

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 September 30, 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: 001-39138

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

Delaware	84-2984849
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2200 Bridge Pkwy Suite #102 Redwood City, CA	94065
(Address of principal executive offices)	(Zip Code)
(650) 549-1400	
(Registrant's telephone number, including area code)	

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Voting Common Stock, par value \$0.0001 per share	JSPR	The Nasdaq Stock Market LLC
Redeemable Warrants, each ten warrants exercisable for one share of Voting Common Stock at an exercise price of \$115.00	JSPRW	The Nasdaq Stock Market LLC

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 November 6, 2024, the number of shares of the registrant's common stock outstanding was 15,001,353 shares of voting common stock, \$0.0001 par value per share, and no shares of non-voting common stock, \$0.0001 par value per share.

JASPER THERAPEUTICS, INC.
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED
SEPTEMBER 30, 2024

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

JASPER THERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 92,502	\$ 86,887
Prepaid expenses and other current assets	2,304	2,051
Total current assets	94,806	88,938
Property and equipment, net	2,071	2,727
Operating lease right-of-use assets	1,106	1,467
Restricted cash	417	417
Other non-current assets	1,013	1,343
Total assets	<u>\$ 99,413</u>	<u>\$ 94,892</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 3,086	\$ 4,149
Current portion of operating lease liabilities	1,059	972
Accrued expenses and other current liabilities	8,314	7,253
Total current liabilities	12,459	12,374
Non-current portion of operating lease liabilities	1,010	1,814
Other non-current liabilities	2,264	2,264
Total liabilities	<u>15,733</u>	<u>16,452</u>
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock: \$0.0001 par value — 10,000,000 shares authorized at September 30, 2024 and December 31, 2023; none issued and outstanding at September 30, 2024 and December 31, 2023	—	—
Common stock: \$0.0001 par value — 492,000,000 shares authorized at September 30, 2024 and December 31, 2023; 15,001,353 and 11,163,896 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	2	1
Additional paid-in capital	300,226	248,039
Accumulated deficit	(216,548)	(169,600)
Total stockholders' equity	<u>83,680</u>	<u>78,440</u>
Total liabilities and stockholders' equity	<u>\$ 99,413</u>	<u>\$ 94,892</u>

JASPER THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating expenses				
Research and development	\$ 14,455	\$ 14,848	\$ 36,049	\$ 37,950
General and administrative	5,434	4,514	14,905	13,186
Total operating expenses	<u>19,889</u>	<u>19,362</u>	<u>50,954</u>	<u>51,136</u>
Loss from operations	(19,889)	(19,362)	(50,954)	(51,136)
Interest income	1,284	1,433	4,120	3,965
Change in fair value of earnout liability	20	334	—	(10)
Change in fair value of common stock warrant liability	—	—	—	(575)
Other income (expense), net	(52)	51	(114)	(128)
Total other income, net	<u>1,252</u>	<u>1,818</u>	<u>4,006</u>	<u>3,252</u>
Net loss and comprehensive loss	<u>\$ (18,637)</u>	<u>\$ (17,544)</u>	<u>\$ (46,948)</u>	<u>\$ (47,884)</u>
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (1.24)</u>	<u>\$ (1.60)</u>	<u>\$ (3.25)</u>	<u>\$ (4.68)</u>
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	<u>15,000,516</u>	<u>10,971,945</u>	<u>14,442,637</u>	<u>10,234,980</u>

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

JASPER THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

Three Months Ended September 30, 2024

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance as of June 30, 2024	<u>15,105,300</u>	<u>\$ 2</u>	<u>\$ 298,219</u>	<u>\$ (197,911)</u>	<u>\$ 100,310</u>
Issuance of common stock upon exercise of stock options	1,053	—	9	—	9
Cancellation of earnout shares (Note 7)	(105,000)	—	—	—	—
Stock-based compensation expense	—	—	1,998	—	1,998
Net loss	—	—	—	(18,637)	(18,637)
Balance as of September 30, 2024	<u>15,001,353</u>	<u>\$ 2</u>	<u>\$ 300,226</u>	<u>\$ (216,548)</u>	<u>\$ 83,680</u>

Three Months Ended September 30, 2023

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance as of June 30, 2023	<u>11,079,912</u>	<u>\$ 1</u>	<u>\$ 245,679</u>	<u>\$ (135,475)</u>	<u>\$ 110,205</u>
Issuance of common stock upon exercise of stock options	5,000	—	36	—	36
Reversal of excess accrued issuance costs	—	—	40	—	40
Vesting of founders' restricted stock	—	—	1	—	1
Stock-based compensation expense	—	—	1,395	—	1,395
Net loss	—	—	—	(17,544)	(17,544)
Balance as of September 30, 2023	<u>11,084,912</u>	<u>\$ 1</u>	<u>\$ 247,151</u>	<u>\$ (153,019)</u>	<u>\$ 94,133</u>

Nine Months Ended September 30, 2024

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance as of December 31, 2023	<u>11,163,896</u>	<u>\$ 1</u>	<u>\$ 248,039</u>	<u>\$ (169,600)</u>	<u>\$ 78,440</u>
Issuance of common stock upon exercise of stock options	31,596	—	299	—	299

Issuance of common stock through underwritten offering, net of discounts and commissions and offering expenses of \$3.3 million	3,900,000	1	47,194	—	47,195
Issuance of common stock pursuant to Employee Stock Purchase Plan	10,861	—	45	—	45
Cancellation of earnout shares (Note 7)	(105,000)	—	—	—	—
Stock-based compensation expense	—	—	4,649	—	4,649
Net loss	—	—	—	(46,948)	(46,948)
Balance as of September 30, 2024	15,001,353	\$ 2	\$ 300,226	\$ (216,548)	\$ 83,680

Nine Months Ended September 30, 2023

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance as of December 31, 2022	3,804,427	\$ —	\$ 141,124	\$ (105,135)	\$ 35,989
Issuance of common stock upon exercise of stock options	54,580	—	388	—	388
Issuance of common stock through underwritten offering, net of discounts and commissions and offering expenses of \$6.6 million	6,900,000	1	96,969	—	96,970
Issuance of common stock through ATM offering, net of commissions and offering expenses of \$0.1 million	233,747	—	4,509	—	4,509
Reclassification of common stock warrants from liability to equity	—	—	725	—	725
Settlement of restricted stock units	130,937	—	—	—	—
Shares withheld for taxes	(45,277)	—	(661)	—	(661)
Issuance of common stock pursuant to Employee Stock Purchase Plan	6,498	—	36	—	36
Vesting of founders' restricted stock	—	—	8	—	8
Stock-based compensation expense	—	—	4,053	—	4,053
Net loss	—	—	—	(47,884)	(47,884)
Balance as of September 30, 2023	11,084,912	\$ 1	\$ 247,151	\$ (153,019)	\$ 94,133

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

JASPER THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows used in operating activities		
Net loss	\$ (46,948)	\$ (47,884)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization expense	1,128	825
Non-cash lease expense	361	307
Stock-based compensation expense	4,649	4,053
Change in fair value of common stock warrant liability	—	575
Change in fair value of earnout liability	—	10
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(253)	1,467
Other receivables	—	663
Other non-current assets	330	348
Accounts payable	(1,079)	1,488
Accrued expenses and other current liabilities	1,061	3,245
Operating lease liability	(717)	(637)
Other non-current liabilities	—	(48)
Net cash used in operating activities	(41,468)	(35,588)
Cash flows used in investing activities		
Purchases of property and equipment	(456)	(37)
Net cash used in investing activities	(456)	(37)
Cash flows provided by financing activities		
Proceeds from issuance of common stock through ATM and underwritten offerings, net	47,195	101,479
Proceeds from issuance of common stock pursuant to Employee Stock Purchase Plan	45	36
Taxes withheld and paid related to net share settlement of equity awards	—	(661)
Proceeds from exercise of common stock options	299	388
Net cash provided by financing activities	47,539	101,242
Net increase in cash, cash equivalents and restricted cash	5,615	65,617
Cash, cash equivalents and restricted cash at beginning of the period	87,304	38,667
Cash, cash equivalents and restricted cash at end of the period	\$ 92,919	\$ 104,284
Supplemental and non-cash items reconciliations:		
Unpaid property and equipment included in accounts payable	\$ 16	\$ —
Reclassification of common stock warrant liability into additional paid-in capital	\$ —	\$ 725
Vesting of founders' restricted stock	\$ —	\$ 8

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

JASPER THERAPEUTICS, INC.
NOTES TO UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Description of Business

Jasper Therapeutics, Inc. and its consolidated subsidiary, Jasper Tx Corp. (collectively, "Jasper" or the "Company"), is a clinical-stage biotechnology company focused on developing therapeutics targeting mast cell driven diseases such as chronic spontaneous urticaria, chronic inducible urticaria and asthma. The Company also has ongoing programs in diseases where targeting diseased hematopoietic stem cells can provide benefits, such as stem cell transplant conditioning regimens.

The Company is headquartered in Redwood City, California. The Company is a Delaware corporation and was incorporated in March 2018. In September 2021, the Company completed a merger with Amplitude Healthcare Acquisition Corporation and became a public company.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The condensed consolidated financial statements and accompanying notes are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and applicable rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") regarding interim financial reporting.

The accompanying condensed financial statements are consolidated and include the accounts of Jasper Therapeutics, Inc. and its wholly-owned subsidiary, Jasper Tx Corp. All intercompany transactions and balances have been eliminated upon consolidation.

Certain information and footnote disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited financial statements and the related notes thereto for the year ended December 31, 2023 included in the Company's Annual Report on the Form 10-K filed with the SEC on March 5, 2024. The information as of December 31, 2023, included in the condensed consolidated balance sheets was derived from the Company's audited financial statements. These unaudited interim condensed consolidated financial statements have been prepared on the same basis as the Company's annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments necessary for a fair statement of the Company's consolidated financial statements. The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024 or for any other interim period or for any other future year.

Going Concern

In accordance with Accounting Standards Codification ("ASC") Topic 205-40, Going Concern, the Company evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the date that these unaudited interim condensed consolidated financial statements are issued. This evaluation initially does not take into consideration the potential mitigating effect of the Company's plans that have not been fully implemented as of the date the financial statements are issued. When substantial doubt exists under this methodology, the Company evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about its ability to continue as a going concern. The mitigating effect of the Company's plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these unaudited interim condensed consolidated financial statements are issued. In performing this analysis, the Company excluded certain elements of its operating plan that cannot be considered probable.

Management expects to finance the Company's future cash needs through equity or debt financings, collaborations or a combination of these approaches. However, due to several factors, including those outside management's control, there can be no assurance that the Company will be able to complete additional equity financings. The Company's ability to raise additional funds may be adversely impacted by negative global economic conditions and any disruptions to and volatility in the credit and financial markets in the United States and worldwide or other factors. There can be no assurance that the Company will be successful in acquiring additional funding at levels sufficient to fund its operations or on terms favorable or acceptable to the Company. If the Company is unable to obtain adequate financing when needed or on terms favorable or acceptable to it, the Company may be forced to delay, reduce the scope of or eliminate one or more of its research and development programs. The Company concluded the likelihood that its plan to successfully obtain sufficient funding or adequately delay or reduce expenditures, while reasonably possible, is less than probable. Accordingly, the Company has concluded that substantial doubt exists about its ability to continue as a going concern within one year from the date of issuance of these unaudited interim condensed consolidated financial statements.

The accompanying unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. These unaudited interim condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

Reverse Stock Split

On January 4, 2024, the Company effected a 1-for-10 reverse stock split (the "Reverse Stock Split") of its common stock. The par value per share and the number of authorized shares were not adjusted as a result of the Reverse Stock Split. The shares of common stock underlying outstanding stock options, common stock warrants and other equity instruments were proportionately reduced and the respective exercise prices, if applicable, were proportionately increased in accordance with the terms of the agreements governing such securities. In addition, the shares available for grants under the Company's incentive plans were adjusted as a result of the Reverse Stock Split. All references to common stock, options to purchase common stock, outstanding common stock warrants, common stock share data, per share data, and related information contained in the condensed consolidated financial statements have been retrospectively adjusted to reflect the effect of the Reverse Stock Split for all periods presented.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the condensed consolidated financial statements and the reported amounts of income and expenses during the reporting periods. Significant estimates and assumptions made in the accompanying condensed consolidated financial statements include, but are not limited to, the determination of the accrued research and development expenses, valuation of earnout liability and the measurement of stock-based compensation expense. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could materially differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

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

	September 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 92,502	\$ 86,887
Restricted cash	417	417
Total cash, cash equivalents and restricted cash	\$ 92,919	\$ 87,304

Cash and cash equivalents consist of cash held in operating accounts and investments in money market funds. Restricted cash relates to the letter of credit secured in conjunction with the operating lease (Note 8).

Concentrations of Credit Risk and Other Risks and Uncertainties

The Company's cash and cash equivalents are maintained with financial institutions in the United States of America. Cash balances are held at financial institutions and account balances may exceed federally insured limits. To date, the Company has not experienced any losses on its cash, cash equivalents and marketable securities' balances and periodically evaluates the creditworthiness of its financial institutions.

The Company is subject to risks common to companies in the development stage, including, but not limited to, development and regulatory approval of new product candidates, development of markets and distribution channels, dependence on key personnel, and the ability to obtain additional capital as needed to fund its product plans. To achieve profitable operations, the Company must successfully develop and obtain requisite regulatory approvals for, manufacture, and market its product candidates. There can be no assurance that any such product candidate can be developed and approved or manufactured at an acceptable cost and with appropriate performance characteristics, or that such product will be successfully marketed. These factors could have a material adverse effect on the Company's future financial results.

Products developed by the Company require approval from the U.S. Food and Drug Administration ("FDA") or other international regulatory agencies prior to commercial sales. There can be no assurance that the Company's future products will receive the necessary clearances. If the Company were denied such clearances or such clearances were delayed, it could have a materially adverse impact on the Company.

Stock-Based Compensation

The Company measures its stock options granted to employees and non-employees based on the estimated fair values of the awards as of the grant date using the Black-Scholes option-pricing model. The model requires management to make a number of assumptions, including common stock fair value, expected volatility, expected term, risk-free interest rate and expected dividend yield. For restricted stock unit awards, the estimated fair value is the fair market value of the underlying stock on the grant date. The Company expenses the fair value of its equity-based compensation awards on a straight-line basis over the requisite service period, which is the period in which the related services are received. The Company accounts for award forfeitures as they occur. The expense for stock-based awards with performance conditions is recognized when it is probable that a performance condition is met during the vesting period. For performance stock units that are based on market conditions the estimated fair values of the awards are measured based on Monte Carlo simulation as of the grant date and is recorded over the vesting period derived from the simulation under the graded-vesting attribution method.

Segment Reporting

The Company has determined it operates as a single operating and reportable segment. The Company's chief operating decision maker, its Chief Executive Officer, manages the Company's operations on a consolidated basis for the purposes of allocating resources. All long-lived assets are located in the United States.

Recent Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This ASU requires public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC Topic 280 on an interim and annual basis. ASU No. 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company does not expect the adoption of this guidance to have a significant impact on the Company's consolidated financial statements, although it will require additional disclosure.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This ASU requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU No. 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact the adoption of this standard will have on the disclosures within the Company's condensed consolidated financial statements.

NOTE 3. FAIR VALUE MEASUREMENTS

The Company measures certain financial assets and liabilities at fair value on a recurring basis. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

- Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 – Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and
- Level 3 – Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

The fair value of Level 1 securities is determined using quoted prices in active markets for identical assets. Level 1 securities consist of highly liquid money market funds. In addition, restricted cash collateralized by money market funds is a financial asset measured at fair value and is a Level 1 financial instrument under the fair value hierarchy.

Financial assets and liabilities are considered Level 2 when their fair values are determined using inputs that are observable in the market or can be derived principally from or corroborated by observable market data, such as pricing for similar securities, recently executed transactions, cash flow models with yield curves, and benchmark securities. In addition, Level 2 financial instruments are valued using comparisons to like-kind financial instruments and models that use readily observable market data as their basis. The Company had no financial instruments classified at Level 2 as of September 30, 2024 and December 31, 2023.

Financial assets and liabilities are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies, or similar techniques and at least one significant model assumption or input is unobservable. Level 3 liabilities that are measured at fair value on a recurring basis included earnout liability as of December 31, 2023, which was recognized in connection with the business combination in September 2021 and expired in September 2024. The Company had no financial instruments classified at Level 3 as of September 30, 2024.

During the periods presented, the Company has not changed the manner in which it values liabilities that are measured at estimated fair value using Level 3 inputs. There were no transfers within the hierarchy during the three and nine months ended September 30, 2024 and 2023.

The following tables set forth the fair value of the Company's financial assets and liabilities measured on a recurring basis by level within the fair value hierarchy (in thousands):

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Money market funds	\$ 91,502	\$ —	\$ —	\$ 91,502
Total fair value of assets	<u>\$ 91,502</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 91,502</u>
December 31, 2023				
	Level 1	Level 2	Level 3	Total
Financial assets				
Money market funds	\$ 85,887	\$ —	\$ —	\$ 85,887
Total fair value of assets	<u>\$ 85,887</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 85,887</u>
Financial liabilities				
Earnout liability	\$ —	\$ —	\$ —	\$ —
Total fair value of financial liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The following table sets forth a summary of the changes in the fair value of the Company's Level 3 financial liabilities (in thousands):

	Earnout Liability
Fair Value as of December 31, 2022	\$ 18
Change in the fair value included in other expense	764
Fair Value as of March 31, 2023	\$ 782
Change in the fair value included in other income	(420)
Fair Value as of June 30, 2023	\$ 362
Change in the fair value included in other income	(334)
Fair Value as of September 30, 2023	\$ 28
Fair Value as of December 31, 2023	\$ —
Change in the fair value included in other expense	20
Fair Value as of March 31, 2024	\$ 20

Change in the fair value included in other expense

Fair Value as of June 30, 2024

Change in the fair value included in other income

Fair Value as of September 30, 2024

\$ 20

(20)

\$ —

The estimated fair value of the earnout liability was determined using a Monte Carlo simulation model, which uses a distribution of potential outcomes on a monthly basis over the earnout period prioritizing the most reliable information available. The assumptions utilized in the calculation were based on the achievement of certain stock price milestones, including the Company's current common stock price, expected volatility, risk-free rate and expected term. On September 24, 2024, the earnout liability expired and the Earnout Shares (as defined in Note 7) that were previously held in escrow were forfeited and cancelled.

As of December 31, 2023, the fair value of the earnout liability was minimal. The following table presents quantitative information about the inputs and valuation methodologies used for the Company's fair value measurements classified in Level 3 of the fair value hierarchy as of December 31, 2023:

	Fair value (in thousands)	Valuation methodology	Significant unobservable input
Earnout liability	\$ —	Monte Carlo Simulation	Common stock price \$ 7.89
			Expected term (in years) 0.73
			Expected volatility 94.0%
			Risk-free interest rate 4.92%

NOTE 4. CONDENSED CONSOLIDATED BALANCE SHEET COMPONENTS

Prepaid expenses and other current assets

The following table summarizes the details of prepaid expenses and other current assets as of the dates set forth below (in thousands):

	September 30, 2024	December 31, 2023
Research and development prepaid expenses	\$ 968	\$ 615
Prepaid insurance	212	877
Payroll tax credit receivable	250	250
Prepaid travel expenses	249	14
Other prepaid expenses and current assets	625	295
Total	\$ 2,304	\$ 2,051

Property and equipment, net

The following table summarizes the details of property and equipment, net as of the dates set forth below (in thousands):

	September 30, 2024	December 31, 2023
Leasehold improvements	\$ 2,711	\$ 2,477
Lab equipment	2,036	1,973
Office furniture & fixtures	522	502
Computer equipment	300	145
Capitalized software	90	90
Property and equipment, gross	5,659	5,187
Less: accumulated depreciation and amortization	(3,588)	(2,460)
Property and equipment, net	\$ 2,071	\$ 2,727

Depreciation and amortization expense was \$ 0.5 million and \$ 0.3 million for the three months ended September 30, 2024 and 2023, respectively, and \$ 1.1 million and \$ 0.8 million for the nine months ended September 30, 2024 and 2023, respectively.

Accrued expenses and other current liabilities

The following table summarizes the details of accrued expenses and other current liabilities as of the dates set forth below (in thousands):

	September 30, 2024	December 31, 2023
Research and development accrued expenses	\$ 4,894	\$ 5,169
Accrued employee and related compensation expenses	2,571	1,767
Other	849	317
Total	\$ 8,314	\$ 7,253

Other non-current liabilities

The following table summarizes the details of other non-current liabilities as of the dates set forth below (in thousands):

	September 30, 2024	December 31, 2023
CIRM grant liability	\$ 2,264	\$ 2,264
Total	<u><u>\$ 2,264</u></u>	<u><u>\$ 2,264</u></u>

NOTE 5. CIRM GRANT

In November 2020, California Institute for Regenerative Medicine ("CIRM") awarded the Company \$ 2.3 million in support of the research project related to a monoclonal antibody that depletes blood stem cells and enables chemotherapy-free transplants. The award is payable to the Company upon achievement of milestones that are primarily based on patient enrollment in the Company's clinical trials. CIRM could permanently cease disbursements if milestones are not met within four months of the scheduled completion date. Additionally, if CIRM determines, in its sole discretion, that the Company has not complied with the terms and conditions of the grant, CIRM may suspend or permanently cease disbursements. Funds received under this grant may only be used for allowable project costs specifically identified with the CIRM-funded project. Such costs can include, but are not limited to, salary for personnel, itemized supplies, consultants, and itemized clinical study costs. Under the terms of the grant, both CIRM and the Company will co-fund the research project and the amount of the Company's co-funding requirement is predetermined as a part of the award. Under the terms of the CIRM grant, the Company is obligated to pay royalties and licensing fees based on 0.1% of net sales of CIRM-funded product candidates or CIRM-funded technology per \$1.0 million of CIRM grant. As an alternative to revenue sharing, the Company has the option to convert the award to a loan. In the event the Company exercises its right to convert the award to a loan, it would be obligated to repay the loan within ten business days of making such election. Repayment amounts vary dependent on when the award is converted to a loan, ranging from 60% of the award granted to amounts received plus interest at the rate of the three-month LIBOR rate plus 25% per annum. Since the Company may be required to repay some or all of the amounts awarded by CIRM, the Company accounted for this award as a liability. Given the uncertainty in amounts due upon repayment, the Company has recorded amounts received without any discount or interest recorded, and upon determination of amounts that would become due, the Company will adjust accordingly. In the absence of explicit U.S. GAAP guidance on contributions received by business entities from government entities, the Company has applied to the CIRM grant the recognition and measurement guidance in Accounting Standards Codification Topic 958-605 by analogy. The Company has received an aggregate of \$2.3 million from CIRM through September 30, 2024, of which \$ 0.7 million was received during the year ended December 31, 2023. As of September 30, 2024, \$50,000 is available for future distribution to the Company under the grant upon the achievement of a future milestone. As of September 30, 2024 and December 31, 2023, the amount of CIRM grant received of \$2.3 million is included in other non-current liabilities in the condensed consolidated balance sheets.

NOTE 6. SIGNIFICANT AGREEMENTS

Amgen License Agreement

In November 2019, the Company entered into a worldwide exclusive license agreement with Amgen Inc. ("Amgen") for briquelimab (formerly known as AMG-191 and JSP191) that also includes translational science and materials from The Board of Trustees of the Leland Stanford Junior University ("Stanford") (the "Amgen License Agreement"). The Company was assigned and accepted Amgen's rights and obligations, effective November 21, 2019, under the Investigator Sponsored Research Agreement (the "ISRA"), entered into in June 2013, between Amgen and Stanford, and the Quality Agreement between Amgen and Stanford, effective as of October 7, 2015. Under the ISRA, the Company exercised its option and entered into a definitive license with Stanford for rights to certain Stanford intellectual property related to the study of briquelimab (see Stanford License Agreement below).

The Amgen License Agreement terminates on a country-by-country basis on the 10th anniversary of the date on which the exploitation of the licensed products is no longer covered by a valid claim under a licensed patent in such country. On a country-by-country basis, upon the expiration of the term in each country with respect to the licensed products, the licenses to the Company by Amgen become fully paid and non-exclusive. The Company and Amgen have the right to terminate the agreement for a material breach as specified in the agreement.

Stanford License Agreement

In March 2021, the Company entered into an exclusive license agreement with Stanford (the "Stanford License Agreement"). In July 2023, the Company entered into an amendment to the Stanford License Agreement to modify certain milestones set forth thereunder. The Company received a worldwide, exclusive license, with a right to sublicense, for briquelimab in the field of depleting endogenous blood stem cells in patients for whom hematopoietic cell transplantation is indicated. Stanford transferred to the Company certain know-how and patents related to briquelimab (together, the "Licensed Technology"). Under the terms of this agreement, the Company is required to use commercially reasonable efforts to develop, manufacture, and sell licensed product and to develop markets for a licensed product. In addition, the Company is required to use commercially reasonable efforts to meet the milestones as specified in the agreement over the six years from execution of the Stanford License Agreement and must notify Stanford in writing as each milestone is met.

The Company is obligated to pay annual license maintenance fees, beginning on the first anniversary of the effective date of the agreement and ending upon the first commercial sale of a product, method, or service in the licensed field of use, as follows: \$25,000 for each first and second year, \$35,000 for each third and fourth year and \$ 50,000 at each anniversary thereafter ending upon the first commercial sale. The Company is also obligated to pay late-stage clinical development milestone payments and first commercial sales milestone payments of up to \$9.0 million in total. The Company will also pay low single-digit royalties on net sales of licensed products, if approved. The Company paid \$35,000 and \$25,000 license maintenance fee in March 2024 and 2023, respectively, which was recognized as research and development expense in the condensed consolidated statements of operations and comprehensive loss for the nine months ended September 30, 2024 and 2023.

The Stanford License Agreement expires on a country-by-country basis on the last-to-expire valid claim of a licensed patent in such country. The Company may terminate the agreement by giving Stanford written notice at least 12 months in advance of the effective date of termination. The Company may also terminate the agreement solely with respect to any particular patent application or patent by giving Stanford written notice at least 60 days in advance of the effective date of termination. Stanford may terminate the agreement after 90 days from a written notice by Stanford, specifying a problem, including a delinquency on any report required pursuant to the agreement or any payment, missing a milestone or a material breach, unless the Company remediates the problem in that 90-day period.

NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS

Contingent Earnout Liability

Upon the closing of the business combination and pursuant to the Sponsor Support Agreement, dated May 5, 2021 and amended on September 24, 2021, by and among the Company, Amplitude Healthcare Holdings LLC (the "Sponsor") and Jasper Tx Corp., the Sponsor agreed to place the 105,000 earnout shares into escrow (the "Earnout Shares"), which would have been released as follows: (a) 25,000 Earnout Shares would have been released if, during the period from and after September 24, 2021 until September 24, 2024 (the "Earnout Period"), over any twenty trading days within any thirty day consecutive trading day period, the volume-weighted average price of the Company's common stock (the "Applicable VWAP") was greater than or equal to \$115.00, (b) 50,000 Earnout Shares would have been released if, during the Earnout Period, the Applicable VWAP was greater than or equal to \$150.00 and (c) 30,000 Earnout Shares would have been released if, during the Earnout Period, the Applicable VWAP was greater than or equal to \$180.00 (the "triggering events").

The Earnout Shares placed in escrow were legally issued and outstanding shares that participated in voting and dividends. Upon the closing of the business combination, the contingent obligation to release the Earnout Shares was accounted for as a liability-classified financial instrument upon the initial recognition because the triggering events that determined the number of shares required to be released from escrow included events that were not solely indexed to the common stock of the Company. The earnout liability was remeasured each reporting period with changes in fair value recognized in earnings. On September 24, 2024, the Earnout Shares were forfeited and cancelled, and the contingent liability's value became zero, as the triggering events described above were not achieved during the Earnout Period.

The estimated fair value of the earnout liability was minimal as of December 31, 2023. The fair value was estimated at the end of each reporting period using a Monte Carlo simulation model. Assumptions used in the valuation as of December 31, 2023 are described in Note 3. The Company recognized a gain of less than \$0.1 million for the three months ended September 30, 2024 and a gain of \$ 0.3 million and a loss of less than \$0.1 million for the three and nine months ended September 30, 2023, respectively, classified within change in fair value of earnout liability in the condensed consolidated statements of operations and comprehensive loss. The Company recognized minimal change in fair value of earnout liability during the nine months ended September 30, 2024.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Operating Leases

As of September 30, 2024, the Company leased approximately 13,400 square feet of laboratory and office space in Redwood City, California, under an operating lease that expires in August 2026.

In conjunction with signing the lease, the Company secured a letter of credit in favor of the lessor in the amount of \$ 0.4 million. The funds related to this letter of credit are presented as restricted cash on the Company's condensed consolidated balance sheets. The lease agreement includes an escalation clause for increased base rent and a renewal provision allowing the Company to extend this lease for an additional 60 months at the prevailing rental rate, which the Company is not reasonably certain to exercise. In addition to base rent, the Company pays its share of operating expenses and taxes.

The components of lease costs, which were included in the Company's condensed consolidated statements of operations and comprehensive loss, are as follows (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Lease cost		
Operating lease cost	\$ 504	\$ 504
Short-term lease cost	96	2
Total lease cost	\$ 600	\$ 506

Supplemental information related to the Company's operating leases is as follows:

	Nine Months Ended September 30,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities (in thousands)	\$ 859	\$ 834
Weighted average remaining lease term (years)	1.86	2.9
Weighted average discount rate	8.00%	8.00%

The following table summarizes a maturity analysis of the Company's operating lease liabilities showing the aggregate lease payments as of September 30, 2024 (in thousands):

	Amount
Year ending December 31, 2024 (remainder of the year)	\$ 293
2025	1,187
2026	740
Total undiscounted lease payments	2,220
Less imputed interest	(151)
Total discounted lease payments	2,069
Less current portion of lease liability	(1,059)
Noncurrent portion of lease liability	\$ 1,010

Stanford Sponsored Research Agreement

In September 2020, the Company entered into a sponsored research agreement with Stanford for a research program related to the treatment of Fanconi Anemia patients in Bone Marrow Failure requiring allogeneic transplant with non-sibling donors at Stanford Lucile Packard Children's Hospital using briquilimab (the "Research Project"). Stanford will perform the Research Project and is fully responsible for costs and operations related to the

Research Project. In addition, Stanford owns the entire right, title, and interest in and to all technology developed using Stanford facilities and by Stanford personnel through the performance of the Research Project under this agreement (the "Fanconi Anemia Research Project IP"). Under this agreement, Stanford granted the Company an exclusive option to license Stanford's rights in the Fanconi Anemia Research Project IP (the "Fanconi Anemia Option") in the field of commercialization of briquilimab. There is no license granted or other intellectual property transferred under this agreement until the Fanconi Anemia Option is exercised. As of September 30, 2024, the Company has not yet exercised the Fanconi Anemia Option.

As consideration for the services performed by Stanford under this sponsored research agreement, the Company agreed to pay Stanford a total of \$0.9 million over approximately three years upon the achievement of development and clinical milestones, including the FDA filings and patient enrollment. The first milestone in the amount of \$0.3 million was achieved in 2020, the second milestone in the amount of \$0.3 million was achieved in February 2022 and the third and final milestone in the amount of \$0.3 million was achieved in July 2023. Each milestone was recognized as a research and development expense in the condensed consolidated statements of operations and comprehensive loss in the period in which the milestone was achieved.

License Agreements

In March 2021, the Company entered into the Stanford License Agreement (Note 6), which was amended in July 2023, pursuant to which the Company is required to pay annual license maintenance fees, clinical development and commercial sales milestone payments of up to an aggregate of \$9.0 million, and low single-digit royalties on net sales of licensed products. All products were in development as of September 30, 2024, and no royalties were due as of such date. The Company paid \$35,000 and \$25,000 license maintenance fee in March 2024 and 2023, respectively, and recognized this as a research and development expense in the condensed consolidated statements of operations and comprehensive loss for the nine months ended September 30, 2024 and 2023, respectively. No expenses were recognized for each of the three months ended September 30, 2024 and 2023. As of September 30, 2024 and December 31, 2023, no milestones were probable to be achieved and payable.

Legal Proceedings

The Company, from time to time, may be party to litigation arising in the ordinary course of business. The Company was not subject to any material legal proceedings during the nine months ended September 30, 2024 and 2023, and, to the best of its knowledge, no material legal proceedings are currently pending.

Guarantees and Indemnifications

In the normal course of business, the Company enters into agreements that contain a variety of representations and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. As of September 30, 2024 and December 31, 2023, the Company did not have any material indemnification claims that were probable or reasonably possible and consequently has not recorded related liabilities.

NOTE 9. COMMON STOCK

The Company is authorized to issue 490,000,000 shares of voting common stock, 2,000,000 shares of non-voting common stock, and 10,000,000 shares of undesignated preferred stock. There were 15,001,353 shares of voting common stock, no shares of non-voting common stock and no shares of preferred stock issued and outstanding as of September 30, 2024.

Holders of the voting common stock and the non-voting common stock have similar rights, except that non-voting stockholders are not entitled to vote, including for the election of directors. Holders of voting common stock do not have conversion rights, while holders of non-voting common stock have the right to convert each share of non-voting common stock held by such holder into one share of voting common stock at such holder's election by providing written notice to the Company, provided that as a result of such conversion, such holder, together with its affiliates, would not beneficially own in excess of 9.9% of the Company's voting common stock following such conversion. On January 31, 2023, 91,102 shares of the Company's non-voting common stock were fully converted into 91,102 shares of the voting common stock per the holder's request, and no shares of non-voting common stock remained outstanding after such conversion.

As of September 30, 2024 and December 31, 2023, the Company had common stock reserved for future issuance as follows:

	September 30, 2024	December 31, 2023
Outstanding and issued common stock options	1,556,014	1,040,875
Shares issuable upon exercise of common stock warrants	499,986	499,986
Shares available for grant under Equity Incentive Plans	1,865,794	119,014
Shares available for grant under Employee Stock Purchase Plans	1,000,000	111,958
Shares available for grant under 2022 Inducement Equity Incentive Plan	16,885	95,685
Total shares of common stock reserved	<u>4,938,679</u>	<u>1,867,518</u>

Shelf Registration Statement

On October 7, 2022, the Company filed a shelf registration statement on Form S-3 (the "Prior S-3") with the Securities and Exchange Commission (the "SEC"), which was declared effective on October 18, 2022. The Company could sell from time to time up to \$150.0 million of common stock, preferred stock, debt securities, warrants, rights, units or depositary shares comprised of any combination of these securities, for the Company's own account in one or more offerings under the Prior S-3. On April 28, 2023, the Company filed a new shelf registration statement on Form S-3 ("New S-3") with the SEC, which was declared effective on May 5, 2023 and superseded the Prior S-3. As of September 30, 2024, the Company can sell from time to time up to \$250.0 million of common stock, preferred stock, debt securities, warrants, rights, units or depositary shares comprised of any combination of these securities, for the Company's own account in one or more offerings under the New S-3. The terms of any offering under the New S-3 will be established at the time of such offering and will be described in a prospectus supplement to the New S-3 filed with the SEC prior to the completion of any such offering.

ATM Offering

In November 2022, the Company entered into a Controlled Equity OfferingSM Sales Agreement with Cantor Fitzgerald & Co. (the "Agent"), pursuant to which the Company may offer and sell through or to the Agent, as sales agent or principal, shares of the Company's common stock from time to time (the "ATM Offering"). On November 10, 2022, the Company filed with the SEC a prospectus supplement under the Prior S-3 in connection with the ATM Offering, pursuant to which the Company could offer and sell shares of common stock having an aggregate offering price of up to \$15.5 million. In January 2023, the Company issued and sold an aggregate of 233,747 shares of common stock for net proceeds of \$4.5 million.

On May 5, 2023, the Company filed with the SEC a prospectus under the New S-3 in connection with the ATM Offering (the "ATM Prospectus"), pursuant to which the Company can now offer and sell shares of common stock having an aggregate offering price of up to \$75.0 million.

As of September 30, 2024, \$75.0 million remained available under the ATM Prospectus.

Public Offering

In January 2023, the Company entered into an underwriting agreement with Credit Suisse Securities (USA) LLC, William Blair & Company, L.L.C. and Oppenheimer & Co. Inc., as the representatives of the several underwriters named therein (the "2023 Underwriters"), relating to an underwritten public offering under the Prior S-3 of 6,900,000 shares of common stock, including 900,000 shares issued as a result of the exercise of the 2023 Underwriters' option to purchase 900,000 shares. The Company received net proceeds of \$96.9 million.

Underwritten Offering

In February 2024, the Company entered into an underwriting agreement with Cowen and Company, LLC and Evercore Group L.L.C., as the representatives of the several underwriters named therein, related to an underwritten offering under the New S-3 of 3,900,000 shares of common stock. The Company received net proceeds of \$47.2 million.

As of September 30, 2024, \$124.5 million remained available and unallocated under the New S-3.

NOTE 10. STOCK-BASED COMPENSATION

On June 6, 2024, the Company's 2024 Equity Incentive Plan ("2024 Plan") and the 2024 Employee Stock Purchase Plan ("2024 ESPP") were approved by its stockholders and became effective, superseding and replacing the Company's 2021 Equity Incentive Plan (the "2021 Plan") and the 2021 Employee Stock Purchase Plan (the "2021 ESPP"), respectively. No further awards or purchase rights will be granted under the 2021 Plan or the 2021 ESPP.

Under the 2024 Plan, the Company can grant incentive stock options, nonstatutory stock options, restricted stock awards, stock appreciation rights, restricted stock units ("RSUs"), performance restricted stock units ("PSUs"), and other stock-based awards to employees, directors, and consultants. Under the 2024 ESPP, the Company can grant purchase rights to employees to purchase shares of common stock at a purchase price which is equal to 85% of the fair market value of common stock on the offering date or on the exercise date, whichever is lower.

On March 14, 2022, the 2022 Inducement Equity Incentive Plan became effective, and it was amended on June 2, 2023 to increase the maximum number of shares available for grant thereunder (as amended, the "2022 Inducement Plan"). Under the 2022 Inducement Plan, the Company may grant nonstatutory stock options, restricted stock awards, stock appreciation rights, RSUs, performance awards and other awards, but only to an individual, as a material inducement to such individual to enter into employment with the Company or an affiliate of the Company, who (i) has not previously been an employee or director of the Company or (ii) is rehired following a bona fide period of non-employment with the Company.

Stock options under the 2024 Plan and the 2022 Inducement Plan may be granted for periods of up to 10 years and at prices no less than 100% of the fair market value of the shares on the date of grant, provided, however, that the exercise price of an incentive stock option (which cannot be granted pursuant to the 2022 Inducement Plan) granted to a 10% stockholder may not be less than 110% of the fair market value of the shares. Stock options granted to employees and non-employees generally vest ratably over four years.

As of September 30, 2024, 2,763,958 shares were reserved for issuance under the 2024 Plan, of which 1,865,794 shares were available for future grant and 898,164 shares were subject to outstanding awards including performance-based awards. As of September 30, 2024, 29,802 shares have been issued under the 2021 ESPP and 1,000,000 shares were reserved and available for future issuance under the 2024 ESPP. As of September 30, 2024, 550,000 shares were reserved for issuance under the 2022 Inducement Plan, of which 16,885 shares were available for future grant and 533,115 shares were subject to outstanding stock options.

Stock Option Activity

The following table summarizes the stock option activities, including performance-based stock options, under the 2024 Plan, 2021 Plan, the 2022 Inducement Plan and the Company's 2019 Equity Incentive Plan for the nine months ended September 30, 2024:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Balance, December 31, 2023	1,040,875	\$ 19.82	8.55	\$ 237
Options granted	621,617	\$ 19.68		
Options exercised	(31,596)	\$ 9.50		
Options cancelled/forfeited	(74,882)	\$ 25.31		
Balance, September 30, 2024	1,556,014	\$ 19.71	8.48	\$ 3,866
Vested and expected to vest, September 30, 2024	1,556,014	\$ 19.71	8.48	\$ 3,866
Exercisable, September 30, 2024	505,004	\$ 20.44	7.37	\$ 1,997

The aggregate intrinsic value represents the difference between the estimated fair value of the underlying common stock and the exercise price of outstanding, in-the-money options. The total intrinsic value of the options exercised during the three and nine months ended September 30, 2024 was less than \$0.1 million and \$0.5 million, respectively, and less than \$0.1 million and \$0.4 million during the three and nine months ended September 30, 2023, respectively.

The total fair value of options that vested during the nine months ended September 30, 2024 and 2023, was \$ 4.5 million and \$2.7 million, respectively. The weighted-average grant date fair value of options granted during the nine months ended September 30, 2024 and 2023, was \$16.89 and \$13.48 per share, respectively.

Unrecognized stock-based compensation for stock options as of September 30, 2024 was \$ 14.8 million, which is expected to be recognized over a weighted-average period of 2.8 years, including less than \$0.1 million related to performance-based stock options, which is expected to be recognized over a weighted-average period of 0.5 years.

Performance-Based Stock Options

The following table summarizes the performance-based stock options activity under the 2024 Plan and 2021 Plan for the nine months ended September 30, 2024:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Balance, December 31, 2023	46,394	\$ 14.19	7.06	\$ 24
Options granted	—	\$		
Options cancelled/forfeited	(500)	\$ 35.40		
Balance, September 30, 2024	45,894	\$ 13.95	6.30	\$ 359
Vested and expected to vest, September 30, 2024	45,894	\$ 13.95	6.30	\$ 359
Exercisable, September 30, 2024	30,893	\$ 7.33	5.68	\$ 359

Restricted Stock Units (RSUs)

As of December 31, 2023, the Company had no unvested outstanding RSUs and no RSUs were granted during the nine months ended September 30, 2024.

Performance Restricted Stock Units (PSUs)

The following table provides a summary of PSU activity under the 2024 Plan during the nine months ended September 30, 2024:

	Number of Share	Weighted-Average Grant Date Fair Value
Unvested performance-based restricted stock units at December 31, 2023	—	\$ —
Granted	20,000	\$ 21.90
Unvested performance-based restricted stock units at September 30, 2024	20,000	\$ 21.90
Outstanding performance-based restricted stock units at September 30, 2024	20,000	\$ 21.90

In June 2024, the Company granted PSUs for 20,000 shares that will vest in full if the closing price of the Company's common stock on the Nasdaq Capital Market reaches or exceeds \$35.00 per share (subject to adjustment for recapitalizations, stock splits and similar transactions) for thirty consecutive calendar days within two years from the grant date. If the vesting condition is not met within two years from the grant date, the PSUs will be forfeited. The Company concluded that issued PSUs are equity-based awards and include a market based vesting condition. The Company used a Monte Carlo simulation model to estimate the fair value of the PSUs with the following assumptions: common stock fair value of \$23.95, which was the closing market price of the Company's common stock at the grant date, volatility of 133.00%, risk free rate of 4.87%, vesting term of 2.0 years. Total estimated fair value of \$0.4 million is recognized as stock-based compensation expense over the 0.4 years, the derived requisite service period from the grant date.

Employee Stock Purchase Plan

The Company issued 10,861 and 6,498 shares of common stock under the 2021 ESPP during the nine months ended September 30, 2024 and 2023, respectively, and recognized \$0.1 million compensation expense related to the 2021 ESPP during each of the nine months ended September 30, 2024 and 2023. The Company did not issue any shares of common stock under the 2021 ESPP during the three months ended September 30, 2024 and 2023 and recognized zero and less than \$0.1 million compensation expense related to the 2021 ESPP during the three months ended September 30, 2024 and 2023, respectively. The Company did not issue any shares of common stock under the 2024 ESPP during each of the three and nine months ended September 30, 2024 and 2023. The Company recognized \$0.1 million compensation expense related to the 2024 ESPP during each of the three and nine months ended September 30, 2024. There was no unamortized stock-based compensation for shares issuable under the 2021 ESPP as of September 30, 2024. There was \$0.1 million unamortized stock-based compensation for shares issuable under the 2024 ESPP as of September 30, 2024, which is expected to be recognized over a weighted-average period of 0.2 years. The Company recorded \$0.2 million in accrued expenses and other current liabilities related to contributions withheld as of September 30, 2024.

Stock-Based Compensation Expense

The following table presents stock-based compensation expenses related to options, PSUs and RSUs granted to employees and non-employees, employee stock purchase plan awards and restricted common stock shares issued to founders (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	\$ 1,420	\$ 1,014	\$ 3,249	\$ 2,713
General and administrative	578	381	1,400	1,340
Research and development				
	\$ 1,998	\$ 1,395	\$ 4,649	\$ 4,053

The Company recognized \$0.3 million of stock-based compensation expense related to performance-based options, PSUs and RSUs during each of the three and nine months ended September 30, 2024. The Company recognized \$0.1 million of stock-based compensation income and less than \$0.1 million of stock-based compensation expense related to performance-based options, PSUs and RSUs during the three and nine months ended September 30, 2023, respectively.

Valuation of Stock Options

The grant date fair value of stock options was estimated using a Black-Scholes option-pricing model with the following assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Expected term (in years)	5.75-6.08	5.46 – 6.08	5.50-6.08	5.25 – 6.08
Expected volatility	119.6%-123.10%	108.08% – 108.88%	112.09%-123.10%	103.31% – 108.98%
Risk-free interest rate	3.63%-3.99%	4.12% – 4.55%	3.63%-4.50%	3.45% – 4.55%
Expected dividend yield	—	—	—	—

Valuation of Employee Stock Purchase Plan Awards

The grant date fair value of 2024 ESPP awards granted during the three and nine months ended September 30, 2024 and 2021 ESPP awards granted during the nine months ended September 30, 2023 was estimated using a Black-Scholes option-pricing model with the following assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Expected term (in years)	0.38	—	0.38	0.5
Expected volatility	67.74%	—	67.74%	266.24%
Risk-free interest rate	5.33%	—	5.33%	5.39
Expected dividend yield	—	—	—	—

NOTE 11. NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net loss attributable to common stockholders	\$ (18,637)	\$ (17,544)	\$ (46,948)	\$ (47,884)
Denominator:				
Weighted average common shares outstanding	15,097,527	11,081,216	14,544,955	10,349,384
Less: Weighted-average unvested restricted shares	—	(4,271)	—	(9,404)
Less: Shares subject to earnout	(97,011)	(105,000)	(102,318)	(105,000)
Weighted average shares used to compute basic and diluted net loss per share	15,000,516	10,971,945	14,442,637	10,234,980
Net loss per share attributable to common stockholders – basic and diluted	\$ (1.24)	\$ (1.60)	\$ (3.25)	\$ (4.68)

The potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have had an antililutive effect were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Outstanding and issued common stock options	1,556,014	1,027,178	1,556,014	1,027,178
Shares issuable upon exercise of common stock warrants	499,986	499,986	499,986	499,986
Unvested performance-based restricted stock units	20,000	—	20,000	—
Unvested restricted common stock	—	2,353	—	2,353
Unvested restricted stock units	—	107,668	—	107,668
Total	2,076,000	1,637,185	2,076,000	1,637,185

NOTE 12. RELATED PARTIES

The Company entered into consulting agreements with two founders, one of whom is also a member of the Company's Board of Directors (the "Board"), and each of whom also received founders' common stock shares for services and assigned patents. The Company recorded \$0.1 million for the founders' advisory and consulting services performed for each of the three months ended September 30, 2024 and 2023. The Company recorded \$0.2 million for advisory and consulting services performed by Professor Judith Shizuru, one of the founders of the Company and a member of the Board, for each of the nine months ended September 30, 2024 and 2023. These expenses were recorded as research and development expenses in the condensed consolidated statements of operations and comprehensive loss. The Company recorded \$0.1 million in accounts payable, accrued expenses and other current liabilities related to advisory and consulting services performed by Dr. Shizuru as of September 30, 2024. Also, the Company's Licensed Technology from Stanford (see Note 6) was created in the Stanford laboratory of Dr. Shizuru.

In the first quarter of 2024, a senior executive of the Company joined the Board of Directors of an information technology service provider that the Company has historically utilized to support a broad array of the Company's systems infrastructure as well as for general information technology support services. For the three and nine months ended September 30, 2024, the Company paid that service provider \$0.2 million and \$1.1 million, respectively, for various information technology support services.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and the related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report") and with the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the Securities and Exchange Commission on March 5, 2024. Certain of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the section entitled "Risk Factors", in Part I - Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 5, 2024, as updated by the factors described under the heading "Risk Factors" in Part II - Item 1A of this Quarterly Report, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. You should carefully read the section entitled "Risk Factors" to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see "Cautionary Note Regarding Forward-Looking Statements" below. The events and circumstances reflected in our forward-looking statements may not be achieved or may not occur, and actual results could differ materially from those described in or implied by the forward-looking statements contained in the following discussion and analysis. As a result of these risks, you should not place undue reliance on these forward-looking statements. We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Throughout this Quarterly Report, unless the context otherwise requires, the terms "Jasper," "we," "us" and "our" in this Quarterly Report refer to Jasper Therapeutics, Inc. and its consolidated subsidiary.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report may constitute "forward-looking statements" for purposes of federal securities laws. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "will," "would" and similar expressions (including the negative of any of the foregoing) may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

Forward-looking statements in this Quarterly Report may include, for example, but are not limited to, statements about:

- our or our management team's expectations, hopes, beliefs, intentions or strategies regarding the future;
- our ability to research, discover and develop additional product candidates;
- the success, cost and timing of our product development activities and clinical trials;
- the potential attributes and benefits of our product candidates;
- our ability to obtain and maintain regulatory approval for our product candidates;

- our ability to obtain funding for our operations;
- our projected financial information, anticipated growth rate and market opportunity;
- our ability to maintain the listing of our public securities on the Nasdaq Capital Market;
- our public securities' potential liquidity and trading;
- our success in retaining or recruiting, or changes required in, officers, key employees or directors;
- our ability to grow and manage growth profitably;
- the implementation, market acceptance and success of our business model, developments and projections relating to our competitors and industry;
- our ability to obtain and maintain intellectual property protection and not infringe on the rights of others;
- our ability to identify, in-license or acquire additional technology; and
- our ability to maintain our existing license agreements and manufacturing arrangements.

These forward-looking statements are based on current expectations and beliefs concerning future developments and their potential effects. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading "Risk Factors" in Part I - Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 5, 2024, as updated by the factors described under the heading "Risk Factors" in Part II - Item 1A of this Quarterly Report. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Some of these risks and uncertainties may in the future be amplified, and there may be additional risks that we consider immaterial or which are unknown. It is not possible to predict or identify all such risks. Readers are cautioned not to place undue reliance on forward-looking statements because of the risks and uncertainties related to them and to the risk factors. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Overview

We are a clinical-stage biotechnology company focused on developing therapeutics targeting mast cell driven diseases such as Chronic Spontaneous Urticaria ("CSU"), Chronic Inducible Urticaria ("CIndU") and Asthma. We also have ongoing programs in diseases where targeting diseased hemopoietic stem cells can provide benefits, such as stem cell transplant conditioning regimens.

Our lead product candidate, briquelimab, is a monoclonal antibody designed to block stem cell factor ("SCF") from binding to and signaling through the CD117 ("c-Kit") receptor on mast and stem cells. The SCF/c-Kit pathway is a survival signal for mast cells and we believe that blocking this pathway may lead to depletion of these cells from skin, which could lead to significant clinical benefit for patients with mast-cell driven diseases such as chronic urticarias. To that end, we are focusing on advancing a portfolio of clinical programs in mast cell driven diseases. Development highlights include:

- We commenced the Phase 1b/2a BEACON study in CSU in early 2024,
- We commenced the Phase 1b/2a SPOTLIGHT study in CIndU in early 2024. In October 2024, we presented positive preliminary data from the study showing the following for the 6-week preliminary analysis period following dosing:
 - Across both dosing cohorts in the study, 14 of the 15 participants (93%) achieved a clinical response,
 - In the 120mg dose cohort, 10 of 12 participants (83%) experienced a complete response, and 1 participant experienced a partial response, and
 - Briquelimab was well tolerated in the study, with no serious adverse events (SAEs) and no grade 3 or higher adverse events (AEs) reported,
- We are commencing a Phase 1b/2a study in Asthma, and
- We are actively evaluating the potential for briquelimab in additional mast cell driven diseases.

We also believe that utilizing briquelimab to block SCF binding and signaling can selectively result in the depletion of diseased hematopoietic stem cells ("HSCs") from the bone marrow in certain hematologic malignancies such as myelodysplastic syndrome ("MDS"). We evaluated briquelimab in a Phase 1 trial as a second-line therapy in patients with Lower to Intermediate Risk Myelodysplastic Syndrome ("LR-MDS") and briquelimab demonstrated an ability to deplete diseased HSCs and was well-tolerated by patients without exacerbating pre-existing anemia, neutropenia or thrombocytopenia. However, the reduction in diseased HSCs did not ultimately translate into an improvement in hematopoiesis for patients, and as a result we have discontinued development of briquelimab in LR-MDS. We are also developing briquelimab as a one-time conditioning therapy in severe combined immunodeficiency ("SCID") patients undergoing a second stem cell transplant for which we are currently conducting a Phase 1/2 clinical trial. Briquelimab is also being studied by our academic and institutional partners, Stanford University and the National Institutes of Health, in other transplant settings, including Fanconi Anemia ("FA"), sickle cell disease ("SCD"), chronic granulomatous disease and GATA-2 Type MDS.

We intend to become a fully integrated discovery, development and commercial company in the field of mast cell therapeutics. We are developing our product candidates to be used individually or, in some cases, in combination with other therapeutics. Our goal is to advance our product candidates through regulatory approval and bring them to the commercial market based on the data from our clinical trials and communications with regulatory agencies and payor communities. We expect to continue to broaden our pipeline with additional mast cell indications and next-generation products by leveraging our research organization.

We have an exclusive license agreement with Amgen Inc. ("Amgen") for the development and commercialization of the briquelimab monoclonal antibody in all indications and territories worldwide. We also have an exclusive license agreement with Stanford University for the right to use briquelimab in the clearance of diseased stem cells prior to the transplantation of HSCs.

Since our inception, we have devoted substantially all of our resources to performing research and development, enabling manufacturing activities in support of our product development efforts, hiring personnel, acquiring and developing our technology and product candidates, performing business planning, establishing our intellectual property portfolio, raising capital and providing general and administrative support for these activities. We do not have any products approved for sale and have not generated any revenue from product sales. We expect to continue to incur significant and increasing expenses and substantial losses for the foreseeable future as we continue our development of and seek regulatory approvals for our product candidates and commercialize any approved products, seek to expand our product pipeline and invest in our organization. We expect to incur increased expenses associated with operating as a public company, including significant legal, audit, accounting, regulatory, tax-related, director and officer insurance, investor relations and other expenses.

We have incurred significant losses and negative cash flows from operations since our inception. During the three and nine months ended September 30, 2024, we incurred net losses of \$18.6 million and \$46.9 million, respectively. During the three and nine months ended September 30, 2023, we incurred net losses of \$17.5 million and \$47.9 million, respectively. During the nine months ended September 30, 2024 and 2023, we had negative cash flows from operations of \$41.5 million and \$35.6 million, respectively. As of September 30, 2024, we had an accumulated deficit of

\$216.5 million.

We had cash and cash equivalents of \$92.5 million as of September 30, 2024. We expect to continue to incur substantial losses for the foreseeable future, and our transition to profitability will depend upon successful development, approval and commercialization of our product candidates and upon achievement of sufficient revenues to support our cost structure. 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. We may never achieve profitability, and unless we do and until then, we will need to continue to raise additional capital.

Our management plans to monitor expenses and raise additional capital through a combination of public and private equity, debt financings, strategic alliances, and licensing arrangements. Our ability to access capital when needed is not assured and, if capital is not available to us when, and in the amounts, needed, we may be required to significantly curtail, delay or discontinue one or more of our research or development programs or the commercialization of any product candidate, or be unable to expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially harm our business, financial condition and results of operations.

We expect our expenses will increase substantially in connection with our ongoing and planned activities, as we:

- advance product candidates through preclinical studies and clinical trials;
- procure the manufacture of supplies for our preclinical studies and clinical trials;
- acquire, discover, validate, and develop additional product candidates;
- attract, hire and retain additional personnel;
- operate as a public company;
- implement operational, financial and management systems;
- pursue regulatory approval for any product candidates that successfully complete clinical trials;
- establish a sales, marketing, and distribution infrastructure to commercialize any product candidate for which we may obtain marketing approval and related commercial manufacturing build-out; and
- obtain, maintain, expand, and protect our portfolio of intellectual property rights.

We do not currently own or operate any manufacturing facility. We rely on contract manufacturing organizations ("CMOs") to produce our drug candidates in accordance with the FDA's current good manufacturing practices ("cGMP") regulations for use in our clinical studies. The manufacture of pharmaceuticals is subject to extensive cGMP regulations, which impose various procedural and documentation requirements and govern all areas of record keeping, production processes and controls, personnel and quality control. Under our license agreement with Amgen, we have received a substantial amount of drug product to support initiation of our planned clinical trials of briquilimab. In November 2019, we entered into development and manufacturing agreements with Lonza Sales AG ("Lonza") relating to the manufacturing of briquilimab and product quality testing. The facility of Lonza in Slough, United Kingdom is responsible for production and testing of drug substance. The facility of Lonza in Stein, Switzerland is responsible for production and testing of drug product. Labelling, packaging and storage of finished drug product is provided by PCI Pharma Services, in San Diego, California. Our agreement with Lonza includes certain limitations on our ability to enter into supply arrangements with any other supplier without Lonza's consent. In addition, Lonza has the right to increase the prices it charges us for certain supplies depending on a number of factors, some of which are outside of our control.

We do not currently have sales and marketing infrastructure to support commercial launch of our product candidates, if approved. We may build such capabilities in North America prior to potential launch of briquilimab. Outside of North America, we may rely on licensing, co-sale and co-promotion agreements with strategic partners for the commercialization of our product candidates. If we build a commercial infrastructure to support marketing in North America, such commercial infrastructure could be expected to include a targeted sales force supported by sales management, internal sales support, an internal marketing group and distribution support. To develop the appropriate commercial infrastructure internally, we would have to invest financial and management resources, some of which would have to be deployed prior to any confirmation that briquilimab will be approved.

Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate revenue from the sale of our product candidates, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and may be forced to reduce our operations.

Components of Results of Operations

Operating Expenses

Research and Development

The largest component of our total operating expenses since our inception has been research and development activities, including the preclinical and clinical development of our product candidates. Research and development expenses consist primarily of compensation and benefits for research and development employees, including stock-based compensation; expenses incurred under agreements with clinical research organizations ("CROs") and investigative sites that conduct preclinical and clinical studies; the costs of acquiring and manufacturing clinical study materials and other supplies; payments under licensing and research and development agreements; other outside services and consulting costs; and facilities, information technology and overhead expenses. Research and development costs are expensed as incurred.

External research and development costs include:

- costs incurred under agreements with third-party CROs, CMOs and other third parties that conduct preclinical and clinical activities on our behalf and manufacture our product candidates;
- costs associated with acquiring technology and intellectual property licenses that have no alternative future uses;
- consulting fees associated with our research and development activities; and

- other costs associated with our research and development programs, including laboratory materials and supplies.

Internal research and development costs include:

- employee-related costs, including salaries, benefits and stock-based compensation expense for our research and development personnel; and
- other expenses and allocated overheads incurred in connection with our research and development programs.

We expect our research and development expenses to increase substantially for the foreseeable future as we advance our product candidates into and through preclinical studies and clinical trials, pursue regulatory approval of our product candidates and expand our pipeline of product candidates. 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, 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 if, when and to what extent we will generate revenue from the commercialization and sale of our product candidates, if approved.

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

- the scope, rate of progress, expense and results of our discovery and preclinical development activities;
- the costs and timing of our chemistry, manufacturing and controls activities, including fulfilling cGMP-related standards and compliance, and identifying and qualifying suppliers;
- per patient clinical trial costs;
- the number of trials required for approval;
- the number of sites included in our clinical trials;
- the countries in which the trials are conducted;
- delays in adding a sufficient number of trial sites and recruiting suitable patients to participate in our clinical trials;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- patient drop-out or discontinuation rates;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow up;
- the cost and timing of manufacturing our product candidates;
- the phase of development of our product candidates;
- the efficacy and safety profile of our product candidates;
- the timing, receipt, and terms of any approvals from applicable regulatory authorities, including the FDA and non-U.S. regulators;
- maintaining a continued acceptable safety profile of our product candidates following approval, if any, of our product candidates;
- significant and changing government regulation and regulatory guidance;

- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials;
- the extent to which we establish additional strategic collaborations or other arrangements; and
- the impact of any business interruptions to our operations or to those of the third parties with whom we work, particularly in light of geopolitical and macroeconomic trends.

General and Administrative

General and administrative expenses consist primarily of personnel costs and expenses, including salaries, employee benefits, stock-based compensation for our executive and other administrative personnel; legal services, including relating to intellectual property and corporate matters; accounting, auditing, consulting and tax services; insurance; and facility and other allocated costs not otherwise included in research and development expenses. We expect our general and administrative expenses to increase substantially for the foreseeable future as we anticipate an increase in our personnel headcount to support expansion of research and development activities, as well as to support our operations generally. We also expect to continue to incur significant expenses associated with being a public company, including costs related to accounting, audit, legal, regulatory, and tax-related services associated with maintaining compliance with applicable Nasdaq and SEC requirements; additional director and officer insurance costs; and investor and public relations costs.

Other Income (Expense), Net

Other income (expense), net includes foreign currency transactions gains and losses, interest income, changes in the fair value of common stock warrant liability and earnout liability. These financial instruments were classified as liabilities in our condensed consolidated balance sheets and re-measured at each reporting period end until they are exercised, settled or have expired. In January 2023, all outstanding common stock warrants met equity classification and are no longer remeasured. The estimated fair value of the earnout liability was minimal as of December 31, 2023, due to the price of our common stock relative to the price that would trigger a release of the earnout shares. The earnout liability expired in September 2024 as the common stock price targets were not achieved prior to the expiration of the earnout period.

Results of Operations

Comparison of the Three Months Ended September 30, 2024 and 2023

The following table summarizes our results of operations for the three months ended September 30, 2024 and 2023 (in thousands, except percentages):

	Three Months Ended September 30,		Change \$	Change %
	2024	2023		
Operating expenses				
Research and development	\$ 14,455	\$ 14,848	\$ (393)	(3)
General and administrative	5,434	4,514	920	20
Total operating expenses	<u>19,889</u>	<u>19,362</u>	<u>527</u>	<u>3</u>
Loss from operations	(19,889)	(19,362)	(527)	3
Interest income	1,284	1,433	(149)	(10)
Change in fair value of earnout liability	20	334	(314)	(94)
Other (expense) income, net	(52)	51	(103)	(202)
Total other income, net	<u>1,252</u>	<u>1,818</u>	<u>(566)</u>	<u>(31)</u>
Net loss and comprehensive loss	<u>\$ (18,637)</u>	<u>\$ (17,544)</u>	<u>\$ (1,093)</u>	<u>6</u>

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Research and Development Expenses

The following table summarizes our research and development expenses for the periods indicated (in thousands, except percentages):

	Three Months Ended September 30,		Change \$	Change %
	2024	2023		
External costs:				
CRO, CMO and other third-party preclinical studies and clinical trials	\$ 5,925	\$ 9,372	\$ (3,447)	(37)
Consulting costs	1,361	1,183	178	15
Other research and development costs, including laboratory materials and supplies	1,157	573	584	102
Total external costs	<u>8,443</u>	<u>11,128</u>	<u>(2,685)</u>	<u>(24)</u>
Internal costs:				
Personnel-related costs	4,002	2,452	1,550	63
Facilities and overhead costs	2,010	1,268	742	59
Total internal costs	<u>6,012</u>	<u>3,720</u>	<u>2,292</u>	<u>62</u>
Total research and development expense:	<u>\$ 14,455</u>	<u>\$ 14,848</u>	<u>\$ (393)</u>	<u>(3)</u>

Research and development expenses decreased by \$0.4 million, from \$14.8 million for the three months ended September 30, 2023 to \$14.5 million for the three months ended September 30, 2024, mainly due to a decrease in product development activities.

External clinical research organizations ("CRO"), contract manufacturing organizations ("CMO") and other third-party preclinical studies and clinical trials expenses decreased by \$3.5 million, from \$9.4 million for the three months ended September 30, 2023 to \$5.9 million for the three months ended September 30, 2024. The decrease is primarily due to a \$5.3 million decrease in manufacturing expenses, partially offset by an increase of \$1.8 million in CRO expenses and an increase of \$0.1 million in other clinical studies and trial related expenses. Expenses related to professional consulting services increased by \$0.2 million, from \$1.2 million for the three months ended September 30, 2023 to \$1.4 million for the three months ended September 30, 2024, due to additional work performed by consultants related to our pre-clinical studies. Other external research and development costs increased by \$0.6 million, from \$0.6 million for the three months ended September 30, 2023 to \$1.2 million for the three months ended September 30, 2024 due to increases in purchases of laboratory materials and supplies and other miscellaneous costs.

Our external costs by program for the three months ended September 30, 2024 and 2023 were as follows (in thousands):

	Three Months Ended September 30,	
	2024	2023
Briquelimab platform	\$ 3,228	\$ 8,478
Chronic Urticarias	3,110	641
SCID clinical trial	632	881
MDS/AML clinical trial	442	908
Other	1,031	220
Total external costs	<u>\$ 8,443</u>	<u>\$ 11,128</u>

Personnel-related costs, including employee payroll and related expenses, increased by \$1.5 million, from \$2.5 million for the three months ended September 30, 2023 to \$4.0 million for the three months ended September 30, 2024, as a result of hiring additional employees in our research and development organization. Facilities and overheads include common facilities, human resources and information technology related expenses allocated

to research and development, which increased by \$0.7 million, from \$1.3 million for the three months ended September 30, 2023 to \$2.0 million for the three months ended September 30, 2024.

General and Administrative Expenses

General and administrative expenses increased by \$0.9 million, from \$4.5 million for the three months ended September 30, 2023 to \$5.4 million for the three months ended September 30, 2024. Employee payroll and related expenses increased by \$0.8 million, from \$2.2 million for the three months ended September 30, 2023 to \$3.0 million for the three months ended September 30, 2024, as a result of continued hiring of executives and administrative employees. Stock-based compensation expenses were \$1.4 million and \$1.0 million for the three months ended September 30, 2024 and 2023, respectively. Expenses related to professional consulting services increased by \$0.1 million, from \$1.9 million for the three months ended September 30, 2023 to \$2.0 million for the three months ended September 30, 2024. Rent expenses increased by \$0.1 million, from \$0.2 million for the three months ended September 30, 2023 to \$0.3 million for the three months ended September 30, 2024, primarily related to a new short-term lease.

Total Other Income, Net

Total other income, net decreased by \$0.5 million, from \$1.8 million for the three months ended September 30, 2023 to \$1.3 million for the three months ended September 30, 2024.

Interest income decreased by \$0.1 million, from \$1.4 million for the three months ended September 30, 2023 to \$1.3 million for the three months ended September 30, 2024, primarily due to lower cash balances invested in money market funds.

Our earnout liability related to the sponsor earnout shares placed in escrow upon the closing of the business combination in September 2021. These shares would have been released from escrow upon achieving agreed-upon common stock price targets within the specified period. The common stock price targets were not achieved prior to the expiration of the earnout period in September 2024. Refer to Note 7 in our condensed consolidated financial statements included in Part I - Item 1 of this Quarterly Report for additional details. The earnout liability was recorded at fair value using a Monte Carlo simulation model and re-measured at each period end until it expired. The significant inputs used in the Monte Carlo model included the expected volatility of our common stock, the expected risk-free interest rate, the expected common stock closing price and the expected term when shares would be released. We recognized \$0.3 million of other income related to changes in the fair value of the earnout liability for the three months ended September 30, 2023. The earnout liability was valued at zero at the expiration date and less than \$0.1 million was recognized as other income for the three months ended September 30, 2024.

Other income (expense), net is comprised of foreign currency transactions gains and losses and was \$0.1 million gain and \$0.1 million loss for the three months ended September 30, 2024 and 2023, respectively.

Comparison of the Nine Months Ended September 30, 2024 and 2023

The following table summarizes our results of operations for the nine months ended September 30, 2024 and 2023 (in thousands, except percentages):

	Nine Months Ended September 30,		Change \$	Change %
	2024	2023		
Operating expenses				
Research and development	\$ 36,049	\$ 37,950	\$ (1,901)	(5)
General and administrative	14,905	13,186	1,719	13
Total operating expenses	50,954	51,136	(182)	0
Loss from operations	(50,954)	(51,136)	182	0
Interest income	4,120	3,965	155	4
Change in fair value of earnout liability	—	(10)	10	(100)
Change in fair value of common stock warrant liability	—	(575)	575	(100)
Other expense, net	(114)	(128)	14	(11)
Total other income, net	4,006	3,252	754	23
Net loss and comprehensive loss	\$ (46,948)	\$ (47,884)	\$ 936	(2)

Research and Development Expenses

The following table summarizes our research and development expenses for the periods indicated (in thousands, except percentages):

	Nine Months Ended September 30,		Change \$	Change %
	2024	2023		
External costs:				
CRO, CMO and other third-party preclinical studies and clinical trials	\$ 13,847	\$ 21,804	\$ (7,957)	(36)
Consulting costs	3,854	3,428	426	12
Other research and development costs, including laboratory materials and supplies	2,909	1,787	1,122	63
Total external costs	20,610	27,019	(6,409)	(24)
Internal costs:				
Personnel-related costs	10,830	7,407	3,423	46
Facilities and overhead costs	4,609	3,524	1,085	31
Total internal costs	15,439	10,931	4,508	41
Total research and development expense:	\$ 36,049	\$ 37,950	\$ (1,901)	(5)

Research and development expenses decreased by \$2.0 million, from \$38.0 million for the nine months ended September 30, 2023 to \$36.0 million for the nine months ended September 30, 2024, mainly due to a decrease in product development activities.

External CRO, CMO and other third-party preclinical studies and clinical trials expenses decreased by \$8.0 million, from \$21.8 million for the nine months ended September 30, 2023 to \$13.8 million for the nine months ended September 30, 2024. The decrease is primarily due to a \$12.0 million decrease in manufacturing expenses and a \$0.4 million decrease in expenses related to pre-clinical studies, partially offset by an increase of \$4.3 million in CRO expenses and an increase of \$0.1 million in other clinical studies and trial related expenses. Expenses related to professional consulting services increased by \$0.4 million, from \$3.4 million for the nine months ended September 30, 2023 to \$3.9 million for the nine months ended September 30, 2024, due to additional work performed by consultants related to our pre-clinical studies. Other external research and development costs increased by \$1.1 million, from \$1.8 million for the nine months ended September 30, 2023 to \$2.9 million for the nine months ended September 30, 2024 due to increases in purchases of laboratory materials and supplies and other miscellaneous costs.

Our external costs by program for the nine months ended September 30, 2024 and 2023 were as follows (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Chronic Urticarias	\$ 7,956	\$ 1,648
Briquilimab platform	7,864	19,231
SCID clinical trial	1,639	1,673
MDS/AML clinical trial	1,511	3,442
Other	1,640	1,025
Total external costs	<u>\$ 20,610</u>	<u>\$ 27,019</u>

Personnel-related costs, including employee payroll and related expenses increased by \$3.4 million, from \$7.4 million for the nine months ended September 30, 2023 to \$10.8 million for the nine months ended September 30, 2024, as a result of hiring additional employees in our research and development organization. Facilities and overheads include common facilities, human resources and information technology related expenses allocated to research and development, which increased by \$1.1 million, from \$3.5 million for the nine months ended September 30, 2023 to \$4.6 million for the nine months ended September 30, 2024.

General and Administrative Expenses

General and administrative expenses increased by \$1.7 million, from \$13.2 million for the nine months ended September 30, 2023 to \$14.9 million for the nine months ended September 30, 2024. Employee payroll and related expenses increased by \$2.4 million, from \$5.8 million for the nine months ended September 30, 2023 to \$8.2 million for the nine months ended September 30, 2024, as a result of continued hiring of executives and administrative employees. Stock-based compensation expenses were \$3.2 million and \$2.7 million for the nine months ended September 30, 2024 and 2023, respectively. Expenses related to professional consulting services were \$5.3 million for each of the nine months ended September 30, 2024 and 2023. Rent expenses were \$0.6 million for each of the nine months ended September 30, 2024 and 2023. Other expenses, including insurance, office supplies, subscriptions and other miscellaneous expenses, decreased by \$0.8 million for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023, primarily related to decreased insurance expenses, investor and public relations related expenses and expensed software.

Total Other Income, Net

Total other income, net increased by \$0.7 million, from \$3.3 million for the nine months ended September 30, 2023 to \$4.0 million for the nine months ended September 30, 2024.

Interest income increased by \$0.1 million, from \$4.0 million for the nine months ended September 30, 2023 to \$4.1 million for the nine months ended September 30, 2024, primarily due to higher cash balances invested in money market funds.

We recognized \$0.6 million of other expenses related to the change in the fair value of the common stock warrants for the nine months ended September 30, 2023. These warrants are publicly traded, were classified as liabilities and were remeasured at fair value, which was the closing market price of a warrant, at the end of each reporting period until January 2023. In January 2023, an investor converted all its outstanding shares of non-voting common stock into shares of voting common stock, and we no longer have any outstanding shares of non-voting common stock. As such, the outstanding warrants met equity classification criteria, were reclassified to equity and are no longer remeasured at fair value at the end of each reporting period.

Our earnout liability related to the sponsor earnout shares placed in escrow upon the closing of the business combination in September 2021. These shares would have been released from escrow upon achieving agreed-upon common stock price targets within the specified period. The common stock price targets were not achieved and the earnout liability expired in September 2024. We recognized zero and less than \$0.1 million of other expense related to the changes in the fair value of the earnout liability for the nine months ended September 30, 2024 and 2023, respectively.

Other expense, net is comprised of foreign currency transaction gains and losses and was \$0.1 million loss for each of the nine months ended September 30, 2024 and 2023.

Liquidity and Capital Resources

As of September 30, 2024, we had \$92.5 million of cash and cash equivalents.

In order to assist in funding our future operations, including our planned clinical trials, on April 28, 2023, we filed a universal shelf registration statement on Form S-3 with the SEC, which was declared effective on May 5, 2023 and will expire on May 5, 2026 (the "S-3"), which allows us to, from time to time, offer up to \$250.0 million of securities, including any combination of common stock, preferred stock, debt securities, warrants, rights, units and depositary shares. We believe that the S-3 will provide us with the flexibility to raise additional capital to finance our operations as needed. From time to time, we may offer securities under the S-3 in response to market conditions or other circumstances if we believe such a plan of financing is in the best interests of our stockholders. The terms of any offering under the S-3 will be established at the time of such offering and will be described in a prospectus supplement to the S-3 filed with the SEC prior to the completion of any such offering.

On November 10, 2022, we entered into a Controlled Equity OfferingSM Sales Agreement (the "Sales Agreement") with Cantor Fitzgerald & Co. (the "Agent"), pursuant to which we may offer and sell through or to the Agent, as sales agent or principal, shares of our voting common stock from time to time (the "ATM Offering"). The Agent will use commercially reasonable efforts consistent with its normal sales and trading practices to sell shares from time to time, based upon our instructions (including any price or size limits or other customary parameters or conditions we may impose). We will pay a commission equal to 3.0% of the aggregate gross proceeds of any shares sold through the Agent pursuant to the Sales Agreement. We are not obligated to sell any shares under the Sales Agreement. The Sales Agreement will continue until all shares available under the Sales Agreement have been sold unless it is terminated earlier. On May 5, 2023, we filed with the SEC a prospectus under the S-3 in connection with the ATM Offering (the "ATM Prospectus"), pursuant to which we may offer and sell shares of common stock having an aggregate offering price of up to \$75.0 million. As of September 30, 2024, there have been no sales pursuant to the ATM Prospectus.

In February 2024, we closed an underwritten offering that was conducted off the S-3 and issued 3,900,000 shares of common stock for net proceeds of \$47.2 million. As of September 30, 2024, \$75.0 million remained allocated and available under the ATM Prospectus and \$124.5 million remained available and unallocated under the S-3.

Future Funding Requirements

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

We have incurred significant losses and negative cash flows from operations since our inception. As of September 30, 2024, we had an accumulated deficit of \$216.5 million. Given our recurring losses from operations and negative cash flows, and based on our current operating plan, we have concluded that there is substantial doubt about our ability to continue as a going concern within one year from the date of filing of this Quarterly Report. We expect to finance our future cash needs through equity or debt financings, collaborations or a combination of these approaches. The sale of equity or convertible debt securities may result in dilution to our stockholders, and, in the case of preferred equity securities or convertible debt, those securities could provide for rights, preferences or privileges senior to those of our common stock. Debt financings may subject us to covenant limitations or restrictions on our ability to take specific actions, such as incurring additional debt or making capital expenditures. Our ability to raise additional funds may be adversely impacted by negative global economic conditions and any disruptions to and volatility in the credit and financial markets in the United States and worldwide or other factors. There can be no assurance that we will be successful in acquiring additional funding at levels sufficient to fund our operations or on terms favorable or acceptable to us. If we are unable to obtain adequate financing when needed or on terms favorable or acceptable to us, we may be forced to delay, reduce the scope of or eliminate one or more of our research and development programs.

Our future financing requirements will depend on many factors, including:

- the timing, scope, results and costs of research and development, preclinical and non-clinical studies and clinical trials for our current and future product candidates;
- the number, scope and duration of clinical trials required for regulatory approval of our current and future product candidates;

- the outcome, timing and costs of seeking and obtaining regulatory approvals from the FDA and comparable foreign regulatory authorities for our product candidates, including any requirement to conduct additional studies or generate additional data beyond that which we currently expect would be required to support a marketing application;
- the costs of manufacturing clinical and commercial supplies of our current and future product candidates;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval;
- any product liability or other lawsuits related to our product candidates;
- the revenue, if any, received from commercial sales of any product candidates for which we may receive marketing approval;
- our ability to establish a commercially viable pricing structure and obtain approval for coverage and adequate reimbursement from third-party and government payers;
- the costs to establish, maintain, expand, enforce and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, preparing, filing, prosecuting, defending and enforcing our patents or other intellectual property rights;
- expenses incurred to attract, hire and retain skilled personnel; and
- the costs of operating as a public company.

A change in the outcome of any of these or other variables could significantly change the costs and timing associated with the development of our product candidates. Furthermore, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such change.

Contractual Obligations and Commitments

We enter into contracts in the normal course of business with CROs for clinical trials, with CMOs for clinical supplies manufacturing and with other vendors for preclinical studies, supplies and other services and products for operating purposes. These contracts generally provide for termination on notice or may have a potential termination fee if a purchase order is cancelled within a specified time, and therefore are cancelable contracts. We do

not expect any such contract terminations and did not have any non-cancellable obligations under these agreements as of September 30, 2024.

Leases

In August 2020 and January 2022, we leased approximately 13,400 square feet of space for our headquarters in Redwood City, California. The lease expires in August 2026. We have an option to extend the term for an additional five years to August 2031. In addition to base rent, we pay our share of operating expenses and taxes. As of September 30, 2024, our rent commitments under the lease agreement were \$1.2 million within the next 12 months from September 30, 2024, and \$1.0 million for the remainder of the lease term.

Stanford License Agreement

In March 2021, we entered into the Stanford License Agreement. In July 2023, we entered into an amendment to the Stanford License Agreement to modify certain milestones set forth thereunder. Pursuant to the Stanford License Agreement we are required to pay annual license maintenance fees, beginning on the first anniversary of the effective date of the agreement and ending upon the first commercial sale of a product, method, or service in the licensed field of use, as follows: \$25,000 for each first and second year, \$35,000 for each third and fourth year, and \$50,000 at each anniversary thereafter ending upon the first commercial sale. We are also obligated to pay late-stage clinical development milestone payments and first commercial sales milestone payments of up to \$9.0 million in total. We will also pay low single-digit royalties on net sales of licensed products. All products were in development as of September 30, 2024, and no such royalties were due as of such date and no milestones were achieved.

Cash Flows

The following table summarizes our sources and uses of cash for the periods presented (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Net cash used in operating activities	\$ (41,468)	\$ (35,588)
Net cash used in investing activities	(456)	(37)
Net cash provided by financing activities	47,539	101,242
Net increase in cash and cash equivalents and restricted cash	<u>\$ 5,615</u>	<u>\$ 65,617</u>

Cash Flows Used in Operating Activities

Net cash used in operating activities was \$41.5 million and \$35.6 million for the nine months ended September 30, 2024 and 2023, respectively.

Cash used in operating activities in the nine months ended September 30, 2024 was primarily due to our net loss for the period of \$46.9 million, adjusted by non-cash net loss of \$6.1 million and a net change of \$0.7 million in our net operating assets and liabilities. The non-cash amounts consisted of \$4.6 million related to stock-based compensation expense, \$1.1 million related to depreciation and amortization expense and \$0.4 million of non-cash lease expense. The changes in our net operating assets and liabilities were primarily due to a decrease of \$1.1 million in accounts payable, a decrease of \$0.7 million in operating lease liability and an increase of \$0.3 million in prepaid expenses and other current assets, offset by an increase of \$1.1 million in accrued expenses and other current liabilities and a decrease of \$0.3 million in other non-current assets.

Cash used in operating activities in the nine months ended September 30, 2023 was primarily due to our net loss for the period of \$47.9 million, adjusted by non-cash net loss of \$5.8 million and a net change of \$6.5 million in our net operating assets and liabilities. The non-cash amounts consisted of \$4.1 million related to stock-based compensation expense, \$0.6 million net loss related to the changes in fair value of common stock warrant liability and the earnout liability, \$0.8 million related to depreciation and amortization expense and \$0.3 million non-cash lease expense. The changes in our net operating assets and liabilities were primarily due to an increase of \$3.2 million in accrued expenses and other current liabilities, an increase of \$1.5 million in accounts payable, a decrease of \$0.7 million in other receivables, a decrease of \$1.5 million in prepaid expenses and other current assets and a decrease of \$0.3 million in other non-current assets, partially offset by a decrease of \$0.6 million in operating lease liability and a decrease of less than \$0.1 million in other non-current liabilities.

Cash Flows Used in Investing Activities

Cash used in investing activities was \$0.5 million and less than \$0.1 million for the nine months ended September 30, 2024 and 2023, respectively, which primarily consisted of leasehold improvements, purchases of the computer and lab equipment.

Cash Flows Provided by Financing Activities

Cash provided by financing activities for the nine months ended September 30, 2024 was \$47.5 million, which consisted primarily of net proceeds from the issuance and sale of shares of common stock in an underwritten public offering of \$47.2 million, cash received from the exercise of stock options of \$0.3 million and cash received from the issuance of common stock in connection with purchases under our employee stock purchase plan of less than \$0.1 million.

Cash provided by financing activities for the nine months ended September 30, 2023 was \$101.2 million, which consisted primarily of net proceeds from the issuance and sale of shares of common stock in an underwritten public offering and the ATM Offering of \$101.5 million, cash received from the exercise of stock options of \$0.4 million and cash received from the issuance of common stock in connection with purchases under our employee stock purchase plan of less than \$0.1 million, partially offset by taxes withheld and paid related to net settlement of equity awards of \$0.7 million.

Critical Accounting Policies and Significant Judgments and Estimates

Our critical accounting policies are disclosed in Note 2 of the notes to the consolidated financial statements included in Part II - Item 8 of the Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 5, 2024. Since the date of such financial statements, there have been no material changes to our significant accounting policies.

Recently Issued Accounting Pronouncements

See Note 2 to the condensed consolidated financial statements included in Part I - Item 1 of this Quarterly Report for more information regarding recently issued accounting pronouncements.

JOBS Act

The Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a U.S. Securities Act of 1933, as amended, registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have opted to take advantage of the exemption for complying with new or revised accounting standards within the same time periods as private companies, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our condensed consolidated financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

We will remain an emerging growth company until the earlier of: (i) the last day of the fiscal year (a) following November 22, 2024, (b) in which we have total annual gross revenue of at least \$1.235 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common equity that is held by non-affiliates exceeds \$700 million as of the last business day of its most recently completed second fiscal quarter; and (ii) the date on which we have issued more than \$1.00 billion in non-convertible debt securities during the prior three-year period. References herein to "emerging growth company" have the meaning associated with it in the JOBS Act.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our market risk during the nine months ended September 30, 2024. For a discussion of our exposure to market risk, refer to the section titled "Quantitative and Qualitative Disclosures About Market Risk" included in Part II - Item 7A of the Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 5, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Our 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 under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. As required by Rule 13a-15(b) or Rule 15d-15(b) promulgated by the Securities and Exchange Commission under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on the foregoing, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report at the reasonable assurance level.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently party to, and none of our property is currently the subject of, any material legal proceedings.

Item 1A. Risk Factors

Our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 5, 2024, in Part I –Item 1A, Risk Factors, describes important risk factors that could cause our business, financial condition, results of operations and growth prospects to differ materially from those indicated or suggested by forward-looking statements made in this Quarterly Report or presented elsewhere by management from time to time. Except as set forth below, there have been no material changes in the risk factors that appear in Part I - Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 5, 2024. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant net losses and negative operating cash flows since our inception. We expect to incur net losses for the foreseeable future and may never achieve or maintain profitability.

We are a clinical-stage biotechnology company dedicated to enabling cures through therapeutics targeting mast and hematopoietic stem cells and have a limited operating history. Investment in biopharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that any potential product candidate will fail to demonstrate adequate effect or an acceptable safety profile, gain regulatory approval and become commercially viable. We have no products approved for commercial sale and have not generated any revenue from product sales to date, and we continue to incur significant research and development and other expenses related to our ongoing operations. As a result, we are not profitable and have incurred losses and negative operating cash flows in each period since our inception. For the nine months ended September 30, 2024 and 2023, we reported net losses of \$46.9 million and \$47.9 million, respectively. For the nine months ended September 30, 2024 and 2023, we reported negative operating cash flows of \$41.5 million and \$35.6 million, respectively. As of September 30, 2024, we had an accumulated deficit of \$216.5 million. We have devoted all of our efforts to organizing and staffing our company, business and scientific planning, raising capital, acquiring and developing technology, identifying potential product candidates, undertaking research and preclinical studies of potential product candidates, developing manufacturing capabilities and evaluating a clinical path for our pipeline programs. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future, and we expect these losses to increase as we continue our research and development of, and seek regulatory approvals for, our product candidates.

The net losses we incur may fluctuate significantly from quarter to quarter. We anticipate that our expenses will increase substantially if and as we:

- continue the clinical development of briquelimab in chronic diseases such as Chronic Spontaneous Urticaria ("CSU"), Chronic Inducible Urticaria ("CIndU"), Asthma and other indications;
- continue the open label Phase 1/2 clinical trial for briquelimab for Severe Combined Immunodeficiency ("SCID") and the Phase 1b/2a clinical trial of subcutaneous briquelimab for the treatment of CIndU;
- continue our current research programs and development of other potential product candidates from our current research programs;

- seek to identify additional product candidates and research programs;
- initiate preclinical testing and clinical trials for any other product candidates we identify and develop;
- maintain, expand, enforce, defend and protect our intellectual property portfolio, and provide reimbursement of third-party expenses related to our patent portfolio;
- seek marketing approvals for any product candidates that successfully complete clinical trials;
- ultimately establish a sales, marketing and distribution infrastructure to commercialize any product candidates for which we may obtain marketing approval;
- adapt our regulatory compliance efforts to incorporate requirements applicable to any approved product candidates;
- hire additional research and development and clinical personnel;
- hire commercial personnel and advance market access and reimbursement strategies;
- add operational, financial and management information systems and personnel, including personnel to support our product development;
- acquire or in-license product candidates, intellectual property and technologies;
- develop or in-license manufacturing and distribution technologies;
- should we decide to do so and receive approval for any of our product candidates, build and maintain, or purchase and validate, commercial-scale manufacturing facilities designed to comply with current Good Manufacturing Practices ("cGMP") requirements; and
- incur additional legal, accounting and other expenses in operating as a public company.

As a company, we have not completed clinical development of any product candidate and expect that it will be several years, if ever, before we have a product candidate ready for commercialization. To become and remain profitable, we must develop and, either directly or through collaborators, eventually commercialize a product or products with significant market potential. This will require us to be successful in a range of challenging activities, including identifying product candidates, completing preclinical testing and clinical trials of product candidates, obtaining marketing approval for these product candidates, manufacturing, marketing and selling those products for which we may obtain marketing approval and satisfying any post-marketing requirements.

We may never succeed in these activities and, even if we do, may never generate revenues that are significant or large enough to achieve profitability. Our product candidates and research programs are currently only in the early stages of development. Because of the numerous risks and uncertainties associated with developing product candidates, we are unable to predict the extent of any future losses or when we will become profitable, if at all. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

We will need substantial additional funding, which may not be available on acceptable terms, or at all. If we are unable to raise capital when needed, we would be forced to delay, reduce or eliminate our research and product development programs or future commercialization efforts.

We expect to spend substantial amounts of cash to conduct further research and development and preclinical testing and clinical trials of our product candidates, to seek regulatory approvals for our product candidates and to launch and commercialize any product candidates for which we receive regulatory approval. Furthermore, we expect to incur additional costs associated with operating as a public company. Accordingly, we will need to

obtain substantial additional funding in order to maintain our continuing operations. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and product development programs or future commercialization efforts. As of September 30, 2024, our cash and cash equivalents were \$92.5 million and we had an accumulated deficit of \$216.5 million. Although we raised total estimated net proceeds of \$47.2 million in February 2024 in connection with the issuance and sale of 3,900,000 shares of our common stock in an underwritten offering, we will need to raise additional financing to continue our products' development for the foreseeable future, and will continue to need to do so until we become profitable. Our future financing requirements will depend on many factors, including:

- the initiation, progress, timing, costs and results of preclinical studies and clinical trials for our product candidates;
- the costs of continuing to build our technology platform for use in developing our product candidates;
- the costs of developing, acquiring or in-licensing additional targeted therapies to use in combination with briquilimab and other product candidates we may develop;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property and proprietary rights and defending intellectual property-related claims in the United States and internationally;
- the number and characteristics of product candidates that we develop or may in-license;
- our ability to establish and maintain collaborations on favorable terms, if at all;
- the achievement of milestones or occurrence of other developments that trigger payments under any collaboration agreements we enter into;
- the outcome, timing and cost of meeting regulatory requirements established by the U.S. Food and Drug Administration (the "FDA"), the European Medical Agency (the "EMA") and other comparable foreign regulatory authorities;
- the cost and timing of completion of commercial-scale outsourced manufacturing activities;
- the cost of establishing sales, marketing and distribution capabilities for any product candidates for which we may receive regulatory approval in regions where we choose to commercialize our products on our own; and
- the costs of operating as a public company.

Conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, even if we successfully develop product candidates and those are approved, we may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for several years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives.

We currently have an effective universal shelf registration statement on Form S-3, which we filed with the SEC on April 28, 2023, and which was declared effective on May 5, 2023 and will expire on May 5, 2026 (the "Shelf Registration Statement"). Pursuant to the Shelf Registration Statement, we may offer from time to time up to an aggregate of \$250.0 million of securities, including any combination of common stock, preferred stock, debt securities, warrants, rights, units and depositary shares. On November 10, 2022, we entered into a Controlled Equity OfferingSM Sales Agreement with Cantor Fitzgerald & Co. (the "Agent"), pursuant to which we may offer and sell through or to the Agent, as sales agent or principal, shares of common stock from time to time (the "ATM Offering"). On May 5, 2023, we filed with the SEC under the Shelf Registration Statement a prospectus with the SEC in connection with the ATM Offering (the "ATM Prospectus"), pursuant to which we may offer pursuant to the ATM Offering shares of our common stock having an aggregate offering price of up to \$75.0 million. No securities were sold pursuant to the ATM Prospectus as of September 30, 2024. In February 2024, we issued and sold 3,900,000 shares of our common stock in an underwritten offering pursuant to the Shelf Registration Statement for an estimated net proceeds of \$47.2 million pursuant an underwriting agreement with Cowen and Company, LLC and Evercore Group L.L.C., as the representatives of the several underwriters named therein.

As of September 30, 2024, \$75.0 million remains allocated and available under the ATM Prospectus and approximately \$124.5 million remains available and unallocated under the Shelf Registration Statement.

If we raise additional capital by issuing equity securities, the percentage ownership of our existing stockholders may be reduced, and accordingly these stockholders may experience substantial dilution. We may also issue equity securities that provide for rights, preferences and privileges senior to those of our common stock. Given our need for cash and that equity issuances are the most common type of fundraising for similarly situated companies, the risk of dilution is particularly significant for our stockholders.

Any additional fundraising efforts may divert our management from our day-to-day activities, which may adversely affect our ability to develop and commercialize product candidates. We cannot be certain that additional funding will be available on acceptable terms, or at all. We have no committed source of additional capital and, if we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, scale back or discontinue the development or commercialization of product candidates or other research and development initiatives. Our license agreements and any future collaboration agreements may also be terminated if we are unable to meet the payment or other obligations under the agreements. We could be required to seek collaborators for product candidates at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available or relinquish or license on unfavorable terms our rights to product candidates in markets where we otherwise would seek to pursue development or commercialization ourselves.

Our management believes that our existing cash and cash equivalents as of September 30, 2024 will be sufficient to fund our operating plan for at least twelve months from the date of filing of this Quarterly Report. However, we will need to raise additional financing to continue our products' development for the foreseeable future, and will continue to need to do so until we become profitable. If we are unable to obtain funding when and as needed on a timely basis, we may be required to significantly curtail, delay or discontinue one or more of our research or development programs or the commercialization of any product candidate, or be unable to expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition and results of operations. Any of the above events could significantly harm our business, prospects, financial condition and results of operations and cause the price of our common stock to decline.

As a result of our history of losses and negative cash flows from operations, our management has performed an analysis and concluded that substantial doubt exists about our ability to continue as a going concern, and we will need to raise additional financing to continue our products' development.

substantial doubt about our ability to continue as a going concern beyond one year from the date of filing of this Quarterly Report. Our financial statements as of September 30, 2024 do not include any adjustments that might result from the outcome of this uncertainty. Based on our current operating plan, we will need to raise additional financing to continue our products' development for the foreseeable future, and until we become profitable. Our future viability as an ongoing business is dependent on our ability to generate cash from our operating activities or to raise additional capital to finance our operations. We expect to finance our future cash needs through equity or debt financings, collaborations or a combination of these approaches. The sale of equity or convertible debt securities may result in dilution to our stockholders, and, in the case of preferred equity securities or convertible debt, those securities could provide for rights, preferences or privileges senior to those of our common stock. Debt financings may subject us to covenant limitations or restrictions on our ability to take specific actions, such as incurring additional debt or making capital expenditures. Our ability to raise additional funds may be adversely impacted by negative global economic conditions and any disruptions to and volatility in the credit and financial markets in the United States and worldwide or other factors. There can be no assurance that we will be successful in acquiring additional funding at levels sufficient to fund our operations or on terms favorable or acceptable to us. If we are unable to obtain adequate financing when needed or on terms favorable or acceptable to us, we may be forced to delay, reduce the scope of or eliminate one or more of our research and development programs.

The perception that we might be unable to continue as a going concern may also make it more difficult to obtain financing for the continuation of our operations on terms that are favorable to us, or at all, and could result in the loss of confidence by investors and employees. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. If we are unable to continue as a going concern, we may have to liquidate our assets and may receive less than the value at which those assets are carried on our consolidated financial statements, and it is likely that our investors will lose all or a part of their investment.

Risks Related to Discovery, Development, Manufacturing and Commercialization

We may not be successful in our efforts to identify, develop and commercialize additional product candidates. If these efforts are unsuccessful, we may never become a commercial stage company or generate any revenues.

The success of our business depends primarily upon our ability to identify, develop, and commercialize additional product candidates based on, or complementary with, our technology platform. We are currently enrolling patients in a Phase 1b/2a trial evaluating briquilimab in patients with CSU, a Phase 1b/2a trial evaluating briquilimab in patients with CIndU, a Phase 1b/2a asthma challenge study evaluating briquilimab in asthma and a Phase 1/2 clinical trial of briquilimab as a conditioning agent prior to allogenic transplant for SCID patients. We are also in the process of initiating other product development programs in mast cell driven diseases that are still in the research or preclinical stage of development. Our research programs may fail to identify additional indications for clinical development or product candidates for clinical development for a number of reasons. Our research methodology may be unsuccessful in identifying potential product candidates, our potential product candidates may be shown to have harmful side effects in preclinical in vitro experiments or animal model studies, they may not show promising signals of efficacy in such experiments or studies or they may have other characteristics that may make the product candidates impractical to manufacture, unmarketable or unlikely to receive marketing approval. The historical failure rate for product candidates is high due to risks relating to safety, efficacy, clinical execution, changing standards of medical care, and other unpredictable variables. In addition, although we believe our technology platform will position us to rapidly expand our portfolio of product candidates beyond our current product candidates, our ability to expand our portfolio may never materialize.

If any of these events occur, we may be forced to abandon our research or development efforts for a program or programs, which would have a material adverse effect on our business, financial condition, results of operations and prospects. 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, which would be costly and time-consuming.

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

Because we have limited financial and managerial resources, we focus on research programs and product candidates that we identify for specific indications among many potential options. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. For example, on January 10, 2023, we announced, as part of an overall portfolio prioritization, that we will focus on the development of our lead product candidate, briquilimab (formerly known as JSP191), in chronic mast and stem cell diseases as well as a conditioning agent for stem cell transplant in rare diseases. This portfolio includes new programs as a therapeutic for patients with CSU, CIndU and asthma, along with our existing program for briquilimab as a conditioning agent for stem cell transplant in patients with sickle cell disease, Fanconi anemia or severe combined immunodeficiency. In addition, in May 2024, we announced the expansion of our mast cell development program with a Phase 1b/2a study evaluating briquilimab in asthma patients. Our resource allocation decisions may cause us to fail to capitalize on viable commercial medicines or profitable market opportunities. Our projections of both the number of people who have these diseases, as well as the subset of people with these diseases who have the potential to benefit from treatment with our product candidates, are based on estimates. If any of our estimates are inaccurate, the market opportunities for any of our product candidates could be significantly diminished and have an adverse material impact on our business. Additionally, the potentially addressable patient population for our product candidates may be limited or may not be amenable to treatment with our product candidates. 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 (including briquilimab), 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. Any such event could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Other Legal Compliance Matters

Investors' expectations of our performance relating to environmental, social and governance factors may impose additional costs and expose us to new risks.

There is an increasing focus from certain investors, employees, regulators and other stakeholders concerning corporate responsibility, specifically related to environmental, social and governance ("ESG") factors. Some investors and investor advocacy groups may use these factors to guide investment strategies and, in some cases, investors may choose not to invest in our company if they believe our policies relating to corporate responsibility are inadequate. Third-party providers of corporate responsibility ratings and reports on companies have increased to meet growing investor demand for measurement of corporate responsibility performance, and a variety of organizations currently measure the performance of companies on such ESG topics, and the results of these assessments are widely publicized. Investors, particularly institutional investors, use these ratings to benchmark companies against their peers and if we are perceived as lagging with respect to ESG initiatives, certain investors may engage with us to

improve ESG disclosures or performance and may also make voting decisions, or take other actions, to hold us and our board of directors accountable. In addition, the criteria by which our corporate responsibility practices are assessed may change, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. If we elect not to or are unable to satisfy such new criteria, investors may conclude that our policies with respect to corporate responsibility are inadequate.

We may face reputational damage in the event our corporate responsibility initiatives or objectives do not meet the standards set by our investors, stockholders, lawmakers, listing exchanges or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating from third-party rating services. A low ESG or sustainability rating by a third-party rating service could also result in the exclusion of our common stock from consideration by certain investors who may elect to invest with our competition instead. Ongoing focus on corporate responsibility matters by investors and other parties as described above may impose additional costs or expose us to new risks. Any failure or perceived failure by us in this regard could have a material adverse effect on our reputation and on our business, share price, financial condition, or results of operations, including the sustainability of our business over time.

In addition, on March 6, 2024, the SEC finalized new rules for public companies that will require, among other things, climate-related disclosures and analysis of the impact of climate-related issues on our business strategy, results of operations, and financial condition (the "SEC Climate Disclosure Rules"). The new rules require disclosure of, among other things and to the extent material, our climate-related risks and opportunities, greenhouse gas emissions inventory, climate-related targets and goals, and financial impacts of physical and transition risks. Subsequently, in April 2024, the SEC issued an order staying implementation of the SEC Climate Disclosure Rules pending the resolution of certain challenges. Nonetheless, our legal, accounting, and other compliance expenses may increase significantly, and compliance efforts may divert management time and attention as we prepare for the potential implementation of the SEC Climate Disclosure Rules, and such expenses, efforts and diversions of management time and attention may be even greater if the SEC Climate Disclosure Rules ultimately go into effect. We may also be exposed to legal or regulatory action or claims as a result of these new regulations. Separately, the SEC has also announced that it is scrutinizing existing climate-change related disclosures in public filings, increasing the potential for enforcement if the SEC were to allege our existing climate disclosures are misleading or deficient. All of these risks could have a material adverse effect on our business, financial position, and/or stock price.

Risks Related to Employee Matters, Managing Growth and Information Technology

We will need to grow the size of our organization, and we may experience difficulties in managing this growth.

As of September 30, 2024, we had 60 full-time employees. As our development, manufacturing and commercialization plans and strategies develop and we continue our operations as a public company, we expect to need and are actively recruiting additional managerial, operational, sales, marketing, financial and other personnel. Future growth would impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;
- managing our internal development efforts effectively, including the clinical, FDA and international regulatory review process for our product candidates, while complying with our contractual obligations to contractors and other third parties; and
- improving our operational, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to commercialize our product candidates will depend, in part, on our ability to effectively manage any future growth, and our management may also have to divert a disproportionate amount of time to managing these growth activities.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors and consultants to provide certain services, including substantially all aspects of regulatory approval, clinical management and manufacturing. We cannot assure you that the services of independent organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. In addition, if we are unable to effectively manage our outsourced activities or if the quality or accuracy of the services provided by consultants is compromised for any reason, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain regulatory approval of our product candidates or otherwise advance our business. We cannot assure you that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, or at all. If we are not able to effectively expand our organization by hiring new employees and expanding our groups of consultants and contractors, or if we are not able to effectively build out new facilities to accommodate this expansion, we may not be able to successfully implement the tasks necessary for further development and commercialization of our product candidates and, accordingly, may not achieve our research, development and commercialization goals.

Risks Related to Ownership of Our Common Stock and Warrants

If our operations and performance do not meet the expectations of investors or securities analysts or for other reasons, the market price of our securities may decline, and the market price of our common stock may continue to be volatile.

Any of the factors listed below could have a negative impact on your investment in our securities, and our securities may trade at prices significantly below the price you paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline.

Factors affecting the trading price of our securities may include:

- adverse regulatory decisions;
- any delay in our regulatory filings for our product candidates and any adverse development or perceived adverse development with respect to the applicable regulatory authority's review of such filings, including without limitation the FDA's issuance of a "refusal to file" letter or a request for additional information;
- the Israel-Hamas war, the ongoing conflict between Ukraine and Russia and the global impact of restrictions and sanctions imposed on Russia and the impact thereof on the markets generally, including any adverse effects on macroeconomic conditions such as inflation;
- the commencement, enrollment or results of any future clinical trials we may conduct, or changes in the development status of our product candidates;

- adverse results from, delays in or termination of clinical trials;
- unanticipated serious safety concerns related to the use of our product candidates;
- lower than expected market acceptance of our product candidates following approval for commercialization;
- changes in financial estimates by us or by any securities analysts who might cover our stock;
- changes in the market valuations of similar companies;
- stock market price and volume fluctuations of comparable companies and, in particular, those that operate in the biopharmaceutical industry;
- publication of research reports about us or our industry or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- announcements by us or our competitors of significant acquisitions, strategic partnerships or divestitures;
- announcements of investigations or regulatory scrutiny of our operations or lawsuits filed against us;
- investors' general perception of our business or management;
- recruitment or departure of key personnel;
- overall performance of the equity markets;
- disputes or other developments relating to intellectual property rights, including patents, litigation matters and our ability to obtain, maintain, defend, protect and enforce patent and other intellectual property rights for our technologies;
- significant lawsuits, including patent or stockholder litigation;
- proposed changes to healthcare laws in the U.S. or foreign jurisdictions, or speculation regarding such changes;
- general political and economic conditions; and
- other events or factors, many of which are beyond our control.

In addition, the stock market in general, Nasdaq and pharmaceutical companies, in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. The trading price of our common stock is, and is likely to continue to be, volatile. For example, from January 3, 2023 to December 31, 2023, our closing stock price ranged from \$4.24 to \$27.40 per share, and from January 2, 2024 to November 6, 2024, our closing stock price ranged from \$6.63 to \$30.00 per share. Broad market and industry factors may negatively affect the market price of our securities, regardless of our actual operating performance. As a result of this volatility, our stockholders may not be able to sell their common stock at or above the prices at which they purchased their shares. Moreover, in the past, stockholders have initiated class action lawsuits against pharmaceutical and biotechnology companies following periods of volatility in the market prices of these companies' stock. Such litigation, if instituted against us, could cause us to incur substantial costs and divert management's attention and resources from our business.

Insiders have substantial control over us, which could limit your ability to affect the outcome of key transactions, including a change of control.

As of September 30, 2024, our directors and executive officers and their affiliates beneficially owned approximately 19.84% of the outstanding shares of our common stock. As a result, these stockholders, if they act together, will be able to influence our management and affairs and all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or our assets. This concentration of ownership may have the effect of delaying or preventing a change in control of our company or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change in control would benefit our other stockholders. This significant concentration of ownership may also adversely affect the trading price for our common stock because investors often perceive disadvantages in owning stock in companies with controlling stockholders.

Future sales, or the perception of future sales, by us or our stockholders in the public market, the issuance of rights to purchase our common stock, including pursuant to the Equity Incentive Plan and the ESPP, and future exercises of registration rights could result in the additional dilution of the percentage ownership of our stockholders and cause the market price for our common stock to decline.

The sale of shares of our common stock, convertible securities or other equity securities in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. In addition, if we sell shares of our common stock, convertible securities or other equity securities, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights, preferences, and privileges senior to the holders of our common stock.

Pursuant to the Jasper Therapeutics, Inc. 2024 Equity Incentive Plan (the "Equity Incentive Plan"), which became effective on June 6, 2024, we are authorized to grant equity awards to our employees, directors and consultants. In addition, pursuant to the Jasper Therapeutics, Inc. 2024 Employee Stock Purchase Plan (the "ESPP"), which became effective on June 6, 2024, we are authorized to sell shares to our employees. As of September 30, 2024, 1,865,794 shares and 1,000,000 shares of our common stock are reserved for future issuance under the Equity Incentive Plan and the ESPP, respectively.

On March 14, 2022, the Compensation Committee of our Board of Directors (the "Compensation Committee") adopted the 2022 Inducement Equity Incentive Plan (the "2022 Inducement Plan"). On June 2, 2023, the Compensation Committee approved an amendment and restatement of our 2022 Inducement Plan to increase the maximum number of shares of our voting common stock available for grant by 250,000 shares of common stock to an aggregate of 550,000 shares of common stock. As of September 30, 2024, 16,885 shares of our common stock are available for future issuance under the 2022 Inducement Plan. The 2022 Inducement Plan has not been and will not be approved by our stockholders. Under the 2022 Inducement Plan, we can grant nonstatutory stock options, restricted stock awards, stock appreciation rights, restricted stock units, performance awards and other awards, but only to an individual, as a material inducement to such individual to enter into employment with us or an affiliate of ours, who (i) has not

previously been an employee or director of ours or (ii) is rehired following a bona fide period of non-employment with us.

As of September 30, 2024, options to purchase an aggregate of 1,556,014 shares of our common stock, 20,000 performance-based restricted stock units and no restricted stock units were outstanding, and we have granted additional options to purchase shares of our common stock after this date.

Pursuant to the Amended and Restated Registration Rights Agreement entered into in connection with the Business Combination, certain of our stockholders can demand that we register their registrable securities under certain circumstances and will each also have piggyback registration rights for these securities. In addition, we are required to file and maintain an effective registration statement under the Securities Act covering such securities and certain of our other securities. We filed a registration statement on October 18, 2021, which was first amended on March 29, 2022 and further amended on October 7, 2022, in order to satisfy the foregoing obligations and we have currently registered for resale an aggregate of 3,601,936 shares of our common stock, including up to 499,986 shares of our common stock issuable upon exercise of our outstanding warrants. The registration of these securities permits the public sale of such securities, subject to certain contractual restrictions on transfer imposed by the Amended and Restated Registration Rights Agreement and the Business Combination Agreement, which contractual restrictions on transfer terminated on March 23, 2022. The presence of these additional shares of our common stock trading in the public market may have an adverse effect on the market price of our securities.

In the future, we may also issue our securities in connection with investments or acquisitions. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of our common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to our stockholders.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the fiscal quarter ended September 30, 2024, none of our directors or officers (as defined in Section 16 of the Securities Exchange Act of 1934, as amended) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description	Registrant's Form	Date Filed with the SEC	Exhibit Number
3.1	Second Amended and Restated Certificate of Incorporation of the Registrant.	8-K	9/29/2021	3.1
3.2	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation, dated June 8, 2023.	8-K	6/8/2023	3.1
3.3	Certificate of Second Amendment to the Second Amended and Restated Certificate of Incorporation of Jasper Therapeutics, Inc., filed with the Secretary of State of the State of Delaware on January 3, 2024.	8-K	1/3/2024	3.1
3.4	Third Amended and Restated Bylaws of the Registrant.	8-K	2/17/2023	3.1
4.1	Form of Warrant Agreement, dated November 19, 2019, by and between the Registrant and Continental Stock Transfer & Trust Company, as warrant agent.	8-K	11/25/2019	4.1
4.2	Specimen Warrant Certificate.	S-1/A	11/6/2019	4.3
31.1*	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.			
31.2*	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.			
32.1**	Certification of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
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.			
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.			
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.			

101.DEF* Inline XBRL Taxonomy Extension Definition Linkbase Document.

101.LAB* Inline XBRL Taxonomy Extension Label Linkbase Document.

101.PRE* Inline XBRL Taxonomy Extension Presentation Linkbase Document.

104* Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

JASPER THERAPEUTICS, INC.

Date: November 7, 2024

By: /s/ Ronald Martell
Ronald Martell
President and Chief Executive Officer
(*Principal Executive Officer*)

Date: November 7, 2024

By: /s/ Herb Cross
Herb Cross
Chief Financial Officer
(*Principal Accounting and Financial Officer*)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Ronald Martell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Jasper Therapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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.

/s/ Ronald Martell
Ronald Martell
President, Chief Executive Officer, and Director
(Principal Executive Officer)

Dated: November 7, 2024

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Herb Cross, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Jasper Therapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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.

/s/ Herb Cross
 Herb Cross
Chief Financial Officer and Corporate Secretary
 (Principal Financial Officer)

Dated: November 7, 2024

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Jasper Therapeutics, Inc. (the "Company") for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to their knowledge that:

- (1) 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.

By: /s/ Ronald Martell
Ronald Martell

President and Chief Executive Officer
(*Principal Executive Officer*)
November 7, 2024

By: /s/ Herb Cross
Herb Cross

Chief Financial Officer and Corporate Secretary
(*Principal Financial Officer*)
November 7, 2024

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report, is not deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (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 of 1933, as amended, or the Exchange Act (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.