of our products may be delayed or never achieved and, as a result, our stock price may decline.

Our approach to the discovery and development of our therapeutic treatments is based on novel technologies, including unprecedented Immunostimulatory Antibody Drug Conjugate, or iADC, and dual Antibody Drug Conjugates, or ADC^2 technology, that are unproven and may not result in marketable products.

We are developing a pipeline of product candidates using our proprietary XpressCF® and XpressCF+® platforms. We believe that product candidates identified with our product discovery platform may offer an improved therapeutic approach by taking advantage of precision design and rapid empirical optimization, thereby reducing the dose-limiting toxic effects associated with existing products. However, the scientific research that forms the basis of our efforts to develop product candidates based on our XpressCF® and XpressCF+® platforms is ongoing. Further, the scientific evidence to support the feasibility of developing therapeutic treatments based on our XpressCF® and XpressCF+® platforms is both preliminary and limited.

To date, our clinical stage product candidates have been tested in a limited number of clinical trial patients. We may ultimately discover that our XpressCF® and XpressCF+® platforms and any product candidates resulting therefrom do not possess certain properties required for therapeutic effectiveness. XpressCF® product candidates may also be unable to remain stable in the human body for the period of time required for the drug to reach the target tissue or they may trigger immune responses that inhibit the ability of the product candidate to reach the target tissue or that cause adverse side effects in humans. We currently have only limited data, and no conclusive evidence, to suggest that we can introduce these necessary properties into these product candidates derived from our XpressCF® and XpressCF+® platforms. We may spend substantial funds attempting to introduce these properties and may never succeed in doing so. In addition, product candidates based on our XpressCF® and XpressCF+® platforms may demonstrate different chemical and pharmacological properties in patients than they do in laboratory studies. Although our XpressCF® and XpressCF+® platforms and certain product candidates have produced successful results in animal studies, they may not demonstrate the same chemical and pharmacological properties in humans and may interact with human biological systems in unforeseen, ineffective or harmful ways. Further, in our oncology clinical trials to date, we have used achievement of stable disease as evidence for disease control (stable disease, partial response or complete response) by our product candidates; however, the FDA does not view stable disease as an objective response for the purposes of FDA approval.

Results of our clinical trials could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics. Undesirable side effects could result in the delay, suspension or termination of clinical trials by us or regulatory authorities for a number of reasons. In our clinical trials to date, our product candidates have been generally well tolerated, and the most common treatment-emergent adverse events, or TEAEs, that resulted in a treatment delay or dose reduction was reversible neutropenia. We have also observed arthralgia as a TEAE. It is possible that, as we test our product candidates in larger, longer and more extensive clinical trials or as the use of our product candidates becomes more widespread following any regulatory approval, illnesses, injuries, discomforts and other adverse events that were observed in earlier trials, as well as conditions that did not occur or went undetected in previous trials, will be reported by patients. If such side effects become known later in development or upon approval, if any, such findings may harm our business, financial condition, results of operations and prospects significantly.

If product candidates based on our XpressCF® and XpressCF+® platforms are unable to demonstrate sufficient safety and efficacy data to obtain marketing approval, we may never succeed in developing a marketable product, we may not become profitable and the value of our common stock will decline. The regulatory approval process for novel product candidates such as ours can be more expensive and take longer than for other, better known or extensively studied product candidates. We are not aware of any company currently developing a therapeutic using our approach to ADC, iADC or ADC^2 development and no regulatory authority has granted approval for such a therapeutic. We believe the FDA has limited experience with therapeutics in oncology or other disease areas developed in cell-free-based synthesis systems, which may increase the complexity, uncertainty and length of the regulatory approval process for our product candidates. For example, our XpressCF® ADC product candidates contain cleavable or non-cleavable linker-warhead combinations or novel warheads that may result in unforeseen events when administered in a human. We and our existing or future collaborators may never receive approval to market and commercialize any product candidate. Even if we or an existing or future collaborator obtains regulatory approval, the approval may be for targets, disease indications or patient populations that are not as broad as we intended or desired or may require labeling that includes significant use or distribution restrictions or safety warnings. We or an existing or future collaborator may be required to perform additional or unanticipated clinical trials to obtain approval or be subject to post-marketing testing requirements to maintain regulatory approval. If the products resulting from our XpressCF® platform prove to be ineffective, unsafe or commercially unviable, our entire platform and pipeline would have little, if any, value, which would have a material and adverse effect on our business, financial condition, results of operations and prospects.

Results of preclinical studies and early clinical trials may not be predictive of results of future clinical trials.

The outcome of preclinical studies and early clinical trials may not be predictive of the success of later clinical trials, and preliminary results of clinical trials do not necessarily predict success in future clinical trials. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials after achieving

positive results in earlier development, and we could face similar setbacks. The design of a clinical trial can determine whether its results will support approval of a product, and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced. While certain relevant members of our company have significant clinical experience, we in general have limited experience in designing clinical trials and may be unable to design and execute a clinical trial to support marketing approval. In addition, preclinical and clinical data are often susceptible to varying interpretations and analyses. Many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval for the product candidates. Even if we, current or future collaborators, believe that the results of clinical trials for our product candidates warrant marketing approval, the FDA or comparable foreign regulatory authorities may disagree and may not grant marketing approval of our product candidates.

In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the dosing regimen and other clinical trial protocols and the rate of dropout among clinical trial patients. In addition, results from compassionate use of our product candidates, such as luvelta to treat pediatric CFB/GLIS AML, may not be confirmed in Company-sponsored trials and/or may negatively impact the prospects for marketing approval for our product candidates. If we fail to receive positive results in clinical trials of our product candidates, the development timeline and regulatory approval and commercialization prospects for our most advanced product candidates, and, correspondingly, our business and financial prospects would be negatively impacted.

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

From time to time, we have publicly disclosed, and in the future will disclose, preliminary or top-line data from our preclinical studies and clinical trials, which are based on preliminary analyses of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. We also make assumptions, estimations, calculations, and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. Therefore, final results from the studies may differ from the top-line results initially reported, and the final results may indicate different conclusions once additional data have been evaluated. As such, top-line data should be viewed with caution until the final data are available. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically extensive data, and you or others may not agree with what we determine is material or otherwise appropriate information to include in our disclosure. If the final results differ from the interim, top-line, or preliminary data, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and to commercialize, our product candidates may be harmed, which may negatively affect our business, financial condition, results of operations, and prospects.

Moreover, from time to time, we have publicly disclosed, and in the future may disclose, interim data from our preclinical studies and clinical trials. Interim data from clinical trials that we may complete are subject to the risk that one or more of the outcomes may materially change as patient enrollment continues and more data become available. Adverse differences between top-line, preliminary, or interim data, on the one hand, and final data, on the other, could significantly harm our business prospects. Further, disclosure of interim data by us or by our competitors could result in volatility in the price of our common stock.

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 negatively affect the approvability or commercialization of the particular product candidate.

The market may not be receptive to our product candidates based on a novel therapeutic modality, and we may not generate any future revenue from the sale or licensing of product candidates.

Even if regulatory approval is obtained for a product candidate, we may not generate or sustain revenue from sales of the product due to factors such as whether the product can be sold at a competitive cost, competition in the therapeutic area(s) we have received or may receive approval for, and whether it will otherwise be accepted in the market. Historically, there have been concerns regarding the safety and efficacy of ADCs, and an ADC drug was voluntarily withdrawn from the market for an extended period of time. These historical concerns may negatively impact the perception market participants have on ADCs, including our product candidates. Additionally, the product candidates that we are developing are based on our proprietary XpressCF® and XpressCF+® platforms, which are new technologies.

Market participants with significant influence over acceptance of new treatments, such as physicians and third-party payors, may not adopt an ADC product, or a product or treatment based on our novel cell-free production technologies, and we may not be able to convince the medical community and third-party payors to accept and use, or to provide favorable reimbursement for, any product candidates developed by us or our existing or future collaborators. Market acceptance of our product candidates will depend on the following, among other factors:

- the timing of our receipt of any marketing and commercialization approvals;
- the terms of any approvals and the countries in which approvals are obtained;
- the safety and efficacy of our product candidates;
- the prevalence and severity of any adverse side effects associated with our product candidates;
- limitations or warnings contained in any labeling approved by the FDA or other regulatory authority;
- relative convenience and ease of administration of our product candidates;
- the willingness of patients to accept any new methods of administration;
- the success of our physician education programs;
- the availability of coverage and adequate reimbursement from government and third-party payors;
- the pricing of our products, particularly as compared to alternative treatments; and
- the availability of alternative effective treatments for the disease indications our product candidates are intended to treat and the relative risks, benefits and costs of those treatments.

Because our product candidates are based on new technology, we expect that they will require extensive research and development and have substantial manufacturing and processing costs. In addition, our estimates regarding potential market size for any indication may be materially different from what we discover to exist at the time we commence commercialization, if any, for a product, which could result in significant changes in our business plan and have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, if any product candidate we commercialize fails to achieve market acceptance, it could have a material and adverse effect on our business, financial condition, results of operations and prospects.

iADC and ADC^2 are novel technologies, which makes it difficult to predict the time, risks and cost of development and of subsequently obtaining regulatory approval of these potential product candidates.

Certain of our preclinical product candidates are based on our proprietary iADC and ADC^2 technology. Some of our future success depends on the successful development of this technology and products based on it. To our knowledge, no regulatory authority has granted approval to any person or entity, including us, to market and commercialize therapeutics using our novel and unprecedented iADC or ADC^2 technology. We may never receive approval to market and commercialize any potential iADC or ADC^2 product candidate.

If we uncover any previously unknown risks related to our iADC and ADC^2 technology, or if we experience unanticipated or unsolvable problems or delays in developing our iADC or ADC^2 product candidates, we may be unable to complete our preclinical studies and clinical trials, meet the obligations of our collaboration and license agreements or commercialize our product candidates on a timely or profitable basis. If serious adverse events or unacceptable side effects are observed in preclinical studies or clinical trials of a product candidate based on our iADC or ADC^2 technology, or if iADCs or ADC^{2}s were shown to have limited efficacy, our ability to develop other product candidates based on our iADC or ADC^2 technology would be adversely affected.

We have entered, and may in the future seek to enter, into collaborations with third parties for the development and commercialization of our product candidates using our XpressCF® and XpressCF+® platforms.

If we fail to enter into such collaborations, or such collaborations are not successful, we may not be able to capitalize on the market potential of our XpressCF® and XpressCF+® platforms and resulting product candidates.

Since 2014, we have entered into several collaborations to develop and commercialize certain cancer and other therapeutics. Our XpressCF® and XpressCF+® platforms have also supported a spin-out company, Vaxcyte Inc., focused on discovery and development of vaccines for the treatment and prophylaxis of infectious disease. In addition, we may in the future seek third-party collaborators for research, development and commercialization of other therapeutic technologies or product candidates. Biopharmaceutical companies are our prior and likely future collaborators for any marketing, distribution, development, licensing or broader collaboration arrangements. With respect to our existing collaboration agreements, and what we expect will be the case with any future collaboration agreements, we have and would expect to have limited control over the amount and timing of resources that our collaborators dedicate to the development or commercialization of our product candidates. Moreover, our ability to generate revenues 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 currently pose, and will continue to 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 pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on preclinical studies or clinical trial results, changes in the collaborators' strategic focus or available funding, or external factors such as an acquisition that diverts resources or creates 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;

•collaborators with marketing and distribution rights to one or more products may not commit sufficient resources to the marketing and distribution of such product or products;

•collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to litigation or potential liability;

•collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;

•disputes may arise between the collaborators and us that result in the delay or termination of the research, development or commercialization of our product candidates or that result in costly litigation or arbitration that diverts management attention and resources; and

•collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates.

As a result of the foregoing, our current and any future collaboration agreements may not lead to development or commercialization of our product candidates in the most efficient manner or at all. Moreover, if a 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. Any failure to successfully develop or commercialize our product candidates pursuant to our current or any future collaboration agreements could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our existing collaborations with Astellas, Ipsen, Merck, Vaxcyte and Tasly are important to our business. If our collaborators cease development efforts under our existing or future collaboration agreements, fail to fulfill their contract obligations, or if any of those agreements are terminated, these collaborations may fail to lead to commercial products and we may never receive milestone payments or future royalties under these agreements.

We have entered into collaborations with other biotechnology companies to develop or commercialize several of our product candidates, and such collaborations currently represent a significant portion of our product pipeline and discovery and preclinical programs. A substantial portion of our revenue to date has been derived from our collaborations, and a significant portion of our future revenue and cash resources is expected to be derived from some of these agreements, our royalty monetization agreement, or the Purchase Agreement, with an affiliate of Blackstone Life Sciences, or Blackstone, or other similar agreements into which we may enter in the future. Revenue from research and development collaborations depends upon continuation of the collaborations, payments for research and development and other services and product supply, and the achievement of milestones, contingent payments and royalties, if any, derived from future products developed from our research. If we are unable to successfully advance the development of our product candidates, achieve milestones or earn contingent payments under our collaboration agreements or royalty monetization agreement, future revenue and cash resources will be substantially less than expected.

We are unable to predict the success of our collaborations and we may not realize the anticipated benefits of our strategic collaborations. Our collaborators have discretion in determining and directing the efforts and resources, including the ability to discontinue all efforts and resources, they apply to the development and, if approval is obtained, commercialization and marketing of the product candidates covered by such collaborations. As a result, our collaborators may elect to de-prioritize our programs, change their strategic focus or pursue alternative technologies in a manner that results in reduced, delayed or no revenue to us. For example, each of EMD Serono and BMS elected not to continue the development of their licensed candidates based on strategic portfolio considerations. Our collaborators may have other marketed products and product candidates under collaboration with other companies, including some of our competitors, and their corporate objectives may not be consistent with our best interests. Our collaborators may also be unsuccessful in developing or commercializing our products. If our collaborations are unsuccessful, our business, financial condition, results of operations and prospects could be adversely affected. Our collaborators may fail to live up to the terms of their agreements with us, which would require us to seek to enforce our agreements in accordance with the dispute resolution procedures set forth therein. These procedures may require us to engage in litigation or arbitration to enforce our rights, which can be expensive, time-consuming and distracting to our management and Board of Directors. Further, the type and timing of resolution of such disputes are difficult to predict; and there is the potential that we could fail to enforce our rights either in part or in whole. Lastly, even if we successfully enforce our rights under our agreements with our collaborators, there is the possibility that we could fail to recover our expectancy following the litigation or arbitration, particularly for collaborators that are not subject to the jurisdiction of U.S. courts.

In addition, from time to time we may have disputes with our collaborators. Any dispute or litigation proceedings we may have with our collaborators could delay development programs, reduce or eliminate potential milestone or other payments, create uncertainty as to ownership of intellectual property rights, distract management from other business activities and generate substantial expense.

Moreover, to the extent that any of our existing or future collaborators were to terminate a collaboration agreement, we may be forced to independently develop these product candidates, including funding preclinical studies or clinical trials, assuming marketing and distribution costs and defending intellectual property rights, or, in certain instances, abandon product candidates altogether, any of which could result in a change to our business plan and have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not successfully engage in strategic transactions, including any additional collaborations we seek, which could adversely affect our ability to develop and commercialize product candidates, impact our cash position, increase our expenses and present significant distractions to our management.

From time to time, we may consider strategic transactions, such as additional collaborations, acquisitions of companies, asset purchases or sales and out- or in-licensing of product candidates or technologies that we believe will complement or augment our existing business. In particular, we will evaluate and, if strategically attractive, seek to enter into additional collaborations, including with major biotechnology or biopharmaceutical companies. The competition for collaborators is intense, and the negotiation process is time-consuming and complex. Any new collaboration may be on terms that are not optimal for us, and we may not be able to maintain any new collaboration if, for example, development or approval of a product candidate is delayed, sales of an approved product candidate do not meet expectations, or the collaborator terminates the collaboration. 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 strategic partners. Additionally, antitrust or other competition laws, including increased enforcement within the United States in the healthcare space, may also limit our ability to enter into collaborations with certain businesses or to fully realize the benefits of strategic transactions. Our ability to reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the strategic partner's resources and expertise, the terms and conditions of the proposed collaboration and the proposed strategic partner's evaluation of a number of factors. These factors may include the design or results of clinical trials, the likelihood of approval by the FDA 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. Moreover, if we acquire assets with promising markets or technologies, we may not be able to realize the benefit of acquiring such assets due to an inability to successfully integrate them with our existing technologies and may encounter numerous difficulties in developing, manufacturing and marketing any new products resulting from a strategic acquisition that delay or prevent us from realizing their expected benefits or enhancing our business.

We cannot assure you that following any such collaboration, or other strategic transaction, we will achieve the expected synergies to justify the transaction. For example, such transactions may require us to incur non-recurring or other charges, increase our near- and long-term expenditures and pose significant integration or implementation challenges or disrupt our management or business. These transactions would entail numerous operational and financial risks, including exposure to unknown liabilities, disruption of our business and diversion of our management's time and attention in order to manage a collaboration or develop acquired products, product candidates or technologies, incurrence of substantial debt or dilutive issuances of equity securities to pay transaction consideration or costs, higher than expected collaboration, acquisition or integration costs, write-downs of assets or goodwill or impairment charges, increased amortization expenses, difficulty and cost in facilitating the collaboration or combining the operations and personnel of any acquired business, impairment of relationships with key suppliers, manufacturers or customers of any acquired business due to changes in management and ownership and the inability to retain key employees of any acquired business.

Accordingly, although there can be no assurance that we will undertake or successfully complete any transactions of the nature described above, any transactions that we do complete may be subject to the foregoing or other risks and would have a material and adverse effect on our business, financial condition, results of operations and prospects. Conversely, any failure to enter any additional collaboration or other strategic transaction that would be beneficial to us could delay the development and potential commercialization of our product candidates and have a negative impact on the competitiveness of any product candidate that reaches market.

To date, no product developed on a cell-free manufacturing platform has received approval from the FDA, so the requirements for the manufacturing of products using our XpressCF® and XpressCF+® platforms are uncertain.

We have invested in our own current Good Manufacturing Practices, or cGMP, compliant manufacturing facility in San Carlos, California. In this facility, we are developing and implementing novel, proprietary cell-free production technologies to supply our planned preclinical and clinical trials. However, before we may initiate a clinical trial or commercialize any of our product candidates, we must demonstrate to the FDA that the chemistry, manufacturing and controls for our product candidates meet applicable requirements, and in the European Union, or EU, a manufacturing authorization must be obtained from the appropriate EU regulatory authorities. The FDA has allowed clinical trial use of our product candidate luvelta, and our partner Merck's MK-1484 product candidate, portions of which are manufactured in our San Carlos manufacturing facility; however, because no product manufactured on a cell-free manufacturing platform has yet been approved in the United States, there is no manufacturing facility that has demonstrated the ability to comply with FDA requirements for later stage clinical development or commercialization, and, therefore, the time frame for demonstrating compliance to the FDA's satisfaction is uncertain. Delays in establishing that our manufacturing process and facility comply with cGMPs or disruptions in our manufacturing processes, implementation of novel in-house technologies or scale-up activities, may delay or disrupt our development efforts.

We have ongoing technology transfers to enable large scale manufacture of extract and the reagents necessary to manufacture our products using our XpressCF® and XpressCF+® platforms. These large scale technology transfers may fail or be delayed, resulting in impacts to our development timelines and the costs associated with manufacturing our development products.

We expect to rely on third parties to conduct certain of our preclinical studies or clinical trials. If those third parties do not perform as contractually required, fail to satisfy regulatory or legal requirements or miss expected deadlines, our development program could be delayed with potentially material and adverse effects on our business, financial condition, results of operations and prospects.

We do not have the ability to independently conduct all aspects of our preclinical testing or clinical trials ourselves. We have accordingly relied in some cases and intend to rely in the future on third-party clinical investigators, clinical research organizations, or CROs, clinical data management organizations and consultants to assist or provide the design, conduct, supervision and monitoring of preclinical studies and clinical trials of our product candidates. Because we intend to rely on these third parties and will not have the ability to conduct all preclinical studies or clinical trials independently, we will have less control over the timing, quality and other aspects of preclinical studies and clinical trials than we would have had we conducted them on our own. These investigators, CROs and consultants will not be our employees and we will have limited control over the amount of time and resources that they dedicate to our programs. These third parties may have contractual relationships with other entities, some of which may be our competitors, which may draw time and resources from our programs. The third parties with which we may contract might not be diligent, careful or timely in conducting our preclinical studies or clinical trials, resulting in the preclinical studies or clinical trials being delayed or unsuccessful.

If we cannot contract with acceptable third parties on commercially reasonable terms, or at all, or if these third parties do not carry out their contractual duties, satisfy legal and regulatory requirements for the conduct of preclinical studies or clinical trials or meet expected deadlines, our clinical development programs could be delayed and otherwise adversely affected. In all events, we will be responsible for ensuring that each of our preclinical studies and clinical trials are conducted in accordance with the general investigational plan and protocols for the trial. The FDA requires preclinical studies to be conducted in accordance with good laboratory practices and clinical trials to be conducted in accordance with good clinical practices, including for designing, conducting, recording and reporting the results of preclinical studies and clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of clinical trial participants are protected. Our reliance on third parties that we do not control will not relieve us of these responsibilities and requirements. Any adverse development or delay in our preclinical studies or clinical trials as a result of our reliance on third parties could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our inability to manufacture sufficient quantities of our product candidates, or the loss of our third-party suppliers, or our or their failure to comply with applicable regulatory requirements or to supply sufficient quantities at acceptable quality levels or prices, or at all, would materially and adversely affect our business.

Manufacturing is a vital component of our business strategy. To ensure timely and consistent product supply, we currently use a hybrid product supply approach wherein certain elements of our product candidates are manufactured internally at our manufacturing facilities in San Carlos, California, and other elements, including raw and intermediate materials, are manufactured at qualified third-party CMOs. Since our own manufacturing facilities may be limited or unable to manufacture certain of our preclinical and clinical trial product materials and supplies, we rely on third-party contract manufacturers to manufacture such clinical trial product materials and supplies for our or our collaborator's needs. For example, we have entered into a manufacturing agreement with EMD Millipore Corporation to perform conjugation of the applicable linker-warhead with the antibody component of our luvelta product candidate. We have also entered into agreements with Capua Bioservices, S.p.A. and with AGC Biologics GmbH for the manufacture of certain reagents used in the manufacture of our products with our XpressCF® and XpressCF+® platforms. There can be no assurance that our preclinical and clinical development product supplies will not be limited, interrupted, or of satisfactory quality or continue to be available at acceptable prices. Further, while efforts are made to diversify our sources of raw and intermediate materials, in certain instances we acquire raw and intermediate materials from a sole supplier. In particular, any replacement of our manufacturer could require significant effort and expertise because there may be a limited number of qualified replacements. In addition, replacement of a manufacturer may require a technology transfer to the new manufacturer, which involves technical risk that the transfer may not succeed or may be delayed, and which can incur significant costs.

The manufacturing process for a product candidate is subject to FDA and foreign regulatory authority review. We, and our suppliers and manufacturers, must meet applicable manufacturing requirements and undergo rigorous facility and process validation tests required by regulatory authorities in order to comply with regulatory standards, such as cGMPs. If we or our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or comparable foreign regulatory authorities, we may not be able to rely on our or their manufacturing facilities for the manufacture of elements of our product candidates. Moreover, we do not control the manufacturing process at our contract manufacturers and are completely dependent on them for compliance with

current regulatory requirements. In the event that any of our manufacturers fails to comply with such requirements or to perform its obligations in relation to quality, timing or otherwise, or if our supply of components or other materials becomes limited or interrupted for other reasons, we may be forced to manufacture the materials ourselves or enter into an agreement with another third party, which we may not be able to do on reasonable terms, if at all. In some cases, the technical skills or technology required to manufacture our product candidates may be unique or proprietary to the original manufacturer and we may have difficulty applying such skills or technology ourselves, or in transferring such to another third party. These factors would increase our reliance on such manufacturer or require us to obtain a license from such manufacturer in order to enable us, or to have another third party, manufacture our product candidates. If we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with quality standards and with all applicable regulations and guidelines; and we may be required to repeat some of the development program. The delays associated with the verification of a new manufacturer could negatively affect our ability to develop product candidates in a timely manner or within budget.

We expect to continue to rely on third-party manufacturers if we receive regulatory approval for any product candidate. To the extent that we have existing, or enter into future, manufacturing arrangements with third parties, we will depend on these third parties to perform their obligations in a timely manner consistent with contractual and regulatory requirements, including those related to quality control and assurance. If we are unable to obtain or maintain third-party manufacturing for product candidates, or to do so on commercially reasonable terms, we may not be able to develop and commercialize our product candidates successfully. Our or a third party's failure to execute on our manufacturing requirements and comply with cGMPs could adversely affect our business in a number of ways, including:

- an inability to initiate or continue clinical trials of product candidates under development;
- delay in submitting regulatory applications, or receiving regulatory approvals, for product candidates;
- loss of an existing or future collaborator;
- losses resulting from an inability to utilize reserved manufacturing capacity because of delays or difficulties encountered in the supply chain;
- subjecting third-party manufacturing facilities or our manufacturing facilities to additional inspections by regulatory authorities;
- requirements to cease distribution or to recall batches of our product candidates; and
- in the event of approval to market and commercialize a product candidate, an inability to meet commercial demands for our products.

Additionally, we and our contract manufacturers may experience manufacturing difficulties due to resource constraints or as a result of labor disputes, unstable political environments, or epidemics, pandemics, or contagious diseases or failures or delays in our manufacturing supply chain. For example, restrictions on travel imposed by governments, including China, or restrictions on person-in-plant permissions imposed by our contract manufacturers may limit the ability of our subject matter experts to visit our manufacturers and assist with technology transfers. Further, legislation has been introduced in Congress to limit certain U.S. biotechnology companies from using equipment or services produced or provided by select Chinese biotechnology companies, and others in Congress have advocated for the use of existing executive branch authorities to limit those Chinese service providers' ability to engage in business in the U.S. We cannot predict what actions may ultimately be taken with respect to trade relations between the United States and China or other countries, what products and services may be subject to such actions or what actions may be taken by the other countries in retaliation. If we or our contract manufacturers were to encounter interruptions from any of these events or other unforeseen events, our ability to provide our product candidates to patients in clinical trials, or to provide product for treatment of patients once approved, would be jeopardized.

We, or third-party manufacturers, may be unable to successfully scale-up manufacturing of our product candidates or materials used to manufacture components of our product candidates in sufficient quality and

quantity, which would delay or prevent us from developing our product candidates and commercializing approved products, if any.

In order to conduct clinical trials of our product candidates, we will need to manufacture them in large quantities. We, or any manufacturing partners, may be unable to successfully increase the manufacturing capacity for any of our product candidates in a timely or cost-effective manner, or at all. In addition, quality issues may arise during scale-up activities. If we, or any manufacturing partners, are unable to successfully scale up the manufacture of our product candidates, or materials used in manufacturing components of our product candidates, in sufficient quality and quantity, the development, testing, and clinical trials of that product candidate may be delayed or infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained, which could significantly harm our business.

Scaling up a biologic manufacturing process is a difficult and uncertain task, and we may not be successful in transferring our production system or our third-party manufacturers may not have the necessary capabilities to complete the implementation and development process. If we are unable to adequately validate or scale-up the manufacturing process at our own manufacturing facilities or those of our current manufacturers, we will need to transfer to another manufacturer and complete the manufacturing validation process, which can be lengthy. If we are able to adequately validate and scale-up the manufacturing process for our product candidates at our manufacturing facility or with a contract manufacturer, we will still need to negotiate with such contract manufacturer an agreement for commercial supply and it is not certain we will be able to come to agreement on terms acceptable to us.

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

Our product candidates are considered to be biologics and the process of manufacturing biologics and materials used to manufacture components of our products can be complex, time-consuming, highly regulated and subject to multiple risks. We and our contract manufacturers must comply with cGMPs, regulations and guidelines for the manufacturing of biologics used in clinical trials and, if approved, marketed products. To date, we and our contract manufacturers have limited experience in the manufacturing of cGMP batches of our product candidates and materials used to manufacture components of our product candidates.

Manufacturing biologics is highly susceptible to product loss due to contamination, equipment failure, improper installation or operation of equipment, vendor or operator error, inconsistency in yields, variability in product characteristics and difficulties in scaling the production process. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered at our manufacturing facilities or those of our third-party manufacturers, such facilities may need to be closed for an extended period of time to investigate and remedy the contamination, which could delay clinical trials and adversely harm our business. Moreover, if the FDA determines that our manufacturing facilities or those of our third-party manufacturers are not in compliance with FDA laws and regulations, including those governing cGMPs, the FDA may deny BLA approval until the deficiencies are corrected or we replace the manufacturer in our BLA with a manufacturer that is in compliance.

In addition, there are risks associated with large scale manufacturing for clinical trials or commercial scale including, among others, cost overruns, potential problems with process scale-up, process reproducibility, stability issues, compliance with cGMPs, lot consistency, timely availability of raw materials and other technical challenges. Even if we or our collaborators obtain regulatory approval for any of our product candidates, there is no assurance that manufacturers will be able to manufacture the approved product to specifications acceptable to the FDA or other regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product or to meet potential future demand. If our manufacturers are unable to produce sufficient quantities for clinical trials or for commercialization, commercialization efforts would be impaired, which would have an adverse effect on our business, financial condition, results of operations and prospects.

We cannot assure you that any stability or other issues relating to the manufacture of any of our product candidates or products will not occur in the future. If we or our third-party manufacturers were to encounter any of these difficulties, our ability to provide any product candidates to patients in planned clinical trials and products to patients, once approved, would be jeopardized. Any delay or interruption in the supply of clinical trial supplies could delay the completion of planned clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to commence new clinical trials at additional expense or terminate clinical trials completely. Any

adverse developments affecting clinical or commercial manufacturing of our product candidates or products, such as epidemics, pandemics or contagious diseases, may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our product candidates or products. We may also have to take inventory write-offs and incur other charges and expenses for product candidates or products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives. Accordingly, failures or difficulties faced at any level of our supply chain could adversely affect our business and delay or impede the development and commercialization of any of our product candidates or products, if approved, and could have an adverse effect on our business, financial condition, results of operations and prospects.

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

We may not be successful in our efforts to use our XpressCF® and XpressCF+® platforms to expand our pipeline of product candidates and develop marketable products.

The success of our business depends in large part upon our ability to identify, develop and commercialize products based on our XpressCF® and XpressCF+® platforms. Luvelta is our most advanced clinical stage program, and our preclinical and research programs may fail to identify other potential product candidates for clinical development for a number of reasons. Our research methodology may be unsuccessful in identifying potential product candidates or our potential product candidates may be shown to have harmful side effects or may have other characteristics that may make the products unmarketable or unlikely to receive marketing approval. If any of these events occur, we may be forced to abandon our development efforts for a program or for multiple programs, which would materially harm our business and could potentially cause us to cease operations. Research programs to identify new product candidates require substantial technical, financial and human resources. We may focus our efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful.

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

Because we have limited financial and managerial resources, we focus our research and development efforts on certain selected product candidates. As a result, we may forgo or delay pursuit of opportunities with other 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 research and development programs and product candidates for specific indications may not yield any commercially viable product candidates. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate. For example, in June 2023, we announced our Purchase Agreement with Blackstone.

Failure to successfully validate, develop and obtain regulatory approval for companion diagnostics for our product candidates could harm our drug development strategy and operational results.

If companion diagnostics are developed in conjunction with clinical programs, the FDA may require regulatory approval of a companion diagnostic as a condition to approval of the product candidate. For example, as we are developing luvelta for treatment of patients having ovarian cancer with elevated FolRα expression levels, we are likely to be required to obtain FDA approval or clearance of a companion diagnostic, concurrent with approval of luvelta, to test for elevated FolRα expression. We do not have experience or capabilities in developing or commercializing diagnostics and plan to rely in large part on third parties to perform these functions. We have entered into an agreement to develop diagnostic assays suitable for use as a companion diagnostic for luvelta. Companion diagnostics are subject to regulation by the FDA and foreign regulatory authorities as medical devices and require separate regulatory approval or clearance prior to commercialization. We may also be required to demonstrate to the FDA the predictive utility of the companion

diagnostic—namely, that the diagnostic selects for patients in whom the biologic therapy will be effective or more effective compared to patients not selected for by the diagnostic.

If we or our collaborators, or any third party, are unable to successfully develop companion diagnostics for our product candidates, or experience delays in doing so:

•the development of our product candidates may be adversely affected if we are unable to appropriately select patients for enrollment in our planned clinical trials;

•our product candidates may not receive marketing approval if their safe and effective use depends on a companion diagnostic; and

•we may not realize the full commercial potential of any product candidates that receive marketing approval if, among other reasons, we are unable to appropriately identify patients with the specific genetic alterations targeted by our product candidates.

In addition, although we believe genetic testing is becoming more prevalent in the diagnosis and treatment of various diseases and conditions, our product candidates may be perceived negatively compared to alternative treatments that do not require the use of companion diagnostics, either due to the additional cost of the companion diagnostic or the need to complete additional procedures to identify genetic markers prior to administering our product candidates. If any of these events were to occur, our business would be harmed, possibly materially.

We face competition from entities that have developed or may develop product candidates for cancer, including companies developing novel treatments and technology platforms. If these companies develop technologies or product candidates more rapidly than we do or their technologies are more effective, our ability to develop and successfully commercialize product candidates may be adversely affected.

The development and commercialization of drugs and therapeutic biologics is highly competitive. Our product candidates, if approved, will face significant competition and our failure to effectively compete may prevent us from achieving significant market penetration. Most of our competitors have significantly greater resources, including financial, technical, manufacturing, marketing, sales, supply, human resources, or general experience than we do and we may not be able to successfully compete. We compete with a variety of multinational biopharmaceutical companies, specialized biotechnology companies and emerging biotechnology companies, as well as with technologies and product candidates being developed at universities and other research institutions. Our competitors have developed, are developing or will develop product candidates and processes competitive with our product candidates and processes. Competitive therapeutic treatments include those that have already been approved and accepted by the medical community and any new treatments, including those based on novel technology platforms, that enter the market. We believe that a significant number of products are currently under development, and may become commercially available in the future, for the treatment of conditions for which we are trying, or may try, to develop product candidates. There is intense and rapidly evolving competition in the biotechnology, biopharmaceutical and antibody and immunoregulatory therapeutics fields. While we believe that our XpressCF® and XpressCF+® platforms, associated intellectual property and our scientific and technical know-how give us a competitive advantage in this space, competition from many sources exists or may arise in the future. Our competitors include larger and well-funded biopharmaceutical, biotechnological and therapeutics companies, including large and specialty companies focused on cancer immunotherapies and ADCs, as well as numerous small and mid-cap companies. Moreover, we also compete with current and future therapeutics developed at research-stage biotechnology companies, universities and other research institutions.

We are aware of several companies that are developing ADCs, cytokine derivatives, bispecific antibodies and cancer immunotherapies, including companies developing ADCs directed to the same target as luvelta. For example, Immunogen recently received approval for a folate receptor α targeted ADC, mirvetuximab soravtansine (Elahere®). In addition, large pharmaceutical companies and smaller biotechnology companies are developing other ADCs; and we anticipate more FolRα-targeting ADCs and other potential FolRα-targeting modalities to be evaluated in the clinic in the coming years. Further, other companies may develop ADCs targeting receptors other than folate receptor α for the treatment of the same indications for which we are developing luvelta. Many of these companies are well-capitalized and, in contrast to us, have significant clinical experience, and may include our existing or future collaborators. In addition, these companies compete with us in recruiting scientific and managerial talent.

Our success will depend partially on our ability to develop and protect therapeutics that are safer and more effective than competing products. Our commercial opportunity and success will be reduced or eliminated if competing products are safer, more effective, or less expensive than the therapeutics we develop.

If our most advanced product candidates are approved, they will compete with a range of therapeutic treatments that are either in development or currently marketed. Currently marketed oncology therapeutics include a range of biologic modalities with the top selling products by class spanning tumor targeting monoclonal antibodies, to ADCs, to immune checkpoint inhibitors, to T cell-engager immunotherapies, and to CAR-T cell therapies. In addition, numerous compounds are in clinical development for cancer treatment. The clinical development pipeline for cancer includes small molecules, antibodies, vaccines, cell therapies and immunotherapies from a variety of companies and institutions.

Further, if we successfully obtain approval for any product candidate, we will face competition based on many different factors, including the safety and effectiveness of our products, the ease with which our products can be administered and the extent to which patients accept relatively new routes of administration, the timing and scope of regulatory approvals for these products, the availability and cost of manufacturing, marketing and sales capabilities, price, reimbursement, coverage and patent position. Competing products could present superior treatment alternatives, including by being more effective, safer, less expensive, or marketed and sold more effectively than any products we may develop. Competitive products may make any products we develop obsolete or noncompetitive before we recover the expense of developing and commercializing our product candidates.

Any inability to attract and retain qualified key management and technical personnel would impair our ability to implement our business plan.

We are highly dependent on the research and development, clinical development, manufacturing, and business development expertise of our management team, advisors and other specialized personnel. The loss of one or more members of our management team or other key employees or advisors could delay our research and development programs and have a material and adverse effect on our business, financial condition, results of operations and prospects. The relationships that our key managers have cultivated within our industry make us particularly dependent upon their continued employment with us. We are dependent on the continued service of our technical personnel because of the highly technical nature of our product candidates and XpressCF® and XpressCF+® platform technologies and the specialized nature of the regulatory approval process. Because our management team and key employees are not obligated to provide us with continued service, they could terminate their employment with us at any time without penalty. Our future success will depend in large part on our continued ability to attract and retain other highly qualified scientific, technical and management personnel, as well as personnel with expertise in clinical testing, manufacturing, governmental regulation and commercialization. We face competition for personnel from other companies, universities, public and private research institutions, government entities and other organizations. Should our competitors recruit our key employees, our level of expertise and ability to execute our business plan would be negatively impacted. Further, if we are unable to continue to attract and retain high-quality personnel, the rate and success at which we can discover and develop product candidates will be limited, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We will need to grow our organization, and we may experience difficulties in managing our growth and expanding our operations.

As of March 31, 2024, we had 300 full-time employees. As our development and commercialization plans and strategies develop, we expect to expand our employee base for managerial, operational, financial and other resources. In addition, we have limited experience in product development and began our first clinical trial in 2018. As our product candidates enter and advance through preclinical studies and clinical trials, we will need to expand our development, regulatory and manufacturing capabilities or contract with other organizations to provide these capabilities for us. In the future, we expect to have to manage additional relationships with collaborators or partners, suppliers and other organizations. Our ability to manage our operations and future growth will require us to continue to improve our operational, financial and management controls, reporting systems and procedures. We may not be able to implement improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls. Our inability to successfully manage our growth and expand our operations could have a material and adverse effect on our business, financial condition, results of operations and prospects.

If any of our product candidates are approved for marketing and commercialization and we are unable to develop sales, marketing and distribution capabilities on our own or enter into agreements with third parties to

perform these functions on acceptable terms, we will be unable to commercialize successfully any such future products.

We currently have limited sales, marketing and distribution capabilities or experience. If any of our product candidates are approved, we will need to develop additional internal sales, marketing and distribution capabilities to commercialize such products, which would be expensive and time consuming, or enter into collaborations with third parties to perform these services. If we decide to market our products directly, we will need to commit significant financial and managerial resources to develop a marketing and sales force with technical expertise and supporting distribution, administration and compliance capabilities. If we rely on third parties with such capabilities to market our products or decide to co-promote products with collaborators, we will need to establish and maintain marketing and distribution arrangements with third parties, and there can be no assurance that we will be able to enter into such arrangements on acceptable terms or at all. In entering into third-party marketing or distribution arrangements, any revenue we receive will depend upon the efforts of the third parties and there can be no assurance that such third parties will establish adequate sales and distribution capabilities or be successful in gaining market acceptance of any approved product. If we are not successful in commercializing any product approved in the future, either on our own or through third parties, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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

Our future growth may depend, in part, on our ability to develop and commercialize our product candidates in foreign markets, for which we may rely on collaboration with third parties. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the applicable regulatory authority in that foreign market and may never receive such regulatory approval for any of our product candidates. To obtain separate regulatory approval in many other countries, we must comply with numerous and varying regulatory requirements of such countries regarding safety and efficacy and governing, among other things, clinical trials and commercial sales, pricing and distribution of our product candidates, and we cannot predict success in these jurisdictions. If we fail to comply with the regulatory requirements in international markets and do not receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed and our business will be adversely affected. We may not obtain foreign regulatory approvals on a timely basis, if at all. Our failure to obtain approval of any of our product candidates by regulatory authorities in another country may significantly diminish the commercial prospects of that product candidate and our business, financial condition, results of operations and prospects could be materially and adversely affected. Moreover, even if we obtain approval of our product candidates and ultimately commercialize our product candidates in foreign markets, we would be subject to the risks and uncertainties, including the burden of complying with complex and changing foreign regulatory, tax, accounting and legal requirements and reduced protection of intellectual property rights in some foreign countries.

Price controls imposed in either the U.S. or foreign markets may adversely affect our future profitability.

Recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in recent Executive Orders, several 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 drug products. Current and future presidential budget proposals and future legislation may contain further drug price control measures that could be enacted. Congress and current and future U.S. presidential administrations may continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures are increasingly passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. If such pricing controls are enacted and are set at unsatisfactory levels, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Additionally, in some countries, particularly member states of the EU, the pricing of prescription drugs is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after receipt of marketing approval for a product. In addition, there can be considerable pressure by governments and other stakeholders on prices and reimbursement levels, including as part of cost containment measures. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various EU member states and parallel distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. In some countries,

we or current or future collaborators may be required to conduct a clinical trial or other studies that compare the cost-effectiveness of our therapeutic candidates to other available therapies in order to obtain or maintain reimbursement or pricing approval. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If reimbursement of any product candidate approved for marketing is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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

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

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

As with all companies, we are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with FDA regulations, provide accurate information to the FDA, comply with manufacturing standards we may establish, comply with federal and state healthcare fraud and abuse laws and regulations, inappropriately share confidential and proprietary information externally, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to 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 material and adverse effect on our business, financial condition, results of operations and prospects, including the imposition of significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, the curtailment or restructuring of our operations, loss of eligibility to obtain approvals from the FDA, exclusion from participation in government contracting, healthcare reimbursement or other government programs, including Medicare and Medicaid, integrity oversight and reporting obligations, or reputational harm.

Moreover, our employees are increasingly utilizing social media tools and our website as a means of communication. Despite our efforts to monitor social media communications, there is risk that the unauthorized use of social media by our employees to communicate about our products or business, or any inadvertent disclosure of material, nonpublic information through these means, may result in violations of applicable laws and regulations, which may give rise to liability and result in harm to our business. In addition, there is also risk of inappropriate disclosure of sensitive information, which could result in significant legal and financial exposure and reputational damages that could potentially have a material adverse impact on our business, financial condition, results of operations and prospects. Our employees could also inappropriately utilize artificial intelligence, or AI, in connection with their social media communications, introducing another potential source of reputational damage or other potential legal or financial exposure.

We depend on our information technology systems, and any failure of these systems, or those of our CROs, third-party vendors, or other contractors or consultants we may utilize, could harm our business. Security breaches, cyber-attacks, loss of data, and other disruptions could compromise sensitive information related to our business or other personal information or prevent us from accessing critical information and expose us to liability, which could adversely affect our business, reputation, results of operations, financial condition and prospects.

We collect, use and store information in digital form that is necessary to conduct our business, and we are increasingly dependent on information technology systems and infrastructure to operate our business. In the ordinary course of our business, we collect, use, store and transmit large amounts of confidential information, including intellectual property, proprietary business information health information, and personal information. We have established physical, electronic and organizational measures designed to safeguard and secure our systems to prevent a data security incident (which may include, for example: data breaches, viruses or other malicious code, coordinated attacks, data loss, phishing attacks, ransomware, denial of service attacks, or other security or information technology incidents caused by threat actors, technological vulnerabilities or human error), and rely on commercially available systems, software, tools, and monitoring to provide security for our information technology systems and the processing, transmission and storage of digital information. We have also outsourced elements of our information technology infrastructure, and as a result, a number of third-party vendors may or could have access to our confidential information subject to contractual protections. Our internal information technology systems and infrastructure, and those of our current and any future collaborators, CROs, third-party vendors, contractors and consultants and other third parties on which we rely, are vulnerable to damage from computer viruses, malware, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the internet, attachments to emails, persons inside our organization, or persons with access to systems inside our organization.

The risk of a formal security breach or disruption or data loss, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. For example, targeted deep fakes supported by sophisticated AI tools and other forms of impersonation of our executives are becoming increasingly prevalent. In addition, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information or other intellectual property. The costs to us or our CROs or other contractors or consultants we may utilize to mitigate a data security incident and security vulnerabilities could be significant, and while we have implemented security measures designed to protect our data security and information technology systems, our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service and other harm to our business and our competitive position. We have incurred successful phishing attempts in the past, although we believe that these attempts were detected and neutralized without any compromise to our data and prior to any significant impact to our business. We have also implemented measures to prevent such attacks, but we may still be subject to similar attacks in the future. We are also aware of publicly disclosed security breaches at certain third parties on which we rely. If such an event were to occur, whether to us or a third party on which we rely, and cause interruptions in our operations, it could result in a material disruption of our product development programs. For example, the loss of clinical trial data from completed or ongoing or planned clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Further, if we are unable to generate or maintain access to essential patient samples or data for our research, development, and manufacturing activities for our programs, our business could be materially adversely affected.

Moreover, if a computer security breach affects our systems or results in the unauthorized release of personally identifiable information, our reputation could be materially damaged. Such a breach may require formal notification to governmental agencies, the media or individuals pursuant to various federal and state privacy and security laws, such as the Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and its implementing rules and regulations, regulations promulgated by the Federal Trade Commission and state breach notification laws. We also may be subject to global privacy laws, such as Europe's General Data Protection Regulation, or GDPR. We would also be exposed to a risk of loss or litigation and potential liability under laws, regulations and contracts that protect the privacy and security of personal information that may result in regulatory scrutiny, fines, private right of action settlements, and other consequences. Compliance with these and any other applicable privacy and data security laws and regulations is a rigorous and time-intensive process, and we may be required to put in place additional mechanisms ensuring compliance with the new data protection rules and possible government oversight. Our failure to comply with such laws or to adequately secure the information we hold could result in significant liability or reputational harm and, in turn, a material adverse effect on our client base, member base and revenue.

Our information technology systems could face serious disruptions that could adversely affect our business.

Our information technology and other internal infrastructure systems, including corporate firewalls, servers, leased lines, and connection to the Internet, face the risk of systemic failure that could disrupt our operations. A significant disruption in the availability of our information technology and other internal infrastructure systems could cause interruptions and delays in our research and development and manufacturing work.

In addition, some of our employees work remotely from time to time, which presents certain risks to our business. For example, remote work presents significant demands on our information technology resources and systems and can be at risk for phishing and other malicious activity, which can result in an increase to the number of points of potential exposure, such as laptops and mobile devices, that need to be secured. Any failure to effectively manage these risks, including to timely identify and appropriately respond to any security incidents, may adversely affect our business.

In our ongoing efforts to innovate and optimize operational efficiency, we have integrated artificial intelligence, or AI, into various aspects of our workplace. For example, we are implementing AI machine learning for email behavioral monitoring. While AI presents opportunities for enhanced productivity and innovation, it also introduces inherent risks, including legal and regulatory, that could adversely impact our business and reputation. Proper use of AI can lead to improved decision-making, cost reduction, and competitive advantage. However, improper use, including algorithmic biases, ethical considerations, data privacy issues, unknown or zero-day software vulnerabilities, and potential regulatory non-compliance, could result in reputational damage, legal liabilities, and financial losses. The rapidly evolving regulatory landscape surrounding AI also poses a risk, as new laws and regulations could impose additional compliance burdens, resulting in increased operational costs. We are committed to implementing robust governance and control mechanisms to mitigate these risks, but there can be no assurance that such measures will adequately prevent or mitigate the adverse effects that the integration and use of AI may have on our business, financial condition, and results of operations.

If we do not comply with laws regulating the protection of the environment and health and human safety, our business could be affected adversely.

Our research, development and manufacturing involve the use of hazardous chemicals and materials, including radioactive materials. We maintain quantities of various flammable and toxic chemicals in our facilities in South San Francisco and San Carlos, California that are required for our research, development and manufacturing activities. 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. We and our third-party contractors are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous chemicals and materials. We believe our and our third-party contractors' procedures for storing, handling and disposing these materials in our South San Francisco and San Carlos facilities comply with the relevant guidelines of the two municipalities, the county of San Mateo, the state of California and the Occupational Safety and Health Administration of the U.S. Department of Labor. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards mandated by applicable regulations, including employee and contractor training and procedures regarding safe handling and disposal, the risk of accidental or mistaken contamination or injury from these materials cannot be eliminated. If an accident occurs, we could be held liable for resulting damages, which could be substantial and exceed any available insurance. We are also subject to numerous environmental, health and workplace safety laws and regulations, including those governing laboratory procedures, exposure to blood-borne pathogens and the handling of animals and biohazardous materials. 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 these materials or from other hazards potentially present in our workplaces, such as high voltage electricity, process steam or other hot material, liquid nitrogen or other cold material, materials stored under pressure, laboratory instruments that incorporate powerful lasers or magnets, sonic resonance, heavy machinery, and the like, this insurance may not provide adequate coverage against potential liabilities. While we maintain pollution legal liability insurance for our manufacturing facility in San Carlos, California, we do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological or hazardous materials in our other locations. Additional federal, state and local laws and regulations affecting our operations may be adopted in the future and existing laws and regulations could become more stringent. Further, we may incur substantial costs to comply with, and substantial fines or penalties if we violate, any of these laws or regulations.

We are subject to certain U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions and other trade laws and regulations. We can face serious consequences for violations.

U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions and other trade laws and regulations prohibit, among other things, companies and their employees, agents, CROs, CMOs, legal counsel, accountants, consultants, contractors and other partners from authorizing, promising, offering, providing, soliciting, or making or receiving directly or indirectly, corrupt or improper payments or anything else of value to or from recipients in the public or private sector. Violations of these laws can result in substantial criminal fines and civil penalties, imprisonment, the loss of trade privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm and other consequences. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities and other organizations. We also expect our non-U.S. activities to increase over time. We expect to rely on third parties for research, preclinical studies and clinical trials and/or to obtain necessary permits, licenses, patent registrations and other marketing authorizations. We can be held liable for corrupt or other illegal activities of our personnel, agents, or partners, even if we do not explicitly authorize or have prior knowledge of such activities.

Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm and other consequences.

Our current operations are in two cities in the San Francisco Bay Area, and we, or the third parties upon whom we depend, may be adversely affected by earthquakes, other natural disasters, pandemics or other catastrophic events and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Our current operations are located in our facilities in South San Francisco and San Carlos, California. Any unplanned event, such as earthquake, flood, fire, explosion, extreme weather condition, epidemic, pandemic or contagious disease, power shortage, telecommunication failure or other natural or man-made accidents or incidents that result in us being unable to fully utilize our facilities, or the manufacturing facilities of our third-party contract manufacturers, 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, epidemics, pandemics or contagious diseases, 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, epidemics, pandemics or contagious disease, or other events occurred that prevented us from using all or a significant portion of our headquarters, that damaged critical infrastructure, such as our research or manufacturing facilities or the manufacturing facilities of our third-party contract manufacturers, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we 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. In addition, the long-term effects of climate change on general economic conditions and the pharmaceutical industry in particular are unclear, and may heighten or intensify existing risk of natural disasters. If our facilities, or the manufacturing facilities of our third-party contract manufacturers, 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. Further, many of our employees conduct business outside of our leased or owned facilities and these locations may be subject to additional security risks outside of our control. Any business interruption could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flows, financial condition or results of operations.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business and financial condition. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act, or the 2017 Tax Act, enacted many significant changes to the U.S. tax laws. Beginning in 2022, the 2017 Tax Act eliminates the option to currently deduct research and development expenditures and requires taxpayers to capitalize and amortize U.S. based and non-U.S. based research and development expenditures over five and fifteen years, respectively, pursuant to IRC Section 174. Although there have been legislative

proposals to repeal or defer the capitalization requirement to later years, there can be no assurance that the provision will be repealed or otherwise modified. We also cannot predict whether, when, in what form, or with what effective dates, tax laws, regulations and rulings may be enacted, promulgated or issued, which could result in an increase in our or our stockholders' tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, or future reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense.

Our ability to use net operating loss carryforwards to offset taxable income could be limited.

Under current law, our net operating loss carryforwards generated in tax years ending on or prior to December 31, 2017, are permitted to be carried forward for 20 years and our federal net operating losses generated in tax years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal net operating losses, is limited to 80% of taxable income (without regard to certain deductions).

In addition, under Section 382 of the U.S. Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if we experience an "ownership change" which is generally defined as a greater than 50% change, by value, in our equity ownership over a three-year period, our ability to use our pre-change net operating loss carryforwards to offset our post-change income may be limited. Based on Section 382 studies performed for certain prior periods, we experienced an ownership change on November 20, 2019 and December 31, 2022, which imposed limitations on the use of our net operating losses arising before that date. In addition, we may have experienced other ownership changes in the past and may also experience ownership changes in the future as a result of equity offerings or other shifts in our stock ownership, some of which are outside our control. As a result, our use of federal NOL carryforwards could be limited. State net operating loss carryforwards may be similarly limited. In addition, at the state level, there may be periods during which the use of net operating losses is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. Any such limitations may result in greater tax liabilities than we would incur in the absence of such limitations and any increased liabilities could adversely affect our business, results of operations, financial position and cash flows.

Our investment in Vaxcyte is subject to risk

As of March 31, 2024, we held Vaxcyte common stock with a fair value of $45.6 million. Vaxcyte common stock is publicly traded and therefore subject to the various risk factors associated with any publicly traded company, including risks associated with Vaxcyte's business, its business outlook, cash flow requirements and financial performance, the state of the market and the general economic climate, including the impact of health pandemics, regional geopolitical conflicts, changes in interest rates, inflation, potential uncertainty with respect to the debt ceiling and potential government shutdowns related thereto. Vaxcyte common stock has been subject to substantial volatility, and the change in fair value of our interests in Vaxcyte will materially impact our reported net income or net loss in our financial statements.

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

We regularly maintain cash balances at third-party financial institutions in excess of the FDIC insurance limit and similar regulatory insurance limits outside the United States and governments may not guarantee all depositors if such financial institutions were to fail, as the U.S. government did in 2023 with Silicon Valley Bank depositors, in the event of further bank closures and continued instability in the global banking system. Any future adverse developments in the global banking system could directly or indirectly negatively impact our business, financial condition, results of operations and prospects. Further, if we enter into a credit, loan or other similar facility with a financial institution, certain covenants included in such facility may require as security that we keep a significant portion of our cash with the institution providing such facility. If a depository institution where we maintain deposits fails or is subject to adverse conditions in the financial or credit markets, we may not be able to recover all, if any, of our deposits, which could adversely impact our operating liquidity and financial performance.

Our financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States, or U.S. GAAP, are subject to interpretation by the Financial Accounting Standards Board, or the FASB, the American Institute of Certified Public Accountants, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. For example, in May 2014, the

FASB issued accounting standards update No. 2014-09 (Topic 606), Revenue from Contracts with Customers, which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. We adopted this new accounting standard as of January 1, 2019. Any difficulties in implementing this guidance could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us. Additionally, the implementation of this guidance or a change in other principles or interpretations could have a significant effect on our financial results, and could affect the reporting of transactions completed before the announcement of a change.

Risks Related to Intellectual Property

If we are not able to obtain, maintain and enforce sufficient patent and other intellectual property protection for our technologies or product candidates, development and commercialization of our product candidates may be adversely affected.

Our success depends in part on our, our licensor's and our collaborators' ability to obtain and maintain patents and other forms of intellectual property rights, including in-licenses of intellectual property rights of others, for our product candidates, methods used to manufacture our product candidates and methods for treating patients using our product candidates, as well as our ability to preserve our trade secrets, to prevent third parties from infringing upon our proprietary rights and to operate without infringing upon the proprietary rights of others. We, our licensors and collaborators may not be able to apply for patents on certain aspects of our product candidates in a timely fashion or at all. Further, we, our licensors and collaborators may not be able to prosecute all necessary or desirable patent applications, or maintain, enforce and license any patents that may issue from such patent applications, at a reasonable cost or in a timely manner. It is also possible that we, our licensors and collaborators will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. It is also possible that we, our licensors, and our collaborators will fail to file patent applications covering inventions made in the course of development and commercialization activities before a competitor or another third party files a patent application covering, or publishes information disclosing, a similar, independently-developed invention. Such competitor's patent application may pose obstacles to our ability to obtain or limit the scope of patent protection we may obtain. We may not have the right to control the preparation, filing and prosecution of all patent applications that we license from third parties, or to maintain the rights to patents licensed to third parties. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. If our licensors or collaborators fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated. If our licensors, licensees or collaborators are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised. Also, although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, collaborators, CROs, contract manufacturers, consultants, advisors and other third parties, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we, our licensors or collaborators were the first to make the inventions claimed in our patents or pending patent applications, or were the first to file for patent protection of such inventions, or if such patents rights may otherwise become invalid. Composition of matter patents for biological and pharmaceutical therapeutic candidates often provide a strong form of intellectual property protection for those types of products, as such patents provide protection without regard to any method of use. We cannot be certain that the claims in our pending patent applications directed to composition of matter of our therapeutic candidates will be considered patentable by the United States Patent and Trademark Office (USPTO) or by patent offices in foreign countries, or that the claims in any of our issued patents will be considered valid and enforceable by courts in the United States or foreign countries. Method of use patents protect the use of a product for the specified method. This type of patent does not prevent a competitor from making and marketing a product that is identical to our therapeutics for an indication that is outside the scope of the patented method. Moreover, even if competitors do not actively promote their product for our targeted indications, clinicians may prescribe these products "off-label." Although off-label prescriptions may infringe or contribute to the infringement of method of use patents, the practice is common and such infringement is difficult to prevent or prosecute. Our existing issued and granted patents and any future patents we obtain may not be sufficiently broad to prevent others from using our technology or from developing competing products and technology. There is no guarantee that any of our pending patent applications will result in issued or granted patents, that any of our issued or granted patents will not later be found to be invalid or unenforceable or that any issued or granted patents will include claims that are sufficiently broad to cover our product candidates or to provide meaningful protection from our competitors. Moreover, the patent position of biotechnology and biopharmaceutical companies can be highly uncertain because it involves complex legal and factual questions. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our current and future proprietary technology and product

candidates are covered by valid and enforceable patents or are effectively maintained as trade secrets. If third parties disclose or misappropriate our proprietary rights, it may materially and adversely affect our position in the market.

The U.S. Patent and Trademark Office, or USPTO, and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process. There are situations in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case. The standards applied by the USPTO and foreign patent offices in granting patents are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in biotechnology and biopharmaceutical patents. As such, we do not know the degree of future protection that we will have on our proprietary products and technology. While we will endeavor to try to protect our product candidates with intellectual property rights such as patents, as appropriate, the process of obtaining patents is time consuming, expensive and sometimes unpredictable.

Once granted, patents may remain open to opposition, interference, re-examination, post-grant review, *inter partes* review, nullification or derivation action in court or before patent offices or similar proceedings for a given period after allowance or grant, during which time third parties can raise objections against such initial grant. In the course of such proceedings, which may continue for a protracted period of time, the patent owner may be compelled to limit the scope of the allowed or granted claims thus attacked, or may lose the allowed or granted claims altogether. In addition, there can be no assurance that:

- others will not or may not be able to make, use or sell compounds that are the same as or similar to our product candidates but that are not covered by the claims of the patents that we own or license;
- we or our licensors, or our existing or future collaborators are the first to make the inventions covered by each of our issued patents and pending patent applications that we own or license;
- we or our licensors, or our existing or future collaborators are the first to file patent applications covering certain aspects of our inventions;
- others will not independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- a third party may not challenge our patents and, if challenged, a court would hold that our patents are valid, enforceable and infringed;
- any issued patents that we own or have licensed will provide us with any competitive advantages, or will not be challenged by third parties;
- we may develop additional proprietary technologies that are patentable;
- the patents of others will not have a material or adverse effect on our business, financial condition, results of operations and prospects; and
- our competitors may conduct research and development activities in countries where we do not have enforceable patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets.

If we or our licensors or collaborators fail to maintain the patents and patent applications covering our product candidates, our competitors might be able to enter the market, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

In addition, our in-licensed patents may be subject to a reservation of rights by the licensor, its affiliates and one or more third parties. When new technologies are developed with government funding, the government generally obtains certain rights in any resulting patents, including a non-exclusive license authorizing the government to use the invention for noncommercial purposes. These rights may permit the government to disclose our confidential information to third parties or allow third parties to use our licensed technology. The government can also exercise its march-in rights if it

determines that action is necessary because we fail to achieve practical application of the government-funded technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations, or to give preference to U.S. industry. In addition, our rights in such inventions may be subject to certain requirements to manufacture products embodying such inventions in the United States. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

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

In addition to seeking patent protection for certain aspects of our product candidates, we also consider trade secrets, including confidential and unpatented know-how important to the maintenance of our competitive position. We protect trade secrets and confidential and unpatented know-how, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to such knowledge, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants that obligate them to maintain confidentiality and assign their inventions to us. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time- consuming, and the outcome is unpredictable. In addition, some courts in the United States and certain foreign jurisdictions are less willing or unwilling to protect trade secrets. 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 from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Other companies or organizations may challenge our or our licensors' patent rights or may assert patent rights that prevent us from developing and commercializing our products.

Therapeutics in oncology or other disease areas developed in cell-free-based synthesis systems are a relatively new scientific field. We have obtained grants and issuances of, and have obtained a license from a third party on an exclusive basis to, patents related to our proprietary XpressCF® and XpressCF+® platforms. The issued patents and pending patent applications in the United States and in key markets around the world that we own or license claim many different methods, compositions and processes relating to the discovery, development, manufacture and commercialization of antibody-based and other therapeutics.

As the field of antibody-based therapeutics continues to mature, patent applications are being processed by national patent offices around the world. There is uncertainty about which patents will issue and, if they do, as to when, to whom, and with what claims. In addition, third parties may attempt to invalidate our intellectual property rights. Even if our rights are not directly challenged, disputes could lead to the weakening of our intellectual property rights. Our defense against any attempt by third parties to circumvent or invalidate our intellectual property rights could be costly to us, could require significant time and attention of our management and could have a material and adverse effect on our business, financial condition, results of operations and prospects or our ability to successfully compete.

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

Obtaining a valid and enforceable issued or granted patent covering our technology in the United States and worldwide can be extremely costly, and our or our licensors' or collaborators' intellectual property rights may not exist in some countries outside the United States or may be less extensive in some countries than in the United States. In jurisdictions where we or our licensors or collaborators have not obtained patent protection, competitors may seek to use our or their technology to develop their own products and further, may export otherwise infringing products to territories where we or they have patent protection, but where it is more difficult to enforce a patent as compared to the United States. Competitor products may compete with our future products in jurisdictions where we do not have issued or granted patents or where our or our licensors' or collaborators' issued or granted patent claims or other intellectual property rights are not sufficient to prevent competitor activities in these jurisdictions. The legal systems of certain countries, particularly certain developing countries, make it difficult to enforce patents and such countries may not recognize other types of intellectual property protection, particularly relating to biopharmaceuticals. This could make it difficult for us or our licensors or collaborators to prevent the infringement of our or their patents or marketing of competing products in violation of our or their proprietary rights generally in certain jurisdictions. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our and our licensors' or collaborators' efforts and

attention from other aspects of our business, could put our and our licensors' or collaborators' patents at risk of being invalidated or interpreted narrowly and our and our licensors' or collaborators' patent applications at risk of not issuing and could provoke third parties to assert claims against us or our licensors or collaborators. We or our licensors or collaborators may not prevail in any lawsuits that we or our licensors or collaborators initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful.

We generally file a provisional patent application first (a priority filing) at the USPTO. An international application under the Patent Cooperation Treaty, PCT, is usually filed within twelve months after the priority filing. Based on the PCT filing, national and regional patent applications may be filed in the United States, EU, Japan, Australia and Canada and, depending on the individual case, also in any or all of, inter alia, Brazil, China, Hong Kong, India, Israel, Mexico, New Zealand, South Africa, South Korea and other jurisdictions. We have so far not filed for patent protection in all national and regional jurisdictions where such protection may be available. In addition, we may decide to abandon national and regional patent applications before grant. Finally, the grant proceeding of each national or regional patent is an independent proceeding which may lead to situations in which applications might in some jurisdictions be refused by the relevant registration authorities, while granted by others. It is also quite common that depending on the country, various scopes of patent protection may be granted on the same product candidate or technology.

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

The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws in the United States, and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. If we or our licensors or collaborators 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. Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors or collaborators are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position in the relevant jurisdiction may be impaired and our business, financial condition, results of operations and prospects may be adversely affected.

European patent applications now 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. This will be a significant change in European patent practice. As the UPC is a new court system, there is very limited precedent for the court, increasing the uncertainty of any litigation. Limited information is available to make judgments about advantages and disadvantages of either opting into or remaining out of UPC jurisdiction; either choice may ultimately prove to have significant implications as to cost, enforceability and scope of protection, among other factors, for applicable European patents.

We, our licensors or collaborators, or any future strategic partners may need to resort to litigation to protect or enforce our patents or other proprietary rights, all of which could be costly, time consuming, delay or prevent the development and commercialization of our product candidates, or put our patents and other proprietary rights at risk.

Competitors may infringe our patents or other intellectual property. If we were to initiate legal proceedings against a third party to enforce a patent covering one of our products or our technology, the defendant could counterclaim that our patent is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several

statutory requirements, for example, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that an individual connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. The outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on one or more of our products or certain aspects of our platform technology. Such a loss of patent protection could have a material and adverse effect on our business, financial condition, results of operations and prospects. Interference or derivation proceedings provoked by third parties or brought by us or declared by the USPTO may be necessary to determine the priority of inventions with respect to our patents or patent applications. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms or at all, or if a non-exclusive license is offered and our competitors gain access to the same technology. 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. Patents and other intellectual property rights also will not protect our technology if competitors design around our protected technology without legally infringing our patents or other intellectual property rights.

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 therapeutics.

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

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

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

We cannot provide any assurances that third-party patents do not exist which might be enforced against our current technology, including our research programs, product candidates, their respective methods of use, manufacture and formulations thereof, and could result in either an injunction prohibiting our manufacture or future sales, or, with respect to

our future sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties, which could be significant.

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

We, our licensors or collaborators, or any future strategic partners may be subject to third-party claims for infringement or misappropriation of patent or other proprietary rights. There is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, oppositions and *inter partes* review proceedings before the USPTO, and corresponding foreign patent offices. For example, one of our European patents related to technology auxiliary to our XpressCF® platform is involved in an opposition proceeding at the European Patent Office, or EPO, and was revoked by the EPO in 2021. In April 2022, an appeal was filed; the process for this appeal is ongoing. This may prevent us from asserting this patent against our competitors practicing otherwise infringing methods in relevant European countries where this patent has been granted. There are many issued and pending patents that might claim aspects of our product candidates and modifications that we may need to apply to our product candidates. There are also many issued patents that claim antibodies, portions of antibodies, cytokines, half-life extending polymers, linkers, cytotoxins, or other warheads that may be relevant for the products we wish to develop. Thus, it is possible that one or more organizations will hold patent rights to which we will need a license. If those organizations refuse to grant us a license to such patent rights on reasonable terms, we may be delayed or may not be able to market products or perform research and development or other activities covered by these patents which could have a material and adverse effect on our business, financial condition, results of operations and prospects. We are obligated under certain of our license and collaboration agreements to indemnify and hold harmless our licensors or collaborators for damages arising from intellectual property infringement by use. For example, we are obligated under the Stanford Agreement to indemnify and hold harmless Stanford for damages arising from intellectual property infringement by us resulting from exercise of the license from Stanford. If we, our licensors or collaborators, or any future strategic partners are found to infringe a third-party patent or other intellectual property rights, we could be required to pay damages, potentially including treble damages, if we are found to have infringed willfully. In addition, we, our licensors or collaborators, or any future strategic partners may choose to seek, or be required to seek, a license from a third party, which may not be available on acceptable terms, if 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 or our existing or future collaborators 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. In addition, we may find it necessary to pursue claims or initiate lawsuits to protect or enforce our patent or other intellectual property rights. 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 could 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.

Because the antibody-based therapeutics landscape is still evolving, it is difficult to conclusively assess our freedom to operate without infringing on third-party rights. There are numerous companies that have pending patent applications and issued patents broadly covering antibodies generally, covering antibodies directed against the same targets as, or targets similar to, those we are pursuing, or covering linkers and cytotoxic warheads similar to those that we are using in our product candidates. For example, we are aware of an issued patent, expected to expire in 2031, that relates to strained alkyne reagents that can be used as synthetic precursors for certain of our linker-warheads. We are further aware of an issued patent, expected to expire in 2034, relating to certain conjugates comprising a genus of hemiasterlin derivatives that may be potentially relevant to products incorporating our hemiasterlin-derived linker-warhead. If any of these patents are valid and not yet expired when, and if, we receive marketing approval for luvelta, as applicable, we may need to seek a license to one or more of these patents, each of which may not be available on commercially reasonable terms or at all. Failure to receive a license to any of these patents, or other potentially relevant patents currently unknown to us, could delay commercialization of any or all of luvelta, STRO-004 or any other product candidate. Our competitive position may suffer if patents issued to third parties or other third-party intellectual property rights cover our products or product candidates or elements thereof, or our manufacture or uses relevant to our development plans. In such cases, we

may not be in a position to develop or commercialize products or product candidates until such patents expire or unless we successfully pursue litigation to nullify or invalidate the third-party intellectual property right concerned, or enter into a license agreement with the intellectual property right holder, if available on commercially reasonable terms. There may be issued patents of which we are not aware, held by third parties that, if found to be valid and enforceable, could be alleged to be infringed by our XpressCF® and XpressCF+® platforms and related technologies and product candidates. There also may be pending patent applications of which we are not aware that may result in issued patents, which could be alleged to be infringed by our XpressCF® and XpressCF+® platforms and related technologies and product candidates. If such an infringement claim should be brought and be successful, we may be required to pay substantial damages, including potentially treble damages and attorneys' fees for willful infringement, and we may be forced to abandon our product candidates or seek a license from any patent holders. No assurances can be given that a license will be available on commercially reasonable terms, if at all.

It is also possible that we have failed to identify relevant third-party patents or applications. For example, U.S. applications filed before November 29, 2000, and certain U.S. applications filed after that date that will not be filed outside the United States remain confidential until patents issue. Patent applications in the United States and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our products or platform technologies could have been filed by others without our knowledge. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our platform technologies, our products or the use of our products. Third-party intellectual property right holders may also actively bring infringement claims against us. We cannot guarantee that we will be able to successfully settle or otherwise resolve such infringement claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in marketing our products. Parties making claims against us may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or administrative proceedings, there is a risk that some of our confidential information could be compromised by disclosure. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have material adverse effect on our ability to raise additional funds or otherwise have a material adverse effect on our business, results of operations, financial condition and prospects. If we fail in any such dispute, in addition to being forced to pay damages, we may be temporarily or permanently prohibited from commercializing any of our product candidates that are held to be infringing. We might, if possible, also be forced to redesign product candidates so that we no longer infringe the third-party intellectual property rights. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business and could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Litigation or other legal proceedings relating to intellectual property claims, with or without merit, is unpredictable and generally expensive and time consuming and is likely to divert significant resources from our core business, including distracting our technical and management personnel from their normal responsibilities. 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. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Moreover, such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities.

We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating or from successfully challenging our intellectual property rights. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

If we fail to comply with our obligations under any license, collaboration or other agreements, we may be required to pay damages and could lose intellectual property rights that are necessary for developing and protecting our product candidates or we could lose certain rights to grant sublicenses.

Our current licenses impose, and any future licenses we enter into are likely to impose, various development, commercialization, funding, milestone, royalty, diligence, sublicensing, insurance, patent prosecution and enforcement and/or other obligations on us. If we breach any of these obligations, or use the intellectual property licensed to us in an unauthorized manner, we may be required to pay damages and the licensor may have the right to terminate the license, which could result in us being unable to develop, manufacture and sell any future products that are covered by the licensed technology or enable a competitor to gain access to the licensed technology. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor's rights. In addition, while we cannot determine currently the amount of the royalty obligations we would be required to pay on sales of future products, if any, the amounts may be significant. The amount of our future royalty obligations will depend on the technology and intellectual property we use in products that we successfully develop and commercialize, if any. Therefore, even if we successfully develop and commercialize products, we may be unable to achieve or maintain profitability.

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

•the scope of rights granted under the license agreement and other interpretation-related issues;

•the extent to which our product candidates, technologies and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;

•the sublicensing of patent and other rights under our collaborative development relationships;

•our diligence obligations under the license agreement and what activities satisfy those diligence obligations;

•the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and

•the priority of invention of patented technology.

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

We may be subject to claims that we or our employees or consultants have wrongfully used or disclosed alleged trade secrets of our employees' or consultants' former employers or their clients. These claims may be costly to defend and if we do not successfully do so, we may be required to pay monetary damages and may lose valuable intellectual property rights or personnel.

Many of our employees were previously employed at universities or biotechnology or biopharmaceutical companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper our ability to commercialize, or prevent us from commercializing, our product candidates, which could severely harm our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

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

Patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired, we may be open to competition from competitive products, including generics or biosimilars. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

Depending upon the timing, duration and conditions of any 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. However, we may not receive an extension if we fail to exercise due diligence during the testing phase or regulatory review process, 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. Only one patent per approved product can be extended, the extension cannot extend the total patent term beyond 14 years from approval and only those claims covering the approved drug, a method for using it or a method for manufacturing it may be extended. 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 the applicable product candidate 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. Further, if this occurs, our competitors may take advantage of our investment in development and trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case, and our competitive position, business, financial condition, results of operations and prospects could be materially harmed.

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

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications will be due to be paid to the USPTO and various governmental patent agencies outside of the United States in several stages over the lifetime of the patents and/or applications. We have systems in place to remind us to pay these fees, and we employ an outside firm and/or rely on our outside counsel to pay these fees due to non-U.S. patent agencies. The USPTO and various non-U.S. governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals to help us comply, and in many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, our competitors might be able to enter the market and this circumstance would have a material adverse effect on our business.

Changes in U.S. patent and ex-U.S. patent laws could diminish the value of patents in general, thereby impairing our ability to protect our products.

Changes in either the patent laws or interpretation of the patent laws in the United States or in other ex-U.S. jurisdictions could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. In the United States, numerous recent changes to the patent laws and proposed changes to the rules of the USPTO that may have a significant impact on our ability to protect our technology and enforce our intellectual property rights. For example, the America Invents Act, enacted within the last several years involves significant changes in patent legislation. The U.S. Supreme Court has ruled on several patent cases in recent years, some of which cases either narrow the scope of patent protection available in certain circumstances or weaken the rights of patent owners in certain situations. For example, the decision by the U.S. Supreme Court in Association for Molecular Pathology v. Myriad Genetics, Inc. precludes a claim to a nucleic acid having a stated nucleotide sequence that is identical to a sequence found in nature and unmodified. We currently are not aware of an immediate impact of this

decision on our patents or patent applications because we are developing product candidates that contain modifications that we believe are not found in nature. However, this decision has yet to be clearly interpreted by courts and by the USPTO. We cannot assure you that the interpretations of this decision or subsequent rulings will not adversely impact our patents or patent applications. 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 decisions by the U.S. Congress, the federal courts and the USPTO, and similar legislative and regulatory bodies in other countries in which we may pursue patent protection, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. We may become subject to claims challenging the inventorship or ownership of our patents and other intellectual property.

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

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

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

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

Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names or may be forced to stop using these names, which we need for name recognition by potential partners or customers in our markets of interest. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Government Regulation

We and/or our collaborators may be unable to obtain, or may be delayed in obtaining, U.S. or foreign regulatory approval and, as a result, unable to commercialize our product candidates.

Our product candidates are subject to extensive governmental regulations relating to, among other things, research, testing, development, manufacturing, safety, efficacy, approval, recordkeeping, reporting, labeling, storage, packaging, advertising and promotion, pricing, marketing and distribution of drugs and therapeutic biologics. Rigorous preclinical testing and clinical trials and an extensive regulatory approval process are required to be completed successfully in the United States and in many foreign jurisdictions before a new drug or therapeutic biologic can be marketed. Satisfaction of these and other regulatory requirements is costly, time consuming, uncertain and subject to unanticipated delays. It is

possible that none of the product candidates we may develop, either alone or with our collaborators, will obtain the regulatory approvals necessary for us or our existing or future collaborators to begin selling them.

Although some of our employees have experience in conducting and managing clinical trials from prior employment at other companies, we, as a company, have no prior experience in conducting and managing the clinical trials necessary to obtain regulatory approvals, including approval by the FDA. The time required to obtain FDA and other approvals is unpredictable but typically takes many years following the commencement of clinical trials, depending upon the type, complexity and novelty of the product candidate, and may be further delayed due to one or more temporary federal government shutdowns. The standards that the FDA and its foreign counterparts use when regulating us require judgment and can change, which makes it difficult to predict with certainty their application. Any analysis we perform of data from preclinical and clinical activities is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. We or our collaborators may also encounter unexpected delays or increased costs due to new government regulations, for example, from future legislation or administrative action, or from changes in FDA policy during the period of product development, clinical trials and FDA regulatory review. It is impossible to predict whether legislative changes will be enacted, or whether FDA or foreign regulations, guidance or interpretations will be changed, or the impact of such changes, if any. For example, the Oncology Center of Excellence within the FDA has recently advanced Project Optimus, which is an initiative to reform the dose optimization and dose selection paradigm in oncology drug development to emphasize selection of an optimal dose, which is a dose or doses that maximizes not only the efficacy of a drug but the safety and tolerability as well. This shift from the prior approach, which generally determined the maximum tolerated dose, may require sponsors to spend additional time and resources to further explore a product candidate's dose-response relationship to facilitate optimum dose selection in a target population. Other recent Oncology Center of Excellence initiatives have included Project FrontRunner, a new initiative with a goal of developing a framework for identifying candidate drugs for initial clinical development in the earlier advanced setting rather than for treatment of patients who have received numerous prior lines of therapies or have exhausted available treatment options. We are considering these policy changes as they relate to our programs. We may also be affected by ex-US regulatory requirements, given that our trials may be conducted globally; current and unforeseen new EU-specific clinical trial conduct regulations, such as IVDR and GDPR, may delay, or increase the difficulty and expense of conducting, our clinical studies.

Given that the product candidates we are developing, either alone or with our collaborators, represent a new approach to the manufacturing and type of therapeutic biologics, the FDA and its foreign counterparts have not yet established any definitive policies, practices or guidelines in relation to these product candidates. Moreover, the FDA may respond to any BLA that we may submit by defining requirements that we do not anticipate. Such responses could delay clinical development of our product candidates. In addition, because there may be approved treatments for some of the diseases for which we may seek approval, in order to receive regulatory approval, we may need to demonstrate through clinical trials that the product candidates we develop to treat these diseases, if any, are not only safe and effective, but safer or more effective than existing products. Furthermore, in recent years, there has been increased public and political pressure on the FDA with respect to the approval process for new drugs and therapeutic biologics, and FDA standards, especially regarding product safety, appear to have become more stringent.

Any delay or failure in obtaining required approvals could have a material and adverse effect on our ability to generate revenues from the particular product candidate for which we are seeking approval. Furthermore, any regulatory approval to market a product may be subject to limitations on the approved uses for which we may market the product or on the labeling or other restrictions. In addition, the FDA has the authority to require a risk evaluation and mitigation strategy, or REMS, as part of a BLA or after approval, which may impose further requirements or restrictions on the distribution or use of an approved biologic, such as limiting prescribing to certain physicians or medical centers that have undergone specialized training, limiting treatment to patients who meet certain safe-use criteria and requiring treated patients to enroll in a registry. These limitations and restrictions may limit the size of the market for the product and affect reimbursement by third-party payors.

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

Delays in obtaining regulatory approval of our manufacturing process may delay or disrupt our commercialization efforts. To date, no product using a cell-free manufacturing process in the United States has received approval from the FDA.

Before we can begin to commercially manufacture our product candidates in third-party or our own facilities, we must obtain regulatory approval from the FDA for a BLA that describes in detail the chemistry, manufacturing, and controls for the product. A manufacturing authorization must also be obtained from the appropriate EU regulatory authorities. The timeframe required to obtain such approval or authorization is uncertain. In addition, we must pass a pre-approval inspection of our manufacturing facility by the FDA before any of our product candidates can obtain marketing approval, if ever. In order to obtain approval, we will need to ensure that all of our processes, methods and equipment are compliant with cGMP, and perform extensive audits of vendors, contract laboratories and suppliers. If any of our vendors, contract laboratories or suppliers is found to be out of compliance with cGMP, we may experience delays or disruptions in manufacturing while we work with these third parties to remedy the violation or while we work to identify suitable replacement vendors. The cGMP requirements govern quality control of the manufacturing process and documentation policies and procedures. In complying with cGMP, we will be obligated to expend time, money and effort in production, record keeping and quality control to assure that the product meets applicable specifications and other requirements. If we fail to comply with these requirements, we would be subject to possible regulatory action and may not be permitted to sell any products that we may develop.

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

Any regulatory approvals that we or our existing or future collaborators obtain for our product candidates may also be subject to limitations on the approved indicated uses for which a product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the product candidate.

In addition, if the FDA or a comparable foreign regulatory authority approves any of our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, import, export, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. The FDA has significant post-market authority, including the authority to require labeling changes based on new safety information and to require post-market studies or clinical trials to evaluate safety risks related to the use of a product or to require withdrawal of the product from the market. The FDA also has the authority to require a REMS plan after approval, which may impose further requirements or restrictions on the distribution or use of an approved drug or therapeutic biologic. The manufacturing facilities we use to make a future product, if any, will also be subject to periodic review and inspection by the FDA and other regulatory agencies, including for continued compliance with cGMP requirements. The discovery of any new or previously unknown problems with our third-party manufacturers, manufacturing processes or facilities may result in restrictions on the product, manufacturer or facility, including withdrawal of the product from the market. If we rely on third-party manufacturers, we will not have control over compliance with applicable rules and regulations by such manufacturers. Any product promotion and advertising will also be subject to regulatory requirements and continuing regulatory review. If we or our existing or future collaborators, manufacturers or service providers fail to comply with applicable continuing regulatory requirements in the United States or foreign jurisdictions in which we seek to market our products, we or they may be subject to, among other things, fines, warning letters, holds on clinical trials, delay of approval or refusal by the FDA or similar foreign regulatory bodies to approve pending applications or supplements to approved applications, suspension or withdrawal of regulatory approval, product recalls and seizures, administrative detention of products, refusal to permit the import or export of products, operating restrictions, injunction, civil penalties and criminal prosecution.

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

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market or voluntary or mandatory product recalls;

- fines, warning or untitled letters or holds on clinical trials;

•refusal by the FDA to approve pending applications or supplements to approved applications filed by us or our strategic partners;

•suspension or revocation of product license approvals;

•product seizure or detention or refusal to permit the import or export of products; and

•injunctions or the imposition of civil or criminal penalties.

The FDA policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad.

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, statutory, regulatory and policy changes, the FDA's ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA's ability to perform routine functions. In addition, government funding of other government agencies 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 to be reviewed and/or approved by necessary government agencies, which would adversely affect our business.

The ability of the FDA and other government agencies to properly administer their functions is highly dependent on the levels of government funding and the ability to fill key leadership appointments, among various factors. Delays in filling or replacing key positions could significantly impact the ability of the FDA and other agencies to fulfill their functions, and could greatly impact healthcare and the pharmaceutical industry.

If a prolonged government shutdown occurs, or if global health concerns prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

We may face difficulties from healthcare legislative reform measures.

Existing regulatory policies may change and additional government regulations may be enacted that could affect pricing and third-party payments for our product candidates, which could negatively affect our business, financial condition and prospects. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability.

In the United States, there have been and continue to be a number of legislative initiatives to contain healthcare costs. For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Healthcare and Education Reconciliation Act, or together, the ACA, was enacted, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacts the U.S. pharmaceutical industry.

While there have been legislative and judicial efforts to modify, repeal or otherwise invalidate all or certain aspects of the ACA or its implementing regulations, the ACA remains in effect in its current form. It is unclear how any such efforts in the future will impact the ACA or our business.

In addition, other legislative changes have been proposed and adopted in the United States federal and state levels to reduce healthcare expenditures, including the Budget Control Act, which, subject to certain temporary suspension periods, imposed 2% reductions in Medicare payments to providers per fiscal year starting April 1, 2013 and, due to

subsequent legislative amendments to the statute, that will remain in effect through 2031, unless additional Congressional action is taken, and the Infrastructure Investment and Jobs Act, which added a requirement for manufacturers of certain single-source drugs (including biologics and biosimilars) separately paid for under Medicare Part B for at least 18 months and marketed in single-dose containers or packages (known as refundable single-dose containers or single-use package drugs) to provide annual refunds for any portions of the dispensed drug that are unused and discarded if those unused or discarded portions exceed an applicable percentage defined by statute or regulation. Further, in November 2020, the U.S. Department of Health and Human Services, or HHS, finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers. The implementation of this final rule was delayed by the Inflation Reduction Act, or IRA, until January 1, 2032. In December 2020, CMS issued a final rule implementing significant manufacturer price reporting changes under the Medicaid Drug Rebate Program, including regulations that affect manufacturer-sponsored patient assistance programs subject to pharmacy benefit manager accumulator programs and Best Price reporting related to certain value-based purchasing arrangements. Under the American Rescue Plan Act of 2021, effective January 1, 2024, the statutory cap on Medicaid Drug Rebate Program rebates that manufacturers pay to state Medicaid programs is eliminated. Elimination of this cap may require pharmaceutical manufacturers to pay more in rebates than they receive on the sale of products.

Moreover, on January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. If federal spending is further reduced, anticipated budgetary shortfalls may also impact the ability of relevant agencies, such as the FDA or the National Institutes of Health to continue to function at current levels. Amounts allocated to federal grants and contracts may be reduced or eliminated. These reductions may also impact the ability of relevant agencies to timely review and approve research and development, manufacturing, and marketing activities, which may delay our ability to develop, market and sell any products we may develop.

Moreover, payment methodologies, including payment for companion diagnostics, may be subject to changes in healthcare legislation and regulatory initiatives. CMS has begun bundling the Medicare payments for certain laboratory tests ordered while a patient received services in a hospital outpatient setting and, beginning in 2018, CMS will pay for clinical laboratory services based on a weighted average of reported prices that private payors, Medicare Advantage plans, and Medicaid Managed Care plans pay for laboratory services. Further, on March 16, 2018, CMS finalized its National Coverage Determination, or NCD, for certain diagnostic laboratory tests using next generation sequencing that are approved by the FDA as a companion *in vitro* diagnostic and used in a cancer with an FDA-approved companion diagnostic indication. Under the NCD, diagnostic tests that gain FDA approval or clearance as an *in vitro* companion diagnostic will automatically receive full coverage and be available for patients with recurrent, metastatic relapsed, refractory or stages III and IV cancer. Additionally, the NCD extended coverage to repeat testing when the patient has a new primary diagnosis of cancer.

There has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several presidential executive orders, 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 drug products. The FDA released a final rule in September 2020 providing guidance for states to build and submit importation plans for drugs from Canada, and the FDA authorized the first such plan in January 2024.

Recently, several healthcare reform initiatives culminated in the enactment of the IRA in August 2022, which allows, among other things, HHS to negotiate the selling price of a statutorily specified number of drugs and biologics each year that CMS reimburses under Medicare Part B and Part D. Only high-expenditure single-source biologics that have been approved for at least 11 years (7 years for single-source small molecule therapeutics) can qualify for negotiations, with the negotiated price taking effect two years after the selection year. Negotiations for Medicare Part D products begin in 2024 with the negotiated price taking effect in 2026, and negotiations for Medicare Part B products begin in 2026 with the negotiated price taking effect in 2028. HHS will announce the negotiated maximum fair price by September 1, 2024, and this price cap, which cannot exceed a statutory ceiling price, will come into effect on January 1, 2026. A drug or biological product that has an orphan drug designation for only one rare disease or condition will be excluded from the IRA's price negotiations requirements, but loses that exclusion if it has designations for more than one rare disease or condition, or if it is approved for an indication that is not within that single designated rare disease or condition, unless such additional designation or such disqualifying approvals are withdrawn by the time CMS evaluates the drug for selection for

negotiation. In August 2023, HHS announced the ten Medicare Part D drugs and biologics that it selected for negotiations, and by October 1, 2023, each manufacturer of the selected drugs signed a manufacturer agreement to participate in the negotiations. The IRA also penalizes drug manufacturers that increase prices of Medicare Part D and Part B drugs at a rate greater than the rate of inflation. In addition, the law eliminates the "donut hole" under Medicare Part D beginning in 2025 by significantly lowering the enrollee maximum out-of-pocket cost and requiring manufacturers to subsidize, through a newly established manufacturer discount program, 10% of Part D enrollees' prescription costs for brand drugs below the out-of-pocket maximum, and 20% once the out-of-pocket maximum has been reached. The IRA permits the Secretary of HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. Manufacturers that fail to comply with the IRA may be subject to various penalties, some significant, including civil monetary penalties. The IRA also extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. These provisions are taking effect progressively starting in 2023, although they may be subject to legal challenges. For example, the provisions related to the negotiation of selling prices of high-expenditure single-source drugs and biologics have been challenged in multiple lawsuits. Thus, while it is unclear how the IRA will be implemented, it will likely have a significant impact on the pharmaceutical industry and our product candidates.

At the state level, legislatures are increasingly enacting laws and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

Additionally, on May 30, 2018, the Trickett Wendler, Frank Mongiello, Jordan McLinn, and Matthew Bellina Right to Try Act of 2017 was signed into law. The law, among other things, provides a federal framework for certain patients to access certain investigational new drug products that have completed a Phase 1 clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA authorization under an FDA expanded access program; however, manufacturers are not obligated to provide investigational new drug products under the current federal right to try law. We may choose to seek an expanded access program for our product candidates, or to utilize comparable rules in other countries that allow the use of a drug, on a named patient basis or under a compassionate use program.

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

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

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

- the federal Anti-Kickback Statute, which prohibits, among other things, individuals and entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal and state healthcare program such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- the federal criminal and civil false claims and civil monetary penalties laws, including the federal False Claims Act, which can be imposed through civil whistleblower or qui tam actions against individuals or entities, prohibits, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent, knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim, or from knowingly making a false statement to avoid, decrease

or conceal an obligation to pay money to the federal government. In addition, certain marketing practices, including off-label promotion, may also violate false claims laws. Moreover, the government may assert that a claim including items and services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act;

•HIPAA, which imposes criminal and civil liability, prohibits, among other things, knowingly and willfully executing, or attempting to execute a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services; similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

•HIPAA, as amended by HITECH, which impose obligations on certain healthcare providers, health plans, and healthcare clearinghouses, known as covered entities, as well as their business associates that perform certain services involving the storage, use or disclosure of individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security, and transmission of individually identifiable health information, and require notification to affected individuals and regulatory authorities of certain breaches of security of individually identifiable health information;

•the federal legislation commonly referred to as Physician Payments Sunshine Act, enacted as part of the ACA, and its implementing regulations, which requires certain manufacturers of covered drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children's Health Insurance Program, with certain exceptions, to report annually to CMS information related to certain payments and other transfers of value to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), physician assistants, certain types of advanced practice nurses, and teaching hospitals, as well as ownership and investment interests held by the physicians described above and their immediate family members, with the information made publicly available on a searchable website;

•the U.S. Foreign Corrupt Practices Act of 1977, as amended, which prohibits, among other things, U.S. companies and their employees and agents from authorizing, promising, offering, or providing, directly or indirectly, corrupt or improper payments or anything else of value to foreign government officials, employees of public international organizations and foreign government owned or affiliated entities, candidates for foreign political office, and foreign political parties or officials thereof;

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

•certain state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug and therapeutic biologics manufacturers to report information related to payments to physicians and other healthcare providers or marketing expenditures and pricing information, state and local laws that require the registration of pharmaceutical sales representatives, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

If we or our collaborators, manufacturers or service providers fail to comply with applicable federal, state or foreign laws or regulations, we could be subject to enforcement actions, which could affect our ability to develop, market and sell our products successfully and could harm our reputation and lead to reduced acceptance of our products by the market. These enforcement actions include, among others:

•exclusion from participation in government-funded healthcare programs;

•exclusion of company products from coverage under federal health care programs; and

•exclusion from eligibility for the award of government contracts for our products.

Efforts to ensure that our current and future business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any such requirements, we may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, the curtailment or restructuring of our operations, loss of eligibility to obtain approvals from the FDA, exclusion from participation in government contracting, healthcare reimbursement or other government programs, including Medicare and Medicaid, integrity oversight and reporting obligations, or reputational harm, any of which could adversely affect our financial results. Although effective compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, these risks cannot be entirely eliminated. Any action against us for an alleged or suspected violation could cause us to incur significant legal expenses and could divert our management's attention from the operation of our business, even if our defense is successful. In addition, achieving and sustaining compliance with applicable laws and regulations may be costly to us in terms of money, time and resources.

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

We maintain a quantity of sensitive information, including confidential business and patient health information in connection with our clinical trials that are subject to US and international laws and regulations governing the privacy and data protection of such information. Each of these laws is subject to varying interpretations and subject to evolving regulations. For example, the EU and United Kingdom ("UK") GDPR, which applies extraterritorially, imposes several strict requirements for controllers and processors of personal information, which include higher standards for obtaining consent from individuals to process their personal information, increased requirements pertaining to the processing of special categories of personal information (such as health information) and pseudonymized (i.e., key-coded) data, and heightened transfer requirements of personal information from the European Economic Area/UK/Switzerland to countries not deemed to have adequate data protections laws. Notably, the U.S. is one such country as of January 1, 2024, although effective July 10, 2023, the new EU-U.S. Data Privacy Framework ("DPF") has been recognized as adequate under EU law to allow transfers of personal data from the EU (as well as the U.K. and Switzerland) to certified companies in the U.S. However, the DPF is likely to face legal challenge at the Court of Justice of the European Union which could cause the legal requirements for personal data transfers from the Europe to the U.S. to become uncertain once again. We will monitor these legal developments and continue to use best practices to follow established European legal standards to conduct cross-border transfer of personal data. The GDPR also provides that countries in the European Economic Area may establish their own laws and regulations further restricting the processing of certain personal information, including genetic data, biometric data, and health data. Companies that must comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to €20 million (approximately $22.6 million) or 4 percent of the annual global revenues of the noncompliant company, whichever is greater.

In the United States, in addition to HIPAA, various federal (for example, the Federal Trade Commission) and state regulators have adopted, or are considering adopting, laws and regulations concerning personal information and data security that may conflict or be more stringent or broader in scope, or offer greater individual rights, with respect to personal information than existing federal, international, or other state laws. For example, California, which continues to be a critical state with respect to evolving consumer privacy laws after enacting the California Consumer Privacy Act (the "CCPA"), as amended by the California Privacy Rights Act, took effect in January 2023 and may be subject to additional regulations promulgated through a newly created enforcement agency called the California Privacy Protection Agency ("CPPA"). Failure to comply with the CCPA may result in significant civil penalties, injunctive relief, or statutory or actual damages as determined by the CPPA and California Attorney General, the latter still retaining some CCPA enforcement authority. Following California's lead, several other state enacted privacy laws that took effect in 2023: the Colorado Privacy Act, the Connecticut Personal Data Privacy and Online Monitoring Act, the Utah Consumer Privacy Act, and the Virginia Consumer Data Protection Act. Additional state privacy laws are to take effect in 2024: the Florida Digital Bill of Rights (July 1, 2024), Montana's Consumer Data Privacy Act (October 1, 2024), Oregon's protections for the personal data of consumers enacted through SB 619 (July 1, 2024), and the Texas Data Privacy and Security Act (July 1, 2024).

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

Further, on July 26, 2023, the SEC adopted new cybersecurity disclosure rules for public companies that require disclosure regarding cybersecurity risk management (including our board's role in overseeing cybersecurity risks, management's role and expertise in assessing and managing cybersecurity risks and processes for assessing, identifying and managing cybersecurity risks) in annual reports on Form 10-K. These new cybersecurity disclosure rules also require the disclosure of material cybersecurity incidents by Form 8-K.

In addition to government regulation, privacy advocates and industry groups have and may in the future propose self-regulatory standards from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards. It is possible that if our practices are not consistent or viewed as not consistent with legal and regulatory requirements and interpretations, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, loss of export privileges, or severe criminal or civil sanctions, all of which may have a material adverse effect on our business, operating results, reputation, and financial condition.

All of these evolving compliance and operational requirements impose significant costs, such as costs related to organizational changes, implementing additional protection technologies, training employees and engaging consultants, which are likely to increase over time. In addition, such requirements may require us to modify our data processing practices and policies, distract management or divert resources from other initiatives and projects, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Any failure or perceived failure by us to comply with any applicable federal, state, or similar foreign laws and regulations relating to data privacy and security could result in damage to our reputation, as well as proceedings or litigation by governmental agencies or other third parties, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, sanctions, awards, injunctions, penalties, or judgments. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition, and prospects.

If in the future we are unable to establish U.S. or global sales and marketing capabilities or enter into agreements with third parties to sell and market our product candidates, we may not be successful in commercializing our product candidates if they are approved and we may not be able to generate any revenue.

We currently have a limited team for the marketing, sales and distribution of any of our product candidates that are able to obtain regulatory approval. To commercialize any product candidates after approval, we must build, on a territory-by-territory basis, marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, and we may not be successful in doing so. If our product candidates receive regulatory approval, we may decide to establish an internal sales or marketing team with technical expertise and supporting distribution capabilities to commercialize our product candidates, which will be expensive and time consuming and will require significant attention of our executive officers to manage. For example, some state and local jurisdictions have licensing and continuing education requirements for pharmaceutical sales representatives, which requires time and financial resources. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely impact the commercialization of any of our product candidates that we obtain approval to market.

With respect to the commercialization of all or certain of our product candidates, we may choose to collaborate, either globally or on a territory-by-territory basis, with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. If we are unable to enter into such arrangements when needed on acceptable terms, or at all, we may not be able to successfully commercialize any of our product candidates that receive regulatory approval or any such commercialization may experience delays or limitations. If we are not successful in commercializing our product candidates, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses.

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

With the enactment of the Biologics Price Competition and Innovation Act of 2009, or BPCIA, an abbreviated pathway for the licensure of biosimilar biological products (both highly similar and interchangeable biological products) was created. The abbreviated regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as interchangeable based on its similarity to an existing reference product. The BPCIA provides a period of exclusivity for products granted "reference product exclusivity," under which an application for a biosimilar product referencing such products cannot be licensed by the FDA until 12 years after the first licensure date of the reference product licensed under a BLA.

During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA licenses 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 product candidates.

There is a risk that any product candidates we may develop that are licensed 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 any product candidates we may develop to be reference products for competing products, potentially creating the opportunity for generic competition sooner than anticipated.

Most states have enacted substitution laws that permit substitution of interchangeable biosimilars. The extent to which a highly similar biosimilar, once licensed, will be substituted for any one of our reference products that may be approved 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 any of our product candidates receives marketing approval and we or others later identify undesirable side effects caused by the product candidates, our ability to market and derive revenue from the product candidates could be compromised.

Undesirable side effects caused by our product candidates could cause regulatory authorities to interrupt, delay or halt clinical trials and could result in more restrictive labeling or the delay or denial of regulatory approval by the FDA or other regulatory authorities. Given the nature of ADCs, it is likely that there may be side effects associated with their use. Results of our clinical trials could reveal a high and unacceptable severity and prevalence of side effects. In such an event, our clinical trials could be suspended or terminated and the FDA 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. Such side effects could also affect patient recruitment or the ability of enrolled patients to complete the clinical trials or result in potential product liability claims. Any of these occurrences may materially and adversely affect our business, financial condition, results of operations and prospects.

Further, clinical trials by their nature utilize a sample of the potential patient population. With a limited number of patients and limited duration of exposure, rare and severe side effects of our product candidates may only be uncovered with a significantly larger number of patients exposed to the product candidate.

In the event that any of our product candidates receive regulatory approval and we or others identify undesirable side effects caused by one of our products, any of the following adverse events could occur:

•regulatory authorities may withdraw their approval of the product or seize the product;

•we may be required to recall the product or change the way the product is administered to patients;

•additional restrictions may be imposed on the marketing of the particular product or the manufacturing processes for the product or any component thereof;

•we may be subject to fines, injunctions or the imposition of civil or criminal penalties;

•regulatory authorities may require the addition of labeling statements, such as a black box warning or a contraindication;

•we may be required to create a medication guide outlining the risks of such side effects for distribution to patients;

•we could be sued and held liable for harm caused to patients;

•the product may become less competitive; and

•our reputation may suffer.

Any of these occurrences could have a material and adverse effect on our business, financial condition, results of operations and prospects.

While we have been granted a Fast Track Designation by the FDA for luvelta, it may not lead to a faster development or regulatory review or approval process.

We have been granted a Fast Track Designation for luvelta for the treatment of patients with platinum-resistant epithelial ovarian, fallopian tube, or primary peritoneal cancer who have received one to three prior lines of systemic therapy. As part of our business strategy, we may also seek Fast Track Designation for other of our product candidates. If a drug or biologic is intended for the treatment of a serious or life-threatening condition and the drug or biologic demonstrates the potential to address unmet medical needs for this condition, the product sponsor may apply for FDA Fast Track Designation. The FDA has broad discretion whether or not to grant this designation, so even if we believe a particular product candidate is eligible for this designation, we cannot assure you that the FDA would decide to grant it. Even if we do receive Fast Track Designation, as we have for luvelta, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw Fast Track Designation if it believes that the designation is no longer supported by data from our clinical development program, which may happen in connection with luvelta or other of our product candidates if granted Fast Track Designation.

While we have been granted Orphan Drug Designation by the FDA for luvelta for the treatment of Pediatric (CBF/GLIS) AML, if we decide to seek Orphan Drug Designation for some of our other product candidates, we may be unsuccessful or may be unable to maintain the benefits associated with Orphan Drug Designation, including the potential for orphan drug exclusivity.

We have been granted Orphan Drug Designation by the FDA for luvelta for the treatment of Pediatric CBF/GLIS AML. As part of our business strategy, we may seek Orphan Drug Designation for our other product candidates, and we may be unsuccessful. Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs and therapeutic biologics for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a drug or therapeutic biologic as an orphan drug if it is a drug or therapeutic biologic intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals in the United States, or a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug or therapeutic biologic will be recovered from sales in the United States. In the United States, Orphan Drug Designation entitles a party to financial incentives such as tax advantages and user fee waivers. In addition, if a product that has Orphan Drug Designation subsequently receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications, including a full BLA, to market the same product for the same condition for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity or where the manufacturer is unable to assure sufficient product quantity.

Even if we obtain Orphan Drug Designation for our product candidates in specific conditions, we may not be the first to obtain marketing approval of these product candidates for the orphan-designated condition due to the uncertainties associated with developing pharmaceutical products; in such case, no orphan drug exclusivity would be available unless we could demonstrate “clinical superiority.” In addition, exclusive marketing rights in the United States may be limited if we seek approval for an indication broader than the orphan-designated condition or may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition. Further, even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs or therapeutic biologics with different principal molecular structural features can be approved for the same condition. Even after an orphan product is approved, the FDA can subsequently approve the same drug or therapeutic biologic with the same principal molecular structural features for the same condition if the FDA concludes that the later drug or therapeutic biologic is safer, more effective or makes a major contribution to patient care. Orphan Drug Designation neither shortens the development time or regulatory review time of a drug or therapeutic biologic nor gives the drug or therapeutic biologic any advantage in the regulatory review or approval process. In addition, while we may seek Orphan Drug Designation for our product candidates, we may never receive such designations.

The tax reform legislation signed into law on December 22, 2017 reduced the amount of the qualified clinical research costs for a designated orphan product that a sponsor may claim as a credit from 50% to 25%. This may further limit the advantage and may impact our future business strategy of seeking the Orphan Drug Designation.

If we decide to pursue accelerated approval for any of our product candidates, it may not lead to a faster development or regulatory review or approval process and does not increase the likelihood that our product candidates will receive marketing approval.

In the future, we may decide to pursue accelerated approval for one or more of our product candidates. Under the FDA's accelerated approval program, the FDA may approve a drug or biologic for a serious or life-threatening disease or condition that provides a meaningful advantage over available therapies based upon 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. For drugs or biologics granted accelerated approval, post-marketing confirmatory trials are required to verify and describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. These confirmatory trials must be completed with due diligence, and the FDA may require that the trial be designed, initiated, and/or fully enrolled prior to approval. If we were to pursue accelerated approval for a product candidate for a disease or condition, we would do so on the basis that there is no available therapy for that disease or condition or that our product candidate provides a benefit over available therapy. If standard of care were to evolve or if any of our competitors were to receive full approval on the basis of a confirmatory trial for a drug or biologic for a disease or condition for which we are seeking accelerated approval before we receive accelerated approval, the disease or condition would no longer qualify as one for which there is no available therapy, and accelerated approval of our product candidate would not occur without a showing of benefit over available therapy. Many cancer therapies rely on accelerated approval, and the treatment landscape can change quickly as the FDA converts accelerated approvals to full approvals on the basis of successful confirmatory trials. Whether any trial is sufficient to receive FDA approval under the accelerated approval pathway will depend on the design and safety and efficacy results of such trial and will only be determined by the FDA upon review of the trial design and a submitted BLA.

Moreover, the FDA may withdraw approval of any product candidate approved under the accelerated approval pathway if, for example:

- the trial or trials required to verify the predicted clinical benefit of our product candidate fail to verify such benefit or do not demonstrate sufficient clinical benefit to justify the risks associated with such product;
- other evidence demonstrates that our product candidate is not shown to be safe or effective under the conditions of use;
- we fail to conduct any required post-approval trial of our product candidate with due diligence; or
- we disseminate false or misleading promotional materials relating to the relevant product candidate.

In addition, the FDA may terminate the accelerated approval program or change the standards under which accelerated approvals are considered and granted in response to public pressure or other concerns regarding the accelerated approval program. Changes to or termination of the accelerated approval program could prevent or limit our ability to obtain accelerated approval of any of our clinical development programs.

Recently, the accelerated approval pathway has come under scrutiny within the FDA and by Congress. The FDA has put increased focus on ensuring that confirmatory studies are conducted with diligence and, ultimately, that such studies confirm the benefit. For example, the FDA has convened its Oncologic Drugs Advisory Committee to review what the FDA has called "dangling" or delinquent accelerated approvals, where confirmatory studies have not been completed or where results did not confirm benefit, but for which marketing approval continues in effect, and some companies have subsequently voluntarily requested withdrawal of approval of their products. In addition, the Oncology Center of Excellence has announced Project Confirm, which is an initiative to promote the transparency of outcomes related to accelerated approvals for oncology indications and provide a framework to foster discussion, research and innovation in approval and post-marketing processes, with the goal to enhance the balance of access and verification of benefit for therapies available to patients with cancer and hematologic malignancies.

Further, the enactment of The Food and Drug Omnibus Reform Act, or FDORA, included provisions related to the accelerated approval pathway. Pursuant to FDORA, the FDA is authorized to require a post-approval study to be underway prior to approval or within a specified time period following approval. FDORA also requires the FDA to specify conditions of any required post-approval study and requires sponsors to submit progress reports for required post-approval studies and any conditions required by the FDA. FDORA enables the FDA to initiate enforcement action for the

failure to conduct with due diligence a required post-approval study, including a failure to meet any required conditions specified by the FDA or to submit timely reports.

Risks Related to Our Common Stock

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

We expect our operating results to be subject to quarterly and annual fluctuations. Our net income or loss and other operating results will be affected by numerous factors, including:

•variations in the level of expense related to the ongoing development of our XpressCF® and XpressCF+® platforms, our product candidates or future development programs;

•the fair value of our holding of common stock of Vaxcyte;

•results of preclinical and clinical trials, or the addition or termination of clinical trials or funding support by us, or existing or future collaborators or licensing partners;

•our execution of any additional collaboration, licensing or similar arrangements, and the timing of payments we may make or receive under existing or future arrangements or the termination or modification of any such existing or future arrangements;

•any intellectual property infringement lawsuit or opposition, interference or cancellation proceeding in which we may become involved;

•additions and departures of key personnel;

•strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;

•if any of our product candidates receives regulatory approval, the terms of such approval and market acceptance and demand for such product candidates;

•regulatory developments affecting our product candidates or those of our competitors;

•the impact of accounting principles and tax laws, including as a result of recent tax law changes;

•epidemics, pandemics or contagious diseases;

•changes in general market and economic conditions; and

•cybersecurity incidents

If our quarterly and annual operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Furthermore, any quarterly and annual fluctuations in our operating results may, in turn, cause the price of our common stock to fluctuate substantially. We believe that quarterly and annual comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

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

Our restated certificate of incorporation and our restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors who are

not nominated by current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions:

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit only the board of directors to establish the number of directors and fill vacancies on the board;
- provide that directors may only be removed "for cause" and only with the approval of two-thirds of our stockholders;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;
- authorize the issuance of "blank check" preferred stock that our board could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- prohibit cumulative voting; and
- establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, our restated certificate of incorporation, to the fullest extent permitted by law, provides that the Court of Chancery of the State of Delaware is the exclusive forum for: any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, or the DGCL, our restated certificate of incorporation, or our restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. Furthermore, our amended and restated bylaws also provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act (a Federal Forum Provision). While the Supreme Court of the State of Delaware has held that such provisions are facially valid under Delaware law, there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or determine that the Federal Forum Provision should be enforced in a particular case; application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court.

These choice of 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 any of our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, employees and agents even though an action, if successful, might benefit our stockholders. Stockholders who do bring a claim in the specified courts could face additional litigation costs in pursuing any such claim. The specified courts may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. Alternatively, if a court were to find these provisions of our governance documents inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

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

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

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

Section 22 of the Securities Act of 1933, as amended, or the Securities Act, creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Our amended and restated bylaws provide that the federal district courts of the United States of America will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or a Federal Forum Provision, including for all causes of action asserted against any defendant named in such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While federal or state courts may not follow the holding of the Delaware Supreme Court or may determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court, and our stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

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

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development 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.

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

The trading price of our common stock may be highly volatile and subject to wide fluctuations in response to various factors, some of which we cannot control. As a result of this volatility, investors may not be able to sell their common stock at or above the purchase price. The market price for our common stock may be influenced by many factors, including the other risks described in this section and the following:

•results of preclinical studies and clinical trials of our product candidates, or those of our competitors or our existing or future collaborators;

•regulatory or legal developments in the United States and other countries, especially changes in laws or regulations applicable to our product candidates;

•the success of competitive products or technologies;

•introductions and announcements of new products by us, our future commercialization partners, or our competitors, and the timing of these introductions or announcements;

•actions taken by regulatory agencies with respect to our products, clinical studies, manufacturing process or sales and marketing terms;

•actual or anticipated variations in our financial results or those of companies that are perceived to be similar to us;

•the success of our efforts to acquire or in-license additional technologies, products or product candidates;

•developments concerning current or future collaborations, including but not limited to those with our sources of manufacturing supply and our commercialization partners;

•market conditions in the pharmaceutical and biotechnology sectors;

•general economic uncertainty and capital markets disruptions, including changes in interest rates, rising inflation, potential instability with respect to the federal debt ceiling and budget and potential government shutdowns related thereto, which have been substantially impacted by regional geopolitical instability due to the impact of geopolitical tensions and the ongoing military conflicts around the world;

•any adverse impact of health pandemics, including on our clinical trials and clinical trial operations;

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

•developments or disputes concerning patents or other proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our product candidates and products;

•our ability or inability to raise additional capital and the terms on which we raise it;

•the recruitment or departure of key personnel;

•changes in the structure of healthcare payment systems;

•actual or anticipated changes in earnings estimates or changes in stock market analyst recommendations regarding our common stock, other comparable companies or our industry generally;

•our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;

•fluctuations in the valuation of companies perceived by investors to be comparable to us;

•announcement and expectation of additional financing efforts;

•speculation in the press or investment community;

•trading volume of our common stock;

•sales of our common stock by us or our stockholders;

•changes in accounting principles or tax laws;

•terrorist acts, acts of war or periods of widespread civil unrest, including the ongoing armed conflicts around the world;

•natural disasters, epidemics, pandemics or contagious diseases, and other calamities;

•political instability; and

•general economic, industry and market conditions.

In addition, the stock market in general, and the markets for pharmaceutical, biopharmaceutical and biotechnology stocks in particular, have experienced extreme price and volume fluctuations that have been often unrelated or

disproportionate to the operating performance of the issuer. These broad market and industry factors may seriously harm 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 “Risk Factors” section, could have a dramatic and adverse impact on the market price of our common stock.

The future sale and issuance of equity or of debt securities that are convertible into equity will dilute our share capital.

We may choose to raise additional capital in the future, depending on market conditions, strategic considerations and operational requirements. To the extent that additional capital is raised through the sale and issuance of shares or other securities convertible into shares, our stockholders will be diluted. Future issuances of our common stock or other equity securities, or the perception that such sales may occur, could adversely affect the trading price of our common stock and impair our ability to raise capital through future offerings of shares or equity securities. No prediction can be made as to the effect, if any, that future sales of common stock or the availability of common stock for future sales will have on the trading price of our common stock.

A sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

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.

We cannot predict what effect, if any, sales of our shares in the public market or the availability of shares for sale will have on the market price of our common stock. However, future sales of substantial amounts of our common stock in the public market, including shares issued upon exercise of outstanding options or warrants, or the perception that such sales may occur, could adversely affect the market price of our common stock. For example, we are party to a Sales Agreement with Jefferies, pursuant to which, from time to time, we may offer and sell through Jefferies common stock pursuant to one or more “at the market” offerings. Sales of our common stock under the Sales Agreement with Jefferies could be subject to business, economic or competitive uncertainties and contingencies, many of which may be beyond our control, and which could cause actual results from the sale of our common stock to differ materially from expectations. Any future sales of common stock through our “at the market” offering program will result in dilution and may have a negative impact on the price of our common stock.

We also expect that significant additional capital may be needed in the future to continue our planned operations. To raise capital, we may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock.

General Risk Factors

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

Our business, financial condition or results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. For example, the global financial crisis caused extreme volatility and disruptions in the capital and credit markets, and the global economy has continued to be impacted by changes in interest rates, rising inflation, potential uncertainty with respect to the federal debt ceiling and budget and potential government shutdowns related thereto. Further, the capital and credit markets may be adversely affected by rising regional geopolitical tensions, and global sanctions imposed in response thereto. Our business and operations may be impacted by the current political instability and military hostilities in multiple geographies including Ukraine, the Middle East and the tensions between China and Taiwan. Moreover, a severe or prolonged economic downturn, such as the global financial crisis, could result in a variety of risks to our business, including, weakened demand for our product candidates and our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain our suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for our services. Any

of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

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

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over the analysts or the content and opinions included in their reports. If any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, financial condition and results of operations, our intellectual property or our stock performance, or if our preclinical studies and clinical trials and operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of such analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause a decline in our stock price or trading volume.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain additional executive management and qualified board members. The additional requirements we must comply with may strain our resources and divert management's attention from other business concerns.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of The Nasdaq Global Select Market, and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. Additionally, we may be subject to stockholder activism, which can be costly and time-consuming, disrupting our operations and diverting the attention of management and may lead to additional compliance costs and impact the manner in which we operate our business. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. In order to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, or may have difficulty attracting and retaining sufficient employees, which would increase our costs and expenses.

As a result of no longer being an emerging growth company, we have incurred, and will continue to incur, significant additional expenses that we did not previously incur in complying with the Sarbanes-Oxley Act and rules implemented by the SEC. The cost of compliance with Section 404 of the Sarbanes-Oxley Act has required us to incur substantial accounting expense and expend significant management time on compliance-related issues as we implement additional corporate governance practices and comply with reporting requirements.

We became a "smaller reporting company" as of December 31, 2022. We will continue to be a smaller reporting company if either (i) the market value of our stock held by non-affiliates is less than $250.0 million or (ii) our annual revenue is less than $100.0 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700.0 million. 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 are eligible to take advantage of certain of the reduced disclosure obligations regarding compensation disclosures in 2023. As a smaller reporting company and a "non-accelerated filer", we still need to comply with Section 404(a) of the Sarbanes-Oxley Act, which will continue to require substantial management time and expense.

In addition, changing laws, regulations, and standards relating to corporate governance, stockholder litigation, and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, making some activities more time consuming, and increasing the likelihood and expense of litigation. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve or otherwise change over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters, higher costs necessitated by ongoing revisions to disclosure and governance practices, and increased expenses and management attention due to actual or threatened litigation. We intend to invest resources to comply with evolving laws, regulations and standards (or changing interpretations of them), 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 our efforts to comply with these laws, regulations, and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us, and our business may be adversely affected. Being a public company and complying with the associated rules and regulations, and being subject to heightened likelihood of litigation, makes it more expensive for us to obtain director and officer liability insurance, the costs of which can fluctuate significantly from year-to-year due to general market conditions in obtaining such insurance, but in recent years have risen significantly, consistent with the increase in market rates. As a result, we may be required to accept reduced coverage, incur substantially higher costs to obtain coverage or may be unable to obtain coverage on economically reasonable terms, or at all. These factors could also make it more difficult for us to attract and retain qualified executives and qualified members of our board of directors, particularly to serve on our audit committee, our compensation committee, and our nominating and corporate governance committee.

As a result of disclosure of information in filings required of a public company, our business and financial condition has become more visible, which may result in threatened or actual litigation, including by competitors. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

In addition, as a result of our disclosure obligations as a public company, we could face pressure to focus on short-term results, which may adversely affect our ability to achieve long-term profitability.

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

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

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

Unregistered Sales of Equity Securities

None

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

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

Exhibit Number	Description	Form	File No.	Exhibit Filing Date	Exhibit No.	Filed/Furnished Herewith
10.1†^	Exclusive License Agreement between the Registrant and Ipsen Pharma SAS.					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
104	The cover page from this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in Inline XBRL and contained in Exhibit 101.					X

* This certification is deemed not filed for purposes of section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.
† Registrant has omitted portions of the exhibit as permitted under Item 601(b)(10) of Regulations S-K.
^Registrant has omitted schedules and exhibits pursuant to Item 601(a)(5) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of the omitted schedules and exhibits to the SEC upon request.

SIGNATURES

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

SUTRO BIOPHARMA, INC.

Date: May 13, 2024

By: /s/ William J. Newell
William J. Newell
Chief Executive Officer

Date: May 13, 2024

By: /s/ Edward C. Albini
Edward C. Albini
Chief Financial Officer

Execution Version

Exhibit 10.1

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO SUTRO BIOPHARMA, INC. IF PUBLICLY DISCLOSED.

EXCLUSIVE LICENSE AGREEMENT

dated as of March 29, 2024

by and between

Sutro Biopharma, Inc.

and

Ipsen Pharma SAS

EXCLUSIVE LICENSE AGREEMENT

This Exclusive License Agreement (this "**Agreement**") is dated as of March 29, 2024 (the "**Effective Date**") by and between Sutro Biopharma, Inc., a corporation organized under the laws of Delaware having a place of business at 111 Oyster Point Boulevard, South San Francisco, CA 94080, USA ("**Sutro**"), and Ipsen Pharma SAS, a corporation organized under French law having a place of business at 65 Quai George Gorse, 92100 Boulogne-Billancourt, France ("**Ipsen**"). Sutro and Ipsen may be referred to herein as a "**Party**" or, collectively, as "**Parties**".

RECITALS:

Whereas, Sutro is a pharmaceutical company that owns the Licensed Compound and Licensed Product;

Whereas, Ipsen desires to license from Sutro and Sutro wishes to license to Ipsen, on an exclusive basis, the right to research, develop, manufacture and commercialize the Licensed Compound and Licensed Product in the Field in the Territory.

Now, therefore, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

Unless otherwise specifically provided herein, the following terms shall have the following meanings:

1.1"**Accounting Standards**" means the IFRS (as defined below). Each accounting term used herein that is not specifically defined herein should be determined in accordance with IFRS accounting principles, as consistently applicable at the time where these amounts are calculated.

1.2"**Acquiror**" means a Third Party that acquires a Party through a Change of Control, together with any Affiliates of such Third Party existing immediately prior to the consummation of such Change of Control or thereafter, excluding the Party and all of its Affiliates existing immediately prior to the consummation of the Change of Control.

1.3"**Act**" means the United States Federal Food, Drug and Cosmetic Act, 21 U.S.C. § 301 et seq., as such may be amended from time to time.

1.4"**ADC**" means a molecule, other than an ADC2, consisting of (a) an Antibody Directed To a Target and (b) a Payload, wherein [*]

1.5"**ADC2**" means a molecule comprising (a) an Antibody Directed To a Target and (b) [*]

1.6"**Adverse Event**" means any serious untoward medical occurrence, unintended disease or injury in a person who is administered the Licensed Product.

1.7"**Affiliate**" means, with respect to a Party or other entity, an entity that controls, is controlled by or is under common control with such Party or other entity, but only for so long as such control exists. For the purposes of this Section 1.7, the word "control" (including, with correlative meaning, the terms "controlled by" or "under the common control with") means the actual power, either directly or indirectly through one or more intermediaries, to direct the management and policies of such entity, whether by the ownership of more than fifty percent (50%) of the voting stock of such entity, by contract or otherwise; provided that if local law restricts foreign ownership, control will be established by direct

or indirect ownership of the maximum ownership percentage that may, under such local law, be owned by foreign interests.

1.8"**Antibody**" means an antibody or fragment thereof.

1.9"**Anti-Tumor Agent**" means a small molecule designed or intended to, via a specific mechanism of action: (a) kill a tumor cell or (b) slow or stop the proliferation of tumor cells.

1.10"Applicable Law" means any applicable federal, state, local, municipal, foreign, or other governmental law, statute, legislation, principle of common law, ordinance, code, rule, regulation, or other pronouncement issued, enacted, adopted, passed, approved, promulgated, made, implemented, or otherwise put into effect by or under the authority of any Governmental Body, including the applicable regulations and guidance of the FDA and European Union (and national implementations thereof) that constitute GLP practices and GMP practices (and, if and as appropriate under the circumstances, International Conference on Harmonization (ICH) guidance or other comparable regulation and guidance of any applicable Governmental Body) that govern or otherwise apply to a Party's activities or performance in connection with this Agreement, including without limitation, the Act.

1.11"**Business Day**" means a day other than Saturday or Sunday on which typical banking institutions in Paris, France and the United States are open for business.

1.12"**Calendar Quarter**" means each three (3) month period commencing January 1, April 1, July 1 or October 1 of any year; *provided, however*, that (a) the first Calendar Quarter of the Term shall extend from the Effective Date to the end of the first full Calendar Quarter thereafter, and (b) the last Calendar Quarter of the Term shall end upon the expiration or termination of this Agreement.

1.13"**Calendar Year**" means the period beginning on January 1 and ending on December 31 of the same year; *provided, however*, that (a) the first Calendar Year of the Term shall commence on the Effective Date and end on December 31 of the same year and (b) the last Calendar Year of the Term shall commence on January 1 of the Calendar Year in which this Agreement terminates or expires and end on the date of termination or expiration of this Agreement.

1.14"**Cell-Free Extract**" or "**CFE**" means [*]

1.15"CFE Know-How" means any and all Know-How Controlled by Sutro or its Affiliates as of the Effective Date or at any time during the Term that relates to: (a) the CFE, (b) the CFE Reagents or (c) Manufacture of the CFE or CFE Reagents.

1.16"**CFE Patents**" means any Patent Rights Controlled by Sutro or its Affiliates that claim or cover CFE Know-How.

1.17"**CFE Reagents**" means all [*]

1.18"**CFE Technology**" means collectively, CFE Know-How and CFE Patents.

1.19"**Change of Control**" means, with respect to a Party, (a) a merger, reorganization, combination, or consolidation of such Party with a Third Party that results in the holders of beneficial ownership of the voting securities or other voting interests of such Party (or, if applicable, the ultimate parent of such Party) immediately prior to such merger, reorganization, combination, or consolidation ceasing to hold beneficial ownership of more than 50% of the combined voting power of the surviving entity or the ultimate parent of the surviving entity immediately after such merger, reorganization, combination or consolidation, (b) a transaction or series of related transactions in which a Third Party, together with its Affiliates, becomes the beneficial owner of 50% or more of the combined voting power of the outstanding securities or other voting interest of such Party, (c) the sale, lease, exchange, contribution, or other transfer (in one transaction or a series of related transactions) to a Third Party of all or

substantially all of such Party's assets. With regard to the foregoing clauses (a) and (b), a Change of Control will be deemed to occur if a Third Party has the power, directly or indirectly, to direct or cause the direction of the management of a Party, regardless of whether such Third Party holds beneficial ownership of more than 50% of the voting stock.

1.20"**Clinical Trial**" means a clinical trial involving the administration of any Licensed Compound or Licensed Product to a human subject. Clinical Trials shall include Phase I Trials, Phase II Trials, Phase III Trials and Pivotal Clinical Trials.

1.21"**CMO**" and "**CDMO**" are used interchangeably to mean a Third Party contract manufacturing organization or Third Party contract development and manufacturing organization.

1.22"**Combination Product**" means [*]

1.23"**Commercialization**", "**Commercialize**" or "**Commercializing**" means any and all activities undertaken before or after Regulatory Approval of a MAA for the Licensed Product and that relate to (a) the marketing, advertising, detailing, market or product support, promoting, distributing, storing, transporting, importing or exporting for sale, offering for sale, or selling of the Licensed Product, (b) pre-commercial launch, market research activities, training, education, activities in connection with commercial launch or commercial sales (e.g., establishing a sales force) or product support, or interacting with Regulatory Authorities regarding any of the foregoing, (c) any post-approval Clinical Trials commenced after the First Commercial Sale of such product or post-approval regulatory activities, including those necessary to maintain Regulatory Approvals, or (d) support of any activity in (a), (b) or (c).

1.24"**Commercially Reasonable Efforts**" means: (a) with respect to the efforts to be expended by a Party with respect to any objective, such reasonable, diligent, and good faith efforts as such Party would normally use to accomplish a similar objective under similar circumstances; and (b) with respect to any objective relating to Development or Commercialization of the Licensed Product by a Party, the application by such Party, consistent with the exercise of its prudent scientific and business judgment, of diligent efforts and resources normally used by a similarly situated biotechnology or pharmaceutical company, as applicable, under similar circumstances for similar products or product candidates, which product or product candidate is of similar market potential in the applicable country (taking into consideration any unique features of such market or country), taking into account, without limitation, commercial, legal and regulatory factors, target product profiles, product labeling, past performance, the regulatory environment and competitive market conditions in the therapeutic area, safety and efficacy of the Licensed Product, the strength of its proprietary position, market potential, pricing, profit potential and such other factors as such companies may reasonably consider, all based on conditions then prevailing.

1.25"**Competing Product**" means any product or compound (other than the Licensed Compound) which [*]

1.26"**Component**" means any of the following: [*].

1.27"**Confidential Information**" of a Party, means any proprietary or confidential information relating to the business, operations or products of a Party or any of its Affiliates, including any Know-How, that is disclosed by or on behalf of such Party or any of its Affiliates to the other Party or any of its Affiliates or any of its or their Sublicensees or Distributors under this Agreement whether in oral, written, graphic or electronic form, or otherwise becomes known to the other Party by virtue of this Agreement. In addition, all information disclosed by or on behalf of a Party or its Affiliates pursuant to the mutual confidentiality agreement entered into between Sutro and Ipsen Bioscience, Inc., an Affiliate of Ipsen, dated 28 December 2021 as subsequently amended ("**Confidentiality Agreement**"), shall be deemed Confidential Information disclosed hereunder, by either Sutro or Ipsen, as applicable; provided, however that any use or disclosure of any information after the Effective Date that is

authorized under Article 9 shall not be restricted by, or be deemed a violation of the Confidentiality Agreement. Any and all Know-How (including data and results) that is generated, developed, conceived or reduced to practice by or on behalf of either Party, any of its Affiliates or any of its or their Sublicensees (or on its or their behalf) in the course of performing activities or exercising rights under this Agreement and that relates to the Cell-Free Extract, CFE Reagents or the process for Manufacturing CFE shall be deemed the Confidential Information of Sutro.

1.28"**Control**" or "**Controlled**" by a Party or its Affiliates means, with respect to (a) Patent Rights, (b) Know-How or (c) biological, chemical or physical material, that a Party owns or has a license or sublicense to such Patent Rights, Know-How or material (or in the case of material, has the right to physical possession of such material) and has the ability to grant a license or sublicense to, or assign all right, title and interest in and to, such Patent Rights, Know-How or material as provided for in this Agreement without violating the terms of any agreement or other arrangement with any Third Party existing at the time such Party would be required hereunder to grant the other Party such license, sublicense, right to use or right to access. Notwithstanding the foregoing, except with respect to intellectual property licensed under the Stanford Agreement for purposes of Manufacturing and supplying CFE hereunder (which intellectual property is deemed Controlled), any Know-How, Patent Rights or other intellectual property rights that are in-licensed by Sutro or its Affiliates pursuant to an agreement entered into by Sutro or its Affiliates with a Third Party, or any amendment or supplement thereto, shall not be considered Controlled by Sutro unless Ipsen agrees in advance to be subject to all terms thereof applicable to sublicensees and agrees to pay all costs arising from resulting activities by Ipsen or its Affiliates or its or their Sublicensees or Distributors under such license agreement with a Third Party. Notwithstanding the foregoing, a Party or its Affiliates will be deemed not to "Control" any Patent Rights, Know-How or other materials that are owned or in-licensed by an Acquiror of such Party immediately prior to the consummation of the relevant acquisition through a Change of Control, or that such Acquiror subsequently develops, acquires or in-licenses outside of this Agreement.

1.29"**Cost of Goods**" means, with respect to a product, supplied to Ipsen under this Agreement, subject to [*] in **Appendix A**, the fully burdened cost of Manufacturing that is directly attributable to the applicable product (including the fully burdened cost to Manufacture applicable component(s) contained therein or materials necessary to produce such component(s) or product, such components and materials including the CFE Reagents, the CFE, amino acid, para-azidomethyl-l-phenylalanine ("**pAMF**"), Plasmid, mAb, the Linker, Payload, and Linker-Payload, as applicable), including any devices and other delivery technologies that are packaged or otherwise distributed with such product, which equals the sum of:

(A) "**Internal Costs**" which are: Direct Costs and Indirect Costs (each as defined below) incurred by a Party or any of its Affiliates plus [*]; and

(B) "**External Expenses**" which are: the amounts paid by a Party or any of its Affiliates to a Third Party CMO as invoiced by such Third Party CMO to such Party or its Affiliates plus [*], such amounts including any fees paid to such Third Party [*] to the extent incurred for the product supplied to Ipsen, under this Agreement. For clarity, [*].

Notwithstanding anything to the contrary contained herein:

(i) Cost of Goods shall include any and all costs directly attributable to the applicable product that are incurred in connection with establishing, or otherwise causing to become operational, any cost of Manufacturing facilities, including any validation, technology transfer and licensure costs of the product supplied to Ipsen under this Agreement.

(ii) Costs of Goods exclude [*] charged by a Party or its Affiliates [*] set forth in foregoing clause (A) or (B) of this Section,

(iii) ownership of any capital equipment for Manufacturing of the product shall reside with the Party or its Affiliate that purchased such capital equipment,

(iv) Cost of Goods shall not include the incurred costs attributable to [*],

(v) the fully burdened costs [*] are deemed "directly attributable" or "directly attributed" to the applicable product for purposes of any calculation of Cost of Goods, External Expenses, Direct Costs or Indirect Costs,

(vi) Solely for calculation of Cost of Goods, [*] if applicable.

1.30"**Cover**" or "**Covered**" means, with respect to the Licensed Product, that the using, Manufacturing, selling, importing, or offering for sale of the Licensed Product by an unlicensed Third Party would, but for a license granted in this Agreement under the relevant Patent Rights, infringe a Valid Claim in such Patent Rights in the country in which the activity occurs.

1.31"**Develop**" means, with respect to the Licensed Product, the performance of all pre-clinical and clinical development (including toxicology, pharmacology, test method development and stability testing, process development, formulation development, quality control development, statistical analysis), Clinical Trials, regulatory activities relating to obtaining or maintaining Regulatory Approval of the Licensed Product in the Territory, but excluding activities related to the Manufacture of Licensed Product. Development activities include (a) the conduct of all preclinical and clinical testing and other activities required or useful for creation of ADCs and Regulatory Approval of Licensed Products in the initial and subsequent Indications, (b) the conduct of all regulatory activities directed to obtaining and maintaining Regulatory Approval of the Licensed Product, including test method development and stability testing, assay development and audit development, pre-clinical/non-clinical studies (including toxicology studies), formulation, pharmacodynamics, quality assurance/quality control development, statistical analysis, Clinical Trials (for the first and subsequent Indications), packaging development, regulatory affairs, biomarker strategy and development, companion diagnostic development, report writing and statistical analysis, the preparation, filing and prosecution of MAAs, activities to obtain international nonproprietary names and other nonproprietary names for pharmaceutical substances, and research relating to product naming. "**Development**" and "**Developing**" shall have a corresponding meaning.

1.32"**Direct Costs**" equals the sum of the following as incurred for the applicable product supplied to Ipsen under this Agreement:

(a)Direct labor, based on the actual hours or like methodology consumed by manufacturing, facility, and customer service personnel directly attributed to the product applied at an average hourly wage rate that is designed to approximate actual cost for each employee's position. The Parties agree that [*] Sutro may adjust such direct labor rates thereafter as set forth in **Appendix A**. For clarity, the terms "**FTE Rate**" and "**FTE**" shall not be applicable for the calculation of the Direct Costs.

(b)Direct labor fringe benefits, including, compensation expense (other than wages included in direct labor cost in clause (a)), payroll taxes and benefits allocated based on a proportionate percentage of direct labor costs applied to the product to total actual plant-wide labor costs, plus product-specific travel.

(c)Materials and supplies for making the applicable product, based on actual costs including any applicable freight, taxes, duties, customs or import fees, less any discounts or free goods.

(d)Other costs directly associated with or actually consumed for the applicable product, including handling, storage, distribution, and transportation costs, facility costs, depreciation, waste removal, miscellaneous supplies, outside testing, consulting fees, occupancy costs, maintenance, rent,

insurance, site service support, warehouse, customer services including order entry, billing and adjustments, inquiry and credit and collection, serialization, return and recall management, but for clarity, excluding in each case any such amounts to the extent included as a deduction in calculating Net Sales, as applicable. For clarity, [*].

1.33"**Directed To**" means, with respect to an Antibody, that such Antibody to is designed and developed to specifically bind to a Target.

1.34"**EMA**" means the European Medicines Agency or a successor agency thereto.

1.35"**European Union**" or "**EU**" means the member nations of the European Union established by the Maastricht Treaty of 1992, as may be redefined from time to time.

1.36"**Exploit**" means to research, Develop, Manufacture, perform medical affairs activities for, Commercialize, or otherwise exploit.

1.37"**FDA**" means the United States Food and Drug Administration or a successor federal agency thereto.

1.38"**Field**" means human and veterinarian uses for the diagnosis or treatment of any Indication.

1.39"**First Commercial Sale**" means, on a country-by-country basis, the first commercial transfer or disposition for value of the Licensed Product in such country to a Third Party by or on behalf of Ipsen, or any of its Affiliates or any of its or their Sublicensees, after Regulatory Approvals (including any required Pricing and Reimbursement Approvals) have been obtained, but excluding any Excluded Sales (as defined below).

1.40"**First Patient Dosed**" means in respect of any Clinical Trial, the date on which the relevant initial dose of the Licensed Product or a placebo is administered to the first patient in the applicable Clinical Trial.

1.41"**FTE**" means the equivalent of work of one (1) employee working on a full-time basis in a Calendar Year consisting of a total of [*] actual working hours per Calendar Year. Any individual who devotes more or less than [*] hours per Calendar Year to conducting the specified activities shall be treated as an FTE on a pro rata basis based upon the actual number of hours worked on conducting such activities divided by [*]. FTE shall be determined in accordance with Sutro's normal time allocation practices including tracking of individuals' full-time hours using its standard practice and normal systems and methodologies. FTEs will be pro-rated on a daily basis if necessary. Over-time work, work on weekends and holidays in each case, will not be counted with any multiplier toward the number of hours that are used to calculate the FTE contribution. No hours shall be allocated for time spent by an employee on projects that are not directed to performing the activities under this Agreement. [*]

1.42"**FTE Rate**" means the rate of [*] per FTE per Calendar Year, which rate will be prorated on an hourly basis as necessary with 1 FTE equivalent to [*] hours per Calendar Year, for actual work time spent performing the activities under this Agreement and which rate is subject to annual adjustment in each Calendar Year during the Term by the percentage increase or decrease in the CPI as of December 31 of each Calendar Year, over the level of the CPI as of December 31 of the prior Calendar Year, with the first such increases to be effective on January 1, 2025. For the avoidance of doubt, [*]. Notwithstanding the foregoing, for any Calendar Year during the Term that is less than a full year, the above referenced rates will be proportionately reduced to reflect such portion of such full Calendar Year. For the purposes of this Section, "**CPI**" means the Consumer Price Index for All Urban Consumers (CPI-U), published by the U.S. Department of Labor, Bureau of Labor Statistics (or its successor equivalent index). For clarity, the term "FTE Rate" shall be applicable for transition services and the transfer of the Sutro Manufacturing Technology under Section 5.5 but shall not apply for the calculation of the Cost of Goods.

1.43"**Generic/Biosimilar Competition**" means the sale of Generic/Biosimilar Product in a country or other jurisdiction by one or more Third Parties in the Field. "**Generic/Biosimilar Product**" means, with respect to the Licensed Product in the Field, any product that (a) is sold by a Third Party that is not a (direct or indirect) licensee, Distributor or Sublicensee of Ipsen or any of its Affiliates, (b) contains the Licensed Compound as an active ingredient and is highly similar or interchangeable to the Licensed Product in terms of quality characteristics, purity, potency, biological activity, safety and efficacy as demonstrated in controlled clinical trials including bioequivalent studies, notwithstanding minor differences, and (c) is approved as a "biosimilar", "interchangeable" or "similar biological medicinal product" (or a foreign equivalent) of the Licensed Product in such country in reliance, in whole or in part, on the prior approval (or on safety or efficacy data submitted in support of the prior approval) of the Licensed Product as determined by the applicable Regulatory Authority, including any product authorized for sale (i) in the U.S. pursuant to 42 U.S.C §262(k), (ii) in the European Union pursuant to a provision of Articles 10, 10a or 10b of Parliament and Council Directive 2001/83/EC as amended (including an application under Article 6.1 of Parliament and Council Regulation (EC) No 726/2004 that relies for its content on any such provision), or (iii) in any other country or jurisdiction pursuant to all equivalents of such provisions, including any amendments and successor statutes with respect to the subsections (i) through (iii) thereto.

1.44"**GLP**" means the then-current good laboratory practice standards promulgated or endorsed by the FDA, as defined in U.S. 21 C.F.R. Parts 58 (or such other comparable regulatory standards in jurisdictions outside the United States, as they may be updated from time to time).

1.45"**Good Manufacturing Practices**" or "**GMP**" means all applicable then-current standards relating to manufacturing practices for chemicals, intermediates, bulk products and/or finished pharmaceutical products, including (a) all applicable requirements detailed in the FDA's current Good Manufacturing Practices regulations, U.S. 21 C.F.R. Parts 210 and 211, "The Rules Governing Medicinal Products in the European Community, Volume IV, Good Manufacturing Practice for Medicinal Products", or International Council for Harmonisation GMP Guidelines, including ICH Q7, as each may be amended from time to time, and (b) all Applicable Laws promulgated by any Governmental Body in the United States, a Major European Market country or Japan having jurisdiction over the Manufacture of any Licensed Compound or Licensed Product, as applicable.

1.46"**Governmental Body**" means any: (a) nation, principality, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or entity and any court or other tribunal); (d) multi-national or supranational organization or body; or (e) individual, entity, or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature.

1.47"ICH Guidelines" means the finalized published guidelines of the International Conference on Harmonization of Technical Requirements for the Registration of Pharmaceuticals for Human Use.

1.48"**IFRS**" means the International Financial Reporting Standards, the set of accounting standards and interpretations and the framework in force on the Effective Date and adopted by the European Union as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), as such accounting standards may be amended from time to time.

1.49 "**Immunostimulatory Agent**" means a molecule engineered or selected to, or inherently capable of activating or otherwise positively interacting with the immune system of the recipient.

1.50"**Indication**" means, with respect to a pharmaceutical or biological product, (a) [*], or (b) [*]. Notwithstanding the foregoing, each of the following will be treated as the same Indication and not a distinct Indication: (i) [*], (ii) [*], (iii) [*], and (iv) [*].

1.51"**IND**" means an investigational new drug application (including any amendment or supplement thereto) submitted to applicable Regulatory Authorities for approval to commence Clinical Trials in a given jurisdiction. Specifically for IND submitted to the FDA, pursuant to U.S. 21 C.F.R. Part 312. References herein to IND shall include, to the extent applicable, any comparable filing(s) outside the U.S. for the investigation of any product in any other country or group of countries (such as a Clinical Trial Application ("**CTA**") in the EU).

1.52"**IND Clearance**" means with respect to an IND, the earlier of: (a) receipt by or on behalf of a Party, its Affiliate or a Sublicensee of written confirmation from a Regulatory Authority that Clinical Trials may proceed under such IND without rejection or being placed on clinical hold; or (b) expiration of the applicable waiting period after which Clinical Trials may proceed under such IND.

1.53"IND-Enabling Studies" means studies that are required to meet the requirements for filing an IND with a Regulatory Authority, including, as applicable, relevant preclinical studies including, ADME (absorption, distribution, metabolism, and excretion) and GLP (good laboratory practice) toxicology studies in relevant species, pharmacology studies, as per ICH Guidelines and in particular ICHS6 and ICHS9, as well as studies required for the preparation of Module 3 (chemistry, manufacturing, and controls) sections of such IND, including but not limited to studies, as applicable, relating to Development of the Licensed Compound (such as cell free reaction process, downstream purification process, and conjugation process), the Manufacturing of Licensed Compound, Development and Manufacturing of Licensed Product, and stability studies (for Licensed Compound and Licensed Product) suitable to support a Phase Ia Trial, all as necessary to obtain the permission of the Regulatory Authority to begin human clinical testing. For clarity, IND-Enabling Studies shall not include any studies directed to CFE and all reports from IND-Enabling Studies shall be redacted to omit any CFE Technology or data directed thereto.

1.54"**Indirect Costs**" equals the sum of the following as incurred for the applicable product supplied to Ipsen under this Agreement:

(a)Plant support services, which includes quality control, process sciences, quality assurance, regulatory and validation. All general costs for each plant support service department, which includes, labor, payroll taxes, fringe benefits, materials and supplies, outside testing, consulting fees, contractor costs, depreciation, maintenance and occupancy costs, shall be allocated to the cost of such product based on the proportion of actual labor hours consumed by each plant support service department on the product to total actual labor hours consumed by each plant support service department on all of the applicable Party's products.

(b)Overhead costs required to support the manufacture of such applicable product supplied to Ipsen under this Agreement. These overhead costs are allocated either based on actual labor hours, average headcount, space occupied, or other activity-based method, solely to the extent such allocation is attributable to the applicable product supplied to Ipsen under this Agreement and not to other Sutro products. Overhead costs primarily include general materials and supplies, consulting costs, and other labor costs such as general plant maintenance, management, engineering, janitorial services and administration, information services, human relations, travel and training, and vacation, holiday, personal and sick time, general facility costs which include facility services and supplies, utilities, rent, real estate taxes, depreciation, general and preventive maintenance, insurance and waste removal.

1.55"**Investigator Brochure**" means, in accordance with the definition in 21 CFR Part 312.23(a)(5), a document containing information about the Licensed Compound, including animal screening, preclinical toxicology, and detailed pharmaceutical data, including a description of possible risks and side effects to be anticipated on the basis of prior experience with the Licensed Compound or

related drugs, and precautions, such as additional monitoring, to be taken as part of the investigational use of the Licensed Compound.

1.56"**Know-How**" means any proprietary: (a) scientific or technical information, results and data of any type whatsoever, in any tangible or intangible form whatsoever, that is not in the public domain or otherwise publicly known, including discoveries, inventions, trade secrets, devices, databases, practices, protocols, regulatory filings, methods, processes (including manufacturing or testing processes, specification and techniques), techniques, concepts, ideas, specifications, formulations, formulae, data (including pharmacological, biological, chemical, toxicological, clinical and analytical information, quality control, trial and stability data), case reports forms, medical records, data analyses, reports, studies and procedures, designs for experiments and tests and results of experimentation and testing (including results of research or development), summaries and information contained in submissions to and information from ethical committees, or Regulatory Authorities, and manufacturing or testing process and development information, results and data, whether or not patentable, all to the extent not claimed or disclosed in a patent or patent application; and (b) compositions of matter, assays, animal models and physical, biological or chemical material, including drug substance samples, intermediates of drug substance samples, drug product samples and intermediates of drug product samples. The fact that an item is known to the public shall not be taken to exclude the possibility that a compilation including the item, and/or a development relating to the item, is (and remains) not known to the public. "Know-How" includes any rights, including copyright, trade secret, database or design rights, protecting such Know-How; except "Know-How" excludes Patent Rights.

1.57"**Licensed Compound**" means STRO-003, an ADC targeting ROR1, the composition of matter which is claimed in the Sutro Patents or described in the Sutro Technology and which has the chemical structure set forth in **Schedule 1.57**.

1.58"**Licensed Product**" means a pharmaceutical product containing the Licensed Compound, whether or not as the sole active ingredient and in any dosage from or formulation.

1.59"**Linker**" means a chemical composition for attaching a Payload or Immunostimulatory Agent to an Antibody.

1.60"**Linker-Payload**" means a chemical composition consisting of the combination of a Linker and a Payload

1.61"**MAA**" means a Marketing Authorization Application filed at the EMA, a New Drug Application ("**NDA**") submitted pursuant to the requirements of the FDA, as more fully defined in 21 U.S. C.F.R.§ 314.3 et seq, or any equivalent foreign application submitted in any country in the Territory or a Biologics License Application submitted pursuant to the requirements of the FDA, a Biologics License Application ("**BLA**") as more fully defined in 21 U.S. C.F.R. § 601, or any equivalent foreign application submitted in any country in the Territory, including all additions, deletions or supplements thereto, and as any and all such requirements may be amended, or supplanted, at any time.

1.62"**mAb**" means intermediate monoclonal Antibody.

1.63"Major European Market" means any of France, Germany, Italy, Spain, or the United Kingdom.

1.64"**Manufacture**" or "**Manufacturing**" means, with respect to a product, all activities related to the production, manufacture, processing, formulating, testing (including quality control, quality assurance and lot release testing), bulk packaging, filling, finishing, packaging, labeling, inspecting, receiving, storage, release, shipping and delivery of such product, or any intermediate thereof, including sourcing of materials, process development, process qualification and validation, scale-up, pre-clinical, clinical and commercial manufacture and analytic development, product characterization, stability testing, quality assurance and quality control.

1.65"**Marketing Authorization Holder**" means a Person that has the authorization issued by the competent Regulatory Authority for the purpose of marketing or distributing the Licensed Product in the given country of the Territory.

1.66"Materials" means any tangible compositions of matter, articles of manufacture, assays, chemical, biological or physical materials, and other similar materials.

1.67"**Net Sales**" means the gross amounts invoiced by Ipsen, any of its Affiliates or any of its or their Sublicensees for sales of the Licensed Product to Third Party purchasers of the Licensed Product ("**Gross Sales**"), *less* the following deductions with respect to such sales that are either included in the billing as a line item as part of the gross amount invoiced, or otherwise documented as a deduction in accordance with IFRS as the Accounting Standards to be specifically attributable to actual sales of the Licensed Product (to the extent gross amounts invoiced for such sales are included in Net Sales):

(a) [*];

(b) [*];

(c) [*];

(d) [*].

(e) [*];

(f) [*]; and

(h) [*]

For purposes of the definition of Net Sales, [*] shall be excluded from Net Sales and [*] shall be included in Net Sales.

For purposes of the definition of Net Sales, if any Licensed Product under this Agreement is sold in the form of a Combination Product, and the Licensed Product and individual products containing other therapeutically active ingredient(s) are sold separately, the Net Sales of such Combination Product for any period shall be determined by multiplying [*]. If either the Licensed Product or any other product(s) in the Combination Product is not sold separately in the same formulation, dosage or unit quantity as in such Combination Product, the adjustment to Net Sales shall be determined by the Parties in good faith to reasonably reflect the fair market value of the contribution of the Licensed Product in the Combination Product to the total fair market value of such Combination Product. In the event the Parties cannot reach agreement on such allocation, then the dispute shall be resolved in accordance with Article 13.

Sale of the Licensed Product by Ipsen or any of its Affiliates or its or their Sublicensees to another of these entities for resale by such entity to a Third Party shall not be deemed a sale for purposes of this definition of "Net Sales" (and any associated deductions shall not be deductions for purposes of this definition of "Net Sales").

Transfers or dispositions of the Licensed Product "at cost" or less than cost (1) for preclinical, clinical, regulatory or governmental purposes' patient assistance programs such as early access programs, temporary authorization for use (e.g., *autorisation temporaire d'utilisation* in France), named patient programs other limited access programs; (2) for bona fide charitable purposes; (3) for a test marketing program to comply with any Applicable Law, regulation or request by a Regulatory Authority, or (4) for compassionate use (collectively, such transfers or dispositions in (1) through (4), "**Excluded Sales**") shall not, in each case of (1) through (4), be deemed sales of the Licensed Product for purposes of this definition of "Net Sales."

Net Sales calculations will be determined on an accrual basis in accordance with Accounting Standards consistently applied in accordance with the accounting practices of Ipsen.

1.68"**Objective Response Rate**" means the proportion of patients with a complete response or partial response to treatment per investigator evaluation according to Response Evaluation Criteria in Solid Tumors ("**RECIST**") and will be based on a subset of all included patients with measurable disease at baseline per the site investigator who continue treatment without progression at a prespecified timepoint.

1.69"**Other Active Ingredient**" means a clinically active material(s), other than the Licensed Compound or Component thereof, that provides pharmacological activity in a biological or pharmaceutical product, excluding formulation components such as coatings, stabilizers, excipients or solvents, adjuvants or delivery technologies.

1.70"**Out-of-Pocket Expenses**" means expenses actually paid by a Party or its Affiliate to any Third Party.

1.71"**Patent Rights**" means: (a) an issued or granted patent, utility model or design patent, including any extension, supplemental protection certificate, registration, confirmation, validation, restoration, reissue, reexamination or renewal thereof, by existing or future mechanisms; (b) a pending application for any of the foregoing, including any continuation, divisional, continuation-in-part, substitute or provisional application thereof; (c) any similar rights, including so-called pipeline protection or any importation, revalidation, confirmation or introduction patent or registration patent or patent of additions to any of such foregoing (a) or (b); and (d) all counterparts or foreign equivalents of any of the foregoing issued by or filed in any country or other jurisdiction.

1.72"**Payload**" means Anti-Tumor Agent attached or to be attached to an Antibody.

1.73"**Person**" means any natural person, corporation, firm, business trust, joint venture, association, organization, company, partnership or other business entity, or any government or agency or political subdivision thereof.

1.74 "**Phase I Trial**" means a Clinical Trial of the Licensed Compound or Licensed Product, as further defined in 21 C.F.R. §312.21(a), as amended or the corresponding regulation in jurisdictions other than the United States.

1.75"**Phase Ia Trial**" means a Phase I Trial the principal purpose of which is: (a) preliminary determination of initial safety, tolerability, and pharmacokinetics in subjects; (b) exposes subjects to one or more dose(s) of the Licensed Product and (c) is designed to provide the sponsor of the clinical trial with sufficient information about the Product to initiate a subsequent trial, e.g., a dose expansion phase of the Phase I Trial (e.g., **Phase Ib Trial**). For clarity, [*].

1.76"**Phase II Trial**" means a Clinical Trial that is intended to explore the feasibility, safety, dose efficacy of the Licensed Compound or Licensed Product that is prospectively designed to generate sufficient data (if successful) to commence a Phase III Trial (or foreign equivalent) of such product, as further defined in 21 C.F.R. §312.21(b), as amended, or the corresponding regulation in jurisdictions other than the United States.

1.77"**Phase III Trial**" means a Clinical Trial performed to gain evidence with statistical significance of the efficacy of such product in a target population and to obtain expanded evidence of safety for such product that is needed to evaluate the overall benefit-risk relationship of such product, to form the basis for approval of a BLA by a Regulatory Authority and to provide an adequate basis for physician labeling, as described in 21 C.F.R. §312.21(c), as amended.

1.78"**Pivotal Clinical Trial**" means a Clinical Trial on a sufficient number of subjects that, prior to commencement of such clinical trial: (a) is designed to establish that the Licensed Compound or Licensed Product has an acceptable safety and efficacy profile for its intended use, and to determine warnings, precautions, and Adverse Events that are associated with the Licensed Compound or Licensed Product in the dosage range to be prescribed, (b) is intended to support Regulatory Approval of the Licensed Compound or Licensed Product, or (c) a similar clinical study prescribed by the applicable Regulatory Authority, including Clinical Trials supporting accelerated Regulatory Approval or conditional Regulatory Approval, in each case (a), (b) or (c), without the conduct of any additional Clinical Trials. For clarity, a Phase III Trial is a Pivotal Clinical Trial and a Phase II Trial may be a Pivotal Clinical Trial. In the case of an adaptive design, a Clinical Trial will become a Pivotal Clinical Trial upon the initiation of the contemplated expansion cohort intended to support Regulatory Approval.

1.79"**Plasmid**" means the [*].

1.80"**Platform IP**" means Platform Know-How and Platform Patents, and any intellectual property rights in any of the foregoing, excluding Product Specific Know-How and Product Specific Patents.

1.81"**Platform Know-How**" means Know-How relating to the Linker, the Payload, Linker-Payload or Antibody, (including any modification, improvement or derivative of any of the foregoing) that is discovered, generated, conceived or reduced to practice (constructively or actually) by or on behalf of Ipsen or any of its Affiliates or any of its or their Sublicensees (including by any of its or their employees, agents, or independent contractors, or any combination thereof) using the Sutro Technology or Sutro Manufacturing IP, or any modification, improvement or derivative of the Sutro Technology or Sutro Manufacturing IP.

1.82"**Platform Patents**" means any Patent Rights that claim or disclose Platform Know-How.

1.83"**Pricing and Reimbursement Approvals**" means, in those countries in the Territory where Regulatory Authorities may approve or determine pricing and/or pricing reimbursement for pharmaceutical products, such pricing and/or pricing reimbursement approval or determination.

1.84"**Product Specific Know-How**" means Know-How Controlled by Sutro or Ipsen or their respective Affiliates as of the Effective Date or at any time during the Term relating specifically to formulations or methods of use of Licensed Compounds or Licensed Products, excluding CFE Know-How.

1.85"**Product Specific Patents**" means any Patent Rights Controlled by Sutro or Ipsen or their respective Affiliates as of the Effective Date or at any time during the Term that claim Product Specific Know-How, excluding CFE Patents.

1.86"**Proof of Concept**" or "**PoC**" means demonstration of Objective Response Rate of greater than 30% in a Phase I Trial in human subjects.

1.87"**Regulatory Approval**" means any and all approvals, licenses, registrations, or authorizations of the relevant Regulatory Authority, including Pricing and Reimbursement Approvals, necessary for the Development, manufacture, use, storage, import, transport or Commercialization of Licensed Product in a particular country or jurisdiction.

1.88"**Regulatory Authority**" means: (a) in the U.S., the FDA; (b) in the EU, the EMA or the European Commission; or (c) in any other jurisdiction anywhere in the world, any Governmental Body with similar regulatory authority over pharmaceutical or biotechnology products.

1.89"**Regulatory Exclusivity**" means, with respect to the Licensed Product in any country in the Territory, any market protection granted by a Regulatory Authority in such country that confers a period during which Ipsen or its Affiliates, or its or their Sublicensees or Distributors have the exclusive right

to market and sell the Licensed Product in such country for any Indication (*e.g.*, reference product exclusivity, new chemical entity exclusivity, orphan drug exclusivity, pediatric exclusivity, or applicable data or marketing exclusivity) during which a Third Party seeking to market a Generic/ Biosimilar Product of such Licensed Product is precluded from either referencing or relying upon, without an express right of reference from the Marketing Authorization Holder, the Licensed Product's clinical dossier or relying on previous Regulatory Authority findings of safety or effectiveness with respect to such Licensed Product to support the submission, review or approval of an NDA or similar regulatory submission before the applicable Regulatory Authority; *provided however* that at Regulatory Exclusivity with respect to a Licensed Product in any country in the Territory will be deemed expired whenever Generic/Biosimilar Competition first occurs in such country.

1.90"**Regulatory Materials**" means regulatory applications (including MAA), orphan drug designation applications, submissions, notifications, communications, correspondence, registrations, Regulatory Approvals and/or other filings made to, received from or otherwise conducted with a Regulatory Authority in order to Develop, Manufacture, market, sell or otherwise Commercialize Licensed Products in a particular country or jurisdiction.

1.91"**Royalty Term**" means, on a country-by-country basis, the latest of (a) the expiration of the last Valid Claim within the Sutro Patents and Sutro Manufacturing Patents Covering the Licensed Product in such country or its Manufacture, (b) the tenth (10th) anniversary of the date of the First Commercial Sale of the Licensed Product in such country or (c) the expiration of all Regulatory Exclusivity in such country with respect to the Licensed Product.

1.92"**Senior Executive**" means a member of senior executive management of a Party who is designated by such Party to resolve disputes under this Agreement.

1.93"Stanford Agreement" means that certain Amended and Restated Exclusive Agreement between the Board of Trustees of the Leland Stanford Junior University and Fundamental Applied Biology, Inc. dated October 3, 2007, including all amendments and assigns.

1.94"**Sublicensee**" means a Person other than an Affiliate of Ipsen to which Ipsen (or its Affiliate) has, pursuant to Section 2.2, directly or indirectly granted sublicense rights under any of the license rights granted under Section 2.1; *provided* that "Sublicensee" shall exclude such Persons (other than Affiliates of Ipsen) who purchase Licensed Product from Ipsen (or its Affiliates) solely for resale to Third Party purchasers and for which neither Ipsen nor any of its Affiliates receives payment based on such Person's revenue from the resale activities ("**Distributor**").

1.95"Sutro ADC2 ROR1 Opportunity" means [*].

1.96"**Sutro Know-How**" means all Know-How Controlled by Sutro or its Affiliates as of the Effective Date or at any time during the Term that is specifically related to the research or Development of the Licensed Product or Licensed Compound as it is (or is intended to be) incorporated in the Licensed Product in the Field, excluding CFE Know-How. The Sutro Know-How shall include the XpressCF Technology and the XpressCF+ Technology.

1.97"**Sutro Manufacturing IP**" means the Sutro Manufacturing Patents and the Sutro Manufacturing Know-How relating to the Licensed Compound or the Licensed Product, and further including any intellectual property rights therein. For clarity, Sutro Manufacturing IP does not include any CFE Technology.

1.98"**Sutro Manufacturing Know-How**" means all Know-How, other than CFE Know-How, that is Controlled by Sutro or its Affiliates as of the Effective Date or at any time during the Term and that is specifically related to a process of Manufacturing, or is reasonably necessary or reasonably useful for the Manufacture of, Licensed Product or Licensed Compound as it may be incorporated in the Licensed Product.

1.99"**Sutro Manufacturing Patents**" means any Patent Rights, other than CFE Patents, that are Controlled by Sutro or its Affiliates as of the Effective Date or at any time during the Term and that cover a process of Manufacturing the Licensed Product or Licensed Compound or any Component thereof or are reasonably necessary or reasonably useful for the Manufacture of the Licensed Product or Licensed Compound, or any Component thereof, as it may be incorporated in the Licensed Product.

1.100"**Sutro Patents**" means the Patent Rights that are Controlled by Sutro or its Affiliates as of the Effective Date or at any time during the Term and that Cover Licensed Product or Licensed Compound, or a method of use therefor, or are reasonably necessary or reasonably useful for the Development or Commercialization of the Licensed Product or Licensed Compound as it may be incorporated in the Licensed Product, excluding CFE Patents.

1.101"**Sutro Technology**" means, collectively, the Sutro Patents and Sutro Know-How relating to the Licensed Compound or the Licensed Product, and further including any intellectual property rights therein, but excluding the CFE Technology.

1.102"**Target**" means [*].

1.103"**Tax**" or "**Taxes**" means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

1.104"**Territory**" means worldwide.

1.105"**Third Party**" means any Person other than Sutro, Ipsen or any of their respective Affiliates.

1.106"**Third Party Action**" means a claim or other similar action made by a Third Party against either Party that claims that the Licensed Compound or Licensed Product, or its use, Development, Manufacture or Commercialization infringes or misappropriates such Third Party's intellectual property rights or a motion for declarative judgment by a Party against a Third Party that claims the Licensed Compound or Licensed Product, or its use, Development, Manufacture or Commercialization does not infringe or does not misappropriate such Third Party's intellectual property rights or that such Third Party's intellectual property rights are non-infringed, invalid or unenforceable, with respect to the Licensed Compound or Licensed Product, each of the foregoing to the extent the Licensed Compound or Licensed Product is for use in the Field.

1.107"**Third Party License Agreement**" means any agreement entered into by a Party or its Affiliate (other than an Acquiror) with a Third Party, or any amendment or supplement thereto, in each case following the Effective Date, whereby royalties, fees or other payments are to be made by a Party or its Affiliate to such Third Party in connection with the grant of rights under intellectual property rights Controlled by such Third Party, which rights are necessary to research, Develop, manufacture, have made, import, export, use or Commercialize the Licensed Compound or Licensed Product.

1.108"**Third Party Transaction**" means any transaction with any Third Party (whether directly or indirectly, as a licensing transaction, sale of assets, sale of stock, merger, consolidation, reorganization, de-merger or other comparable transaction), the result of which is that a Third Party directly or indirectly owns, possesses a license, or otherwise controls the right to Develop or Commercialize the Licensed Compound or Licensed Product.

1.109"**Type II Drug Master File**" or "**Type II DMF**" shall mean a drug master file filed with the FDA for CFE or the Linker-Payload with respect to the drug substance of the Licensed Product.

1.110"**United States**" or "**U.S.**" means the United States of America, its territories and possessions.

1.111"**USD**" or "**$**" means the lawful currency of the United States.

1.112"**Valid Claim**" means any claim in any (a) unexpired and issued Patent Right that has not been disclaimed, revoked or held invalid by a final nonappealable decision of a court or other governmental agency of competent jurisdiction or (b) application for a Patent Right that has not lapsed, in the case of a provisional patent application, or been cancelled, withdrawn or abandoned without the possibility or revival, nor has been pending for more than [*] from the earliest priority date claimed for such application.

1.113"**XpressCF Technology**" means cell-free protein synthesis platform technology owned by Sutro.

1.114"**XpressCF+ Technology**" means site-specific conjugation platform technology owned by Sutro.

1.115"**XpressPDF**" means the cell-free lysate preparation [*] used in association with XtractCF in a cell-free protein synthesis reaction.

1.116"**XpressRNAP**" means the cell-free lysate preparation [*] used in association with XtractCF in a cell-free protein synthesis reaction.

1.117"**XpressRS**" means the cell-free lysate preparation [*] used in association with XtractCF in a cell-free protein synthesis reaction [*].

1.118"**XpressTRNA**" means the cell-free lysate preparation [*] used in association with XtractCF in a cell-free protein synthesis reaction [*].

1.119"**XtractCF**" means cell-free extract prepared [*].

1.120Other Terms. The definition of each of the following terms is set forth in the Section of the Agreement indicated below:

Defined Term	Section
"[*] Pro-Rata Period"	5.2(c)
"Action"	8.5(b)(i) and 8.5(g)
"Acquired Entity"	2.5(d)
"ADC^2 Transaction"	2.5(d)
"Agreement"	Preamble
"Alliance Manager"	3.1
"AMF"	9.3(b)(ii)
"Anti-Corruption Laws"	10.4(f)(i)
"Applicable Year"	Appendix A
"Backup CFE Manufacturer"	5.2(d)
"Bankruptcy Event"	12.4
"Biosimilar Action"	8.1
"BLA"	1.60
"CFE Shortage"	5.4(a)
"CFE Supply Agreement"	5.2(a)
"CFE Specification Failure"	6.5
"Claim"	11.1
"Competing Activities"	2.5(d)

Defined Term	Section
“Controlling Party”	8.6(c)
“Confidentiality Agreement”	1.27
“CTA”	1.51
“Development Milestone Event”	7.3(a)
“Disclosing Party”	9.1(a)
“Disclosing Party’s Confidential Information”	9.1(a)
“Distributor”	1.93
“Effective Date”	Preamble
“Excluded Sales”	1.67
“Exclusions List”	10.4(d)
“First Right Party”	8.4(g)(ii)
“Gross Sales”	1.67
“ICC”	13.3
“Identified Third Party Rights”	7.6(c)(i)
“IMP”	Appendix A
“Indemnitee”	11.4
“Indemnitor”	11.4
“Initial Development Plan”	4.2
“Initiation of CFE Technology Transfer	5.4(b)
“Inventions”	8.3(a)
“Ipsen”	Preamble
“Ipsen Backup CFE Forecast”	5.2(c)
“Ipsen’s Cost”	4.3
“Ipsen Indemnitees”	11.2
“Ipsen Inventions”	8.3(a)(iii)
“Ipsen Patents”	8.3(a)(iii)
“JMC”	3.2(a)
“Joint Inventions”	8.3(a)(iv)
“Licensed Product Mark”	4.4(b)
“Losses”	11.1
“Manufacturing Technology Transfer Agreement”	5.5(b)
“Manufacturing Transition Agreement”	5.1(b)
“Module 3 Package”	4.3(b)
“Module 3 Delivery Date”	4.3(b)
“NDA”	1.60
“Non-Escalable Dispute”	13.1
“Ongoing Clinical Trial”	12.7(e)(i)
“pAMF”	1.29
“Party” and “Parties”	Preamble
“Patent Challenge”	12.6
“Phase Ib Trial”	1.75
“Public Official”	10.4(f)
“QTA”	5.7
“Recall”	6.5
“RECIST”	1.68
“Regulatory Milestone Event”	7.3(b)
“Regulatory Milestone Payment”	7.3(b)
“Recipient”	9.1(a)
“Remediation Activities”	4.3
“Representatives”	9.1
[*]	[*]

Defined Term	Section
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
“ROR1”	1.25
“Reversion Royalties”	12.7(d)(ii)
“Royalty Payments”	7.5(a)
“Sales Milestone Event”	7.4(a)
“Sales Milestone Payment”	7.4(a)
“SEC”	9.3(b)(ii)
“Sublicense Agreement”	2.2
“Subsequent Public Announcement”	9.3(b)
“Supply Failure”	5.4(b)
“Supply Failure CFE Technology Transfer”	5.4(b)
“Sutro”	Preamble
“Sutro Backup CFE Forecast”	5.2(c)
“Sutro Indemnitees”	11.1
“Sutro Inventions”	8.3(a)(ii)
“Sutro Manufacturing Technology”	5.5(a)
“Sutro Manufacturing Transition Activities”	5.1(a)
“Technical Publications”	9.4
“Term”	12.1
“Third Party Infringement”	8.5(a)
“Transition Period”	3.2(b)
“Transition Services Agreement”	2.4
“Updated Development Plan”	4.2
“Violation”	10.4(d)

ARTICLE 2
LICENSES AND OTHER RIGHTS

2.1Grant of License to Ipsen. Subject to the terms and conditions of this Agreement (including, without limitation, Section 2.6), Sutro, for and on behalf of itself and all of its Affiliates, hereby grants to Ipsen:

(a)an exclusive (even as to Sutro and its Affiliates), royalty-bearing, worldwide, non-transferable (except as expressly set forth in Section 14.2) right and license (with the right to sublicense, subject to the provisions of Section 2.2) under the Sutro Technology and the Sutro Manufacturing IP to research, Develop, Manufacture, have manufactured, Commercialize and otherwise Exploit the Licensed Compound and Licensed Product in the Territory in the Field; *provided that* the exclusive license granted under this Section 2.1(a) with respect to the Sutro Manufacturing IP shall be effective only after the applicable Sutro Manufacturing Transition Activities as provided in Section 5.5 to Ipsen that utilizes such Sutro Manufacturing IP have been completed. For clarity, [*]; and

(b)upon Initiation of CFE Technology Transfer and Ipsen, its Affiliate or CMO commencing manufacture of CFE and Ipsen’s acceptance of the sublicense for the Stanford Agreement pursuant to Section 2.6(a), a non-exclusive right and a non-transferrable, non-sublicensable license under the CFE Technology solely to the extent necessary for, and solely for the purpose of, Manufacturing and having Manufactured the CFE in the Territory in the Field for Ipsen’s production of Licensed Compound to be incorporated into a Licensed Product, as specifically provided under this Agreement.

2.2Grant of Sublicenses by Ipsen. Ipsen shall have the right to grant sublicenses (through multiple tiers), in whole or in part, under this Agreement under the license granted in Section 2.1(a) and 2.1(b) (subject to Section 2.6 and the other applicable terms of this Agreement) to its Affiliates and Third Parties; *provided that*, (a) the granting by Ipsen of a sublicense shall not relieve Ipsen of any of its obligations hereunder, (b) the performance by an Ipsen Affiliate or other sublicensee of any obligation shall not relieve Ipsen from performing any such obligations in the future or otherwise relieve Ipsen of any of its other obligations hereunder, (c) Ipsen shall ensure that each Ipsen Affiliate or other sublicensee complies with the obligations and restrictions of this Agreement as if such Affiliate or Sublicensee were "Ipsen" hereunder and Ipsen shall remain liable to Sutro for any failure of such Affiliate or other sublicensee to so comply, (d) any sublicense shall be in writing and subject to, consistent with and fully implementing all relevant terms and conditions of this Agreement, and (e) any such sublicense granted under this Section 2.2 shall include provisions whereby: (1) Ipsen obtains ownership of any Patent Rights or Know-How that are reasonably necessary or useful to Exploit the Licensed Compound or Licensed Product or, if Ipsen is unable to cause the Affiliate or other sublicensee to agree to such assignment obligation, such sublicense shall include an irrevocable, perpetual, exclusive, worldwide, royalty-free, fully paid-up, fully transferable, fully sublicensable (through multiple tiers) license to Ipsen under such Patent Rights and Know-How for any purpose in connection with the Licensed Compound or Licensed Product and (2) the Affiliate or other sublicensee shall provide to Ipsen and grant an irrevocable, perpetual, exclusive, worldwide, royalty-free, fully paid-up, fully transferable license (with the right to sublicense through multiple tiers) to use all data in its possession and Control relating to Licensed Compound or Licensed Product for any purpose in connection with the Licensed Compound or Licensed Product ("**Sublicense Agreement**"). Promptly after concluding a Sublicense Agreement, Ipsen will provide a redacted copy of the Sublicense Agreement entered into with the Sublicensee (including Sublicense Agreements by Ipsen Affiliates with a Sublicensee) to Sutro within [*] of signature of the Sublicense Agreement; *provided that* such redacted copy shall, at a minimum, enable Sutro to (A) identify the identity and contact information of the Sublicensee to whom the sublicense was granted, the scope of rights granted, the scope of rights granted in case of termination of the sublicense, the territory covered and the term of the Sublicense Agreement and (B) verify that such Sublicense Agreement complies with this Agreement.

2.3Initial Technology Transfer.

As soon as reasonably practicable after the Effective Date:

(a)Sutro Technology and Sutro Manufacturing IP. In no event later than [*] after the Effective Date (or within such time-period as mutually extended by the Parties in writing), subject to Section 2.5(e), Sutro will make available to Ipsen, at no additional cost to Ipsen, copies of all documents, materials and data in Sutro's possession and Control as of the Effective Date that are listed in **Schedule 2.3(a)** to the extent such documents, materials and data are in final reports (or the most recent version of draft reports available on the Effective Date if final reports are not available as of the Effective Date) released under Sutro's internal quality management system or batch records, if any, for batches of pAMF, Plasmid, Antibody or Linker-Payload reasonably anticipated to be incorporated into Licensed Product provided to Ipsen pursuant to Section 5.1(a) to the extent such batches have been released under Sutro's internal quality management system prior to the Effective Date. Ipsen shall promptly, but in no event later than [*] following such delivery, confirm in writing when it has received and/or accepted such Sutro Technology and Sutro Manufacturing IP. Any materials provided by Sutro in connection with the technology transfer of such Sutro Technology and Sutro Manufacturing IP will remain the sole property of Sutro, and Ipsen will use such materials only in the fulfilment of exercise of obligations or rights under the Agreement.

(b)Regulatory Data. In no event later than [*] after the Effective Date (or within such time-period as mutually extended by the Parties in writing), subject to Section 2.5(e), Sutro will provide to Ipsen (to the extent allowed or consented to by Applicable Law), at no additional cost to Ipsen, copies of the Regulatory Materials, documents, materials and data, each of the foregoing to the extent in Sutro's possession and Control as of the Effective Date and set forth on **Schedule 2.3(b)**, in a format (for final

reports only) that complies with relevant U.S. guidelines promulgated by FDA (including eCTD and CBER or CDER guidance) that are necessary to enable Ipsen to prepare and submit an IND, including all required reports from IND-Enabling Studies in its possession and Control as of the Effective Date. For clarity, Sutro has no obligation to provide to Ipsen copies of any Regulatory Materials, documents, materials and data that are not final reports except, for reports set forth on Schedule 2.3(b) that are not in Sutro's possession and Control as of the Effective Date, Sutro will provide to Ipsen (no later than [*] after the Effective Date (or within such time-period as mutually extended by the Parties in writing)) a copy of the most recent draft of such report, if any, in Sutro's possession and Control as of the Effective Date. To the extent any such Regulatory Materials and other documents cannot be provided to Ipsen, Sutro hereby grants, at no additional cost to Ipsen and its Affiliates, an exclusive, worldwide right of reference under such Regulatory Materials and documents set forth on **Schedule 2.3(b)** (with the right to grant further rights of reference, subject to the provisions of Section 2.2 as if such right of reference were a license with respect to Commercialization of the Licensed Compound and Licensed Products in the Territory in the Field, subject to Section 2.5(e)). As part of the initial technology transfer, Sutro will provide to Ipsen a draft version of the Investigator Brochure and will use Commercially Reasonable Efforts to provide to Ipsen, no later than [*], a copy of the final version of the Investigator Brochure for the Licensed Product.

(c)In the event Sutro has not made available to Ipsen any items due under **Schedule 2.3(a)** or **Schedule 2.3(b)** within the aforementioned time period, Sutro shall promptly make available to Ipsen such items, at no additional cost to Ipsen and upon Ipsen's request to the extent they are in Sutro's possession and Control.

2.4Continuous Technology Transfer. In addition to the technology transfer set forth in Section 2.3 above, Sutro shall provide to Ipsen a reasonable process and schedule for the bidirectional exchange between the Parties of the following information: (i) Platform Know-How that is necessary to enable Ipsen to perform its rights under Section 2.1(a) and (ii) additional Platform Know-How, Materials (to the extent necessary to enable Ipsen to perform Development or Manufacture of the Licensed Product), Sutro Know-How and Sutro Manufacturing Know-How that subsequently comes into existence after the Effective Date and, for each of the foregoing in (i) and (ii), that is or becomes Controlled by Sutro or its Affiliates, at any time during the term of the Transition Services Agreement (as defined below); *provided that* Sutro or its Affiliates, shall not be obligated to disclose or otherwise share with, or provide to, Ipsen any CFE Technology (except as provided in Section 5.5 following Initiation of CFE Technology Transfer), each of the services in this first sentence of Section 2.4 at Ipsen's Cost. For purposes of allocating the roles and responsibilities and the scope the technology transfer of this Section 2.4, the Parties shall work together in good faith to negotiate and execute within [*] of the Effective Date a transition services agreement (the "**Transition Services Agreement**"). Pursuant to the Transition Services Agreement, Sutro shall use Commercially Reasonable Efforts to, in each case as may be required by Ipsen and at Ipsen's Cost: (1) enable Ipsen to prepare and file the IND and (2) agree to make available to Ipsen, those of Sutro's employees who have knowledge and expertise in the Licensed Compound and Licensed Product for a period of up to [*] after the Effective Date (and subject to a [*] extension at Ipsen's option) to provide technical assistance in connection with the technology transfer of Sutro Know-How, Sutro Manufacturing Know-How and Regulatory Materials and documents under this Section 2.4 to Ipsen.

2.5Exclusivity; CFE Technology Obligation Limitations.

(a)Except as otherwise expressly permitted in this Agreement or in the performance of activities under this Agreement, Sutro shall not, and shall not permit its Affiliates, during the Term:

(i)directly or indirectly, alone or with or for any Third Party, (a) establish a program to conduct research on (including screen) any Licensed Compound, or (b) Develop, Manufacture or Commercialize any Licensed Compound or Licensed Product;

(ii)grant a license or sublicense, or enter into any collaboration or partnership to research (including screen), Develop, Manufacture or Commercialize any Licensed Compound or Licensed Product as part of a Third Party Transaction; or

(iii)transfer, assign, convey or otherwise sell rights to any Licensed Compound or Licensed Product to any Third Party for use in the Field in the Territory.

(b)Sutro and its Affiliates shall not, directly or indirectly (including through a Third Party), establish a program to conduct research on, Develop, Manufacture or Commercialize: (i) any Competing Product during the Term or (ii) any ADC^2 Directed To ROR1 until the earlier of the end of the Term and the date which is three [*] after the first IND Clearance by the FDA for a Licensed Product. Notwithstanding the foregoing, if Sutro or its Affiliates (including through a Third Party) perform any pre-clinical research or pre-clinical research-related Development or Manufacturing activities restricted under this Section 2.5(b) with respect to a compound that, to the knowledge of Sutro or any of its Affiliates at the time such activities were first performed by Sutro or any of its Affiliates, was not known by Sutro or any of its Affiliates to be a Competing Product or ADC^2 Directed to ROR1, then Sutro and its Affiliates shall have no liability under this Section 2.5(b) if Sutro and its Affiliates promptly take all steps required to: (A) cease (or have ceased) any such research or research-related Development or Manufacturing activities after becoming aware that such compound is a Competing Product or ADC^2 Directed To ROR1 or, (B) otherwise divest, sell, or dispose of any assets, rights, business pertaining to the Competing Product or ADC^2 Directed to ROR1.

(c)[*].

(d)Notwithstanding the restrictions set forth under Section 2.5(b) above:

(i)if Sutro, as a result of a Change of Control, is acquired by an Acquiror that, as of the time of the closing of such transaction is performing, or following such closing during the Term performs directly or indirectly any research, Development, Manufacture or Commercialization of: (i) one or more Competing Product(s) or (ii) [*] (collectively, "**Competing Activities**"), then there will be no breach of Section 2.5(b) as a result of such transaction or the performance of any Competing Activities, provided that commercially reasonable firewalls, updated according to industry standards, are established (and maintained) (1) to ensure that no Sutro Technology and no Sutro Manufacturing IP, each of the foregoing specific to the Licensed Compound and Licensed Product or Confidential Information generated under this Agreement are used in such Competing Activities and (2) to reasonably segregate each of the foregoing from any material technical information directed to the Competing Activities that is generated, used or otherwise accessible by personnel of Sutro, its Affiliates and Acquiror who are engaged in Competing Activities.

(ii)If before a Change of Control of Sutro, Sutro acquires a Third Party, whether by merger, purchase of assets, stock acquisition or otherwise, and, as of the time of the consummation of such transaction (such Third Party, together with its Affiliates, the "**Acquired Entity**"), the Acquired Entity is performing any Competing Activities, then there will be no breach of Section 2.5(b) as a result of such transaction or the performance of any Competing Activities, if Sutro, at Sutro's election: (1) terminates such Competing Activities within twelve (12) months following the closing of the such transaction (subject to ethical concerns and requirements under Applicable Laws), (2) divests such Competing Activities to a Third Party within twelve (12) months of the closing of such transaction or (3) contributes such Competing Activities to the collaboration contemplated by this Agreement under commercially reasonable terms to be negotiated by the Parties, provided that, if the Parties are unable to agree in writing to such terms during such twelve (12)-month period, then Sutro shall have another twelve (12) months to complete the activities under (1) or (2) above, at Sutro's election. For clarity, after a Change of Control of Sutro, this Section 2.5(d)(ii) shall no longer apply, subject to Section 2.5(d)(i).

(e)Notwithstanding any other term of this Agreement, (1) Sutro shall not be required to transfer, provide or make available any information, documents, materials or data (or copies of any of the foregoing) containing CFE Technology or to permit audit of any records directed to Manufacture of CFE, (2) any license granted by Sutro hereunder expressly excludes any and all CFE Technology, (3) nothing in this Agreement shall be interpreted as restricting Sutro or its Affiliates or its or their licensees (or sublicensees through multiple tiers) from researching, Developing, Manufacturing, Commercializing or otherwise exploiting CFE or CFE Reagents, and (4) Sutro or its Acquiror or Acquired Entity shall have the limited right to research, Develop, Manufacture or Commercialize a Competing Product pursuant to Section 2.5(d), except, with respect to items (1) and (2), following Initiation of CFE Technology Transfer.

2.6Existing Third Party License and Third Party License.

(a)**Stanford Agreement.** Under the Stanford Agreement, Sutro may use intellectual property that was licensed to Sutro from Stanford University under the Stanford Agreement for purposes of Manufacturing and supplying CFE as set forth in Section 5.2(a). Sutro will be solely and exclusively responsible and make payment (at no additional cost to Ipsen) of all license maintenance fees, Sublicense Income (as defined in the Stanford Agreement), royalty obligations, milestone payments and all other payments, including patent prosecution and enforcement payments, that Sutro or any of its Affiliates is required to pay to Stanford University under, or in connection with, the Stanford Agreement or any corresponding license agreement later negotiated between Sutro and Stanford University to license the intellectual property rights granted by Stanford University to Sutro under, or in connection with, the Stanford Agreement. Upon Initiation of CFE Technology Transfer and Ipsen, its Affiliate or CMO commencing manufacture of CFE, Sutro will [*]. For clarity, [*]

(b)**Third Party In-License.** Subject to this Section 2.6(b), the licenses granted under Sections 2.1 or 2.2 may include intellectual property rights licensed by a Third Party to Sutro under a Third Party License Agreement. The Parties acknowledge and agree that any sublicense of Third Party intellectual property rights granted by the Third Party to Sutro shall be subject to the terms and conditions of the Third Party License Agreement applicable to sublicensees under which such sublicense is granted, including any payment obligations applicable to sublicensees except that Ipsen shall not be responsible for payment obligations that Sutro is required to make under the Stanford Agreement to the extent such obligations are expressly set forth in Section 2.6(a) as Sutro's sole responsibility. If, during the Term and for the performance of its obligations under this Agreement, Sutro desires to use any other Third Party intellectual property, including any Third Party intellectual property relating to a component that is licensed to Sutro pursuant to a Third Party License Agreement, then (i) Sutro shall notify Ipsen, of its desire, including providing Ipsen with a copy of such Third Party License Agreement, which agreement may be reasonably redacted in its financial terms, (ii) the Parties shall discuss whether to include such Third Party intellectual property within the scope of the license of Section 2.1 or 2.2, subject to the terms applicable to sublicensees of the Third Party License Agreement. If the Parties agree to include such Third Party intellectual property herein, Ipsen will be solely and exclusively responsible and make payment (i.e., at no additional cost to Sutro) of all license maintenance fees, sublicense incomes, cash payments, royalty obligations, milestone payments and all other payments, including patent prosecution and enforcement payments, that Sutro or any of its Affiliates is required to pay to any Third Party under, or in connection with, the Third Party License Agreement or any corresponding license agreement later negotiated between Sutro and such Third Party to license the intellectual property rights granted by such Third Party to Sutro under, or in connection with, the Third Party License Agreement; such payment by Ipsen shall be subject to the adjustment to royalty payment pursuant to Section 7.6(c).

ARTICLE 3
GOVERNANCE

3.1Alliance Manager. Within [*] after the Effective Date, each Party shall appoint and notify the other Party of the identity of a representative having the appropriate qualifications, including a general

understanding of pharmaceutical development, manufacturing, and commercialization issues, to act as its alliance manager under this Agreement (the "**Alliance Manager**"). The Alliance Managers shall serve as the primary contact points between the Parties regarding the activities contemplated under this Agreement and to be primarily responsible for facilitating the flow of information and otherwise promoting communication, coordination and collaboration between the Parties with respect to the Licensed Compounds and Licensed Products. Each Party may replace its Alliance Manager at any time upon written notice to the other Party.

3.2Joint Manufacturing Committee.

(a)**Formation and Purpose of the Joint Manufacturing Committee**. Promptly, within the first two weeks of the Effective Date, the Parties will establish the Joint Manufacturing Committee ("**JMC**"), which committee will coordinate, oversee and monitor the Parties' Manufacturing activities performed under the Manufacturing Transition Agreement for the supply of Licensed Compound and Licensed Product from the Effective Date and until the Sutro Manufacturing Transition Activities are completed and will remain in place while Sutro remains responsible for the conduct of the Manufacturing activities, and supply to Ipsen, of all CFE in accordance with Article 5. The JMC shall serve as a forum for collaboration between the Parties, facilitating oversight of the Manufacturing of the Licensed Compound and Licensed Product. This includes activities such as planning, monitoring forecasting and supply to review and discuss continuous manufacturing improvement plan and business continuity plan to address potential disruption of supply and shortages of Licensed Product (including Components thereof) and CFE. The JMC will also work to [*], each as applicable. For clarity and notwithstanding any obligations in this Section 3.2, Sutro shall not be required to transfer, provide or make available any information, documents, materials or data (or copies of any of the foregoing) containing CFE Technology or CFE Know-How or to provide or permit audit of any records directed to Manufacture of CFE.

(b)**Members and meetings**. The JMC shall consist of senior representatives of each Party having sufficient seniority and mandate from the applicable Party to make decisions arising within the scope of the JMC's responsibilities. Each Party may replace its representatives at any time upon written notice to the other Party. The JMC shall meet quarterly (or at intervals as agreed between the Parties) until the completion of the Phase Ia Trial (for clarity, including completion of both the dose escalation and dose confirmation portions of the Phase Ia Trial, regardless of whether such trials are conducted as a single Phase Ia Trial or two separate Phase Ia Trials) ("**Transition Period**"), with the first meeting occurring within one (1) month of the Effective Date. Thereafter, the JMC shall meet every six months. JMC meetings may be held by video conference or in person. The Parties shall manage the meetings of the JMC in the most effective way possible and circulate the minutes of such meeting to the Parties within [*] following the meeting for review, comment and, after approval from each Party.

(c)**Decision**. The JMC shall strive to seek consensus in its actions and decision-making process and all decisions by the JMC shall be made by consensus, with each Party having collectively one (1) vote in all decisions. If after reasonable discussion and good faith consideration of each Party's view on a particular matter before the JMC, the JMC cannot reach an agreement as to such matter for a period of [*] (to the extent that such matter requires the agreement of the Parties hereunder), each Party shall designate its Senior Executive officer, together with any other attendees appointed by either Party, to meet as often as the Parties reasonably deem necessary to discuss the decision and negotiate in good faith in an effort to reach an agreement within an additional [*] or such other longer time frame as the JMC may otherwise agree upon after such matter was brought to the Senior Executive representatives for resolution. In their effort to reach an agreement, the position and comments made by each Party with respect to the subject matter in question shall be taken into account in good faith by the Senior Executives to avoid to the extent possible the necessity of any formal binding proceedings of Section 13.3. Failing agreement between the Senior Executive representatives, Sutro shall have the final decision-making authority with respect to any Manufacturing matter submitted within the JMC's authority relating to Licensed Product and Components thereof to be supplied prior to completion of the Phase Ia Trial (including both the dose escalation and dose confirmation portions of the Phase Ia

Trial), except for matters as described in the last sentence of Section 5.1(b), for which Ipsen has final decision-making authority, and except for matters relating to the technical transfer plan(s) referred in 5.5(d)(i) and 5.5(d)(ii), for which neither Party shall have the final decision-making authority. Ipsen shall have the final decision-making authority relating to Licensed Product and Components thereof to be supplied after completion of the Phase Ia Trial, except for Manufacturing matters submitted to the JMC in connection with the supply of CFE (or, to the extent supplied by or on behalf of Sutro, CFE Reagents), for which Sutro shall retain final decision-making authority and except for matters relating to: (A) the technical transfer plan(s) referred in 5.5(d)(i) and 5.5(d)(ii), for which neither Party shall have the final decision-making authority and (B) with respect to the determination of the occurrence of a Supply Failure neither Party shall have the final decision-making authority. The Party having the final decision-making authority shall exercise such authority reasonably and consistent with the terms of this Agreement and any related supply agreements, after having heard and taken into account in good faith the position of and comments made by the other Party.

ARTICLE 4
DEVELOPMENT AND
COMMERCIALIZATION OF LICENSED PRODUCT

4.1General. Subject to the terms of this Agreement and except as otherwise provided in Section 2.4 or 2.5(e) or Article 5, from and after the Effective Date, Ipsen will have sole and exclusive responsibility, control, and decision making authority over the Development, Regulatory Approval application filing, Regulatory Approval and maintenance, Manufacturing, Commercialization, or other exploitation of any Licensed Compound or Licensed Product and all matters directed thereto, itself or through one or more Affiliates, authorized Sublicensees or Third Parties selected by Ipsen in its sole discretion. Ipsen will conduct all such Development, Regulatory Approval, Manufacturing, Commercialization, or other exploitation activities of any Licensed Compound or Licensed Product in a professional and ethical business manner and in compliance with Applicable Law. For clarity, Sutro and not Ipsen shall have sole and exclusive responsibility, control and decision-making authority for all matters to the extent directed to CFE (except with respect to determination of the occurrence of a Supply Failure, for which neither Party will have exclusive responsibility, control or decision-making authority). Ipsen shall use Commercially Reasonable Efforts to Develop and Commercialize at least one (1) Licensed Product in at least one (1) Indication.

4.2Development of the Licensed Product by Ipsen.

(a)**Development Plan.** Ipsen shall be solely responsible for all Development activities, and the associated costs of such activities for the Licensed Compound and Licensed Product in the Field in the Territory. An initial development plan ("**Initial Development Plan**") will detail proposed clinical and non-clinical activities, estimated timelines for the Development of the Licensed Product by Ipsen and its Affiliates or its or their Sublicensees for the first Indication. The Initial Development Plan is attached hereto as **Schedule 4.2.** An updated annual development plan with respect to the Licensed Compound and Licensed Product ("**Updated Development Plan**") will be delivered by Ipsen to Sutro for the subsequent Calendar Year [*] of each Calendar Year until such time as the Licensed Product has received first Regulatory Approval in the first of the United States or one of the Major European Market. Ipsen will make its personnel available to answer any questions reasonably raised by Sutro following its receipt of each Updated Development Plan. In the event Sutro is subject to a Change of Control by an Acquiror having Competing Activities, as from closing of such transaction, information contained in the annual Updated Development Plan which shall be limited to protect the Confidential Information of Ipsen.

(b)**Development Report.** On [*] of each Calendar Year until the submission of a Regulatory Approval in the first Indication, Ipsen will provide to Sutro a written progress report that will describe the Development activities that Ipsen, its Affiliates and/or its or their Sublicensees have performed or caused to be performed during the preceding Calendar Year and which Ipsen, its Affiliates and/or its or their Sublicensees intend to perform during the following Calendar Year for each Licensed

Compound and Licensed Product. Such report shall also include Ipsen's reasonable estimate of whether any development or regulatory milestone is reasonably likely to be achieved in the subsequent Calendar Year provided that such estimates shall not be binding on Ipsen. [*]

4.3Certain Development by Sutro. Notwithstanding anything to the contrary in this Agreement:

(a)Sutro (or its designee) shall be responsible for conducting, at its own cost and expense, corrective, preventive, remediation and implementation activities in connection with a Linker-Payload manufacturing issue related to failure of purity specification and to provide, at its own cost and expense, a revised master batch record for GMP Manufacture of Linker-Payload ("**Remediation Activities**"). The Remediation Activities shall include incorporation of the following into the master batch record for GMP Manufacture of Linker-Payload: (i) [*] (ii) [*] (iii) [*] and (iv) all the preceding steps (i) to (iii) shall be introduced into the master batch record through a change control. Sutro shall also be responsible, at Ipsen's expense, for the GMP Manufacture of a new GMP batch of Linker-Payload. Such expense shall be borne by Ipsen as part of the Cost of Goods for the Licensed Product, which Sutro will supply to Ipsen under Section 5.1. Under the oversight of the JMC, Sutro shall provide Ipsen with a report detailing the implementation and performance of each step plan described above, provide reports as reasonably necessary on the status of the Remediation Activities, and issue a quality certification evidencing completion of the Remediation Activities. [*] Without limiting Sutro's obligations in this Section 4.3, Ipsen will have the right at its own discretion, at any time (but will not have the obligation), to take over the responsibility of the conduct of the Remediation Activities at Ipsen's cost (including Sutro's Internal Costs and External Expenses, if applicable) ("**Ipsen's Cost**").

(b)Sutro (or its designee) shall be responsible for preparing and providing Ipsen, at Sutro's own cost and expense (except for item (iii) below):

(i) [*]

(ii) [*]

(iii) [*]; and

(iv) [*].

((i), (iii) and (iv) together the "**Module 3 Package**," for clarity, excluding (ii)).

Each document of the Module 3 Package referred to in (i), (ii) and (iv) shall be made available to Ipsen on an on-going basis for Ipsen's review and comments until the first IND Clearance for Licensed Product. As of the Effective Date, the Parties have agreed upon a proposed timeline of submission of the Module 3 Package set forth in **Schedule 4.3(b)**. Once Sutro has delivered to Ipsen the last document of the Module 3 Package (the date of such delivery, the "**Module 3 Delivery Date**"), Sutro shall notify Ipsen in writing that the Module 3 Package was submitted and Ipsen shall either within [*] (A) confirm in writing, receipt and acceptance of the Module 3 Package or (B) request changes to the Module 3 Package or request provision of additional information or data to complete and finalize the Module 3 Package. In the case of (B), Sutro shall use Commercially Reasonable Efforts to promptly respond to such request until completion of the Module 3 Package is acknowledged in writing by the Parties. Such responses shall not alter the Module 3 Delivery Date. Sutro acknowledges and agrees that the Module 3 Package provided to Ipsen cannot [*]. With respect to copies of the reports listed in subsection (ii) listed above, Sutro will provide such copies to Ipsen promptly after Sutro's final internal approval of such reports, and in no case later than [*] after the Module 3 Delivery Date. For clarity, Sutro's failure to timely deliver such copies shall not alter the Module 3 Delivery Date. [*] For clarity, [*]

(c)Sutro (or its designee) shall be responsible for the conduct of all activities required for the preparation and filing, at Sutro's own cost and expense, of the Type II Drug Master File of the

Linker-Payload and of the CFE. Such activities shall include being responsible for any communications with FDA required for performance of such responsibilities.

4.4Commercialization.

(a)Commercialization Activities. Ipsen, its Affiliates, its Sublicensees and other Third Parties selected by Ipsen shall be solely responsible for, and shall have the sole decision-making authority in, all matters relating to the Commercialization activities in the Field in the Territory, including the marketing, pricing, promotion, physician targeting, reimbursement, branding, distribution and sale of the Licensed Product in the Territory, at Ipsen's sole cost and expenses. Ipsen shall conduct all such Commercialization in compliance with Applicable Laws.

(b)Trademarks. As between Sutro and Ipsen, Ipsen shall have the sole authority to select the trademarks for the Licensed Product and shall own all rights, title and interest in such trademarks for the used with the Licensed Product and will be responsible for their registration, filing, maintenance and enforcement in the Field in the Territory ("**Licensed Product Mark**"); *provided that* Ipsen shall have no right, title or interest in any trademarks owned or controlled by Sutro (or any of its Affiliates) prior to the Effective Date. During the Term, Sutro shall not select, register, or file any trademarks for use with the Licensed Product. Except as provided in Section 12.7(d) or otherwise agreed in writing by both Parties, Ipsen does not grant to Sutro, by implication, estoppel or otherwise, any license to any Licensed Product Mark. Except as provided in Section 12.7(d) or otherwise agreed in writing by both Parties, after the termination or expiration of this Agreement, the Licensed Product Marks will remain sole property of Ipsen.

(c)Commercialization Reports. On [*] of each Calendar Year, starting on the date which is [*], Ipsen will provide to Sutro a written progress report that will describe the Commercialization activities that Ipsen, its Affiliates or its or their Sublicensees or Distributors have performed or caused to be performed during the preceding Calendar Year and which Ipsen, its Affiliates or its or their Sublicensees or Distributors intend to perform during the following Calendar Year for the Licensed Product. Such Commercialization report shall also include Ipsen's reasonable estimate of whether any regulatory, commercial or sale milestone is reasonably likely to be achieved in the subsequent Calendar Year provided that such estimate milestone completion dates shall not be binding on Ipsen. The Commercialization reports shall be made on a Licensed-Product by Licensed-Product basis for the countries of the Territory in which regulatory or commercial activities occur. Following such Commercialization report, Sutro will have the right to request information on such Commercialization activities of the Licensed Product and Ipsen shall use Commercially Reasonable Efforts to promptly respond to such questions and provide answers to the extent that such answers are known to, or such information is in the possession of, Ipsen (or, if applicable, its Affiliates or its or their Sublicensees or Distributors) at the time of the request. [*]

4.5Right to Subcontract of Ipsen. Ipsen may exercise any of its rights, or perform any of its obligations, under this Agreement by subcontracting the exercise or performance of all or any portion of such rights and obligations on Ipsen's behalf. Any subcontract granted or entered into by Ipsen with a subcontractor as contemplated by this Section that Ipsen may have under this Agreement shall not relieve Ipsen from any of its obligations under this Agreement. Ipsen shall remain liable for the acts and omissions of its subcontractors under this Agreement as if "Ipsen" hereunder.

ARTICLE 5
MANUFACTURING

5.1Initial Clinical Supply during the Transition Period.

[*]**Sutro Manufacturing Transition Activities.** Subject to the Manufacturing Transition Agreement, Sutro shall be responsible to conduct all Manufacturing activities to Manufacture or have Manufactured and for using Commercially Reasonable Efforts to supply all the required quantities as set forth in

Schedule 5.1(a) of Licensed Product as a semi-finished product (without the secondary packaging), meeting the applicable GMP specifications, a draft of which is set forth in **Schedule 5.1(a)** subject to review and good faith amendment by Sutro pursuant to its internal quality policies, to be used by Ipsen to conduct its Development activities in the Territory in the Field under this Agreement. All Licensed Product (or Licensed Compound, Components or other materials, if any) supplied by or on behalf of Sutro to Ipsen pursuant to this Agreement shall be at a price equal to the Cost of Goods for such Licensed Product in accordance with Section 5.1(b), (the activities of this Section 5.1(a), excluding the Manufacture and supply of CFE, collectively, the "**Sutro Manufacturing Transition Activities**"). In the event Sutro, after supplying a first batch of Licensed Product under this Section 5.1 (a), is unable to provide the quantities of Licensed Product set forth in **Schedule 5.1(a)** by the dates set forth in **Schedule 5.1(a)**, Sutro shall use its best efforts to rectify such shortage in a timely manner and no later than [*] following Sutro's receipt of Ipsen's written notice from Ipsen of such failure. [*].

(a)**Manufacturing Transition Agreement.** Within [*] of the Effective Date (or within such time-period as mutually extended by the Parties), the Parties will negotiate and agree in good faith the terms of a manufacturing and supply agreement, covering supplies by or on behalf of Sutro to Ipsen in the Territory of all the required quantities (as set forth in **Schedule 5.1(a)**) of Licensed Product meeting the applicable GMP specifications to allow Ipsen to conduct its Development activities in the Territory in the Field under this Agreement (the "**Manufacturing Transition Agreement**"), in accordance with the material terms set forth in **Appendix A**. Ipsen shall pay Sutro for the Licensed Product (or Licensed Compound, Components or other materials, if any) that is provided by or on behalf of Sutro pursuant to the Manufacturing Transition Agreement at a price equal to the Cost of Goods; *provided that* such Cost of Goods shall not include [*] – which for clarity if approved by the JMC shall be payable [*] – installed during the Term without the JMC's approval *provided that* Ipsen shall have the final decision-making authority relating to provision of such approval.

5.2CFE Supply during the Term.

(a)**Sutro CFE Manufacturing Activities.** During the Term of this Agreement, Sutro shall be responsible to conduct all Manufacturing activities to Manufacture or have Manufactured all CFE and for supplying Ipsen all quantities of CFE meeting the applicable GMP specifications as required by Ipsen to allow Ipsen to conduct its Development and Commercialization activities for Licensed Product in the Territory in the Field under this Agreement.

(b)**CFE Supply Agreement.** Within [*] of the Effective Date (or within such time-period as mutually extended by the Parties), the Parties will negotiate and agree in good faith the terms of a manufacturing and supply agreement covering supplies by or on behalf of Sutro to Ipsen in the Territory of the CFE in quantities sufficient to cover the supply requirement of Ipsen relating to the Licensed Compound necessary to manufacture the Licensed Product during the Term (the "**CFE Supply Agreement**"). The CFE Supply Agreement shall provide specific terms and obligations concerning, among other things, establishment of a continuity plan for resource allocation that would clearly define measures that would allow a quick response and recovery to address potential disruption, CFE Shortage and Supply Failure, provisions related to a rolling quarterly supply forecast, and purchase orders, Sutro's holding of the stock of raw material sufficient to cover the period necessary for successful Sutro Manufacturing Transition Activities (as provided in Sections 5.5(a) to (c)) and other material terms set forth in **Appendix A**. Sutro shall supply CFE pursuant to the CFE Supply Agreement at a price equal to Sutro's Cost of Goods for Ipsen to use in its Development and Commercialization activities.

(c)**CMO Authorization Letter.** If an Acquiror engages in Competing Activities during the Term, as from the closing of such transaction, Sutro will (A) grant Sutro's CMO that Manufactures CFE a non-exclusive, non-transferrable license under the CFE Technology to manufacture and supply CFE to Ipsen during the Term solely for Ipsen's production of Licensed Compound to be incorporated into a Licensed Product, *provided that* such license would not permit the CMO to disclose any CFE Technology to Ipsen and *further provided that* such CMO agree to the terms of a license on terms substantially equivalent to those in the then existing agreement between Sutro and the CMO and subject

to the terms set forth in **Schedule 2.6(a)** as if such CMO were Ipsen, (B) notify such CMO of this license in a letter, (C) facilitate introductions between the CMO and Ipsen to enable Ipsen to negotiate with the CMO regarding a relevant manufacturing agreement with such CMO, and (D) use Commercially Reasonable Efforts to request that such CMO share with Ipsen an unredacted copy of the contract between the CMO and Sutro and to reasonably cooperate with Ipsen in such negotiation. Sutro shall use Commercially Reasonable Efforts to promptly amend its existing agreement (or enter into a new agreement) with its CMO that Manufactures CFE to incorporate the terms set forth in **Schedule 2.6(a)** as if such CMO were Ipsen.

(d)**Backup Supplier for CFE.** Upon Ipsen's request, Sutro shall select a Third Party CDMO for the Manufacturing of CFE ("**Backup CFE Manufacturer**") that is reasonably acceptable to Ipsen to Manufacture CFE for supply to Ipsen and have such Backup CFE Manufacturer qualified, equipped and validated in accordance with cGMP and Applicable Laws; *provided that* Ipsen's request to Sutro includes a non-binding delivery forecast of the quantity of CFE Ipsen reasonably anticipates to be procured from such Backup CFE Manufacturer for use in the Manufacture of Licensed Compound to be incorporated into Licensed Product ("**Ipsen Backup CFE Forecast**"). Within thirty [*] of its receipt of Ipsen's request (including the Ipsen Backup CFE Forecast), Sutro will provide a delivery forecast of the quantity of CFE Sutro reasonably anticipates to be procured from such Backup CFE Manufacturer for uses other than Manufacture of Licensed Compound to be incorporated into Licensed Product ("**Sutro Backup CFE Forecast**"). The Ipsen Backup CFE Forecast and Sutro Backup CFE Forecast will each include a monthly forecast for at least the [*] (such period, the "[*] **Pro-Rata Period**"). Sutro shall be responsible for obtaining, with Ipsen's support as requested by Sutro, any necessary Regulatory Approvals for the manufacture of CFE by the Backup CFE Manufacturer by the relevant Regulatory Authorities in the country where the Backup CFE Manufacturer is located, the United States, the Major European Markets and any other countries mutually agreed between the Parties. The costs and expenses incurred directly or indirectly by Sutro or its Affiliates associated with the engagement of the Backup CFE Manufacturer, including the costs for technology transfer of the Manufacturing process to such Backup CFE Manufacturer, any capital expenditures or non-recurring engineering costs incurred by such Backup CFE Manufacturer and costs associated with obtaining necessary Regulatory Approvals of the Backup CFE Manufacturer in countries as mutually agreed shall be borne by Ipsen in the event the Sutro Backup CFE Forecast does not include any forecasted delivery of CFE during the [*] Pro-Rata Period. Otherwise, in the event the Sutro Backup CFE Forecast includes forecasted delivery of CFE during the [*] Pro-Rata Period, the costs and expenses mentioned in the preceding sentence shall be apportioned between Ipsen and Sutro on a pro-rata basis based on the forecasted quantities of CFEs provided in the Ipsen Backup CFE Forecast and Sutro Backup CFE Forecast during the [*] Pro-Rata Period. For clarity, each Party's share of such costs and expenses will not be changed by any subsequent changes in either forecast.

5.3Subcontracting by Sutro.

Sutro may exercise any of its rights, or perform any of its obligations, under this Agreement by subcontracting the exercise or performance of all or any portion of such rights and obligations on Sutro's behalf by a CMO of Sutro's choice after Ipsen has been given reasonable opportunity to comment on such choice, provided that the final selection shall be under Sutro's decision making authority so long as such CMO is an established Third Party CMO of pharmaceutical products that is GMP qualified. Any subcontract granted or entered into by Sutro with a subcontractor as contemplated by this Section that Sutro may have under this Agreement shall not relieve Sutro from any of its obligations under this Agreement. Sutro shall remain liable for the acts and omissions of its subcontractors under this Agreement as if "Sutro" hereunder. If at any time after the Effective Date, Sutro reasonably determines that it will conduct the Manufacturing activities required hereunder that were initially subcontracted to a CMO directly instead of through one or more CMO, such transfer of responsibility to Sutro shall be subject to Ipsen's express prior consent and approval, which consent shall not be unreasonably withheld if Sutro's determination is commercially reasonable from the viewpoint of this Agreement as a whole taking into account both Parties' interests.

5.4Failure to Supply CFE by Sutro.

(a)If Sutro is unable to supply Ipsen with the CFE as required under the CFE Supply Agreement (or prior to the execution of such agreements, as required by Ipsen pursuant to Section 5.2(a)), which inability to supply does not qualify as a Supply Failure ("**CFE Shortage**"), then, Sutro shall promptly notify Ipsen of such CFE Shortage (or anticipated shortage) and unless the Parties otherwise agree in writing, for so long as such CFE Shortage endures, Sutro shall allocate its available CFE as follows: (i) CFE for supply to Ipsen hereunder on the one hand, and (ii) other uses of Sutro and its Affiliates, on the other hand, in the same proportion as CFE is anticipated to be used between (i) Ipsen and (i) Sutro and its Affiliates *pro rata,* based on the [*] of the applicable forecast most recently submitted by Ipsen to Sutro, based on the proportion represented by the immediately subsequent [*] of Ipsen's binding supply orders most recently submitted by Ipsen to Sutro relative to the sum of (i) and (ii). [*]

(b)If Sutro is unable to supply the CFE to Ipsen as required under the CFE Supply Agreement (or prior to the execution of such agreement, as required by Ipsen pursuant to Section 5.2(a)), and such inability to supply results in Sutro's failure to fulfill at least [*] of the quantity of firm purchase orders issued by Ipsen in accordance with the CFE Supply Agreement, and such failure continues during a period of [*] calendar months during a rolling [*] calendar period ("**Supply Failure**"), Ipsen shall have the right to send Sutro a written Supply Failure notice during or within [*] after the end of such Supply Failure period in which Ipsen elects for Sutro to initiate technology transfer of CFE Know-How. As an example, assuming a supply failure in January, February, April, and September through November (inclusive) of the same year, Ipsen will have the right to send the Supply Failure notice after the end of October until [*] after the end of November. For clarity, [*] Within [*] of Sutro's receipt of Ipsen's timely Supply Failure notice, the Parties will confer to define selection criteria for a new CMO for Manufacture of CFE. If Sutro does not cure the Supply Failure by fulfilling at least [*] of Ipsen's firm purchase orders that were not supplied during the Supply Failure period within [*] of Sutro's receipt of Ipsen's timely Supply Failure notice ("**Initiation of CFE Technology Transfer**"), then (1) the definition of Sutro Manufacturing Technology (as defined in Section 5.5(a)) shall further include CFE Know-How (to the extent necessary for Ipsen to Manufacture CFE or the Licensed Product), (2) the technology transfer obligations relating to Sutro Manufacturing Technology as set forth in Section 5.5(a), (b), and (c), shall be expanded to account for the expanded definition, solely as required to for Ipsen to Manufacture or have Manufactured CFE for use in Manufacturing Licensed Compound to be incorporated into Licensed Product hereunder ("**Supply Failure CFE Technology Transfer**") and the Parties will use Commercially Reasonable Efforts to promptly complete the Supply Failure CFE Technology Transfer, with each Party bearing its own costs and expenses, notwithstanding the allocation of costs set forth in Section 5.5(b). Notwithstanding any other terms in this Agreement, any obligation to provide or otherwise make available any CFE Technology by or on behalf of Sutro is contingent upon entry into, and any such disclosures would be subject to, a confidentiality agreement(s) between Sutro and Ipsen and between Sutro and any Ipsen CDMO receiving any CFE Know-How, such agreement(s) including confidentiality and non-use restrictions and other safeguards to maintain confidentiality of CFE Know-How, taking into account the trade secret status thereof.

5.5Manufacturing Transition Activities in Connection with the Licensed Product and Licensed Compound.

To enable Ipsen to assume control and have the sole responsibility for, at Ipsen's cost, all Manufacturing activities for all Licensed Compound and Licensed Products (excluding the CFE) after the Transition Period, as mentioned in Section 5.1(a):

(a)Subject to sub-section (d) below and Sections 2.5(e) and 5.4(b), Sutro will make available to Ipsen all the Sutro Know-How, Sutro Manufacturing Know-How (to the extent necessary for Ipsen to Manufacture the Licensed Product) and any other information and documents in Sutro's possession and Control, as well as tangible Materials, that are necessary to enable Ipsen, its Affiliates, or its designated CMOs to Manufacture the Licensed Compounds (including for the avoidance of doubt,

the Linker-Payload) and Licensed Product for Ipsen's Development and Commercialization activities, including relevant documents, information, and Materials (standard reference, available batches of active substance, intermediates, and drug product) in Sutro's possession and Control ("**Sutro Manufacturing Technology**"). Notwithstanding the foregoing, Sutro Manufacturing Technology shall expressly exclude any and all CFE Technology, except to the extent CFE Know-How is incorporated into the definition of Sutro Manufacturing Technology pursuant to Section 5.4(b) following Initiation of CFE Technology Transfer. Any Materials provided by Sutro in connection with the technology transfer of the Sutro Manufacturing Technology will be granted under license to Ipsen pursuant to Section 2.1 and remain the sole property of Sutro, and Ipsen will (a) use such Sutro Manufacturing Technology only in the fulfillment of obligations or exercise of rights under this Agreement, and (b) not use such Sutro Manufacturing Technology or deliver the same to any Third Party, other than CMOs or permitted Sublicensees used in connection with Manufacturing, without Sutro's prior written consent, not to be unreasonably withheld, conditioned, or delayed.

(b)For purposes of the technology transfer of the Sutro Manufacturing Technology, the Parties may enter into a manufacturing technology transfer agreement for the technology transfer to Ipsen of such necessary documents and information and will also provide for reasonable technical assistance and support by Sutro to Ipsen to enable Ipsen to Manufacture or have Manufactured by a CMO engaged by Ipsen ("**Manufacturing Technology Transfer Agreement**"). Sutro's or its Affiliate's reasonable technical assistance and support for such technology transfer of the Sutro Manufacturing Technology to Ipsen shall be invoiced to Ipsen at the FTE Rate (with no mark-up) rather than actual costs and further provided that, for such assistance in support of transfer of the Sutro Manufacturing Technology directed to Manufacturing of the Antibody, Ipsen shall not bear the cost of the [*] spent by Sutro. For clarity, [*]. The Manufacturing Technology Transfer Agreement shall include terms providing Ipsen sufficient rights to use the Sutro Manufacturing Technology, which shall not be inconsistent with the terms and conditions in this Agreement.

(c)In the event the Sutro Manufacturing Transition Activities were performed by a CMO on behalf of Sutro (including without limitation in connection with the Manufacture of the Linker-Payload, pAMF, Plasmid and CFE Reagents), at Ipsen's option and upon Ipsen's request to Sutro, Sutro shall facilitate introductions between the CMO and Ipsen to enable Ipsen to negotiate with the CMO regarding a relevant manufacturing agreement with the CMO. Sutro will use Commercially Reasonable Efforts to request that each such CMO to share with Ipsen an unredacted copy of the contract between the CMO and Sutro and to reasonably cooperate with Ipsen in such negotiation.

(d)Notwithstanding anything to the contrary:

(i)with respect to the [*], (1) Ipsen shall select, after having heard and taken into account in good faith the position of and comments made by Sutro, a CMO for Manufacture of the Antibody within [*] of the Effective Date, (2) the JMC will define and approve a technology transfer plan with respect to the Sutro Manufacturing Transition Activities of Sections 5.5(a), (b) and (c) for technology transfer to the selected CMO, and (3) then (after (1) and (2)) Sutro shall initiate such technology transfer promptly after execution of a service agreement between the Parties and the selected CMO which shall be executed no later than [*] months after Ipsen having selected the CMO as per (1) and Sutro shall use Commercially Reasonable Efforts to complete such technology transfer activities no later than [*] month after the initiation of the Phase Ia Trial;

(ii)with respect to each of the [*], following definition and approval of an applicable written technology transfer plan by the JMC, Sutro shall initiate the Sutro Manufacturing Transition Activities of Section 5.5(a), (b) and (c) upon Ipsen's request, prior to [*], and shall use Commercially Reasonable Efforts to complete such activities, taking into account the relative complexity of the technology transfer and acknowledging the Parties' best interest in allowing the effective technology transfer to Ipsen of the Manufacturing of the Licensed Product, and the Parties will use Commercially Reasonable Efforts to perform the Sutro Manufacturing Transition Activities pursuant the technology transfer plan;

(iii)in case of Supply Failure, following Initiation of CFE Technology Transfer, Sutro shall effect the technology transfer of the Sutro Manufacturing Technology with respect to CFE Know-How as set forth in Sections 5.4, 5.5(a), (b) and (c), regardless of whether the Supply Failure is subsequently remedied following Initiation of CFE Technology Transfer. The Parties will use Commercially Reasonable Efforts to complete such Sutro Manufacturing Transition Activities under this subsection promptly following Initiation of CFE Technology Transfer;

(iv)the Sutro Manufacturing Transition Activities shall not include the provision or any right to access of the CFE Technology, and Sutro shall have no obligation to deliver or make available to Ipsen (or any of its Affiliates or any Third Party, including any designated CMO) any CFE Technology, unless and until Initiation of CFE Technology Transfer occurs.

5.6Ipsen's Manufacturing.

(a)Ipsen, its Affiliates, its Sublicensees and other Third Parties selected by Ipsen shall be solely responsible, at its sole cost and expense, for Manufacturing activities for all Licensed Compound and all Licensed Products after the completion of Sutro Manufacturing Transition Activities and for the Commercialization of the Licensed Product (except as provided in Section 5.2 with respect to the Manufacture and supply of the CFE).

(b)In connection with the Manufacturing activities that will be performed by Ipsen, Sutro shall grant Ipsen an exclusive license (except as to the CFE Technology which grant shall be non-exclusive, following Initiation of CFE Technology Transfer) to Manufacture or have Manufactured the Licensed Compound and the Licensed Product in the Field during the Term, within the Territory, by itself or through an Affiliate or Sublicensee, or authorize or license any Third Party, under Sutro Know-How, Sutro Patents and Sutro Manufacturing IP. The Parties acknowledge and agree that when Sutro or its CMO supplies Ipsen with the CFE in accordance with Section 5.2, to allow Ipsen to conduct its Development and Commercialization for the Licensed Product in the Territory in the Field under this Agreement, Ipsen shall not require a license under CFE Technology to use the CFE Technology with such supplied CFE solely for the purpose of Manufacturing the Licensed Compound for incorporation into Licensed Product under the Agreement and as such, such use of the CFE Technology shall not be considered an infringement or an unauthorized use by Ipsen of Sutro's CFE Technology and that no further license is required from Sutro for such use.

5.7Quality Technical Agreement.

The Parties will also negotiate and enter into a separate quality technical agreement ("**QTA**") within [*] of the Effective Date or otherwise agreed by both Parties. Pursuant to Section 6.6 (CMC and Quality Audit), within [*] of the Effective Date, Sutro shall allow Ipsen to conduct, at Ipsen's Cost, a GMP quality inspection of the Manufacturing site of Sutro and of each of Sutro's CMO (solely if, and to the extent, permitted by Sutro's contracts with its CMOs and subject to Sutro's Commercially Reasonable Efforts) in which the Licensed Compound (excluding CFE) and the Licensed Product is Manufactured, stored and handled to assess compliance with GMP standard and applicable regulatory requirements; *provided that* Ipsen shall have no right to audit any information directed to CFE Technology or Manufacture of CFE.

ARTICLE 6
REGULATORY MATTERS

6.1Regulatory Filings. From the Effective Date, Ipsen at its own costs and expense shall have sole responsibility and decision-making authority for all regulatory affairs and strategy in the Territory with respect to the Licensed Product, except with respect to CFE. Ipsen shall: (i) prepare, in its own name as IND holder and Marketing Authorization Holder (or through any designated Sublicensee or subcontractor), (ii) own and (iii) maintain all Regulatory Materials and filings made with the Regulatory Authorities, Regulatory Approvals for the Licensed Products, including all INDs and MAAs.

6.2Communications with Authorities for the Licensed Product. Ipsen (or one of its Affiliates or Sublicensees) shall be responsible, and act as the sole point of contact, for communications with Regulatory Authorities in connection with the Development, Commercialization, and Manufacturing of the Licensed Products (except with respect to the Manufacturing of the CFE, subject to Section 5.5 (Manufacturing Transition Activities)) and respond to any requests or inquiries from Regulatory Authorities related thereto within the timeframe required for response. To the extent Ipsen receives any written or oral communications from any Regulatory Authority relating to the Licensed Product that may impact CFE, Ipsen shall notify Sutro and provide Sutro with a copy of any and all such written communication received by Ipsen as soon as reasonably practicable, but no later than [*] (or such shorter time as is necessary to comply with the reporting requirements of any applicable Regulatory Authority or under Applicable Laws) as well as if applicable, a summary of such oral communication that Ipsen may have had with the Regulatory Authority relating to the Licensed Product that may impact CFE. Following the Effective Date, Sutro shall not initiate, with respect to any Licensed Product, any meetings or contact with Regulatory Authorities without Ipsen's prior written consent. To the extent Sutro receives any written or oral communication from any Regulatory Authority relating specifically to the Licensed Product, Sutro shall: (a) refer such Regulatory Authority to Ipsen, and (b) notify Ipsen and provide Ipsen with a copy of any and all written communication received by Sutro as soon as reasonably practicable, but no later than [*] of receipt (or such shorter time as is necessary to comply with the reporting requirements of any applicable Regulatory Authority or under Applicable Laws), as well as if applicable, a summary of such oral communication that Sutro may have had with the Regulatory Authority. At the reasonable request of Ipsen, Sutro shall make available to Ipsen, at Ipsen's Cost, a qualified representative who shall, together with the representatives of Ipsen, participate in and contribute to meetings directed to an Ipsen application for Regulatory Approval of a Licensed Product, with respect to regulatory matters relating to the Sutro Technology, with FDA until the first Regulatory Approval by the FDA for any Licensed Product or with EMA until the first Regulatory Approval for any Licensed Product by the EMA. Reasonable expenses for the attendance of Sutro's qualified representative to any such meetings with the Regulatory Authorities will be reimbursed by Ipsen [*]. To the extent Sutro receives any written or oral communication from any Regulatory Authority directly impacting but not relating specifically to the Licensed Product and not directed to CFE, Sutro shall promptly provide Ipsen with a copy of any and all such written communications or a summary of such oral communication that Sutro may have had with the Regulatory Authority, each of the foregoing redacting any CFE Know-How unless the communication is received following Initiation of CFE Technology Transfer.

6.3Communications with Regulatory Authorities for the CFE. Sutro shall be responsible, and act as the sole point of contact, for communications with Regulatory Authorities in connection with the Development and Manufacturing of the CFE and shall respond to any requests or inquiries from Regulatory Authorities related thereto within the timeframe required for response, if a separate communication specifically related to the CFE is permitted before the relevant Regulatory Authorities. To the extent Ipsen receives any written or oral communications from any Regulatory Authority relating specifically to the CFE or CFE Reagents that are supplied by or on behalf of Sutro for the Licensed Product, Ipsen shall: (a) refer such Regulatory Authority to Sutro, and (b) notify Sutro and provide Sutro with a copy of any and all written communication received by Ipsen as soon as reasonably practicable, but no later than [*] (or such shorter time as is necessary to comply with the reporting requirements of any applicable Regulatory Authority or under Applicable Laws) as well as if applicable, a summary of such oral communication that Ipsen may have had with the Regulatory Authority. Sutro will keep Ipsen informed of and provide Ipsen with a copy of: (a) material correspondence and (b) Regulatory Materials, each of (a) and (b) relating specifically to the CFE (only following Initiation of CFE Technology Transfer) or CFE Reagents that are supplied by Sutro for the Licensed Product, which (a) and (b) are exchanged between Sutro and Regulatory Authorities (or submitted by Sutro before the Regulatory Authorities) that may impact Ipsen's filing and maintenance of the IND and MAA of the Licensed Products and generally, that may impact the Development, Manufacturing or supply of the Licensed Compound and Licensed Product. Such copies relating specifically to CFE Reagents may be reasonably redacted by Sutro to limit disclosure of the CFE Technology, if Initiation of CFE Technology Transfer has not occurred at the time such copies are provided.

6.4Adverse Event Reporting. Ipsen agrees to comply with any and all Applicable Laws that are applicable as of the Effective Date and thereafter during the Term in connection with, and shall be solely responsible for, safety data collection and reporting of Adverse Events in connection with the Licensed Products in the Territory.

6.5Recalls. Ipsen shall have the sole right to determine whether and how to implement a recall or other market withdrawal ("**Recall**") of any Licensed Product. Ipsen shall be responsible for all costs of any Recall for any Licensed Product, including Sutro's Internal Costs and External Expenses except to the extent such Recall resulted solely from the failure of CFE supplied by Sutro to meet the applicable GMP specifications ("**CFE Specification Failure**"). Ipsen shall promptly notify Sutro of any threatened or pending action, inspection or communication by any Regulatory Authority specifically regarding the safety or efficacy claims of any Licensed Compound or Licensed Product. Without limiting the foregoing, Ipsen shall promptly notify Sutro if it obtains information indicating that any Licensed Product may be subject to any Recall or corrective action taken by virtue of Applicable Law. To the extent any Recall with respect to the Licensed Product is in part the direct result of CFE, promptly after being notified of a Recall, Sutro will provide Ipsen with such assistance as may be reasonably requested by Ipsen in gathering any information directly related to the CFE as is necessary in the conduct by Ipsen of the Recall. Any costs and expenses incurred by Sutro to the extent the Recall resulted solely from CFE Specification Failure shall be borne by Sutro and if the Recall is in part the result of CFE Specification Failure, then the cost and expenses of the Recall shall be allocated between the Parties in an equitable manner.

6.6CMC and Quality Audit. Until a period of [*] after the completion of the Manufacturing Transition Activities and during the Term so long as Sutro is providing Ipsen with the CFE as set forth in Section 5.2 and for a period of [*] thereafter, to the extent required for Ipsen to comply with its obligations and responsibilities as IND holder and Marketing Authorization Holder for the Licensed Product, including any of its responsibilities for submission of IND, MAAs and CMC variations to a Regulatory Authority in the Territory, upon Ipsen's request filed [*] in advance, Sutro shall allow Ipsen, no more than once per calendar year, to conduct an audit and inspection of Sutro's Manufacturing site and an audit of the Manufacturing site of each of Sutro's CMOs in which the Licensed Compound (excluding CFE) and the Licensed Product is manufactured, stored, handled or shipped to permit Ipsen as IND and Marketing Authorization Holder to verify Sutro and its CMO's compliance with all applicable GMP; *provided that* Ipsen shall have no right to audit any information directed to CFE Technology or Manufacture of CFE (solely if, and to the extent, permitted by Sutro's contracts with its CMOs and subject to Sutro's Commercially Reasonable Efforts), during normal business hours, as well as all relevant quality records maintained by Sutro (or its CMO), including relevant quality standard operating procedures, CMC data, documented processes, quality systems and validation procedures within the audited entity's possession and control to the extent relating to the Manufacturing of the Licensed Compound and Licensed Product, including those generated by the CMO performing such Manufacturing on behalf of Sutro, to assess compliance with GLP, GDP and GMP standards and applicable regulatory requirements. If Sutro desires to similarly inspect the CMO for cGMP purposes, it shall notify Ipsen and the Parties may jointly inspect the CMO, to the extent permitted under the agreement between Sutro and its CMO. Detailed audits processes shall be addressed in the manner specified in the Manufacturing Transition Agreement, CFE Supply Agreement or associated quality agreements. Notwithstanding anything to the contrary, in no event shall Ipsen have access to any CFE Know-How in connection with the activities described in this Section 6.6.

ARTICLE 7
FINANCIAL PROVISIONS

7.1Upfront License Fee. In partial consideration of Sutro's grant of the rights and licenses to Ipsen hereunder, Ipsen shall pay, or cause to be paid, to Sutro a non-refundable, non-creditable upfront license fee in the amount of fifty million USD ($50,000,000), within [*] after the Effective Date.

7.2Equity.

In partial consideration for the rights and licenses granted by Sutro to Ipsen hereunder, Ipsen shall ensure that Ipsen Biopharmaceuticals, Inc. (USA), a fully-owned Affiliate of Ipsen, pays Sutro twenty-five million USD ($25,000,000) to acquire newly issued shares of Sutro common stock at a price per share representing a premium of 17% to the volume weighted average price (VWAP) of Sutro's common stock as traded on Nasdaq Stock Market LLC for the twenty (20) trading day period prior to the signature date of this Agreement, in accordance with the terms set forth in a certain investment agreement, substantially in the form attached hereto as **Appendix B** (the "**Investment Agreement**").

7.3Development Milestone Payments.

(a)As further partial consideration for Sutro's grant of the rights and licenses to Ipsen hereunder, Ipsen shall pay, or cause to be paid, to Sutro the following non-refundable, non-creditable milestone payments set forth in Table 7.3(a) below (each, a "**Development Milestone Event**"). Ipsen shall promptly (and in any event within ten (10) Business Days after achievement of each Development Milestone Event) notify Sutro in writing of the achievement of any Development Milestone Event, and Sutro shall issue Ipsen an invoice for the amount of the corresponding milestone payment, which invoice Ipsen shall pay within [*] following receipt of such invoice. Each payment for a Development Milestone Event will be payable only once, upon the first achievement of the applicable Development Milestone Event (if at all). In the event a later Development Milestone Event is first achieved before any earlier Development Milestone Event(s) are achieved, the Development Milestone Payment for any such earlier milestone(s) would be payable together with the Development Milestone Payment for the later Development Milestone Event; except that for Development Milestone Event #1 only one of the date-based milestone payments (a) to (c) will be paid, and in the event Development Milestone Event #2 [*] is not achieved, only the corresponding milestone payment for the [*] milestone shall be paid at achievement of such milestone event and the corresponding milestone payment for the [*] milestone will not be payable upon achievement of a subsequent Development Milestone Event in the Table.

Table 7.3(a) – Development Milestones

#	Development Milestone Event	Milestone Payment
[*].	[*][*] [*][*] [*][*]	[*]
	[*]	[*]
[*]		[*]
	[*]	
[*]	[*]	[*]
[*]	[*]	[*]

(*) The Milestone Payment amounts referenced in Table 7.3(a) corresponding to Development Milestone Event #1 [*] will be reduced by fifty (50) percent, if [*]. For clarity, [*].

(**) In the event the Development Milestone Event #3 related to [*] for the first Indication is initiated after completion of [*].

(***) The "**Second Indication**" means an Indication different from the first Indication (i.e., not a line of treatment of the first Indication).

(b)From and after the Effective Date, Ipsen will notify Sutro in writing within [*] after the first occurrence of each of the events described below (each, a "**Regulatory Milestone Event**") for the first Licensed Product to achieve such Regulatory Milestone Event and will pay Sutro the applicable amounts set forth in Table 7.3(b) below (each, a "**Regulatory Milestone Payment**") no later than [*] after receipt by Ipsen of an invoice from Sutro corresponding to such Regulatory Milestone Payment.

Table 7.3(b) – Regulatory Milestones

#	Regulatory Milestone Event	Payment by Indication (***)		
		First Indication	Second Indication	Each of Third, Fourth, or Fifth Indication
[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]

(***) The payment for the second, third, fourth and fifth Indications, shall be deemed achieved and payable if such Indication is a different Indication from any preceding Indication (i.e., not a line of treatment of the any preceding Indication) for the same milestone regardless of whether such subsequent Indication is for the same or a different Licensed Product from the preceding Indication(s). [*]

7.4Sales Milestone Payments.

(a)Ipsen will pay Sutro the one-time, non-refundable, non-creditable amounts set forth in Table 7.4 below (each, a "**Sales Milestone Payment**") when the aggregated Net Sales of all Licensed Products in the Territory during any Calendar Year first reach the event described below (each, a "**Sales Milestone Event**"). No later than [*] after a Sales Milestone Event is achieved, Ipsen will notify Sutro in writing and will pay Sutro the Sales Milestone Payment no later than [*] after receipt by Ipsen of an invoice from Sutro corresponding to such Sales Milestone Payment. If in a given Calendar Year during the Term more than one of the Sales Milestone Events set forth in Table 7.4 below is achieved, then Ipsen will pay to Sutro a separate Sales Milestone Payment with respect to each such Sales Milestone Payment that is achieved for the first time in such Calendar Year. For the avoidance of doubt, each Sales Milestone Payment will be payable only once, regardless of the number of times such milestone event is subsequently achieved.

Table 7.4 – Sales Milestones

Sales Milestone Event	Milestone Payment
[*]	[*]
[*]	[*]

[*] [*]
[*] [*]

(b)For the avoidance of doubt, each aforementioned Sales Milestone Payment shall be made only once based on aggregate sales for all Licensed Products, regardless of the number of Licensed Products sold, or the number of Calendar Years in which aggregate Net Sales of all Licensed Products achieve such Sales Milestone Event. [*].

7.5Royalty Payments for Licensed Products.

(a)**Royalty Rate.** As further consideration for Sutro's grant of the rights and licenses to Ipsen hereunder, Ipsen shall, during each applicable Royalty Term, pay to Sutro a royalty on worldwide aggregate Net Sales of Licensed Products for each Calendar Year at the percentage rates set forth in Table 7.5 below (subject to Section 7.6 (Adjustments to Royalty Payments)) ("**Royalty Payments**"):

Table 7.5 – Royalty Rates for Licensed Products

Calendar Year Net Sales of all Licensed Product in the Territory	Royalty Rate
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]

[*]

(b)**Royalty Payment Calculation.** In the event certain Net Sales are subject to the royalty reductions set forth in Section 7.6, Ipsen shall calculate the royalty reductions as follows: Ipsen shall calculate the proportion of total Net Sales for the applicable period that are subject to royalty reduction of a particular percentage pursuant to Section 7.6 and shall apply the appropriate royalty reduction as if the Net Sales entitled to that reduction percentage make up that proportion of Net Sales within each of the relevant Net Sales bands.

7.6Adjustment to Royalty Payments.

(a)**Lack of Valid Claims and Know How Royalty.** Subject to Section 7.6(d) (Royalty Floor), on a country-by-country basis in the Territory in any country in which it violates Applicable Law to charge the same royalty on a product after expiration of a patent, during any Calendar Quarter of the Royalty Term in any such country in which the Licensed Product is not Covered by a Valid Claim of any of the Sutro Patents, Sutro Manufacturing Patents or CFE Patents in such country, then the Royalty Payments due to Sutro pursuant to Section 7.5 (Royalty Payments for Licensed Products) for the Licensed Product in such country will be reduced by [*] during any such Calendar Quarter.

(b)**Generic/Biosimilar.** If, during the Royalty Term, there is a Generic/Biosimilar Competition with the Licensed Product in a country, and if the aggregate units of the Licensed Product sold in any Calendar Quarter in such country during that Calendar Quarter following introduction of such Generic/Biosimilar Competition have each fallen by at least [*] in that country as compared to the average quarterly total aggregate units of the Licensed Products sold in such country during the last full [*] Calendar Quarters immediately prior to the Calendar Quarter in which such Generic/Biosimilar Products were first introduced, where unit volume sales will be identified and calculated based on relevant information published by IQVIA, any successor to IQVIA, or any other similar Third Party source reasonably agreed upon by the Parties, then the Royalty Payments due to Sutro pursuant to Section 7.5 (Royalty Payments for Licensed Products) for the Licensed Product in such country will be reduced by [*] in such Calendar Quarter.

(c)**Identified Third Party License.**

(i)In addition to the Stanford Agreement, which shall be at the sole cost and expense of Sutro, if during the Term, either Party determines that a license under any Patent Rights controlled by a Third Party is necessary to Develop, Manufacture, Commercialize or otherwise exploit the Licensed Compound or the Licensed Product ("**Identified Third Party Rights**"), then it will so notify the other Party. Sutro will have the first right to acquire rights to any such Identified Third Party Rights from such Third Party (whether by acquisition or license) and if Sutro intends to acquire such rights, then Sutro will notify Ipsen of such intention within [*] of receipt of Ipsen's written request to do so and Section 2.6 shall apply. If Sutro fails to so notify Ipsen (or notifies Ipsen of its intention not to so acquire such rights within such [*] period) or otherwise fails after the date of Ipsen's written request to acquire rights under such Identified Third Party Rights, then Ipsen will have the right to acquire rights under such Identified Third Party Rights from such Third Party. If thereafter Ipsen so acquires such rights, then such Patent Rights will be included in the Ipsen Patent Rights, as applicable and, subject to any Royalty Payments adjustment pursuant to this Section 7.6, and Ipsen will be solely responsible for all payments owed to such Third Party in consideration for the acquisition of rights to such Identified Third Party Rights (whether by acquisition or license) or the practice thereunder by or on behalf of Ipsen.

(ii)If Ipsen so acquires such rights, Ipsen will then be entitled to deduct from any amount payable to Sutro under Section 7.5(a), an amount equal to not more than [*] of any royalties payable by Ipsen, its Affiliates or Sublicensees to Third Parties in the Calendar Quarter pursuant to such Identified Third Party Rights in respect of Net Sales of the Licensed Product of the specific units subject to the royalty, on a unit-by-unit basis.

(d)**Royalty Floor.** Notwithstanding the foregoing, under no circumstances shall the deductions under this Section 7.6 result in the amount payable to Sutro being reduced by more than [*] compared with the amount otherwise payable under Section 7.5(a), on a unit-by-unit basis. For clarity, credits for reductions not exhausted for sale of any unit of Licensed Product are not applied to sales of other Licensed Products sold in that Calendar Quarter or any future Calendar Quarter.

7.7Timing of Payment. Royalty Payments payable under Section 7.5(a) shall be payable on actual Net Sales and shall accrue at the time the Licensed Product is delivered. Royalty obligations that have accrued during a particular Calendar Quarter shall be paid, on a Calendar Quarter basis, within [*] after the end of each Calendar Quarter during which the royalty obligation accrued.

7.8Mode of Payment and Currency; Invoices.

(a)**Currency.** All payments to Sutro hereunder shall be made by deposit of USD in the requisite amount to such bank account as Sutro may from time to time designate by written notice to Ipsen. With respect to sales not denominated in USD, Ipsen shall convert applicable sales in foreign currency into USD by using the exchange rate as published by the Wall Street Journal, Eastern Edition, under the heading "Currency Trading" averaged on the last Business Day of each of the [*] consecutive calendar months constituting the Calendar Quarter in which the payment was earned. Ipsen will bear any loss of exchange or value and pay any expenses incurred in the transfer or conversion to U.S. dollars. All payments owed under this Agreement shall be made by wire transfer in immediately available funds to a bank and account designated in writing by Sutro. The Parties may vary the method of payment set forth herein at any time upon mutual written agreement, and any change shall be consistent with the local Applicable Law at the place of payment or remittance.

(b)**Invoices.** Sutro shall address its invoices to:

Ipsen Pharma SAS
65 Quai George Gorse
Boulogne-Billancourt 92100

France
Attn: Accounting Department
Email: [*]

With a copy to:

Ipsen Pharma SAS
65 Quai George Gorse
Boulogne-Billancourt 92100
France
Attn: Strategic Alliance Management
Email: [*]

7.9Royalty Reports and Records Retention. Within [*] after the end of each Calendar Quarter following the First Commercial Sale of any Licensed Product, Ipsen shall deliver to Sutro, together with the applicable payment due for such Calendar Quarter, a written report, on a country-by-country basis, summarizing the total amount of applicable payments, if any, received during such Calendar Quarter. Such report shall include, on a country-by-country basis (i) the Gross Sales of Licensed Products subject to payments to Sutro for such Calendar Year, (ii) amounts deducted by category (following the definition of Net Sales) from such Gross Sales to calculate Net Sales, (iii) a calculation by category of any applicable reductions under Section 7.6 and (iv) a calculation of the amount of royalty payment due on such Net Sales. Such report shall be deemed Confidential Information of Ipsen subject to the obligations of Article 9 of this Agreement. Further, each such royalty report shall indicate Gross Sales and Net Sales in each country's currency, the applicable royalty rate, the royalties payable for each country in such country's currency, the applicable exchange rate to convert from each country's currency to U.S. Dollars, and the royalties payable in U.S. Dollars. For [*] (or such longer period as required by Applicable Law) after each sale of each Licensed Product occurs, Ipsen shall, and shall ensure that its Affiliates and its and their Sublicensees, keep complete and accurate records of such sale in sufficient detail to confirm the accuracy of the payments made to Sutro hereunder.

7.10Late Payments. In the event that any payment due under this Agreement that is past due, the payment shall accrue interest from the date due at the lesser of (i) the thirty (30)-day United States dollar prime rate effective for the date that the payment was due as reported by the Wall Street Journal, Internet Edition at www.wsj.com in the "Money Rates" tab on the date such payments are overdue, plus [*] per annum and (ii) the maximum legal annual interest rate, calculated on the total number of days that the payment is delinquent, compounded daily. The payment of such interest shall not limit the Party entitled to receive payment from exercising any other rights it may have as a consequence of the lateness of any payment.

7.11Audits.

(a)**Royalty Audit.**

(i)**Audits Generally.** During the Royalty Term and for one year thereafter, and not more than once in each Calendar Year, Ipsen shall permit, and shall cause its Affiliates and its and their Sublicensees to permit, an independent certified public accounting firm of nationally recognized standing selected by Sutro, and reasonably acceptable to Ipsen or such Affiliate or Sublicensee to the extent such independent auditor is and remains free from conflicts of interest, to have access to and to review, during normal business hours upon reasonable prior written notice, with at least a [*] notice, the applicable records of Ipsen or its Affiliates or its or their Sublicensee to verify the accuracy of the reports and payments under this Article 7. Such review may cover the records for sales made in any Calendar Year ending not more than [*] prior to the date of such request (or such longer period as required by Applicable Law). The independent accounting firm shall disclose to Sutro and Ipsen only whether the reports are correct or incorrect and the specific details concerning any discrepancies. No other information shall be provided to Sutro. For clarity, Sutro shall have no access to the books and

records and other raw data of Ipsen in connection with such audit, except to the extent disclosed by the independent accounting firm pursuant to the two previous sentences.

(ii)**Audit-Based Reconciliation.** If such independent accounting firm concludes that additional payments were owed during such period, and Ipsen agrees with such calculation, Ipsen shall pay the additional undisputed payments within [*] after the date Sutro delivers to Ipsen such accounting firm's written report, with any late payments due pursuant to Section 7.10 based on the original due date. If such accounting firm concludes that an overpayment was made, such overpayment shall be fully creditable against amounts payable in subsequent payment periods. Sutro shall pay for Sutro's auditor's cost for any audit conducted by Sutro, unless Ipsen has underpaid Sutro by (i) [*] or (ii) [*], for the audited period, in which case Ipsen shall pay for the costs of Sutro's auditor.

(iii)**Audit Confidentiality.** Each Party shall treat all information that it receives under this Section 7.11 in accordance with the confidentiality provisions of Article 9 of this Agreement, and shall cause its accounting firm to enter into an acceptable confidentiality agreement with the other Party obligating such firm to retain all such financial information in confidence pursuant to such confidentiality agreement, except to the extent necessary for such Party to enforce its rights under this Agreement.

(b)**Cost of Goods Audit.**

Sutro will (a) keep complete, true, and accurate books and records in accordance with its accounting standards, in relation to the Cost of Goods billed or invoiced for Licensed Compound and Licensed Product in sufficient detail to enable amounts owed or payable to Sutro be determined; and (b) maintain such books and records for at least [*] after they are incurred. During the Royalty Term and for one year thereafter, Sutro shall permit, and shall cause its Affiliates to permit, an independent certified public accounting firm of nationally recognized standing selected by Ipsen, and reasonably acceptable to Sutro or such Affiliate, to have access to and to review, during normal business hours upon reasonable prior written notice, the applicable books and records of Sutro and its Affiliates to verify the accuracy of the Cost of Goods billed or invoiced to Ipsen under Article 5. Sections 7.11(a)(i), (ii) and (iii) shall apply *mutatis mutandis* to Ipsen's right to audit the Cost of Goods.

7.12Taxes.

(a)**Withholding Tax.** Each Party shall be responsible for the payment of any and all Taxes levied against it on account of the royalties and other payments paid under this Agreement. If Applicable Law requires that Taxes be deducted or withheld from royalties or other payments paid under this Agreement, the paying Party shall (i) deduct those Taxes and interests from the payment or from any other payment owed by the paying Party hereunder; (ii) pay the Taxes to the proper Governmental Body; (iii) send evidence of the obligation together with proof of Tax payment to the non-paying Party within [*] following such payment; (iv) remit the net amount, after deductions or withholding made under this Section 7.12; and (v) cooperate with the non-paying Party in any way reasonably requested by the non-paying Party, to obtain available reductions, credits or refunds of such Taxes; provided, however, that the non-paying Party shall reimburse the paying Party for the paying Party's Out-of-Pocket Expenses incurred in providing such assistance. Such paying Party shall submit to the non-paying Party appropriate proof of payment of the taxes as well as the official receipts within [*]. Notwithstanding the foregoing, if any Ipsen assigns this Agreement or changes its domicile, and, as a result, any additional taxes are required to be withheld with respect to payments made to Sutro, such Ipsen shall be responsible for all such additional withholding taxes and shall pay Sutro such increased amounts as are necessary to ensure that Sutro receives the same amount (after any required deduction and withholding of taxes, including with respect to any additional amounts payable under this sentence) as it would have received had no such assignment or change in domicile been made.

(b)**Value Added Tax.** It is understood and agreed between the Parties that any payments made by Ipsen under this Agreement are exclusive of any value added or similar Tax imposed upon

such payment and that Ipsen shall be responsible for the payment of any and all Taxes levied on account of any payments paid to Sutro by Ipsen. Ipsen is entitled to receive a proper tax invoice where any Value Added Tax amount is shown separately.

ARTICLE 8
INTELLECTUAL PROPERTY

8.1Notice Under Biologics Price Competition and Innovation Act. Each Party shall immediately give written notice to the other Party of any BLA for a Competing Product of which they become aware filed pursuant to 21 U.S. CFR § 351(k) (or any amendment or successor statute thereto) or corresponding Applicable Laws in other countries anywhere in the world (each a "**Biosimilar Action**") referencing the Licensed Product claiming that any Product Specific Patents Covering Licensed Compound or Licensed Product are invalid or unenforceable, or that infringement will not arise from the Manufacture, use or sale of any product by a Third Party. Promptly after a Party receives notice under this Section 8.1, the Parties shall meet and decide upon a strategy and actions for responding to such Biosimilar Action, provided that Ipsen shall have the first right (but not the obligation) to control any such response, subject to Section 8.5 as if such Biosimilar Action were a Third Party Infringement.

8.2Listing of Patents. Ipsen shall be responsible, at its sole cost, and have the sole right to determine which of the Product Specific Patents, if any, at their sole discretion shall be listed for inclusion in the FDA's "Purple Book," or any successor law in the United States, together with any comparable Applicable Laws in any other country, and for listing any such Patent Rights. Sutro shall have the final decision-making authority as to whether or not any CFE Patents, Sutro Manufacturing Patents or Sutro Patents, in each case other than Product Specific Patents, may be so listed.

8.3Ownership.

(a)**By Inventorship.** Ownership of any invention, discovery or Know-How that is discovered, generated, conceived, or reduced to practice (constructively or actually) by or on behalf of a Party or any of its Affiliates or any of its or their Sublicensees in the performance of activities under this Agreement, and all intellectual property rights therein ("**Inventions**") will be based on inventorship, as determined in accordance with the Applicable Law of inventorship in the United States. The Parties will work together to resolve any issues regarding inventorship or ownership of Inventions. Subject to Section 12.7(d), ownership of Inventions will be allocated as follows:

(i)Each Party shall solely and exclusively own all right, title and interest in Inventions that are discovered, generated, conceived or reduced to practice (constructively or actually) solely by or on behalf of such Party, which, for clarity, include any Inventions discovered, generated, conceived or reduced to practice solely by any of such Party's or its or their Affiliate's employees, agents, or independent contractors, or any combination of any of the foregoing;

(ii)**Sutro Invention.** All right, title and interest in any Invention discovered, generated, conceived or reduced to practice (constructively or actually) solely by or on behalf of Sutro ("**Sutro Inventions**") shall be solely and exclusively owned by Sutro. Sutro shall disclose in writing to Ipsen all Sutro Inventions promptly following the generation, development, conception or reduction to practice thereof. Sutro shall have the right, but not the obligation, to file, prosecute and maintain Patent Rights to the extent they cover or claim any Know-How in Sutro Inventions at its own expense.

(iii)**Ipsen Invention.** All right, title and interest in any Invention discovered, generated, conceived or reduced to practice (constructively or actually) solely by or on behalf of Ipsen shall be solely and exclusively owned by Ipsen (collectively "**Ipsen Inventions**"). Ipsen shall disclose in writing to Sutro all Ipsen Inventions promptly following the generation, development, conception or reduction to practice thereof. Ipsen shall have the right, but not the obligation, to file, prosecute and maintain Patent Rights to the extent they cover or claim any Know-How in Ipsen Inventions at its own expense ("**Ipsen Patents**").

(iv)**Joint Invention.** All right, title and interest in any Invention discovered, generated, conceived or reduced to practice (constructively or actually) jointly by or on behalf of both Ipsen and Sutro ("**Joint Inventions**") shall be jointly owned by the Parties, and, subject to the licenses set forth in this Agreement, each Party hereby consents that the other Party may freely practice, license, assign and otherwise exploit its interest under such Joint Inventions without any duty to account to and without the consent of or notice to the other Party. Each Party shall disclose in writing to the other Party all Joint Inventions promptly following the discovery, generation, conception or reduction to practice thereof.

(v)**Platform Invention.** Notwithstanding Sections 8.3(a)(i) to (iv) (inclusive), Ipsen agrees to assign and hereby assigns to Sutro all right, title and interest in any and all Platform IP and all right, title and interest in any modification, improvement or derivative of Sutro Know-How or Sutro Manufacturing Know-How that is discovered, generated, conceived or reduced to practice (constructively or actually) by or on behalf of Ipsen or any of its Affiliates or any of its or their Sublicensees (including by any of its or their employees, agents, or independent contractors, or any combination thereof). Platform IP shall be included in Sutro Technology or Sutro Manufacturing IP, as applicable.

(vi)Each Party shall cause its Affiliates, employees, consultants, Sublicensees, agents, or independent contractors to assign to the Party, such Person's right, title and interest in and to any Inventions as is necessary to enable such Party to fully effect the ownership of Inventions. Each Party shall also include provisions in its relevant agreements with Third Parties performing activities on its behalf pursuant to this Agreement, or any Sublicensee, that give effect to the intent of this Section 8.3. Each Party agrees to provide reasonable cooperation to the other Party, and shall cause its Affiliates, employees, consultants, Sublicensees, agents, or independent contractors to, cooperate with such Party and take all reasonable additional actions and execute such agreements, instruments and documents as may be reasonably required to perfect such Party's right, title and interest in and to Inventions as set forth in this Section 8.3, including by executing and delivering all documents reasonably required to evidence or record any assignment pursuant to this Agreement;

(vii)Each Party will be responsible for patent-related renumeration obligations pursuant to their employees, consultants, and agents as required by contract or pursuant to jurisdiction specific renumeration laws.

(b)**Rights Retained by the Parties.** For purposes of clarity, each Party retains the rights under all Know-How and Patents Rights Controlled by such Party not expressly granted to the other Party pursuant to this Agreement. Except as explicitly set forth in this Agreement, neither Party shall be deemed by estoppel or implication to have granted the other Party any license or other right to any intellectual property of such Party. For clarity and notwithstanding anything to the contrary in this Agreement, Sutro retains all right, title and interest in Sutro Technology, Regulatory Materials, Platform IP, Sutro Technology, [*] CFE Technology, Sutro Manufacturing Technology, Sutro Manufacturing IP, and Sutro's Confidential Information, each subject to any licenses granted in this Agreement, and such right, title and interest is not assigned or otherwise transferred to Ipsen, its Affiliate or any Third Party as the result of any terms set forth in this Agreement, including without limitation terms providing for the "transfer" of technology, data, Know-How or documents pursuant to Section 2.3, 2.4, 5.4(b), or 5.5.

8.4Patent Prosecution and Maintenance.

(a)**Product Specific Patents.** Subject to the terms of this Agreement, Ipsen shall have the first right, but not the obligation (subject to Section 8.4(b)), to file, prosecute and maintain the Product Specific Patents in Sutro's name. Ipsen shall bear all costs and expenses of filing, prosecuting and maintaining the Product Specific Patents. Ipsen shall (i) use independent patent counsel reasonably acceptable to Sutro, (ii) keep Sutro informed of the status of the filing and prosecution of the Product Specific Patents or related proceedings (e.g. interferences, oppositions, reexaminations, reissues, revocations or nullifications) in a timely manner, (iii) give Sutro a reasonable opportunity to comment

on all patent prosecution strategy and decisions regarding the Product Specific Patents, and (iv) take into consideration the advice and recommendations of Sutro; *provided, however that* Sutro does so promptly and consistent with any applicable filing deadlines; and *provided further*, that in the event Ipsen disagrees with Sutro's comments and recommended actions, Ipsen will have final decision-making authority with respect to the subject matter of such disagreement, *provided further* that Ipsen shall not expressly abandon any Product Specific Patents without Sutro's prior written consent. If Ipsen intends to allow any Product Specific Patent to lapse or become abandoned in the United States, France, Germany, Italy, Spain, the United Kingdom, China or Japan, or to not file an application for any Product Specific Patent in each of these countries, it will notify and consult with Sutro with respect to such decision or intention at least [*] prior to the date upon which the subject matter of such Patent Right will become unpatentable or such Patent Right will lapse or become abandoned (or such other reasonable time under the circumstances if Ipsen became aware of such matters with less than [*] remaining prior to such deadline), and, if after such consultation between the Parties, Ipsen still intends not to prosecute and maintain such Patent Right, Sutro shall have the right (but not the obligation) to assume the prosecution and maintenance of such Product Specific Patent in Sutro's name.

(b)**Election Not to File and Prosecute Product Specific Patents.** If Ipsen elects not to file or to continue to prosecute or maintain a Product Specific Patent in Sutro's name, then it shall notify Sutro in writing at least [*] before any deadline applicable to the filing, prosecution or maintenance of such Product Specific Patent, as the case may be, or any other date by which an action must be taken to establish or preserve such Product Specific Patent in the applicable country. In such case, Sutro shall have the right (but not the obligation) to pursue the filing or support the continued prosecution or maintenance of such Product Specific Patent. If Sutro elects to continue prosecution or maintenance of any such Product Specific Patent, then, notwithstanding Section 2.1, Ipsen shall not have a license under Section 2.1 to such Product Specific Patent. In such event, Ipsen shall promptly deliver to Sutro all prosecution files associated with such Product Specific Patent in such country to allow Sutro to continue such filing, prosecution or maintenance.

(c)**Cooperation.** With respect to all filing, prosecution and maintenance of the Product Specific Patents, Sutro will: (a) execute any instruments to document its ownership required to enable Ipsen to exercise its rights under this Section 8.4, as reasonably requested by Ipsen; (b) use Commercially Reasonable Efforts to make its employees, agents and consultants reasonably available to Ipsen (or to Ipsen's authorized attorneys, agents or representatives), to the extent reasonably necessary to enable Ipsen to undertake its filing, prosecution and maintenance responsibilities; and (c) use Commercially Reasonable Efforts to cooperate, if necessary, with Ipsen in gaining patent term extensions. The Parties will act in good faith to coordinate efforts under this Agreement to minimize or avoid interference with such filings, prosecution and maintenance by the Parties.

(d)**Patent Term Extension.** Subject to this Section 8.4(d), Ipsen shall be solely responsible, in Ipsen's name, for making decisions regarding and obtaining patent term extensions wherever available for Product Specific Patents. If there is an option to extend the patent term for only one (1) Product Specific Patent, Ipsen shall consult with Sutro before making the election but has no obligation to make such election. If, however, more than one (1) Product Specific Patent is eligible for extension, Ipsen shall select a strategy that is intended to maximize patent protection and commercial value for the Licensed Products, in consultation with Sutro but provided that Ipsen shall have the final say regarding any such extension decisions. Sutro will reasonably cooperate with Ipsen in making such filings or actions, for example and without limitation, reasonably executing any required authorizations to apply for such patent term extension.

(e)**Ipsen Patent.** Ipsen shall bear all costs and expenses of filing, prosecuting and maintaining Ipsen Patents, and Sutro shall have no rights with respect thereto (except as expressly set forth in Section 8.3(a)(v) or 12.7(d)(i)).

(f)**Sutro Patent.** Except as provided in Section 8.4(a) to (d) (inclusive), Sutro shall bear all costs and expenses of filing, prosecuting and maintaining Sutro Patents and Sutro Manufacturing Patents, other than Product Specific Patents, and Ipsen shall have no rights with respect thereto.

(g)**Joint Patent.**

(i)**Definitions.** "**Ipsen Joint Patent**" means any Patent Rights to the extent they cover or claim any Product Specific Know-How in Joint Inventions. "**Sutro Joint Patent**" means any Patent Rights to the extent they cover or claim any Know-How in Joint Inventions, except to the extent such Know-How is Product Specific Know-How. "**Its Joint Patent**" means, with respect to Ipsen, any Ipsen Joint Patent and, with respect to Sutro, any Sutro Joint Patent.

(ii)**First Prosecution Right.** Each Party ("**First Right Party**") shall have the first right, but not the obligation (subject to Section 8.4(g)(iii)), to file, prosecute and maintain Its Joint Patents in Sutro's name. "**Second Right Party**" means the Party other than the First Right Party. The First Right Party shall bear all costs and expenses of filing, prosecuting and maintaining Its Joint Patents and shall (i) use independent patent counsel reasonably acceptable to the Second Right Party, (ii) keep the Second Right Party informed of the status of the filing and prosecution of Its Joint Patents or related proceedings (e.g. interferences, oppositions, reexaminations, reissues, revocations or nullifications) in a timely manner, (iii) give the Second Right Party a reasonable opportunity to comment on all patent prosecution strategy and decisions regarding Its Joint Patents, and (iv) take into consideration the advice and recommendations of the Second Right Party; *provided, however that* the Second Right Party does so promptly and consistent with any applicable filing deadlines; and *provided further*, that in the event the First Right Party disagrees with the Second Right Party's comments and recommended actions, the First Right Party will have final decision-making authority with respect to the subject matter of such disagreement, *provided further* that the First Right Party shall not expressly abandon any of Its Joint Patents without the Second Right Party's prior written consent. If the First Right Party intends to allow any of Its Joint Patents to lapse or become abandoned in the United States, France, Germany, Italy, Spain, the United Kingdom, China or Japan, or to not file an application for any of Its Joint Patents in each of these countries, it will notify and consult with the Second Right Party with respect to such decision or intention at least [*] prior to the date upon which the subject matter of such Patent Right will become unpatentable or such Patent Right will lapse or become abandoned (or such other reasonable time under the circumstances if the First Right Party became aware of such matters with less than [*] remaining prior to such deadline), and, if after such consultation between the Parties, the First Right Party still intends not to prosecute and maintain such Patent Right, the Second Right Party shall have the right (but not the obligation) to assume the prosecution and maintenance of such Patent Right in its name.

(iii)**Election Not to File and Prosecute Joint Patents.** If a Party elects not to file or to continue to prosecute or maintain an Its Joint Patent, then it shall notify the Second Right Party in writing at least [*] before any deadline applicable to the filing, prosecution or maintenance of such Its Joint Patent, as the case may be, or any other date by which an action must be taken to establish or preserve such Its Joint Patent in the applicable country. In such case, the Second Right Party shall have the right (but not the obligation) to pursue the filing or support the continued prosecution or maintenance of such Its Joint Patent. In such event, the First Right Party shall promptly deliver to the Second Right Party all prosecution files associated with such Its Joint Patent in such country to allow the Second Right Party to continue such filing, prosecution or maintenance. If the Second Right Party is Sutro and Sutro elects to continue prosecution or maintenance of any such Its Joint Patent, then, notwithstanding Section 2.1, Ipsen shall not have a license under Section 2.1 to such Its Joint Patent.

(iv)**Cooperation.** With respect to all filing, prosecution and maintenance of the Its Joint Patents, Second Right Party will: (a) execute any instruments to document its ownership required to enable the First Right Party to exercise its rights under this Section 8.4, as reasonably requested by the First Right Party; (b) use Commercially Reasonable Efforts to make its employees, agents and consultants reasonably available to the First Right Party (or to the First Right Party's authorized

attorneys, agents or representatives), to the extent reasonably necessary to enable the First Right Party to undertake its filing, prosecution and maintenance responsibilities; and (c) use Commercially Reasonable Efforts to cooperate, if necessary, with the First Right Party in gaining patent term extensions.

(v)**Patent Term Extension.** The First Right Party shall be solely responsible, in the First Right Party's name, for making decisions regarding and obtaining patent term extensions wherever available for Its Joint Patents. If there is an option to extend the patent term for only one (1) Its Joint Patent, the First Right Party shall consult with the Second Right Party before making the election but has no obligation to make such election. If, however, more than one (1) Its Joint Patent is eligible for extension, the First Right Party shall select a strategy that is intended to maximize patent protection and commercial value for the Licensed Products, in consultation with the Second Right Party but provided that the First Right Party shall have the final say regarding any such extension decisions. The Second Right Party will reasonably cooperate with the First Right Party in making such filings or actions, for example and without limitation, reasonably executing any required authorizations to apply for such patent term extension.

8.5Enforcement of Patents and Know-How.

(a)**Notice.** If either Party becomes aware of any actual, alleged or threatened infringement, unauthorized use, misappropriation, ownership claim, threatened infringement or other such activity by a Third Party with respect to any Product Specific Patent or Joint Patent is occurring or likely, or if a Third Party claims that any Product Specific Patent or Joint Patent is invalid or unenforceable, the Party possessing such knowledge or belief shall notify the other Party (any of the foregoing, "**Third Party Infringement**") and provide it with details of such Third Party Infringement that are known by such Party.

(b)**Right to Bring an Action.**

(i)As between the Parties, Ipsen shall have the first right to attempt to resolve any Third Party Infringement, including by filing an infringement suit, defending against a motion for declarative judgment regarding non-infringement, invalidity or unenforceability or other similar action, with respect to (1) a Product Specific Patent Controlled by a Party except to the extent Ipsen elected not to file or to continue to prosecute or maintain such Product Specific Patent and (2) a Ipsen Joint Patent to the extent Ipsen elected to exercise its right to file, prosecute and maintain such Ipsen Joint Patent (each, an "**Action**") and to compromise or settle any such Third Party Infringement. At Ipsen's reasonable request, Sutro shall promptly provide Ipsen with documentation to evidence that Ipsen is validly empowered by Sutro to take such an Action. Sutro shall have the right, at its own expense, to retain its own counsel with respect to its participation in any such Action; provided, that Sutro is obligated to join Ipsen in such Action at Ipsen's cost if Ipsen reasonably determines that joining is necessary to demonstrate "standing to sue." If Ipsen does not intend to prosecute or defend an Action, Ipsen shall promptly inform Sutro thereof in writing (and, to the extent reasonably practicable, at least [*] prior to any deadline applicable to any such Action, or otherwise as early as reasonably practical), and Sutro shall have the right to attempt to resolve such Action as the Party controlling such Action. For clarity, as between the Parties, Sutro shall have the first right to attempt to resolve any Third Party Infringement, including by filing an infringement suit, defending against a motion for declarative judgment regarding non-infringement, invalidity or unenforceability or other similar action, with respect to (1) a Product Specific Patent Controlled by a Party to the extent Ipsen elected not to file or to continue to prosecute or maintain such Product Specific Patent and (2) a Ipsen Joint Patent to the extent Ipsen not elected to exercise its right to file, prosecute and maintain such Ipsen Joint Patent, and to compromise or settle any such Third Party Infringement.

(ii)The Party controlling the Action under Section 8.5(b)(i) shall: (i) keep the other Party promptly informed with respect to such Action, (ii) in good faith, consult with, and give reasonable consideration to, any comments made by the other Party related to such Action, and (iii)

provide the other Party with copies of all material documents (e.g., complaints, answers, counterclaims, material motions, orders of the court, memoranda of law and legal briefs, interrogatory responses, depositions, material pre-trial filings, expert reports, affidavits filed in court, transcripts of hearings and trial testimony, trial exhibits and notices of appeal) filed in, or otherwise relating to, such Action. If Ipsen fails to abate such Third Party Infringement in the Territory or to file an Action to abate such Third Party Infringement in the Territory within [*] after receiving or giving notice pursuant to Section 8.5(a) or if Ipsen decides to discontinue the prosecution of any such Action without abating such Third Party Infringement, then Sutro shall have the right, but not the obligation, to enforce (or take over the enforcement of) the Product Specific Patents, as applicable, against such Third Party Infringement in the Territory at its own expense as it reasonably determines appropriate, in which case Sutro shall keep Ipsen reasonably informed as to the status of such Action and shall consider in good faith the comments of Ipsen and the interests of Ipsen in such Action. The Parties shall cooperate in good faith to use Commercially Reasonable Efforts to ensure that each Person that participates in, or receives any information about, any Action in accordance with this Section 8.5(b) shall use reasonable efforts to protect all applicable confidential information and preserve all applicable attorney-client privilege and work product protections.

(c)**Costs of an Action.** Subject to the respective indemnity obligations of the Parties set forth in Article 11, the Party controlling an Action under Section 8.5(b) shall pay all costs associated with such Action, other than (subject to Section 8.5(e)) the expenses of the other Party if the other Party elects to join such Action (as provided in the last sentence of this paragraph); *provided, that*, if Sutro is obligated to join any Action to demonstrate "standing to sue" pursuant to Section 8.5(b)(i), then Ipsen shall reimburse Sutro for all costs incurred by Sutro in connection with joining such Action. Each Party shall have the right to join an Action at its own expense.

(d)**Settlement.** Neither Party shall settle or otherwise compromise any Action: (i) by admitting that any Product Specific Patent is invalid or unenforceable, whether in whole or in part, (ii) in a way that adversely affects or would be reasonably expected to materially adversely affect the validity or enforceability of any Product Specific Patent or the rights or benefits of the other Party hereunder or (iii) in a way that imposes any costs or liability on, or involves any admission by, the other Party, in each case, without the other Party's prior written consent.

(e)**Reasonable Assistance.** The Party not enforcing or defending Product Specific Patents shall provide reasonable assistance to the other Party, including reasonably providing access to relevant documents and other evidence and making its employees or representatives available, subject to the other Party's reimbursement of any reasonable Out-of-Pocket Expenses incurred on an on-going basis by the non-enforcing or non-defending Party in providing such assistance.

(f)**Distribution of Amounts Recovered.** Any amounts recovered by the Party taking an Action pursuant to this Section 8.5, whether by settlement or judgment, shall be allocated in the following order: (i) first, to reimburse each Party's costs, including Out-of-Pocket Expenses, incurred provided that if amounts recovered are insufficient to reimburse all such costs and expenses incurred by both Parties, then such recovered amounts shall be shared pro rata in proportion to the relative amount of such costs and expenses incurred by each Party; (ii) second, any remaining amount of such recovery shall be retained by or paid to the Party bringing the Action; *provided that* if Ipsen is the Party taking such Action, any such remaining amount that is attributable to loss of sales or profits with respect to any Licensed Product (whether by judgment or otherwise) shall be treated as "Net Sales" in the Calendar Quarter in which the money is actually received and any royalties pursuant to Section 7.5(a) shall be payable by Ipsen to Sutro with respect thereto.

(g)**Sutro Joint Patents.** As between the Parties, Sutro shall have the first right to attempt to resolve any Third Party Infringement, including by filing an infringement suit, defending against a motion for declarative judgment regarding non-infringement, invalidity or unenforceability or other similar action, with respect to any Sutro Joint Patents (regardless of whether Sutro exercised its right to

prosecute such Patent Rights) (each, also an "**Action**") and to compromise or settle any such Third Party Infringement and other terms in Sections 8.5(b) to (f) shall apply *mutatis mutandis*.

(h)**Ipsen Patents.** Ipsen shall have the sole right and authority, but not the obligation, to enforce Ipsen Patents, other than Product Specific Patents, against any Third Party infringer.

(i)**Sutro Patents.** Sutro shall have the sole right and authority, but not the obligation, to enforce Sutro Patents or Sutro Manufacturing Patents, other than Product Specific Patents, against any Third Party infringer.

8.6Third Party Actions Claiming Infringement

(a)**Notice.** If a Party becomes aware of any Third Party Action, such Party shall promptly notify the other Party of all details regarding such Third Party Action that is reasonably available to such Party.

(b)**Right to Defend.** Ipsen shall have the first right, at its sole expense, but not the obligation, to defend a Third Party Action described in Section 8.6(a) in the Field and to compromise or settle such Third Party Action, each except to the extent such Third Party Action relates specifically to any Platform Patents or CFE Patents, in which case Sutro shall have the first right for each of the foregoing. If the Party having the first right to defend a Third Party Action declines or fails to assert its intention to defend such Third Party Action within [*] after sending (in the event that such Party is the notifying Party) or receipt (in the event that the other Party is the notifying Party) of notice under Section 8.6(a), then the other Party shall have the right, but not the obligation, to defend such Third Party Action; provided that if Sutro declines to defend a Third Party Action, then Ipsen shall have an obligation to defend it, notwithstanding the previous sentence. The Party defending such Third Party Action shall have the sole and exclusive right to select counsel for such Third Party Action.

(c)**Consultation.** The Party defending a Third Party Action pursuant to Section 8.6(b) shall be the "**Controlling Party**." The Controlling Party shall consult with the non-Controlling Party on all material aspects of the defense. The non-Controlling Party shall have a reasonable opportunity for meaningful participation in decision-making and formulation of defense strategy. The Parties shall reasonably cooperate with each other in all such actions or proceedings. The non-Controlling Party will be entitled to be represented by independent counsel of its own choice at its own expense.

(d)**Appeal.** In the event that a judgment in a Third Party Action is entered against the Controlling Party and an appeal is available, the Controlling Party shall have the first right, but not the obligation, to file such appeal. In the event the Controlling Party does not desire to file such an appeal, it will promptly, in a reasonable time period (*i.e.*, with sufficient time for the non-Controlling Party to take whatever action may be necessary) prior to the date on which such right to appeal will lapse or otherwise diminish, permit the non-Controlling Party to pursue such appeal at such non-Controlling Party's own cost and expense. If Applicable Law requires the other Party's involvement in an appeal, the other Party shall be a nominal party of the appeal and shall provide reasonable cooperation to such Party at such Party's expense.

(e)**Costs of an Action.** Subject to the respective indemnity obligations of the Parties set forth in Article 11, the Controlling Party shall pay all costs associated with such Third Party Action other than the expenses of the other Party if the other Party elects to join such Third Party Action (as provided in the last sentence of this paragraph). Each Party shall have the right to join a Third Party Action defended by the other Party, at its own expense.

(f)**No Settlement Without Consent.** Neither Party shall settle or otherwise compromise any Third Party Action: (i) by admitting that any Product Specific Patent is invalid or unenforceable, whether in whole or in part, (ii) in a manner that adversely affects or would be reasonably expected to adversely affect any rights and benefits of the other Party or (iii) in a way that imposes any costs or

liability on, or involves any admission by, the other Party, in each case, without the other Party's prior written consent.

ARTICLE 9
CONFIDENTIALITY

9.1Confidentiality Obligations.

(a)Each Party ("**Recipient**") agrees that, for the Term and for [*] thereafter, such Party shall, and shall ensure that any of its Affiliates, any of its or their subcontractors and Sublicensees and any of its or their respective employees, consultants, contractors, advisors and agents (collectively the foregoing, such Party's "**Representatives**"), hold in confidence and shall not publish or otherwise disclose and shall not use for any purpose other than as provided for in this Agreement (including for the exercise of the rights and licenses granted to such Party hereunder, but it being understood that this parenthetical itself shall not create or imply any rights or licenses not expressly granted under this Agreement) all Confidential Information disclosed to it by or on behalf of the other Party or its Affiliates pursuant to this Agreement ("**Disclosing Party's Confidential Information**"), except to the extent expressly agreed in writing by the other Party ("**Disclosing Party**"), unless such information:

(i)is or becomes generally available to the public other than as a result of disclosure by the Recipient;

(ii)is already known by or in the possession of the Recipient at the time of disclosure by the Disclosing Party;

(iii)is independently developed by Recipient without use of or reference to the Disclosing Party's Confidential Information; or

(iv)is obtained by Recipient, other than under an obligation of confidentiality, from a Third Party who had no obligation (direct or indirect) to the Disclosing Party not to disclose such information to others.

Any combination of features or disclosures shall not be deemed to fall within the foregoing exclusions merely because individual features are published or available to the general public or in the rightful possession of the Recipient unless the combination itself and principle of operation are published or available to the general public or in the rightful possession of the Recipient.

(b)The Recipient shall not disclose any of the Disclosing Party's Confidential Information, except to Representatives of the Recipient who need to know the Disclosing Party's Confidential Information for the purpose of performing the Recipient's obligations, or exercising its rights, under this Agreement and who are bound by obligations of non-use and non-disclosure substantially similar to or more restrictive than those set forth herein. The Recipient shall be responsible for any disclosure or use of the Disclosing Party's Confidential Information by such Representatives as if each Representative is Recipient under this Agreement. The Recipient shall protect Disclosing Party's Confidential Information using not less than the same care with which it treats its own confidential information, but at all times shall use at least reasonable care. Each Party as Recipient shall: (a) implement and maintain appropriate security measures to prevent unauthorized access to, or disclosure or use of, the Disclosing Party's Confidential Information; (b) promptly notify the Disclosing Party of any unauthorized access, disclosure or use of such Disclosing Party's Confidential Information; and (c) cooperate with the Disclosing Party in the investigation and remediation of any such unauthorized access or disclosure.

9.2Use.

(a)Notwithstanding Section 9.1, a Party Recipient may use the Disclosing Party's Confidential Information if and to the extent such disclosure is reasonably necessary for purposes of:

(i)filing or prosecuting patent applications, subject to the terms of Section 8.4;

(ii)prosecuting or defending litigation before any state courts, arbitral tribunals or Governmental Body as contemplated in this Agreement;

(iii)seeking or maintaining Regulatory Approval of any Licensed Product; or

(iv)in the reasonable opinion of the receiving Party's legal counsel, required to be disclosed to comply with Applicable Law or a valid order of a court of competent jurisdiction or other Governmental Body of competent jurisdiction, including securities Applicable Law and the rules of any securities exchange or market on which a Party's securities are listed or traded, but subject to Section 9.3.

(b)In making any disclosures set forth in clauses (i) through (iv) above, the disclosing Party shall, if reasonably practicable, give such advance notice to the other Party of such disclosure requirement as is reasonable under the circumstances and will use its reasonable efforts to cooperate with the other Party in order to secure confidential treatment of such Confidential Information required to be disclosed or obtaining an order or other remedy protecting the Confidential Information prior to disclosure. In addition, if disclosure of Confidential Information is required by Applicable Law or in response to an order by the Governmental Body, the disclosure shall be limited to the information that is legally required to be disclosed in response to such order or by such Applicable Law.

9.3Press Releases and Disclosure.

(a)Initial Press Release. The proposed public announcement by Sutro and Ipsen of the execution of this Agreement is set forth on **Schedule 9.3(a)**. Such public announcement shall be issued on the Effective Date or on the subsequent market opening.

(b)Subsequent Public Disclosures.

(i)Either Party may make subsequent public disclosure of the contents of such press release set forth on **Schedule 9.3(a)**. Neither Party shall have the right to make press releases or public announcements, whether oral or written, ("**Subsequent Public Announcement**") regarding this Agreement or the terms of this Agreement or the activities conducted hereunder without the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed), except as provided herein.

(ii)The Parties acknowledge that either or both Parties or their Affiliates may be obligated to submit a description of the terms of this Agreement to or file a copy of this Agreement under Applicable Laws (including the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended) or the rules of any securities regulator or the securities regulations of any other jurisdiction with a Governmental Body, including, without limitation, the French *Autorités des Marchés Financiers* (the "**AMF**") and U.S. Securities and Exchange Commission ("**SEC**"). Each Party and its Affiliates shall be entitled to make such a required filing, *provided* that it requests confidential treatment of the commercial terms and sensitive technical terms hereof to the extent such confidential treatment is reasonably available, and any such disclosure shall be in accordance with this Section 9.3(b) and the other terms of this Article 9, as applicable, and each Party agrees to provide to the other Party a copy of any public announcement covered by this Section 9.3(b)(ii) as soon as reasonably practicable under the circumstances. In the event of any such filing, each Party will provide the other Party with a copy of this Agreement marked to show provisions for which such Party or its Affiliate intends to seek confidential treatment and any a copy of the proposed confidential treatment request and shall reasonably consider and reasonably incorporate the other Party's timely comments thereon to the extent

consistent with the legal requirements, with respect to the filing Party or Affiliate, governing disclosure of material agreements and material information that must be publicly filed. Notwithstanding the foregoing, if a Party is required by Applicable Laws to submit a description of the terms of this Agreement to or file a copy of this Agreement with any securities regulator and such Party has (i) promptly notified the other Party in writing of such requirement and any respective timing constraints, (ii) provided copies of the proposed disclosure or filing to the other Party reasonably in advance, but in any event at least [*] in advance with respect to a disclosure of a description of this Agreement and [*] in advance with respect to a filing of a copy of this Agreement and associated confidential treatment request, if any, of such filing or other disclosure and (iii) given the other Party a reasonable time under the circumstances to comment upon the scope of the proposed disclosure and related confidential treatment request, then such Party will have the right to make such disclosure or filing and the related confidential treatment request at the time and in the manner reasonably determined by its counsel to be required by Applicable Laws or the applicable securities regulator. If a Party seeks to make a disclosure or filing as set forth in this Section 9.3(b) and the other Party provides comments within the respective time periods or constraints specified herein, the Party seeking to make such disclosure or filing will reasonably consider such comments and use good faith efforts to incorporate such comments in the disclosure or filing; provided that prior to making any such filing of this Agreement, the Parties shall reasonably cooperate and use good faith efforts to agree on a redacted form of this Agreement to be so filed.

(iii)Notwithstanding anything to the contrary in this Section 9.3, neither Party shall be required to seek the permission of the other Party to repeat any information regarding the terms of this Agreement that has already been publicly disclosed by such Party, or by the other Party, in accordance with this Section 9.3.

(c)Certain Use of corporate name and logo. Except as expressly provided herein, neither Party shall mention or otherwise use any name, logo, or trademark of the other Party or any of its Affiliates (or any abbreviation or adaptation thereof) in any publication, press release, marketing and promotional material, or other form of publicity without the prior written approval of such other Party in each instance. Notwithstanding the foregoing, either Party may make any disclosure identifying the other Party that, in the opinion of the disclosing Party's counsel, is required by Applicable Law; provided, that such Party shall submit the proposed disclosure identifying the other Party in writing to the other Party as far in advance as reasonably practicable so as to provide a reasonable opportunity to comment thereon. Notwithstanding the restrictions of this Section 9.3(c), each Party authorizes the other Party the right to use the other Party's corporate logo on its respective corporate website, corporate and external partnering presentations to make reference to the existence of this Agreement to the extent such use is in a manner that does not diminish or damage the goodwill, image and reputation of the Party owning the corporate logo and provided, that the other Party displays the corporate logo of the owning Party with equal prominence and size, resolution, print quality and location as the other Party's Third Party partners.

9.4Technical Publications.

Ipsen shall have the right in its sole discretion to publish peer reviewed manuscripts, or give other forms of public disclosure such as abstracts and presentations in scientific reviews (each, a "**Technical Publication**"), of results of studies carried out under this Agreement or otherwise pertaining to the Development of the Licensed Compound or Licensed Products in the Field in the Territory, provided that Ipsen shall (i) in all publications name Sutro as the researcher and developer of Licensed Compound and (ii) provide Sutro with a copy of any proposed Technical Publication at least: (A) [*] prior to submission or disclosure for oral presentations and abstracts and (B) [*] prior to submission to a publisher for manuscripts for the purpose of enabling Sutro to review and comment on the proposed Technical Publication, within [*] of receipt for the oral presentations and abstracts and within [*] for manuscripts. Prior to submission, Ipsen shall revise the draft Technical Publication as Sutro reasonably believes necessary to protect Sutro's Confidential Information and shall consider Sutro's comments in good faith. Sutro shall have no right to publish Technical Publications directed to the Licensed

Compound or the Licensed Product, except to make a statement in which Sutro's role in the identification and early development of the Licensed Compound is described; provided that such restriction shall not preclude Sutro from publishing any Technical Publication merely because it generally references ADCs, ADC^{2}s or products that may be produced using Sutro Manufacturing IP, Sutro Technology or CFE Technology.

ARTICLE 10
REPRESENTATIONS, WARRANTIES AND COVENANTS

10.1Representations and Warranties. Each Party represents and warrants to the other Party that, as of the Effective Date:

(a)such Party is duly organized, validly existing and in good standing under the Applicable Laws of the jurisdiction of its incorporation or organization;

(b)such Party has taken all action necessary on its part to authorize the execution and delivery of this Agreement and the performance of its obligations under this Agreement, and such authorization, execution and delivery does not violate such Party's charter documents, bylaws or other organizational documents;

(c)this Agreement is a legal and valid obligation of such Party, binding upon such Party and enforceable against such Party in accordance with the terms of this Agreement, except as enforcement may be limited (1) by applicable bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally or (2) by laws governing specific performance, injunctive relief or other equitable remedies;

(d)the execution, delivery and performance of this Agreement by such Party does not conflict in any material respect with or breach any agreement or instrument or understanding, oral or written, to which such Party is a party or by which such Party is bound, and does not violate any Applicable Law of any Governmental Body having authority over such Party (or any of its Affiliates), including any order, writ, judgment, injunction, decree, determination or award of any court or Governmental Body;

(e)such Party has all right, power and authority to enter into this Agreement, to perform its obligations under this Agreement; and

(f)no consent by any Third Party or Governmental Body is required with respect to the execution and delivery of this Agreement by it or the consummation by it of the transactions contemplated hereby.

10.2Additional Representations and Warranties of Sutro. Sutro represents and warrants to Ipsen that, as of the Effective Date:

(a)no claims are pending or ongoing, or, to Sutro's knowledge, have been threatened in writing by any Third Party (a) challenging the validity, enforceability or ownership of Sutro Technology and the Sutro Manufacturing IP (including the XpressCF Technology), and/or (b) asserting that the research, Development, Manufacture or Commercialization of any Licensed Compound or Licensed Patent, in its form as of the Effective Date, infringes or will infringe on any intellectual property right of any Person;

(b)to Sutro's knowledge, there is no unauthorized infringement or misappropriation of any of Sutro Technology (including the XpressCF Technology and the XpressCF+ Technology) and the Sutro Manufacturing IP by any Third Party, except as provided in **Schedule 10.2(b)**;

(c)to Sutro's knowledge, the Sutro Patents, Sutro Manufacturing Patents and CFE Patents constitute all Patent Rights owned or Controlled by Sutro or its Affiliates as of the Effective Date that are necessary for the research, Development, Manufacture or Commercialization of the Licensed Compound and Licensed Product;

(d)to Sutro's knowledge, the Sutro Manufacturing IP and Sutro Know-How constitutes all material intellectual property and Know-How Controlled by Sutro or its Affiliates as of the Effective Date that is directly related to or are necessary for the research, Development, Manufacture or Commercialization of the Licensed Compound and Licensed Product;

(e)to Sutro's knowledge, all research and development (including non-clinical studies and Clinical Trials) related to the Licensed Compound prior to the Effective Date has been conducted in accordance with all Applicable Laws and none of Sutro, its Affiliates or any Third Party acting for or on behalf of Sutro or its Affiliates in connection with all such research and development has been debarred or subject to debarment;

(f)Sutro has all right, title and interest in and to the Sutro Technology (including the XpressCF Technology and the XpressCF+ Technology) and the Sutro Manufacturing IP, and the Sutro Technology and the Sutro Manufacturing IP are free and clear of any liens, charges, encumbrances or exclusive rights of others to possession or use;

(g)Sutro has all right, title and interest in and to the Sutro Technology and the Sutro Manufacturing IP, as well as right under the Stanford Agreement, necessary to grant all of the licenses contained in this Agreement with respect to such Sutro Technology (including the XpressCF Technology and the XpressCF+ Technology) and the Sutro Manufacturing IP;

(h)Sutro has not previously licensed, assigned, transferred or otherwise conveyed any right, title or interest in and to the Sutro Technology (including the XpressCF Technology and the XpressCF+ Technology) and the Sutro Manufacturing IP with respect to the Licensed Compound and the Licensed Products to any Third Party in a manner that is inconsistent with the rights and licenses purported to be granted hereunder to Ipsen, including any rights with respect to the Licensed Compound or any Licensed Product and has not taken any action that would in any way prevent Sutro, as applicable from granting the rights granted to Ipsen under this Agreement, or that would otherwise materially conflict with or adversely affect Ipsen's rights under this Agreement;

(i)Sutro is the owner of each of the Sutro Patents and Sutro Manufacturing Patents, and, to Sutro's knowledge, each Sutro Patent (i) has been filed in good faith, (ii) has been materially prosecuted in accordance with any applicable duty of candor and (iii) has been maintained in a manner consistent with industry practice, in each case in each applicable jurisdiction in which such Sutro Patent has been filed, and no official final deadlines with respect to prosecution thereof have been missed and all applicable fees have been paid on or before the due date for payment, except where such Sutro Patent was intentionally abandoned;

(j)Other than the Stanford Agreement, there is no agreement between Sutro or its Affiliates with any other Third Party pursuant to which Sutro or any of its Affiliates obtains any license to any Sutro Technology (including the XpressCF Technology and the XpressCF+ Technology) and Sutro Manufacturing IP (and no Third Party License Agreement to which Sutro or its Affiliates is a party exists as of the Effective Date) (The licenses and rights granted to Sutro under the Stanford Agreement solely relate to CFE (and the use of CFE to manufacture products) and the intellectual property thereunder does not otherwise Cover any components, Licensed Compounds or Licensed Products (except for the use of CFE in Manufacturing of the Licensed Compounds or Licensed Products).);

(k)Sutro and its Affiliates are not in breach of the Stanford Agreement;

(l)To Sutro's knowledge, there have been no material Adverse Events with respect to the safety and efficacy of the CFE, the CFE Reagents, pAMF, mAb, the Plasmid, the Linker or the Payload;

(m)Sutro has, prior to the Effective Date, made all maintenance fees, annuity payments, and similar payments relating to the Sutro Patents in the Territory, except where such Sutro Patents were intentionally abandoned;

(n)Sutro has not, to Sutro's knowledge prior to the Effective Date, taken action or failed to undertake an action, in connection with filing, prosecuting and maintaining the Sutro Patents in the Territory in violation of any Applicable Law;

(o)There is no claim, judgment, or settlement against or amounts with respect thereto owed by Sutro or pending, and to Sutro's knowledge, no threatened, adverse action, suit or proceeding against Sutro involving any Sutro Technology (including the XpressCF Technology and the XpressCF+ Technology) and Sutro Manufacturing IP or the safety (including any product liability claim) of the Licensed Compound and/or Licensed Product;

(p)Sutro has disclosed to Ipsen all material information, including all material correspondences to or from any Regulatory Authority regarding the CFE and the CFE Reagents that would impact the use thereof in the Development, Manufacture or Commercialization of the Licensed Compounds or the Licensed Products pursuant to this Agreement;

(q)Sutro has not entered into any agreements, either oral or written, with any Third Party relating to the research, Development, Commercialization or Manufacture of Licensed Compound in the Field in the Territory; and

(r)No person (other than former or current employees, consultants and contractors of Sutro who are obligated in writing to assign his/her inventions to Sutro), is an inventor of any of the inventions claimed in the Sutro Patents filed or issued as of the Effective Date, except for those Third Party inventors of those inventions that fall within the Sutro Technology and Sutro Manufacturing IP Controlled by Sutro or its Affiliates and as to which Sutro has obtained an assignment as of the Effective Date. No present or former employee or consultant of Sutro owns or has any proprietary, financial or other interest, direct or indirect, in the Sutro Technology (including the XpressCF Technology and the XpressCF+ Technology) and the Sutro Manufacturing IP, other than any interest as a shareholder, that has not been assigned to Sutro. To Sutro's knowledge, there are no claims that have been asserted in writing challenging the inventorship of any of the Sutro Patents.

10.3Additional Representation and Warranty of Ipsen. Ipsen represents and warrants to Sutro that the fair market value of the assets to be acquired under this Agreement, as determined by Ipsen under 15 USC §18A and 16 CFR §801 et seq., does not exceed $119.5 million.

10.4Compliance Covenants. Each of Ipsen and Sutro covenant to the other as follows:

(a)**Compliance with Law.** It will, and will ensure that its Affiliates, comply with all Applicable Laws in connection with the performance of its and its Affiliates' activities under this Agreement, including, to the extent applicable, the U.S. Foreign Corrupt Practices Act, the European Data Protection Directive 95/46/EC, the European General Data Protection Regulation (Regulation (EU) 2016/679), and any other applicable national data protection legislation.

(b)**Employees, Consultants and Contractors.** Each Party covenants that it and its Affiliates shall obtain from each of its and their respective employees, consultants and contractors, in each case who may or do conceive, discover, invent or create any of such Party's Know-How, written agreements containing obligations of confidentiality and non-use and an assignment to such Party or its applicable Affiliates of all of such Person's rights to such Know-How such that no such employee, contractor or consultant shall retain any rights thereto that would prevent or conflict with the other

Party's rights of ownership, license or use thereof or thereto, as the case may be, contemplated under this Agreement.

(c)**Sunshine Act.** Each Party acknowledges that, under the provisions of Section 1128G of the Social Security Act, 42 U.S.C. § 1320a-7h and other similar provisions of Applicable Law, such Party may be required to disclose certain payments and other transfers of value provided to health care professionals and institutions, including payments, reimbursements, materials or equipment made or provided under or in connection with this Agreement. Each Party will provide the other Party with all reasonable information in its control related to the activities hereunder necessary for the other Party to comply with such Applicable Law in the form reasonably requested by the requesting Party and at such times as the requesting Party may reasonably request to satisfy its obligations.

(d)**Violations; Exclusions Lists.** With respect to the activities contemplated under this Agreement, during the Term, neither Party will engage, directly or indirectly, in any transactions, or otherwise deal with, except to the extent permissible under applicable United States law or other Applicable Law, any country or Person targeted by United States or other relevant economic sanctions Applicable Law, including any Person designated on the Specially Designated Nationals List. In addition, each Party agrees that it will not use (and will cause its Affiliates and Third Party contractors not to use) any Person (including any employee, officer, director or Third Party contractor) who is (or has been) on the Exclusions Lists, or who is (or has been) in Violation, in the performance of any activities hereunder. Each Party certifies to the other Party that, as of the Effective Date, it has screened itself, and its officers and directors (and its Affiliates and Third Party contractors (acting in connection with this Agreement) and their respective officers and directors) against the Exclusions Lists and that it has informed the other Party in writing whether it, or any of its officers or directors (or any of its Affiliates or any of their respective officers and directors) has been in Violation. After the Effective Date, each Party will notify the other Party in writing immediately if any such Violation occurs or comes to its attention. For purposes of this Section 10.4(d), "**Violation**" means that a Party or any of its officers or directors or any other personnel of such Party (or other permitted agents of such Party performing activities hereunder, including any of such Party's Affiliates, sublicensees or Third Party contractors and their respective officers and directors) has been: (a) convicted of any of the felonies identified among the exclusion authorities listed on the U.S. Department of Health and Human Services, Office of Inspector General (OIG) website, including 42 U.S.C. § 1320a-7(a) (http://oig.hhs.gov/exclusions/authorities.asp); (b) identified in the OIG List of Excluded Individuals/Entities (LEIE) database (http://exclusions.oig.hhs.gov/) or the U.S. General Services Administration's list of Parties Excluded from Federal Programs (http://www.epls.gov); or (c) listed by any U.S. federal agency as being suspended, debarred, excluded or otherwise ineligible to participate in federal procurement or non-procurement programs, including under 21 U.S.C. § 335a (http://www.fda.gov/ora/compliance_ref/debar/) (each of (a), (b) and (c), collectively, the "**Exclusions Lists**").

(e)**No Inconsistent Obligations.** It will not, and will ensure that its Affiliates will not, take any action or enter into any agreement with any Third Party that are inconsistent with the rights granted to the other Party under this Agreement.

(f)**Anti-Corruption.** Each Party will:

(i)in connection with its activities under or in connection with this Agreement strictly comply with the OECD Anti-Bribery Convention on combating bribery of foreign public officials in international business transactions, the United States Foreign Corrupt Practices Act of 1977, the United Kingdom Bribery Act 2010 and any other equivalent Applicable Laws in the Territory for the prevention of fraud, corruption, racketeering, money laundering and terrorism, in each case as may be amended from time to time (such Applicable Law, the "**Anti-Corruption Laws**"), including such Party's own internal policies in connection therewith. Each Party shall require any Affiliates, contractors, subcontractors, distributors or other persons or entities that provide services to such Party in connection with this Agreement to comply with such Party's obligations under this Section 10.4(f);

(ii)not, in the performance of this Agreement, directly or indirectly, make any payment, or offer or transfer anything of value, or agree or promise to make any payment or offer or transfer anything of value, to a Public Official or any other Third Party with the purpose of influencing decisions related to either Party or its business in a manner that would violate Anti-Corruption Laws; and

(iii)maintain records (financial and otherwise) and supporting documentation related to the subject matter of this Agreement in order to document or verify compliance with the provisions of this Section 10.4(f) and upon request of the other Party, up to once per year and upon reasonable advance notice, shall provide the other Party or its representative with access to such records for purposes of verifying compliance with the provisions of this Section 10.4(f).

For purposes of this Section 10.4(f), "**Public Official**" means (A) any officer, employee or representative of any regional, federal, state, provincial, county or municipal government or government department, agency or other division; (B) any officer, employee or representative of any commercial enterprise that is owned or controlled by a government, including any state-owned or controlled veterinary, laboratory or medical facility; (C) any officer, employee or representative of any public international organization, such as the African Union, the International Monetary Fund, the United Nations or the World Bank; and (D) any person acting in an official capacity for any government or government entity, enterprise or organization identified above.

(g)**Export Control**. Neither it nor its Affiliates will export, transfer, or sell any Licensed Product to any country or territory except in compliance with Applicable Laws.

(h)**Debarment**. It will not knowingly engage, in any capacity in connection with this Agreement or any ancillary agreements, any officer, employee, contractor, consultant, agent, representative, or other person who has been debarred by any Regulatory Authority, including under the Generic Drug Enforcement Act of 1992 (21 U.S.C. §301 et seq.), is under investigation for debarment action by any Regulatory Authority, has been disqualified as an investigator pursuant to 21 C.F.R. §312.70, has a disqualification hearing pending or is currently employing or using any Person that has been so debarred or disqualified by any Regulatory Authority to perform any of such Party's obligations under this Agreement. Each Party will inform the other Party in writing promptly if it or, to each Party's knowledge, any person engaged by it or any of its Affiliates who is performing any obligations under this Agreement or any ancillary agreements is debarred or excluded, or if any action, suit, claim, investigation or legal or administrative proceeding is pending or is threatened, pursuant to which a Party, any of its Affiliates or any such person performing obligations hereunder or thereunder may become debarred or excluded.

(i)**Compliance Program.** In connection with this Agreement, each Party has implemented and agrees to maintain and enforce a compliance and ethics program designed to prevent and detect violations of Applicable Law, including the Federal Food, Drug, and Cosmetic Act (21 U.S.C. § 301 et seq.), the Public Health Service Act (42 U.S.C. § 201 et seq.), the Anti-Kickback Statute (42 U.S.C. § 1320a-7b), Civil Monetary Penalty Statute (42 U.S.C. § 1320a-7a), the False Claims Act (31 U.S.C. § 3729 et seq.) and anti-corruption Applicable Law, throughout its operations (including subsidiaries) and the operations of its contractors and subcontractors that have responsibility for products, payments or services provided under this Agreement. Each Party agrees to comply with the other Party's internal code of conduct for such program. The Alliance Managers will facilitate discussions and the sharing of information and experiences between the Parties respective compliance and ethics organizations.

10.5Disclaimer.EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT, OR VALIDITY OF PATENT CLAIMS. NOTHING IN THIS

AGREEMENT SHALL BE CONSTRUED AS A REPRESENTATION MADE OR WARRANTY GIVEN BY EITHER PARTY THAT SUCH PARTY SHALL BE SUCCESSFUL IN OBTAINING ANY PATENTS OR THAT ANY PATENTS SHALL ISSUE BASED ON A PENDING APPLICATION. WITHOUT LIMITING THE RESPECTIVE RIGHTS AND OBLIGATIONS OF THE PARTIES EXPRESSLY SET FORTH HEREIN, EACH PARTY SPECIFICALLY DISCLAIMS ANY GUARANTEE THAT THE RESEARCH CONDUCTED HEREUNDER, OR ANY LICENSED COMPOUNDS OR LICENSED PRODUCTS, SHALL BE SUCCESSFUL, IN WHOLE OR IN PART.

ARTICLE 11
INDEMNIFICATION AND INSURANCE

11.1Indemnification by Ipsen. Subject to Section 11.4, Ipsen shall indemnify, defend and hold Sutro and its Affiliates and each of their respective employees, officers, directors and agents (the "**Sutro Indemnitees**") harmless from and against any and all liability, damage, loss, cost or expense (including reasonable attorneys' fees) ("**Losses**") to which any Sutro Indemnitee may become subject as a result of any Third Party claims or suits (including Third Party Actions) (each a "**Claim**") to the extent such Losses arise from: (a) Ipsen's or its Affiliate's, or its or their Sublicensee's or subcontractor's negligence or willful misconduct in connection with its activities under this Agreement; (b) Ipsen's or its Affiliate's, or its or their Sublicensee's or subcontractor's performance of Ipsen's obligations under this Agreement; (c) breach by Ipsen or any of its Affiliates, or its or their Sublicensee or subcontractor of this Agreement, including its representations or warranties set forth in Article 10; (d) any Third Party claim or suit arising from use of the Licensed Product, including claims or suits alleging personal injury or death, or (e) any Third Party claim or suit based on or alleging infringement or misappropriation of such Third Party's intellectual property directly related to or arising under or resulting from the Development, Manufacture or Commercialization of the Licensed Compound or any Licensed Products; *provided, however*, that Ipsen's obligations pursuant to this Section 11.1 shall not apply (i) to the extent such claims or suits result from the negligence or willful misconduct of any of the Sutro Indemnitees or are covered by Sutro's obligations under Section 11.2, or (ii) with respect to claims or suits arising out of breach by Sutro of its representations or warranties set forth in Article 10.

11.2Indemnification by Sutro. Subject to Section 11.4, Sutro shall indemnify, defend and hold Ipsen and its Affiliates and each of their respective employees, officers, directors and agents ("**Ipsen Indemnitees**") harmless from and against any and all Losses to which any Ipsen Indemnitee may become subject as a result of any Claim(s) to the extent such Losses arise from: (a) Sutro's negligence or willful misconduct in connection with its activities under this Agreement; or (b) breach by Sutro of this Agreement, including its representations or warranties set forth in Article 10; *provided, however*, that Sutro's obligations pursuant to this Section 11.2 shall not apply (i) to the extent that such claims or suits result from the negligence or willful misconduct of any of Ipsen Indemnitees or are covered by Ipsen's obligations under Section 11.1, or (ii) with respect to claims or suits arising out of a breach by Ipsen of its representations or warranties set forth in Article 10.

11.3No Consequential Damages. EXCEPT WITH RESPECT TO (a) EACH PARTY'S (i) INDEMNIFICATION OBLIGATIONS UNDER SECTION 11.1 OR SECTION 11.2, AS APPLICABLE, (ii) GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD OR (iii) BREACH OF ITS OBLIGATIONS UNDER ARTICLE 9, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATES BE LIABLE TO THE OTHER PARTY OR ANY OF ITS AFFILIATES FOR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING LOSS OF PROFITS, ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREIN OR ANY BREACH HEREOF.

11.4Notification of Claims; Conditions to Indemnification Obligations.A Party that intends to claim indemnification under Section 11.1 or 11.2 (the "**Indemnitee**") shall promptly notify the other Party (the "**Indemnitor**") in writing of any Claim in respect of which the Indemnitee intends to claim such indemnification. The failure to deliver written notice to the Indemnitor within a reasonable time after the commencement of any action with respect to a Claim shall only relieve the Indemnitor of its

indemnification obligations under this Section 11.4 if and to the extent the Indemnitor is actually and materially prejudiced thereby. The Indemnitor has sole control of the defense or settlement thereof. In no event, however, may the Indemnitor compromise or settle any claim or suit in a manner which admits fault or negligence on the part of the Indemnitee without the prior written consent of the Indemnitor. The Indemnitee may participate at its expense in the Indemnitor's defense of and settlement negotiations for any Claim with counsel of the Indemnitee's own selection. Indemnitee shall reasonably cooperate with Indemnitor and its counsel in the course of the investigation, defense and negotiation of settlement of any such Claim, such cooperation to include using reasonable efforts to provide or make available documents, information and witnesses. So long as the Indemnitor is actively defending the Claim in good faith, the Indemnitee shall not settle or compromise any such Claim without the prior written consent of the Indemnitor. If the Indemnitor does not assume and conduct the defense of the Claim as provided above: (i) the Indemnitee may defend against, consent to the entry of any judgment, or enter into any settlement with respect to such Claim in any manner the Indemnitee may deem reasonably appropriate (and the Indemnitee need not consult with, or obtain any consent from, the Indemnitor in connection therewith); and (ii) the Indemnitor shall remain responsible to indemnify the Indemnitee as provided in Section 11.1 or 11.2, as applicable.

11.5Insurance. Sutro and Ipsen, at their own expense, will throughout the Term and for [*] thereafter, obtain and maintain insurance policies with a reputable, solvent insurers [*] and licensed to do business in the jurisdiction(s) in which the work is performed, in a nature and an amount appropriate and sufficient to cover their obligations under this Agreement and more generally their liability as biopharmaceutical company and pharmaceutical company. Without limiting the foregoing, (a) each Party will maintain commercial general liability insurance written on an occurrence form that provides coverage for liabilities arising out of premises, operations, personal & advertising injury, and liability assumed under an insured contract with limits of at least [*] per occurrence, [*] general aggregate, (b) each Party will maintain workers' compensation insurance that satisfies all state statutory requirements and limits in which the work is performed, with employer's liability coverage with limits of at least [*] per person per accident, (c) each Party will maintain commercial automobile liability insurance if the use of motor vehicles is required hereunder, with limits of at least [*] combined single limit per accident covering owned, hired, and non-owned vehicles, (d) as supplier of the Licensed Compound and the Licensed Product, as applicable, and of the CFE, Sutro will secure and maintain throughout the entire Term and for [*] thereafter appropriate product liability insurance with a limit of at least [*] per claim and in the aggregate, (e) Ipsen will maintain appropriate professional liability and clinical trial liability insurance throughout the conduct of the Development activities of the Licensed Product, for a sufficient amount as per the legal obligations in force in the Territory on a per-claim and aggregate basis, and (f) as seller of the Licensed Product, prior to the First Commercial Sale of the Licensed Product, Ipsen will secure and maintain throughout the entire Term and for [*] thereafter appropriate product liability insurance with a limit of at least [*] per claim and in the aggregate. Each of the foregoing policies (except the automobile liability policy) shall be endorsed to waive subrogation in favor of the other Party. The required insurance coverages shall be written on a primary/non-contributory basis to any other insurance. It is understood that such insurance will not be construed to create a limit of the Parties' liability with respect to its indemnification obligations under this Article 11 (Indemnification; Insurance). Upon request, each Party will provide the other Party a certificate of insurance evidencing such coverage, and, except for subsection (b) above (i.e., workers' compensation insurance), will maintain the other Party and its directors, officers, employees, agents, and representatives as an additional insured under its liability insurance. Notwithstanding any provision to the contrary set forth in this Agreement, policies may be obtained via combination of primary and umbrella/excess insurance policies issued via domestic and global policies provided that any umbrella/excess insurance coverage is written on a follow-form basis. If either Party subcontracts any work associated with this Agreement, such Party agrees to require that any subcontractor maintain such types of normal and customary liability insurance in amounts adequate to cover its obligations.

ARTICLE 12
TERM AND TERMINATION

12.1Term and Expiration. The term of this Agreement shall commence on the Effective Date and, unless earlier terminated as provided in this Article 12, shall continue in full force and effect until expiration of the last Royalty Term (the "**Term**"). If Ipsen is not in breach of the Agreement and has made all payments due hereunder, then effective upon the expiration of all payment obligations under this Agreement, the licenses granted to Ipsen will each become non-exclusive, fully paid-up, royalty-free, irrevocable, and perpetual. For clarity, the foregoing shall not reinstate any licenses that have expired or been terminated prior to the expiration of all payment obligations under this Agreement.

12.2Termination of the Agreement for Convenience. At any time during the Term, Ipsen may, at its convenience, terminate this Agreement in its entirety [*] prior written notice to Sutro.

12.3Termination upon Material Breach.

(a)**Material Breach.** If a Party breaches any of its material obligations under this Agreement, the Party not in default may give to the breaching Party a written notice specifying the nature of the default, requiring it to cure such breach, and stating its intention to terminate this Agreement if such breach is not cured within [*]. If such breach is not cured within [*] after the receipt of such notice, the Party not in default shall be entitled to terminate this Agreement immediately by written notice to the other Party.

(b)**Material Breach Dispute.** Any dispute regarding an alleged material breach of this Agreement shall be resolved in accordance with Article 13 hereof.

12.4Termination for Insolvency. If, at any time during the Term (a) a case is commenced by or against either Party under the Bankruptcy Code and, in the event of an involuntary case under the Bankruptcy Code, such case is not dismissed within [*] after the commencement thereof, (b) either Party files for or is subject to the institution of bankruptcy, dissolution, corporate reorganization, liquidation or receivership proceedings (other than a case under the Bankruptcy Code), which proceedings, if involuntary, shall not have been dismissed within [*] after the commencement thereof, (c) either Party assigns all or a substantial portion of its assets for the benefit of creditors, (d) a receiver or custodian is appointed for either Party's business, or (e) a substantial portion of either Party's business is subject to seizure, attachment or similar process and not released within [*] thereafter (each of (a), (b), (c), (d) or (e), a "**Bankruptcy Event**"), then, in any Bankruptcy Event, the other Party may terminate this Agreement upon written notice to the extent permitted under Applicable Law.

12.5Ipsen's Right to Terminate for Regulatory Reasons.

Ipsen may terminate this Agreement with immediate effect upon written notice to Sutro based on legitimate and documented concerns over safety of the Licensed Product whether declared or not by a Regulatory Authority.

Ipsen may terminate this Agreement upon [*] prior written notice if Regulatory Approval is not granted by the EMA and/or FDA, or if the EMA and/ or FDA requires the conduct of further studies in support of the Regulatory Approval after the Regulatory Approval has been granted.

12.6Sutro's Right to Terminate for Patent Challenge.

If Ipsen or any of its Affiliates directly takes any action, or knowingly provides financial or other assistance (including direct legal or technical advice) to any Third Party, for the intended purpose of challenging in a court or administrative proceeding any claim in any Sutro Patent, Sutro Manufacturing Patent or CFE Patent as being invalid, unenforceable or otherwise not patentable (any such action or assistance, a "**Patent Challenge**"), then Sutro, at its discretion, may give notice to Ipsen that Sutro will terminate the Agreement unless such Patent Challenge is withdrawn, abandoned or terminated (as appropriate) within [*] from the date of such notice. If Ipsen or its Affiliate (as the case may be) does not withdraw, abandon or terminate (as appropriate) such Patent Challenge within such [*] period then,

subject to the remainder of this Section 12.6, Sutro may terminate this Agreement. In the event that Sutro notifies Ipsen in writing that any Sublicensee or Distributor has initiated a Patent Challenge, then Ipsen shall terminate such Sublicensee's Sublicense Agreement or Distributor's sublicense granted pursuant to Section 2.2 in its entirety, unless such action by such Sublicensee or Distributor is withdrawn within [*] after Sutro's notice to Ipsen thereof.

12.7Effects of Termination.

(a)**Survival.**

(i)Subject to the other terms and conditions regarding the termination and survival of obligations under this Agreement in the event of expiration or termination of this Agreement, upon expiration or termination of this Agreement, all provisions of this Agreement will cease to have any effect, except that the following provisions will survive any such expiration or termination for any reason for the period of time specified therein, or if not specified, then they will survive indefinitely: Article 1 (solely with respect to defined terms that are used in surviving provisions); Section 2.5(e); Sections 4.5 and 5.3 (each solely with respect to their second and third sentences with respect to Third Party continuing obligations); Section 6.5 (solely with respect to Licensed Product sold under this Agreement); Sections 7.1 to 7.7 (inclusive) and 7.9 (each solely with respect to payment obligations accruing prior to expiration or termination); Sections 7.8, 7.10, 7.11, 7.12 and 8.3; Sections 8.5(b) to (f) (each solely with respect to Actions initiated prior to expiration or termination); Sections 9.1, 9.2 and 9.3(b) (each for the [*] period immediately following expiration or termination); Section 10.5; Article 11 (however, with respect to Section 11.5, only for the period set forth in Section 11.5); Section 12.1 (solely with respect to the second and third sentences and solely in the event of expiration, but not termination); Sections 12.7 and 12.8; and Articles 13 and 14.

(ii)Expiration or termination of this Agreement shall not relieve the Parties of any liability that accrued hereunder prior to the effective date of such expiration or termination. In addition, termination of this Agreement shall neither preclude either Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement nor prejudice either Party's right to obtain performance of any obligation.

(b)**Consequences of Termination.**

(i)Upon any expiration or termination of this Agreement, each Party shall return, or at the other Party's option, destroy, all relevant records and materials containing any Confidential Information of such other Party in the possession or control of such Party or any of its Representatives as of the effective date of such expiration or termination; provided that the Recipient may retain a copy of computer records or files containing such Confidential Information that have been created pursuant to automatic archiving or back-up procedures that cannot reasonably be deleted; provided, further, that such copy will be kept confidential by the Recipient in accordance with the terms and provisions of this Agreement for as long as the Recipient is in possession of such copy.

(ii)If requested by Sutro, Ipsen will sell to Sutro any inventory of any Licensed Products, including the Licensed Compound, that are Controlled by Ipsen as of the effective date of termination, at a price equal to Ipsen's cost of goods.

(iii)In the event of any termination of this Agreement by Ipsen under Section 12.2 or Section 12.3, Ipsen and its Affiliates and or its or their Sublicensees shall be entitled, during the [*] period following such termination, to sell any commercial inventory of Licensed Product(s) which remains on hand as of the date of the termination, so long as Ipsen pays to Sutro the royalties and milestones applicable to said subsequent sales in accordance with the terms and conditions set forth in this Agreement. Any commercial inventory remaining following [*] period shall be offered for sale to Sutro at a price equal to Ipsen's Costs of Goods.

(iv)Upon any termination of this Agreement, each sublicense of the license granted under Section 2.1 shall automatically terminate unless Sutro elects, in its sole discretion to assume such sublicense; *provided that* Sutro shall not be obligated to fulfill any obligations to any Sublicensees or Distributors beyond those obligations required of Sutro if this Agreement had not terminated and, effective upon any election by Sutro to assume such sublicense, Ipsen hereby assigns, transfers, conveys and delivers to Sutro all of its right, title and interest in, to and under such sublicense.

(c)**Assignment of Regulatory Submissions.**

Ipsen will and hereby does, and will cause its Affiliates and Sublicensees to, (a) assign to Sutro all of its rights, title, and interests in and to all Clinical Trial data, submissions to any Regulatory Authority, Regulatory Approvals, and Pricing and Reimbursement Approvals (where applicable) related to the Licensed Compounds and Licensed Products owned or Controlled by Ipsen or any of its Affiliates or its or their Sublicensees as of the effective date of termination, and (b) take those steps reasonably necessary to transfer ownership of all such assigned regulatory submissions, Regulatory Approvals, and Pricing and Reimbursement Approvals (where applicable) to Sutro, including submitting to each applicable Regulatory Authority a letter or other necessary documentation notifying such Regulatory Authority of the transfer of such ownership of such regulatory submissions, Regulatory Approvals, and Pricing and Reimbursement Approvals (where applicable).

(d)**Reversion License and Rights Upon Expiration or Termination.**

(i)As of the effective date of expiration or termination of the Term, in each case upon Sutro's written request, Ipsen will grant, and hereby does grant, to Sutro (a) an exclusive, worldwide, transferable license and right of reference, with the right to sublicense through multiple tiers, to the Clinical Trial data, submissions to any Regulatory Authority, Regulatory Approvals, and Pricing and Reimbursement Approvals (where applicable) solely related to any Licensed Compound or Licensed Product that are permitted to be assigned, pursuant to Section 12.7(c) (Assignment of Regulatory Submissions), (b) an exclusive, worldwide, transferable license with the right to sublicense through multiple tiers, to any Patent Rights and Know-How owned or Controlled by Ipsen or any of its Affiliates as of the effective date of termination, to the extent necessary to continue to Develop, Manufacture, and Commercialize, the Licensed Compound or Licensed Product, and (c) if, as of the effective date of termination, any Licensed Products have received Regulatory Approval in any country in the Territory, an exclusive, worldwide, transferable license with the right to sublicense through multiple tiers, to use any trademarks owned or Controlled by Ipsen that identify the Licensed Products for the purpose of Commercializing the Licensed Products. Upon Sutro's written request, Ipsen shall assign to Sutro any trademarks owned by Ipsen that identify the Licensed Products and any associated goodwill. If Ipsen is unable to sublicense any Patent Rights or Know-How owned by Third Parties to Sutro pursuant to this Section 12.7(d) (Reversion License) without the consent of the Third Party, then, at Sutro's request, Ipsen will undertake to procure such licenses on behalf of Sutro, subject to Sutro's written agreement, and, as far as Ipsen is able to procure such licenses, Sutro will pay such fees and be bound by the terms set forth in such licenses.

(ii)**Reversion Royalties.** Upon termination of this Agreement by Ipsen under Section 12.2 (Termination for Convenience by Ipsen) or by Ipsen pursuant to Section 12.3 (Termination for Sutro's Material Breach), the licenses granted to Sutro in Section 12.7(i) will be royalty-bearing as set forth in this Section 12.7(d)(ii) (Reversion Royalties) and Sutro will pay to Ipsen royalties based on one of the following royalty rates based on the Development stage that the Licensed Product was at on the effective date of termination, solely during the Royalty Term (defined *mutatis mutandis*, where "Sutro Patents and Sutro Manufacturing Patents" shall be replaced with "Patent Rights being licensed by Ipsen" and provided that "Net Sales" shall exclude gross amounts received by an Acquiror (or any of its licensees or sublicensees) for sales of Licensed Product for which Development activities were performed substantially independent of Sutro:

(A)[*] by Sutro and its Affiliates if prior to the effective date of termination of this Agreement, a Phase I Trial data package was generated under this Agreement (but no Phase II Trial has been initiated prior to such date);

(B)[*] by Sutro and its Affiliates if a Phase II Trial for the Licensed Product has been initiated prior to the effective date of termination of this Agreement (but no Phase III Trial or Pivotal Clinical Trial has

been initiated prior to such date) for the same Indication for which the Licensed Product has received Regulatory Approval in the country where net sales by Sutro and its Affiliates have occurred;

(C)[*] by Sutro and its Affiliates if a Phase III Trial for the Licensed Product has been initiated prior to the effective date of termination of this Agreement (but no Regulatory Approval has been obtained in the relevant country prior to such date) for the same Indication for which the Licensed Product has received Regulatory Approval in the country where net sales by Sutro and its Affiliates have occurred; or

(D)[*] of each Licensed Product in each country for which Regulatory Approval, and where applicable, Pricing and Reimbursement Approvals have been obtained prior to the effective date of termination of this Agreement

(each of the foregoing royalties set forth in this Section 12.7(d)(ii) above, "**Reversion Royalties**").

The Reversion Royalties due upon termination of this Agreement by Ipsen pursuant to Section 12.3 (Termination for Sutro's Material Breach) are without prejudice to Ipsen's rights and remedies available at law or equity provided that no Reversion Royalties shall be due if the reversion licenses granted to Sutro in Section 12.7(i) are not in effect.

For purposes of the above:

(i)net sales shall be calculated, in a manner consistent with the definition of Net Sales hereunder, *mutatis mutandis*)

(ii)the above royalties shall be subject to the reductions set forth in Section 7.6 *mutatis mutandis*

(iii)payment terms and reporting shall be in accordance with Sections 7.7, 7.8, 7.9 and 7.10, *mutatis mutandis*

Upon termination of this Agreement by Sutro pursuant to Section 12.3 (Termination for Ipsen's Material Breach), by either Party pursuant to Section 12.4 (Termination for Bankruptcy), or by Ipsen pursuant to Section 12.5 (Termination for Regulatory Reasons) the licenses granted to Sutro in Section 12.7 will be royalty-free.

(e)**Ongoing Clinical Trials.**

(i)If, as of the effective date of termination of this Agreement, Ipsen or its Affiliates or its or their Sublicensees are conducting any Clinical Trials involving any Licensed Compound or Licensed Products (each an "**Ongoing Clinical Trial**"), then, unless prohibited by any Regulatory Authority or Applicable Law, at Sutro's written request on a Clinical Trial-by-Clinical Trial basis, Ipsen will (1) transfer control of all such requested Ongoing Clinical Trials to Sutro or its designees (including the assignment of all related investigator and other agreements relating to such Clinical Trials), subject to subsection (ii) below; (2) continue to conduct such Ongoing Clinical Trials to minimize interruption of any such Ongoing Clinical Trials for the patients; provided that Sutro will pay all Direct Costs and Indirect Costs incurred by either Party to complete such Ongoing Clinical Trials; or (3) wind down, at Ipsen's sole cost, as soon as reasonably possible following the effective date of termination of this Agreement any Ongoing Clinical Trials.

(ii) If Sutro elects to transfer control of any Ongoing Clinical Trials to Sutro or its designee following termination of this Agreement, then such Ongoing Clinical Trials will be (x) at Sutro's cost and expense if the termination is by Ipsen under Section 12.2 (Termination for Convenience), Section 12.3 (Termination for Material Breach by Sutro), or Section 12.5 (Termination for Regulatory Reasons) and also pay for the transfer of ownership of the Licensed Compound and Licensed Product inventory at Ipsen's costs of goods, or (y) at Ipsen's cost and expense if the termination is by Sutro under Section 12.3 (Termination for Material Breach by Ipsen) or under Section 12.6 (Termination for Patent Challenge).

(f) **Supply of Product.** If Ipsen has taken the responsibility of Manufacturing the Licensed Compound, Licensed Product or CFE (as applicable) during the Term and is Manufacturing any Licensed Products on the effective date of termination, at Sutro's written request, the Parties will negotiate in good faith a supply agreement under which Ipsen will supply to Sutro such quantities of the Licensed Products, Licensed Compound or CFE, each at Sutro's request and Ipsen's cost of goods, until the earlier of (a) such time as Sutro has established an alternate, validated source of supply for the Licensed Products, and (b) [*] from the anniversary of the effective date of termination of this Agreement.

12.8 Other Remedies. Termination of this Agreement for any reason shall not release either Party from any liability or obligation that already has accrued prior to such termination. Termination of this Agreement for any reason shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect or limit, any rights or remedies that otherwise may be available at law or in equity.

ARTICLE 13
DISPUTE RESOLUTION

13.1 Disputes. The Parties recognize that disputes as to certain matters may from time to time arise during the Term which relate to either Party's rights and/or obligations hereunder. It is the objective of the Parties to establish under this Article 13 procedures to facilitate the resolution of disputes arising under this Agreement (other than any disputes relating to matters which under this Agreement Sutro has sole decision-making authority (each, a "**Non-Escalable Dispute**")), in an expedient manner by mutual cooperation and without resort to litigation. In the event that the Parties are unable to resolve such dispute through diligent review and deliberation by the Senior Executives within [*] from the day that one Party had designated the issue as a dispute in written notice to the other Party, then either Party shall have the right to escalate such matter to the respective Chief Executive Officers as set forth in Section 13.2.

13.2 Escalation to Senior Executive Officers. Either Party may, by written notice to the other Party, request that a dispute (other than a Non-Escalable Dispute) that remains unresolved by the respective Senior Executives or his/her designated senior representative for a period of [*] as set forth in Section 13.1 arising between the Parties in connection with this Agreement, or a dispute relating to material breach, be resolved by the respective Chief Executive Officers or his/her designated senior representative, within [*] after referral of such dispute to them. If the Chief Executive Officers cannot resolve such dispute within [*] after referral of such dispute to them, then, at any time after such [*] period, either Party may proceed to enforce any and all of its rights with respect to such dispute.

13.3 Binding Arbitration. Except as otherwise expressly set forth in this Agreement, if such Chief Executive Officers do not resolve the dispute in accordance with the time-periods set forth in Section 13.2 then, either Party may at any time submit the dispute to be finally settled by arbitration administered in accordance with the ICC International Arbitration Rules then in effect of the International Court of Arbitration of the International Chamber of Commercial (the "**ICC**") in effect at the time of submission. The arbitration will be heard and determined by three arbitrators, each of whom will be impartial and independent of the Parties. Each Party will appoint one arbitrator and the third arbitrator will be selected by the two Party-appointed arbitrators, or, failing agreement, by the ICC. Such arbitration will take place in [*], in the English language. The arbitration award so given will,

absent manifest error, be a final and binding determination of the dispute, and will be fully enforceable in any court of competent jurisdiction. Each Party shall bear its own costs and expenses and attorneys' fees and an equal share of the arbitrators' fees and any administrative fees of arbitration unless the final award decides that one Party shall pay some or all of the other Party's legal costs. Except to the extent necessary to comply with Applicable Law, legal process, or a court order or to enforce a final settlement agreement or secure enforcement of any arbitration award, the Parties agree that the existence, terms and content of any arbitration, all information and documents disclosed in any arbitration or evidencing any arbitration results, award, judgment or settlement, or the performance thereof, and any allegations, statements and admissions made or positions taken by either Party in any arbitration, shall be treated and maintained in confidence and are not intended to be used or disclosed for any other purpose or in any other forum.

13.4Injunctive Relief. No provision herein shall be construed as precluding a Party from bringing an action for injunctive relief or other equitable relief prior to the initiation or completion of the above procedure. Each Party acknowledges and agrees that the restrictions and obligations set forth in Section 8.3 and in Article 9 are reasonable and necessary to protect the legitimate interests of the other Party and that such other Party would not have entered into this Agreement in the absence of such restrictions, and that any breach or threatened breach of any provision of such Section or Article may result in irreparable injury to such other Party for which there will be no adequate remedy at law. In the event of a breach or threatened breach of any provision of such Section or Article, the non-breaching Party shall be authorized and entitled to seek, without any requirement to post bond, from any court of competent jurisdiction injunctive relief, whether preliminary or permanent, specific performance, and an equitable accounting of all earnings, profits, and other benefits arising from such breach, which rights shall be cumulative and in addition to any other rights or remedies to which such non-breaching Party may be entitled in law or equity.

13.5No Limitation of Remedies. The Parties hereby agree that no remedy conferred by any of the specific provisions of this Agreement, including, without limitation, Section 5.1(a), is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

ARTICLE 14
MISCELLANEOUS PROVISIONS

14.1Relationship of the Parties. Nothing in this Agreement is intended or shall be deemed, for financial, tax, legal or other purposes, to constitute a partnership, agency, joint venture or employer-employee relationship between the Parties.

14.2Assignment; Change of Control.

(a)**Assignment Generally.** Except as expressly provided herein, neither this Agreement nor any interest hereunder shall be assignable by either Party without the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed; *provided*, however, that either Party may, without consent, assign or delegate this Agreement, in whole or in part, upon notice to the other Party, to its successor in interest in connection with any sale of all or substantially all of its assets related to this Agreement or a Change of Control. Written notice of any permitted assignment of this Agreement shall be promptly provided to the non-assigning Party. Any assignment not in accordance with this Section 14.2 shall be void.

(b)**Continuing Obligations.** As a condition of any assignment under this Section 14.2, the assignee shall agree in writing to be bound by all obligations of the assigning Party hereunder. This Agreement shall be binding upon the successors and permitted assigns of the Parties.

(c)**Change of Control.** Whether or not this Agreement is assigned pursuant to Section 14.2(a), the Parties agree as follows: the rights to Patent Rights, Know-How or other intellectual property rights of any successor-in-interest of a Party as a result of a Change of Control of such Party or any Person that becomes an Affiliate of a Party through any Change of Control of such Party, that were controlled by such successor or Person (and not such Party or any of its Affiliates prior to such Change of Control) immediately prior to such Change of Control (other than as a result of a license or other grant of rights, covenant or assignment by such Party or its other Affiliates to, or for the benefit of, such Person) or are developed or acquired by such successor or Person after such Change of Control outside of the scope of this Agreement solely if the activities that led to such development or acquisition were subject to established firewalls, will not be deemed to be "Controlled" by such Party for purposes of this Agreement and will be automatically excluded from the rights licensed to, or the covenants made in favor of, the other Party under this Agreement, except to the extent that any such Patent Rights, Know-How or other intellectual property rights (A) following such Change of Control, are actually used in the course of such Party's or such Third Party successor-in-interest's performance of activities under this Agreement, or (B) were licensed or sublicensed by such Third Party to such Party or its Affiliates prior to the Change of Control and were included in the licenses granted by such Party hereunder prior to the Change of Control.

14.3 Performance and Exercise by Affiliates. Ipsen shall have the right to have any of its obligations hereunder performed, or its rights hereunder exercised, by any of its Affiliates including with respect to Ipsen, but not limited to, Ipsen Bioscience, Inc. (U.S.A) and Ipsen Biopharmaceuticals, Inc. (U.S.A), and the performance of such obligations by any such Affiliate shall be deemed to be performance by Ipsen; *provided, however*, that Ipsen shall be responsible for ensuring the performance of its respective obligations under this Agreement and that any failure of any Affiliate performing obligations on behalf of Ipsen hereunder shall be deemed to be a failure by Ipsen to perform such obligations.

14.4Further Actions. Each Party agrees to execute, acknowledge and deliver such further instruments and to do all such other acts as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

14.5Accounting Procedures. Each Party shall calculate all amounts, and perform other accounting procedures required, under this Agreement and applicable to it in accordance with either, as applicable (a) United States generally accepted accounting principles (US GAAP) or (b) IFRS, depending on which accounting standard is normally applied by such Party with respect to the filing of its reporting. All terms of an accounting or financial nature in this Agreement shall be construed in accordance with the foregoing accounting standard.

14.6Force Majeure. Neither Party shall be liable to the other Party or be deemed to have breached or defaulted under this Agreement for failure or delay in the performance of any of its obligations, other than payment obligations, under this Agreement for the time and to the extent such failure or delay is caused by or results from acts of God, earthquake, riot, civil commotion, terrorism, war, strikes or other labor disputes, fire, flood, failure or delay of transportation, omissions or delays in acting by a Governmental Body, acts of a government or an agency thereof or judicial orders or decrees or restrictions or any other reason which is beyond the control of the respective Party; provided that (1) the Party affected by force majeure provides the other Party with full particulars thereof as soon as it becomes aware of the same (including its best estimate of the likely extent and duration of the interference with its activities) and (2) uses Commercially Reasonable Efforts to overcome the difficulties created thereby and to resume performance of its obligations hereunder as soon as practicable.

14.7Entire Agreement of the Parties; Amendments. This Agreement and the Schedules hereto constitute and contain the entire understanding and agreement of the Parties respecting the subject matter hereof and cancel and supersede any and all prior negotiations, correspondence, understandings and agreements between the Parties, whether oral or written, regarding such subject matter, including

the Confidentiality Agreement executed by the Parties. No waiver, modification or amendment of any provision of this Agreement shall be valid or effective unless made in a writing referencing this Agreement and signed by a duly authorized officer of each Party.

14.8Headings and Captions. The headings and captions to this Agreement are for convenience only, and are to be of no force or effect in construing or interpreting any of the provisions of this Agreement.

14.9Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York, excluding application of any conflict of laws principles that would require application of the law of a jurisdiction outside of the State of New York. Any disputes arising under or in connection with this Agreement, will be resolved through binding arbitration conducted pursuant to Section 13.3.

14.10Good Faith Covenant. The Parties agree that they will cooperate with each other in all respects in furtherance of achieving the purposes and objectives of this Agreement. The Parties further agree that their actions and dealings with each other shall be subject to an express covenant of good faith and fair dealing.

14.11Notices and Deliveries. Any notice, request, approval or consent required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given if delivered in person, transmitted by facsimile (receipt verified) or by express courier service (signature required) to the Party to which it is directed at its address or facsimile number shown below or such other address or facsimile number as such Party shall have last given by notice to the other Party.

If to Sutro, addressed to:

SUTRO Biopharma, Inc.
111 Oyster Point Boulevard
South San Francisco, CA 94080
USA
Attention: General Counsel
Email: [*]

With a copy, which shall not constitute notice, to:

Fenwick & West LLP
801 California Street
Mountain View, CA 94041
USA
Attention: [*]
Email: [*]

If to Ipsen, addressed to:

Ipsen Pharma SAS
65 Quai Georges Gorse
Boulogne-Billancourt, 92100
France
Attn: EVP General Counsel & Chief Business Ethics Officer
Email: [*]

With a copy, which shall not constitute notice, to:

Ipsen Pharma SAS
65 Quai Georges Gorse
Boulogne-Billancourt, 92100
France
Attn: Strategic Alliance Management
Email: [*]

14.12Severability. When 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 prohibited by or invalid under Applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement. The Parties shall make a good faith effort to replace the invalid or unenforceable provision with a valid one which in its economic effect is most consistent with the invalid or unenforceable provision.

14.13No Implied License. Except as expressly set forth in this Agreement, no right or license is granted to Ipsen hereunder by implication, estoppel, or otherwise to any Know-How, Patent Rights, Confidential Information, trade secret or other data or intellectual property right owned or controlled by Sutro or its Affiliates.

14.14Interpretation. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” All references herein to Articles, Sections, and Schedules shall be deemed references to Articles and Sections of, and Schedules to, this Agreement unless the context shall otherwise require. Except where the context otherwise requires, wherever used, the singular shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders, words such as “herein”, “hereto”, “hereof”, “hereby” and “hereunder” refer to this Agreement as a whole, the terms “will” and “shall” shall be deemed to have the same meaning, references to Applicable Law includes any amendment or modification to such Applicable Law and the word “or” is used in the inclusive sense (and/or). Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. Each Party represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption will apply against the Party which drafted such terms and provisions. Unless the context otherwise requires, countries shall include territories.

14.15Third Party Beneficiaries. None of the provisions of this Agreement shall be for the benefit of or enforceable by any Third Party, including but not limited to, any creditor of either Party hereto.

14.16Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which together will be deemed to be one and the same instrument. A facsimile or a portable document format (PDF) copy of this Agreement, including the signature pages, will be deemed an original. Electronic signatures that comply with Applicable Law are deemed original signatures.

[signature pages follow]

IN WITNESS WHEREOF, duly authorized representatives of the Parties have executed this Agreement as of the Effective Date.

SUTRO BIOPHARMA, INC.

_/s/ William J. Newell_____
Name: William J. Newell
Title: Chief Executive Officer

[Signature Page to Exclusive License Agreement]

IN WITNESS WHEREOF, duly authorized representatives of the Parties have executed this Agreement as of the Effective Date.

IPSEN PHARMA SAS

_/s/ David Loew_____
Name: David Loew
Title: Chief Executive Officer

[Signature Page to Exclusive License Agreement]

Appendix A

[*]

Appendix A.1

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Appendix B

Investment Agreement

SUTRO BIOPHARMA, INC.

INVESTMENT AGREEMENT

THIS INVESTMENT AGREEMENT (this "***Agreement***") is made and entered into as of March 29, 2024 (the "***Effective Date***"), by and between **SUTRO BIOPHARMA, INC.,** a Delaware corporation (the "***Company***"), and **IPSEN BIOPHARMACEUTICALS, INC.**, a Delaware corporation (the "***Investor***").

RECITALS

WHEREAS, pursuant to the terms and subject to the conditions set forth in this Agreement, the Company desires to issue and sell to the Investor, and the Investor desires to subscribe for and purchase from the Company, certain shares of common stock, par value $0.001 per share, of the Company (the "***Common Stock***");

WHEREAS, simultaneously with the execution of this Agreement, the Company and Ipsen Pharma SAS ("***Ipsen***"), are entering into an Exclusive License Agreement (the "***License Agreement***"); and

WHEREAS, in partial consideration for the rights and licenses granted by the Company to Ipsen under the License Agreement, the Investor, a fully-owned Affiliate (as defined in the License Agreement) of Ipsen, has agreed to pay the Company twenty-five million USD ($25,000,000) (the "***Purchase Price***") to acquire newly issued shares of Common Stock (the "***Shares***") at a price per share of $5.1788, representing a premium of 17% to the volume weighted average price, as reported by Bloomberg, of the Common Stock as traded on The Nasdaq Stock Market LLC for the last twenty (20) consecutive trading days prior to the date of this Agreement, in accordance with the terms set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties and covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1.AGREEMENT TO SELL AND PURCHASE.

1.1Sale and Purchase. Subject to the terms and conditions hereof, at the Closing (as defined below), the Company hereby agrees to issue and sell to the Investor, and the Investor hereby agrees to purchase from the Company the Shares in partial consideration for the rights and licenses granted by the Company to the Investor pursuant to the Licensing Agreement.

2.CLOSING, DELIVERY AND PAYMENT.

2.1Closing. Upon the satisfaction of the conditions set forth Sections 5.1 and 5.2, the closing of the sale and purchase of the Shares under this Agreement (the "***Closing***") shall

take place remotely, upon the physical or electronic exchange among the parties and their counsel of all documents and deliverables required under this Agreement (such date is hereinafter referred to as the "***Closing Date***") but (i) in no event earlier than the second business day after the date hereof and (ii) in no event later than the tenth business day after the date hereof.

2.2Payment. On or prior to the Closing Date, the Investor shall deliver or cause to be delivered to the Company, via wire transfer of immediately available funds pursuant to the wire instructions delivered to the Investor by the Company on or prior to the Closing Date, an amount equal to the Purchase Price.

2.3Delivery. At the Closing, the Company shall issue, or cause to be issued to, the Investor the Shares, registered in book entry form in the name of the Investor on the Company's share register, and shall provide to the Investor evidence of such issuance from the Company's transfer agent.

3.REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company hereby represents and warrants to the Investor, as of the date of this Agreement and as of the Closing Date, as set forth below.

3.1Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has all requisite corporate power and authority to own and operate its properties and assets, to execute and deliver this Agreement, to issue and sell the Shares, and to carry out the provisions of this Agreement and to carry on its business as presently conducted and as presently proposed to be conducted. The Company is duly qualified to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a material adverse effect on the Company or its business.

3.2Authorization; Binding Obligations. All corporate action on the part of the Company, its officers, directors and stockholders necessary for the authorization of this Agreement, the performance of all obligations of the Company hereunder at the Closing and the authorization, sale, issuance and delivery of the Shares pursuant hereto has been taken or will be taken prior to the Closing. This Agreement, when executed and delivered, will be the valid and binding obligation of the Company enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other laws of general application relating to or affecting the enforcement of creditors' rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies. When issued and delivered to the Investor against payment therefor in accordance with the terms of this Agreement, the Shares will be validly authorized and issued, fully paid and non-assessable, free and clear of all liens, and will not have been issued in violation of or subject to any preemptive or similar rights.

3.3Compliance with Other Instruments. The execution, delivery, and performance of and compliance with this Agreement, and the issuance and sale of the Shares pursuant to this Agreement, will not, with or without the passage of time or giving of notice: (a) result in a violation of the organization documents of the Company, (b) result in any violation, or be in conflict with or constitute a default under any term or provision under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company is a party, (c) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws) applicable to the Company or (d) result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any of the properties or assets of the Company or the suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to the Company, its business or operations or any of its assets or properties.

3.4Company SEC Documents; Financial Statements; Nasdaq Stock Market. Since January 1, 2023, the Company has timely filed all required reports, schedules, forms, statements and other documents (including exhibits and all other information incorporated therein) required to be filed by it under the Securities Act and the Exchange Act, and any required amendments to any of the foregoing, with the SEC (the "***Company SEC Documents***"). As of its respective filing date, each of the Company SEC Documents complied in all material respects with the requirements of the Securities Act, the Exchange Act, and the rules and regulations of the SEC promulgated thereunder applicable to such Company SEC Documents, and no Company SEC Documents when filed, declared effective or mailed, as applicable, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.5Offering Valid. Assuming the accuracy of the representations and warranties of the Investor contained in Section 4.3, the offer, sale and issuance of the Shares will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "***Securities Act***"), and will have been registered or qualified (or are exempt from registration and qualification) under the registration, permit, or qualification requirements of all applicable state securities laws. Neither the Company nor any agent on its behalf has solicited or will solicit any offers to sell or has offered to sell or will offer to sell all or any part of the Shares to any person or persons so as to bring the sale of such Shares by the Company within the registration provisions of the Securities Act or any state securities laws.

4.REPRESENTATIONS AND WARRANTIES OF THE INVESTOR.

The Investor hereby represents and warrants to the Company as follows, as of the date of this Agreement and as of the Closing Date:

4.1Requisite Power and Authority. The Investor has all requisite corporate power and authority to execute and deliver this Agreement and to carry out the provisions of this Agreement. All action on the Investor's part required for the lawful execution, delivery and performance of this Agreement has been taken. Upon its execution and delivery, this Agreement will be the valid and binding obligation of the Investor, enforceable in accordance with its terms,

except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other laws of general application relating to or affecting the enforcement of creditors' rights generally and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

4.2No Conflicts. The execution, delivery and performance by the Investor of this Agreement and the consummation by the Investor of the transactions contemplated hereby will not (a) result in a violation of the organizational documents of the Investor , (b) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of any agreement, indenture or instrument to which the Investor is a party, or (c) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws) applicable to the Investor, except in the case of clauses (a) and (b) above, for such conflicts, defaults, rights or violations which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of the Investor to perform its obligations hereunder.

4.3Investment Representations. The Investor understands that the Shares are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon the Investor's representations contained in this Agreement. The Investor also understands that the Shares are "restricted securities" as defined in Rule 144 promulgated under the Securities Act as in effect from time to time and must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. The Investor hereby further represents and warrants as follows:

(a)The Investor Bears Economic Risk. The Investor has substantial experience in evaluating and investing in private placement transactions of securities of companies in a similar stage of development as the Company so that it is capable of evaluating the merits and risks of its investment in the Company and has the capacity to protect its own interests. The Investor can bear the economic risk of this investment indefinitely. The Investor understands that the Company has no present intention of registering the Shares. The Investor also understands that there is no assurance that any exemption from registration under the Securities Act will be available and that, even if available, such exemption may not allow the Investor to transfer all or any portion of the Shares under the circumstances, in the amounts or at the times the Investor might propose.

(b)Acquisition for Own Account. The Investor is acquiring the Shares for the Investor's own account for investment only, not as a nominee or agent, and not with a view towards their resale or distribution. The Investor has no present intent of selling, granting any participation in, or otherwise distributing the Shares. By executing this Agreement, the Investor further represents that the Investor does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Shares. The Investor has not been formed for the specific purpose of acquiring the Shares.

(c)Sophisticated Investor. The Investor represents that by reason of its, or of its management's, business or financial experience, the Investor has the capacity to protect its own interests in connection with the transactions contemplated in this Agreement. Neither the

Investor nor any of its officers, directors, employees, agents, stockholders or partners (i) has either directly or indirectly, including through a broker or finder, engaged in any general solicitation, (ii) has either directly or indirectly, including through a broker or finder, published any advertisement in connection with the offer and sale of the Shares, or (iii) is aware of any publication of any advertisement in connection with the transactions contemplated in this Agreement.

(d)Accredited Investor. The Investor represents that it is an accredited investor within the meaning of Regulation D under the Securities Act.

(e)Company Information. The Investor has received all the information it considers necessary or appropriate for deciding whether to purchase the Shares. The Investor has had an opportunity to discuss the Company's business, management and financial affairs with directors, officers and management of the Company and has had the opportunity to review the Company's operations and facilities. The Investor has also had the opportunity to ask questions of, receive answers from and obtain additional information from (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) the Company and its management regarding the terms and conditions of this investment.

(f)Residence. The office of the Investor in which its decision to purchase the Shares was made is located at the address set forth on the signature page hereto.

4.4No Governmental Review. The Investor understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Shares or the fairness or suitability of the investment in the Shares nor have such authorities passed upon or endorsed the merits of the offering of the Shares.

4.5Transfer Restrictions. The Investor acknowledges and agrees that the Shares are subject to restrictions on transfer as set forth in this Agreement. The Investor understands that the Shares and any securities issued in respect of or exchange for the Shares, may bear one or all of the following legends:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***ACT***"), OR QUALIFIED OR REGISTERED UNDER STATE SECURITIES OR BLUE SKY LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF, AND NEITHER THESE SECURITIES NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT WITH RESPECT TO THE SECURITIES UNDER THE ACT OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT."

Any legend required by the securities laws of any state to the extent such laws are applicable to the Shares represented by the certificate so legended. The Investor consents

to the Company making a notation on its records and giving instructions to any transfer agent of the Securities in order to implement the restrictions on transfer established in Section 4.

5.Conditions To Closing.

5.1Conditions to the Investor's Obligations at the Closing. The Investor's obligations to purchase the Shares at the Closing is subject to the satisfaction, at or prior to the Closing Date, of the following conditions, unless otherwise waived by the Investor:

(a)Representations and Warranties. The representations and warranties made by the Company in Section 3 that are qualified as to materiality shall be true and correct in all respects as of the Closing Date, and the representations and warranties made by the Company in Section 3 that are not qualified as to materiality shall be true and correct in all material respects as of the Closing Date, in each case with the same force and effect as if they had been made as of the Closing Date.

(b)Performance of Obligations. The Company shall have performed all obligations, covenants and conditions herein required to be performed or observed by it on or prior to the Closing.

(c)License Agreement. The License Agreement shall not have been terminated in accordance with its terms and shall be in full force and effect.

(d)Consents, Permits and Waivers. The Company shall have obtained any and all consents, permits and waivers necessary or appropriate for consummation of the transactions contemplated by this Agreement, except for such as may be properly obtained subsequent to the Closing.

5.2Conditions to Obligations of the Company. The Company's obligation to issue and sell the Shares at the Closing is subject to the satisfaction, at or prior to the Closing, of the following conditions, unless otherwise waived by the Company:

(a)Representations and Warranties. The representations and warranties in Section 4 made by the Investor shall be true and correct in all material respects at the date of the Closing, with the same force and effect as if they had been made on and as of said date.

(b)Performance of Obligations. The Investor shall have performed and complied with all agreements and conditions herein required to be performed or complied with by the Investor on or before the Closing.

(c)License Agreement. The License Agreement shall not have been terminated in accordance with its terms and shall be in full force and effect.

6.Rule 144 Reporting; Legend Removal.

6.1Rule 144. In order to make the benefits of the rules and regulations of the SEC that may permit the sale of the Shares to the public without registration available to the Investor, the Company agrees to use commercially reasonable efforts to:

(a)make and keep public information available, as those terms are understood and defined in Rule 144(c)(1) or any similar or analogous rule promulgated under the Securities Act, at all times after the Closing Date;

(b)file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act; and

(c)so long as the Investor owns any of the Shares, furnish the Investor forthwith upon request: (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Exchange Act; (ii) a copy of the most recent annual or quarterly report of the Company; and (iii) such other reports and documents as the Investor may reasonably request in availing itself of any rule of regulation of the SEC allowing it to sell any such securities without registration.

6.2Legend Removal. The Company shall direct its transfer agent to remove the transfer restriction set forth in Section 4.5 applicable to any portion of the Shares upon the written request of the Investor, within two (2) business days of the Company's receipt of such request, at such time as such portion of Shares (a) are being sold by the Investor pursuant to Rule 144 under the Securities Act or (b) may be transferred without the requirement that the Company be in compliance with the public information requirements and without volume or manner-of-sale restrictions under Rule 144 under the Securities Act. The Investor, or if the Company's transfer agent requires, the Company, shall provide such opinions of counsel reasonably requested by the Company's transfer agent in connection with the removal of legends pursuant to this Section 6.2.

7.MISCELLANEOUS.

7.1Governing Law; Jurisdiction. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York, excluding application of any conflict of laws principles that would require application of the law of a jurisdiction outside of the State of New York. Any disputes arising under or in connection with this Agreement, will be resolved through binding arbitration conducted pursuant to Section 13.3 of the License Agreement.

7.2Survival. The representations, warranties, covenants and agreements made herein shall survive the Closing. All statements as to factual matters contained in any certificate or other instrument delivered by or on behalf of the Company pursuant hereto in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Company hereunder solely as of the date of such certificate or instrument. The representations, warranties, covenants and obligations of the Company, and the rights and remedies that may be exercised by the Investor, shall not be limited or otherwise affected by or as a result of any information furnished to, or any investigation made by or knowledge of, the Investor or any of its representatives.

7.3Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon the parties hereto and their respective successors, assigns, heirs, executors and administrators and shall inure to the benefit of and be enforceable by each person who shall be a holder of the Shares from time to time; *provided*, *however*, that prior to the receipt by the Company of adequate written notice of the transfer of any Shares specifying the full name and address of the transferee, the Company may deem and treat the person listed as the holder of such Shares in its records as the absolute owner and holder of such Shares for all purposes.

7.4Entire Agreement. This Agreement (including any exhibits hereto), and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties hereto with respect to the subject matter hereof and thereof. No party hereto shall be liable or bound to any other party in any manner with respect to the subject matter hereof or thereof by any warranties, representations or covenants except as specifically set forth herein or therein.

7.5Severability. When 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 prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement. The Parties shall make a good faith effort to replace the invalid or unenforceable provision with a valid one which in its economic effect is most consistent with the invalid or unenforceable provision.

7.6Amendments and Waivers. This Agreement may be amended or modified, and the obligations of the Company and the Investor under this Agreement may be waived, discharged or terminated, only upon the written consent of the Company and the Investor. Any such waiver, discharge or termination effected in accordance with this Section 7.6 shall be binding upon the Investor and each transferee of the Shares, each future holder of all such securities and the Company.

7.7Delays or Omissions. It is agreed that no delay or omission to exercise any right, power or remedy accruing to any party, upon any breach, default or noncompliance by another party under this Agreement shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of or in any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on any party's part of any breach, default or noncompliance under this Agreement or any waiver on such party's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, the Company's Articles of Incorporation or the Company's Bylaws, or otherwise afforded to any party, shall be cumulative and not alternative.

7.8Notices. Any notice, request, approval or consent required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given if delivered in person, by express courier service (signature required) to the party to which it is

directed at its address shown below or such other address as such party shall have last given by notice to the other party.

If to Sutro, addressed to:

SUTRO Biopharma, Inc.
111 Oyster Point Boulevard
South San Francisco, CA 94080
USA
Attention: General Counsel
Email: [*]

With a copy, which shall not constitute notice, to:

Fenwick & West LLP
801 California Street
Mountain View, CA 94041
USA
Attention: [*]
Email: [*]

If to the Investor, addressed to:

Ipsen Biopharmaceuticals, Inc.
One Main Street
Cambridge MA 02142
Attn: [*]
Email: [*]

With a copy, which shall not constitute notice, to:

Orrick, Herrington & Sutcliffe LLP
2100 Pennsylvania Ave. NW
Washington, D.C. 20037
Attention: [*]
Email: [*]

7.9Expenses. Each party hereto shall pay all fees, costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement.

7.10Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. All references in this Agreement to sections and exhibits shall, unless otherwise provided, refer to sections hereof and exhibits attached hereto.

7.11Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which together will be deemed to be one and the same instrument. A facsimile or a portable document format (PDF) copy of this Agreement, including the signature pages, will be deemed an original. Electronic signatures that comply with applicable law are deemed original signatures.

7.12Third Parties. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

7.13Broker's Fees. Each party hereto represents and warrants that no agent, broker, investment banker, person or firm acting on behalf of or under the authority of such party hereto is or will be entitled to any broker's or finder's fee or any other commission directly or indirectly in connection with the transactions contemplated herein. Each party hereto further agrees to indemnify and to hold harmless each other party for any claims, losses or expenses incurred by such other party as a result of the representation in this Section 7.13 being untrue.

7.14Pronouns. All pronouns contained herein, and any variations thereof, shall be deemed to refer to the masculine, feminine or neutral, singular or plural, as the identity of the parties hereto may require.

7.15Further Assurances. Each party hereto agrees to execute and deliver, by the proper exercise of its corporate, limited liability company, partnership or other powers, all such other and additional instruments and documents and do all such other acts and things as may be necessary to more fully effectuate this Agreement.

7.16No Publicity. The parties hereto agree that the provisions of Section 9.3 of the License Agreement shall be applicable to the parties to this Agreement with respect to any public disclosures regarding the proposed transactions contemplated by this Agreement and the License Agreement or regarding the parties hereto or their Affiliates (it being understood that the provisions of Section 9.3 of the License Agreement shall be read to apply to disclosures of information relating to this Agreement and the transactions contemplated hereby).

[Remainder of Page Intentionally Left Blank]

In Witness Whereof, the parties hereto have executed this **Investor Agreement** as of the date first written above.

THE COMPANY:

SUTRO BIOPHARMA, INC.

By:/s/ William J. Newell

Name: William J. Newell
Title: Chief Executive Officer

INVESTOR:

IPSEN BIOPHARMACEUTICALS, INC.

By:/s/ Stewart Campbell

Name: Stewart Campbell
Its: EVP and President North America

Address: One Main Street
Cambridge MA 02142

Schedule 1.57

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Schedule 2.3(a)

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Schedule 2.3(b)

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Schedule 2.6(a)

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Schedule 4.3(b)

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Schedule 5.1(a)

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Schedule 9.3(a)

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Schedule 10.2(b)

[*]

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William J. Newell certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Sutro Biopharma, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a.designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c.evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a.all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b.any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2024

/s/ William J. Newell
William J. Newell
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward C. Albini, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Sutro Biopharma, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a.designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c.evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a.all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b.any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2024

/s/ Edward C. Albini
Edward C. Albini
Chief Financial Officer
(Principal Accounting Officer and Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, William J. Newell, Chief Executive Officer of Sutro Biopharma, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1.the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2.the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 13, 2024

/s/ William J. Newell
William J. Newell
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward C. Albini, Chief Financial Officer of Sutro Biopharma, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1.the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2.the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 13, 2024

/s/ Edward C. Albini
Edward C. Albini
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)