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# DELTA REPORT

## 10-K

LSTA - LISATA THERAPEUTICS, INC.  
10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	4018
CHANGES	218
DELETIONS	2091
ADDITIONS	1709

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended **December 31, 2022** **December 31, 2023**

OR

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

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-33650

LISATA THERAPEUTICS, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

22-2343568

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

110 Allen Road, 2nd Floor, Basking Ridge, New Jersey  
(Address of principal executive offices)

07920  
(zip code)

Registrant's telephone number, including area code: 908-842-0100

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol (s)	Name of Each Exchange On Which Registered
Common Stock, par value \$0.001 per share	LSTA	The Nasdaq Capital Market

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

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and 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 and post 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 definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

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

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

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

The aggregate market value of the Registrant's voting and non-voting common stock held by non-affiliates of the Registrant (without admitting that any person whose shares are not included in such calculation is an affiliate) computed by reference to **June 30, 2022** **June 30, 2023** (the last business day of the Registrant's most recently completed second fiscal quarter) was approximately **\$31.3 million** **\$25.1 million**, computed by reference to the last sale price of **\$7.95** **\$3.70** for the common stock on the Nasdaq Capital Market reported for such date. Shares held by executive officers, directors and persons owning directly or indirectly more than 10% of the outstanding common stock have been excluded from the preceding number because such persons may be deemed to be affiliates of the Registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

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

Class	Outstanding as of <b>March 30, 2023</b> <b>February 29, 2023</b>
Common stock, \$0.001 par value per share	<b>7,998,342</b> <b>8,307,433</b> shares

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (or parts thereof) are incorporated by reference into the following parts of this Form 10-K: Certain information required in Part III of this Annual Report on Form 10-K is incorporated by reference from the Registrant's Proxy Statement for the **2023** **2024** Annual Meeting of Stockholders. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the Registrant's fiscal year ended **December 31, 2022** **December 31, 2023**.

[Index](#)

All references in this Annual Report on Form 10-K to "we," "us," the "Company" and "Lisata" mean Lisata Therapeutics, Inc., including subsidiaries and predecessors, except where it is clear that the term refers only to Lisata Therapeutics, Inc. This Annual Report on Form 10-K contains forward-looking statements, which involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Cautionary Note Regarding Forward-Looking Statements" and under "Risk Factors" and elsewhere in this Annual Report on Form 10-K.

TABLE OF CONTENTS

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

PART I	
ITEM 1. BUSINESS	<a href="#">54</a>
ITEM 1A. RISK FACTORS	<a href="#">18 25</a>
ITEM 1B. UNRESOLVED STAFF COMMENTS	<a href="#">49 63</a>
ITEM 1C. CYBERSECURITY	<a href="#">63</a>
ITEM 2. PROPERTIES	<a href="#">49 65</a>
ITEM 3. LEGAL PROCEEDINGS	<a href="#">49 65</a>
ITEM 4. MINE SAFETY DISCLOSURES	<a href="#">49 66</a>
PART II	
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	<a href="#">51 67</a>
ITEM 6. [RESERVED]	<a href="#">52 67</a>
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	<a href="#">53 68</a>
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	<a href="#">60 71</a>
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	<a href="#">61 71</a>
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	<a href="#">88 97</a>
ITEM 9A. CONTROLS AND PROCEDURES	<a href="#">88 97</a>
ITEM 9B. OTHER INFORMATION	<a href="#">89 98</a>
ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS	<a href="#">89 98</a>
PART III	
ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	<a href="#">90 99</a>
ITEM 11. EXECUTIVE COMPENSATION	<a href="#">90 101</a>
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	<a href="#">90 102</a>
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE	<a href="#">90 102</a>
ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES	<a href="#">90 102</a>
PART IV	
ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES	<a href="#">90 103</a>
ITEM 16. FORM 10-K SUMMARY	<a href="#">94 106</a>

[Index](#)

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report (this "Annual Report") contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, as well as historical information. When used in this Annual Report, statements that are not statements of current or historical fact may be deemed to be forward-looking statements, including, without limitation, all statements related to any expectations of revenues, expenses, cash flows, earnings or losses from operations, cash required to maintain current and planned operations, capital or other financial items; any statements of the plans, strategies and objectives of management for future operations; any plans or expectations with respect to product research, development and commercialization, including regulatory approvals; any other statements of expectations, plans, intentions or beliefs; and any statements of assumptions underlying any of the foregoing. Without limiting the foregoing, the words "plan," "project," "forecast," "outlook," "intend," "may," "will," "expect," "likely," "believe," "could," "anticipate," "estimate," "continue" or similar expressions or other variations or comparable terminology are intended to identify such forward-looking statements, although some forward-looking statements are expressed differently. We remind readers that forward-looking statements are merely predictions and therefore inherently subject to uncertainties and other factors and involve known and unknown risks that could cause the actual results, performance, levels of activity or our achievements or industry results, to be materially different from any future results, performance, levels of activity or our achievements or industry results expressed or implied by such forward-looking statements. Factors that could cause our actual results to differ materially from anticipated results expressed or implied by forward-looking statements include, among others:

- our ability to obtain sufficient capital or strategic business arrangements to fund our operations and expansion plans, including collecting monies amounts owed to us under various licensing and other strategic arrangements, meeting our financial obligations under various licensing and other strategic arrangements, the funding of our clinical trials for product candidates, and the commercialization of the relevant technology;
- our ability to build and maintain the management and human resources infrastructure necessary to support the operation and/or growth of our business;
- whether a market is established for our products and our ability to capture a meaningful share of this market;
- scientific, regulatory and medical developments beyond our control;

- our ability to obtain and maintain, as applicable, appropriate governmental licenses, accreditations or certifications or to comply with healthcare laws and regulations or any other adverse effect or limitations caused by government regulation of our business;
- whether any of our current or future patent applications result in issued patents, the scope of those patents and our ability to obtain and maintain other rights to technology required or desirable for the conduct of our business, and our ability to commercialize products without infringing upon the claims of third-party patents;
- whether any potential strategic or financial benefits of various licensing agreements will be realized;
- our ability to diversify our pipeline of development product candidates, which could include an acquisition, merger, business combination, in-license or other strategic transaction, and whether any of such efforts will result in us entering into or completing any transaction or that any such transaction, if completed, will add to shareholder value;
- the long-term success of our recently completed merger with Cend Therapeutics, Inc. ("Cend"), including the ongoing integration of Cend's operations and the advancement of their development programs;
- the results of our development activities;
- our ability to complete our other planned clinical trials (or initiate other trials) in accordance with our estimated timelines due to delays associated with enrolling patients due to the novelty of the treatment, the size of the patient population, competition with other clinical trials for similar subjects, patient and/or investigator site availability and accessibility due to external macroenvironmental factors such as the COVID-19 pandemic and the need of patients to meet the inclusion criteria of the trial or otherwise; and
- the extent to which the COVID-19 pandemic and/or its any future public health crisis and their long-term effects specifically may impact, directly or indirectly, our business, including our clinical trials and financial condition.

The factors discussed herein, including those risks described in "Item 1A. Risk Factors" and in our other periodic filings with the SEC, which are available for review at [www.sec.gov](http://www.sec.gov), could cause actual results and developments to be materially different from those expressed or implied by such statements. All forward-looking statements attributable to us are expressly

[Index](#)

qualified in their entirety by these and other factors. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. Except as required by law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

[Index](#)

## PART I

### ITEM 1. BUSINESS.

#### Overview

Lisata Therapeutics, Inc. (together with its subsidiaries, "we," "us," "our," "Lisata" or and the "Company") is a clinical-stage pharmaceutical company dedicated to the discovery, development, and commercialization of innovative therapies for the treatment of solid tumors and other major diseases. Our lead investigational product candidate, LSTA1, (formerly known as CEND-1), is designed to activate a novel uptake pathway that allows co-administered or tethered (i.e., molecularly bound) anti-cancer drugs to target and penetrate solid tumors more effectively. LSTA1 actuates this active transport system in a tumor-specific manner, resulting in systemically co-administered anti-cancer drugs more efficiently penetrating and accumulating in the tumor, while normal tissues are not unlikely to be affected. LSTA1 also has the potential to modify the tumor microenvironment ("TME"), with the objective of thereby making tumors more susceptible to immunotherapies, immunotherapies and inhibiting the metastasis cascade (i.e., the spread of cancer to other parts of the body). We and our collaborators have amassed significant non-clinical data demonstrating enhanced delivery of a range of existing and emerging anti-cancer therapies, including chemotherapeutics, immunotherapies and RNA-based therapeutics. To date, LSTA1 has also demonstrated favorable safety, tolerability and activity in completed and ongoing clinical trials designed to enhance delivery of standard-of-care chemotherapy for pancreatic cancer. We are exploring Currently, LSTA1, is the potential subject of LSTA1 to enable Phase 2a and 2b clinical studies being conducted globally in a variety of treatment modalities to treat solid tumor types, including metastatic pancreatic ductal adenocarcinoma (mPDAC), cholangiocarcinoma, head and neck cancer, appendiceal cancer, colon cancer and glioblastoma multiforme in combination with a range variety of solid tumors more effectively. In addition, we have clinical development programs based on our autologous anti-cancer regimens.

Our legacy CD34+ cell therapy technology platform was the subject of several clinical trials targeting an array of diseases, among them, critical limb ischemia, coronary microvascular dysfunction, and diabetic kidney disease. Further development of such programs would require significantly larger studies and capital investment and thus, development by Lisata would only be continued if a strategic partner that are advancing toward their next can contribute the necessary capital for future development milestone while incurring no capital outlay. is identified.

Our leadership team has decades of collective biopharmaceutical and pharmaceutical product development experience across a variety of therapeutic categories and at all stages of development from preclinical through to product registration and launch. Our goal is to develop and commercialize products that address important unmet medical needs based on a broad and versatile portfolio of candidates. Our current development pipeline includes: needs.

• LSTA1, the subject of Phase 1b/2a and 2b clinical studies being conducted globally in a variety of solid tumor types, including metastatic pancreatic ductal adenocarcinoma (mPDAC), in combination with a variety of anti-cancer regimens;

▪ HONEDRA® (LSTA12, formerly CLBS12), recipient of SAKIGAKE designation, pursuant to which early conditional approval in Japan for the treatment of critical limb ischemia ("CLI") and Buerger's disease is being sought based on the current results of a clinical trial executed in Japan. HONEDRA® was the recipient of orphan drug designation in March 2021 from the U.S. Food and Drug Administration ("FDA") for Buerger's disease; and

▪ LSTA201 (formerly, CLBS201), the subject of a recently completed study designed to assess the safety and efficacy of CD34+ cell therapy as a regenerative treatment for patients with chronic kidney disease related to type 2 diabetes (diabetic kidney disease or "DKD").

#### Corporate Information

We incorporated in 1980 as a Delaware corporation, and our principal executive offices are located at 110 Allen Road, Second Floor, Basking Ridge, NJ 07920. Our telephone number is (908) 842-0100 and the corporate website address is [www.lisata.com](http://www.lisata.com). Our website address in this Annual Report is included only as an inactive textual reference and is not intended to be an active link to our website. The information on the website is not incorporated by reference into this Annual Report.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports, as well as other documents filed with the U.S. Securities and Exchange Commission ("SEC"), are available free of charge through the Investors section of the website as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The public can obtain documents that are filed with the SEC at [www.sec.gov](http://www.sec.gov).

This Annual Report includes the following trademarks/trademark owned by us: XOWNA®, HONEDRA®, CendR Platform® and CendR Platform™. These trademarks are. This trademark is the property of Lisata. This Annual Report also includes other trademarks, service marks and trade names owned by us or other companies. All trademarks, service marks and traded names included herein are the property of their respective owners.

[Index](#)

#### Merger with Cend Therapeutics, Inc. and Name Change

On September 15, 2022, we, then operating as Caladrius Biosciences, Inc. ("Caladrius"), completed our acquisition (the "Merger") of Cend Therapeutics, Inc. (the "Merger") ("Cend"), in accordance with the terms of the Agreement and Plan of Merger and Reorganization (the "Merger Agreement"), dated as of April 26, 2022, by and among us, Cend Therapeutics, Inc. ("Cend") and CS Cedar Merger Sub, Inc. ("Merger Sub").

Pursuant to the terms set forth in the Merger Agreement and effective September 15, 2022 (the "Effective Time"): (i) Merger Sub merged with and into Cend, with Cend surviving as our wholly owned subsidiary, (ii) we changed our name to Lisata Therapeutics, Inc., and (iii) we effected a 1:15 reverse stock split of our common stock (the "Reverse Stock Split") prior to the Effective Time. At the Effective Time, each share of Cend's common stock outstanding immediately prior to the Effective Time was converted into the right to receive shares of our common stock, based on an exchange ratio of 0.5338, after taking into account the Reverse Stock Split (the "Exchange Ratio"). In connection with the Merger close, we issued an aggregate of 3,772,768 shares of common stock, based on the Exchange Ratio, to holders of Cend, in exchange for all of the Cend capital stock outstanding immediately prior to the closing of the Merger.

[Index](#)

Pursuant to the Merger Agreement, we assumed all of the outstanding and unexercised options to purchase shares of Cend capital stock under the 2016 Equity Incentive Plan, (the "Cend Plan"), and, in connection with the Merger, such options were converted into options to purchase shares of our common stock based on the Exchange Ratio. At the closing of the Merger, we assumed Cend's stock options to purchase an aggregate of 1,227,776 shares of our common stock.

Caladrius was considered to be the accounting acquirer based on the terms of the Merger Agreement and certain factors including: (i) Caladrius owned approximately 52% of our outstanding shares of common stock immediately following the close of the Merger; (ii) although both entities contributed to our new management team, the Caladrius team had more individuals on the management team and holds the chief executive officer ("CEO"), chief medical officer ("CMO") and other senior management roles; (iii) Caladrius paid a premium to acquire Cend's assets; and (iv) Caladrius was significantly larger than Cend regarding total assets, operations, and research and development activities. The Merger was accounted for as an asset acquisition as substantially all of the fair value is concentrated in in-process research and development ("IPR&D"). Cend's assets (except for cash and working capital) were measured and recognized as an allocation of the transaction price based on their relative fair values as of the transaction date with any value associated with IPR&D with no alternative future use being expensed as reported in the consolidated statement of operations. The prior reported operating results prior to the closing of the Merger are those of Caladrius alone.

#### COVID-19 Considerations

In December 2019, a novel strain of coronavirus (SARS-CoV-2), which causes COVID-19, was reported to have surfaced in China. In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic and the world's economies began to experience pronounced effects. Despite the FDA approval of multiple COVID-19 vaccines in late 2020, there remains uncertainty around the extent and duration of disruption and any future related financial impact cannot reasonably be estimated at this time. In response to the COVID-19 pandemic, we implemented a universal work from home policy, which remains in effect, as well as stringent social distancing and other hygiene policies for employees when they are required in the office. As a result, we also reduced the size of leased space at our Basking Ridge headquarters thereby reducing leasing costs. Our clinical study of HONEDRA® in Japan experienced significant delays in enrollment due to the States of Emergency in effect in Japan for most of 2020, 2021 and 2022 covering Tokyo and other regions in response to an increased number of COVID-19 infections. With our expectation that COVID-19 in Japan would continue to negatively impact clinical site operations and enrollment of patients in the HONEDRA® clinical trial, we elected to suspend trial enrollment, seek a development partner and consult with the Japanese regulatory authorities regarding the submission of patient data already accrued. Lisata's Phase 2b FREEDOM Trial of XOWNA® in the U.S. had also experienced delays in enrolling patients as a result of COVID-19. While early enrollment proceeded to plan with the first patient treated in January 2021, the impact of the COVID-19 pandemic contributed to a general slowing of enrollment, including supply chain disruptions affecting the availability of qualified catheters used in the diagnosis of CMD and/or administration of XOWNA® as well as with a contrast agent typically used in many catheter laboratories. In May 2022, we announced that enrollment in the FREEDOM Trial had been suspended and

that we intended to conduct an interim analysis of the data from not less than the first 20 patients enrolled using the six-month follow-up data to evaluate the efficacy and safety of XOWNA® in subjects with CMD. Following this analysis along with Key Opinion Leaders' input, we determined that execution of a redesigned FREEDOM-like trial would be the appropriate next step, but the cost of such a trial would be prohibitively expensive to undergo without a strategic partner. Accordingly, our board of directors concluded that XOWNA® development will only be continued if a strategic partner that can contribute the necessary capital for a redesigned trial is identified and secured. There can be no assurance that we will be able to identify such a partner and enter into an agreement with such partner on acceptable terms or at all.

## Reverse Stock Split

[Index](#)

On September 14, 2022, in connection with the Merger, we implemented the Reverse Stock Split, which was approved at our annual meeting of stockholders on September 13, 2022. The Reverse Stock Split became effective on September 14, 2022 at 5:00 pm, and our common stock began trading on The Nasdaq Capital Market on a post-split basis at the open of business on September 15, 2022. As of September 14, 2022, every fifteen shares of our issued and outstanding common stock (and such shares held in treasury) were automatically converted into one share of common stock, without any change in the par value per share. In addition, proportionate adjustments were made to the per share exercise price and the number of shares issuable upon the exercise of all outstanding stock options, stock appreciation rights, convertible notes and warrants to purchase shares of common stock, the number of shares issuable upon the vesting of all restricted stock awards, and the number of shares of common stock reserved for issuance pursuant to the our equity incentive compensation plans. Any stockholder who would otherwise be entitled to a fractional share of common stock created as a result of the Reverse Stock Split received a cash payment equal to the product of such resulting fractional interest in one share of common stock multiplied by the closing trading price of the common stock on September 15, 2022. The Reverse Stock Split was effectuated in order to increase the per share trading price of our common stock to satisfy the \$1.00 minimum bid price requirement for continued listing on The Nasdaq Capital Market.

All share and per share amounts of common stock, options and warrants in the accompanying financial statements have been restated for all periods presented to give retroactive effect to the Reverse Stock Split. Accordingly, the consolidated statements of equity reflect the impact of the Reverse Stock Split by reclassifying from "common stock" to "additional paid-in capital" in an amount equal to the par value of the decreased shares resulting from the Reverse Stock Split.

## Development Programs

### Targeted Solid Tumor Penetration via CendR Active Transport

Many solid tumor cancers, including pancreatic ductal adenocarcinoma ("PDAC"), and cholangiocarcinoma, are surrounded by dense fibrotic tissue, or stroma. This limits the efficacy of current chemotherapies for these cancers. Emerging immunotherapy treatments, including checkpoint inhibitors, adoptive cell therapies such as chimeric antigen receptor T ("CAR-T") cells, as well as nucleic acid-based therapies, such as short interfering RNA ("siRNA"), antisense oligonucleotides, ("ASO"), and messenger RNAs ("mRNAs") also face challenges in penetrating solid tumors. Many tumors also exhibit an immunosuppressive tumor microenvironment ("TME"), TME, which suppresses patients' immune systems' ability to fight their cancer and can limit effectiveness of immunotherapies and/or contribute to metastases. These factors negatively impact the ability of many therapeutic agents to effectively treat these cancers.

To address the tumor stroma's role as a primary impediment to effective treatment, Lisata's our approach is to activate the C-end rule ("CendR"), or CendR system, a naturally occurring active transport system. Lisata's Our lead investigational drug, LSTA1 (a specific internalizing R-G-D or iRGD peptide), activates this transport system in a tumor-specific manner (Sugahara, Science, 2010). This results in tumors selectively LSTA1 enables more selective and more efficiently taking up efficient uptake of systemically administered anticancer anti-cancer drugs as if they were nutrients. As a result, resulting in more intratumoral drug accumulates in the tumor than would accumulate without LSTA1, while normal tissues are not affected. Moreover, the drugs penetrate tumor cells farther away from blood vessels with LSTA1 present than without. accumulation. The overall result is enhanced anticancer activity without an increase in adverse side effects. Anticancer While it is possible to couple/tether or conjugate some anticancer drugs can be coupled/tethered or conjugated to LSTA1, or other CendR peptides in Lisata's portfolio, but can be also co-administered with LSTA1. Lisata believes we believe that the co-administration option approach is an advantage because it is does not necessary to create a new chemical entity with its attendant development and regulatory hurdles, thereby providing a potentially an anticipated faster-to-clinic and potentially faster-to-market product opportunity for a range of solid tumor cancers and for co-administration with a range of therapies.

Clinical progress with other approaches to address delivery to highly fibrotic tumors, such as PEGylated hyaluronidase and hedgehog inhibitors, has been limited by toxicity and side effects.

[Index](#)

LSTA1 has demonstrated favorable safety/safety, tolerability, and activity to date in clinical trials to enhance delivery of standard-of-care chemotherapy for mPDAC. Lisata and its collaborators have also amassed non-clinical data demonstrating enhanced delivery of a range of emerging anticancer therapies, including immunotherapies, and RNA-based therapeutics. LSTA1's cancer-targeted delivery may enable such emerging treatment modalities to potentially more effectively treat a range of solid tumors, tumors potentially more effectively.

### LSTA1 as a treatment for solid tumor cancers in combination with other anti-cancer agents

LSTA1 is an investigational drug that actuates the CendR active transport mechanism while also having mechanism. LSTA1 has the potential to modify the TME, and make making it less immunosuppressive, immunosuppressive and thereby making the tumor more susceptible to attack by the immune system and inhibiting the metastasis cascade. It is targeted to targets tumor vasculature, endothelial cells, tumor cells and some intratumoral immunosuppressive cells by its affinity for alpha-v, beta-3 and beta-5 integrins that are upregulated on these cells. LSTA1 is a nine amino acid cyclic internalizing RGD ("iRGD") peptide that, once bound to these integrins, is cleaved by proteases expressed in tumors to release a peptide fragment, called a CendR peptide fragment. The CendR peptide fragment which then binds to a second an adjacent receptor, called neuropilin-1, also upregulated in solid tumors, to activate a novel uptake pathway that allows circulating moieties such as anticancer drugs to more selectively and effectively penetrate solid tumors. The ability of LSTA1 and iRGD peptides to modify the TME to enhance delivery and efficacy of co-

[Index](#)

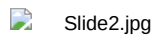
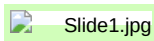


administered co-administered drugs has been demonstrated in many preclinical models in a range of solid tumors with the results from Lisata, collaborators and research groups around the world having been the subject of over 200 300 related scientific publications.

With regard to clinical development, LSTA1 is the subject of a completed Phase 1b clinical trial of 31 first-line metastatic pancreatic ductal adenocarcinoma mPDAC patients, of which 29 were evaluable. Results from the trial showed that the safety profile of the LSTA1 combination regimen was similar to standard of care ("SoC") alone with LSTA1 being well-tolerated with no-dose limiting toxicities. An Objective Response Rate ("ORR") of fifty nine percent 59% was observed, including a rare complete response, which compares favorably compared to the twenty three percent 23% ORR observed in the "MPACT" clinical trial that served as the basis for approval of nab-paclitaxel for use in combination with gemcitabine for the treatment of first line, metastatic pancreatic ductal adenocarcinoma. mPDAC (Von Hoff, et al. 2013). A Disease Control Rate ("DCR") (partial and complete responses plus stable disease) of over seventy nine percent 79% was also observed in comparison to a DCR of forty eight percent 48% observed in the MPACT trial. Reduction in the level of circulating tumor biomarker CA19-1 CA19-9 was observed in ninety six percent 96% of patients versus sixty one percent 61% in the MPACT trial. Importantly, median progression-free survival and median overall survival of nearly ten months and over thirteen months was were observed respectively, vs. versus less than six months and less than nine months, respectively, in the MPACT trial. These results have been published in The Lancet Gastroenterology and Hepatology (Dean, et al. 2022).

Additionally, LSTA1 is the subject of multiple ongoing and planned clinical trials being conducted globally in a variety of solid tumor types and in combination with several chemotherapy and immunotherapy anti-cancer regimens. The following diagram summarizes these studies.

[Index](#)



#### Ischemic Repair (CD34+ Cell Technology)

The CD34+ cell was discovered as a result of the deliberate search for a cell capable of stimulating the development and/or repair of blood vessels. All tissues in the body maintain their function by replacing cells over time. In addition to the maintenance function, the body must also be capable of building new blood vessels after injury. A CD34+ cell is an endothelial progenitor cell that has the ability to stimulate new blood vessel formation at the level of the microvasculature. No other native cell discovered to date has demonstrated this same capability.

Our proprietary cell technology using autologous (a patient's own naturally occurring) CD34+ cells has led to the development of therapeutic product candidates designed to address diseases and conditions caused by ischemia. Ischemia occurs when the supply of oxygenated blood to healthy tissue is restricted or reduced. Through the administration of CD34+ cells, we seek to promote the development and formation of new microvasculature and thereby increase blood flow to the impacted area. We believe that a number of conditions caused by underlying ischemic injury can be improved through our CD34+ cell technology, including, but not limited to, Buerger's disease, CLI, CMD, and DKD.

[Index](#)

#### XOWNA® for Treatment of Coronary Microvascular Dysfunction

In 2017, with the assistance of a \$1.9 million grant from the National Institutes of Health (Award Number R44HL135889), we initiated our program for XOWNA® for the treatment of CMD, a disease that afflicts as many as 1.6 million patients in the United States alone, with no current targeted treatment options. That study, the ESCaPE-CMD Trial, was a Phase 2a proof-of-concept, open label study that enrolled patients at the Mayo Clinic in Rochester, MN and Cedars-Sinai Medical Center in Los Angeles, CA. Those data showed a positive therapeutic effect with a statistically significant improvement in angina frequency, coronary flow reserve, Canadian Cardiovascular Society Angina Class and Seattle Angina Questionnaire scores, as well as an acceptable safety profile. The full data set from that study was presented at the SCAI 2020 Scientific Sessions Virtual Conference on May 14, 2020 by Dr. Timothy Henry, FACC, of the Christ Hospital in Cincinnati, Ohio.

In December 2020, we commenced enrollment in our Phase 2b FREEDOM Trial of XOWNA®, a double-blind, randomized, placebo-controlled clinical trial designed to further evaluate the efficacy and safety of intracoronary artery delivery of autologous CD34+ cells in subjects with Coronary Microvascular Dysfunction (CMD) and without obstructive coronary artery disease and was expected to complete enrollment in approximately 12 months. While early enrollment proceeded to plan with the first patient treated in January 2021, the COVID-19 pandemic resulted in insurmountable enrollment rate challenges and population heterogeneity. As a result, in May 2022, we announced that enrollment in the FREEDOM Trial had been suspended and that we intended to conduct an interim analysis of the data from not less than the first 20 patients enrolled using the 6-month follow-up data to evaluate the efficacy and safety of XOWNA® in subjects with CMD. Following this analysis, along with Key Opinion Leaders' input, we determined that execution of a redesigned FREEDOM-like trial would be the appropriate next step, but the cost of such a trial would be prohibitively expensive to undergo without a strategic partner. Accordingly, our board of directors concluded that XOWNA® development will only be continued if a strategic partner that can contribute the necessary capital for a redesigned trial is identified and secured. There can be no assurance that we will be able to identify such a partner and enter into an agreement with such partner on acceptable terms or at all.

#### HONEDRA® for Treatment of Critical Limb Ischemia



Our randomized, open-label, registration-eligible study of HONEDRA® in Japan for the treatment of CLI and Buerger's disease has, to date, demonstrated positive trends in both safety and efficacy. The HONEDRA® study's enrollment, however, has been significantly curtailed by the COVID-19 pandemic's impact in Japan, including the States of Emergency in Japan that have persisted for much of 2020, 2021, and 2022. Due to the significant and continued operational and financial burden incurred as a result of these COVID-19 delays, coupled with the unpredictability of the timing of site enrollment re-initiation, we suspended further enrollment in the fourth quarter of 2021. Following study suspension, we completed all protocol-defined patient observations and are preparing the clinical study report. HONEDRA® is now in the pre-consultation phase of the registration process with the Pharmaceuticals and Medical Devices Agency ("PMDA") in Japan. Data from the follow-up of all patients completed in the registration-eligible clinical trial in Japan has been compiled and are being reviewed by the PMDA after which the PMDA is expected to provide important perspective to be considered in preparation for the formal consultation meetings which precede the Japanese new drug application. If successful in the pre-consultation process, we expect formal clinical consultation to occur during 2023. In the meantime, we are focusing our efforts on consummating a partnership for the product in Japan. Such a partnership may become the basis for the completion of development and registration of HONEDRA® in Japan and, eventually commercialization of the product in that country. Despite receipt of orphan designation from the FDA in March 2021 in the United States for LSTA12 as a potential treatment for Buerger's disease, based on a response from the FDA in October 2021 regarding a development plan for U.S. registration, we have decided not to pursue U.S. development in Buerger's disease.

#### **LSTA201 for Treatment of Diabetic Kidney Disease**

Progressive kidney failure is associated with attrition of the microcirculation of the kidney. Pre-clinical studies in kidney disease and injury models have demonstrated that protection or replenishment of the microcirculation results in improved kidney function. Based on these observations, we elected to move forward with a Phase 1b, open-label, proof-of-concept trial evaluating LSTA201 dosed via intra-renal artery injections in subjects with DKD. This protocol included six subjects in total with the first two subjects sequentially dosed and followed for a two-week safety observation period. Clearance by an independent Data Safety Monitoring Board ("DSMB") overseeing the study then permitted the treatment of the next four patients, with all patients being followed for safety and therapeutic effect. A read-out of data will occur after the six-month follow-up visit for all patients. A key criterion for continued development of LSTA201 will be our ability to demonstrate a therapeutic effect that will make it competitive in the field of DKD treatment, i.e., kidney function regeneration, as indicated by increased glomerular filtration rate. The Company treated the first patient in the LSTA201 proof-of-concept study in April 2022 and completed treatment for all six subjects during the third quarter of 2022. Top line results, which were reported on February 6, 2023, showed that LSTA201 was safe and well-tolerated by patients with no serious adverse events related to the therapy. However, patients experienced no consistent increase in Glomerular Filtration Rate. Nevertheless, based on input from the study's principal investigator/key opinion leader, the Company believes there is still the potential for use of CD34+ cell therapy

[Index](#)

for the treatment of DKD. However, further development of LSTA201 would require significantly larger studies and capital investment. Thus, LSTA201 development will only be continued if a strategic partner that can contribute the necessary capital for future development is identified.

#### **TECHNOLOGY COLLABORATION AND OUT-LICENSING OPPORTUNITIES**

##### **Pancreatic Cancer & Advanced Solid Tumors (LSTA1: CendR Platform™)**

Our lead investigational drug candidate from the CendR Platform™, LSTA1, may hold holds broader potential to be combined as a co-administration treatment with an array of anti-cancer agents to benefit solid tumor cancer patients. We will patients and we seek to collaborate with chemotherapy, targeted- targeted and immuno-therapy developers, in addition to our clinical collaboration with Roche/Genentech that plans to combine that company's checkpoint inhibitor immunotherapy Tecentriq (atezolizumab) with the LSTA1/gemcitabine/nab-paclitaxel treatment regimen for treatment of pancreatic cancer. developers. The Company plans to enter partnerships to exploit the CendR Platform™ for applications to enhance or enable effective treatment of solid tumor cancers across a range of treatment modalities, including modalities. These include but are not limited to nucleic acid-based treatments such as antisense, siRNA, mRNA and gene editing approaches, immunotherapies such as adoptive cell immunotherapy as well as immune checkpoint inhibitors, and additional targeted therapy treatments for solid tumor cancer applications.

##### Intellectual Property Platform

Our developed and owned LSTA1 and CendR Platform™ patent portfolio comprises the following:

- Two Three pending patent applications in the United States;
- Thirteen Fourteen pending patent applications outside the United States; and
- Pending claims covering, inter alia, methods for reducing the volume of a tumor using LSTA1 in combination with at least one anti-cancer agent or therapy; methods of treating pancreatic cancer using LSTA1 in combination with gemcitabine and/or nab-paclitaxel and treating tumors with iRGD and a cytokine.

##### **Product Opportunity for Pancreatic ductal adenocarcinoma (PDAC)**

In the United States, there are approximately 62,000 64,000 new cases of pancreatic cancer diagnosed annually. Outside of the United States, there are an additional 434,000 annual pancreatic cancer diagnoses. Pancreatic ductal adenocarcinoma (PDAC) PDAC accounts for more than 80% of all pancreatic cancer cases, so worldwide, nearly 397,000 annual incidences of PDAC are diagnosed. Further, PDAC is one of the most aggressive and lethal malignancies, with a 5-year survival rate of 11%, resulting in approximately 50,000 deaths annually in the United States alone. Moreover, on a global scale, pancreatic cancer results in over 466,000 deaths per year.

##### **Ischemic Repair (CD34+ Cell Technology)**

Our CD34+ Cell Technology is an autologous cell platform technology with potential application to a broad array of ischemic conditions and we will seek to out-license the technology in geographies and/or indications in which we do not intend to pursue development ourselves.

##### Intellectual Property Platform

Our developed and owned ischemic repair patent portfolio comprises the following:

- a. Nine U.S. patents, three European Union ("EU") patents (each filed in four individual countries) and fourteen other patents in the United Kingdom, Japan, Canada, and Russia;
- b. Claims cover, *inter alia*, a pharmaceutical composition that contains a therapeutic concentration of non-expanded CD34+ stem cells that move in response to SDF-1 or VEGF, together with a stabilizing amount of serum, that can be delivered to repair an injury caused by vascular insufficiency;
- c. Issued claims can be applied to a broad range of conditions caused by underlying ischemia, including acute myocardial infarction, chronic myocardial ischemia post-AMI, chronic heart failure, critical limb ischemia, and ischemic brain injury and DKD.

[Index](#)

#### Market Opportunity for CLI

In Japan, there are approximately 300,000 patients with CLI, of whom approximately 51,000 are not candidates for revascularization, together with an addressable population of approximately 560,000 patients in the EU and 300,000 in the United States.

The field of cardiovascular cell therapy development is competitive. There are a number of companies that are developing cell-based therapies for ischemic diseases. These companies are utilizing a number of different therapeutic approaches in their development efforts. There are both autologous and allogeneic based competitive therapies that derive cells principally from four sources: fat, peripheral blood, cord blood, and bone marrow. HONEDRA® is an autologous cell therapy that derives its cells from the peripheral blood of the patient via apheresis.

#### Market Opportunity for CMD

In the United States there is an addressable population of approximately 400,000 to 1,600,000 patients with CMD, while the addressable population is roughly 1,200,000 to 4,800,000 in the EU and between 43,000 and 166,000 in Japan.

#### Market Opportunity for DKD

In the United States, stage 3 and 4 DKD patients represent an addressable population of approximately 7,000,000 and there is an estimated addressable population of 12,000,000 patients in the EU.

#### SEASONALITY

We do not believe that our operations are seasonal in nature.

#### GOVERNMENT REGULATION

The healthcare industry is one of the most highly regulated industries in the United States and abroad. Various governmental regulatory authorities, as well as private accreditation organizations, oversee and monitor the activities of individuals and businesses engaged in the development, manufacture and delivery of health care products and services. The following is a general description of certain current laws and regulations that are relevant to our business:

##### U.S. Government Regulation

##### **Premarket Review and Approval of Pharmaceutical and Biological Products in the United States**

Pharmaceutical and biological products including cellular therapies, are subject to extensive pre- and post-market regulation by the FDA U.S. Food and Drug Administration (the "FDA") and other global agencies. For example, the Federal Food, Drug, and Cosmetic Act ("FD&C Act") and other federal and state statutes and regulations, govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion and marketing, distribution, post-approval monitoring and reporting, sampling, and import and export of pharmaceutical products including biological products, intended for therapeutic uses. Biological products are Before being marketed in the United States, pharmaceuticals must be reviewed and approved for marketing under provisions of by the Public Health Service Act ("PHS Act"). However, biological products that also meet the definition of "drugs" under the FD&C Act are also subject to regulation under FD&C Act provisions and to applicable provisions from two sets of implementing regulations, those for biological products and those for drugs. Another distinction between pharmaceuticals and cellular therapies is that the PHS Act requires the submission of a Biological Licensing Application ("BLA"), rather than FDA via a New Drug Application ("NDA"), for market authorization of a cellular therapy candidate like ours. Generally, the application process and requirements for product approval under BLA is similar to those for an NDA, and the review process for biological products is associated with similar approval risks and application costs as for chemical entity drug products.

Failure to comply with applicable requirements may subject a company to a variety of administrative or judicial sanctions, by the FDA and other global agencies, such as the issuance of a clinical hold, refusal to approve pending NDAs or BLAs, NDA supplements, withdrawal of an approval, issuance of warning letters and other types of enforcement letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement of profits, or civil or criminal investigations and penalties brought by the FDA and the Department of Justice, or DOJ, or other global governmental entities. Under certain circumstances, individual members of company management may also be subject to civil or criminal penalties related to company violations of applicable legal requirements.

An applicant seeking approval to market and distribute a new pharmaceutical or biological product in the United States typically must undertake the following:

[Index](#)

- completion of preclinical laboratory tests, animal studies and formulation studies in compliance with the good laboratory practice or GLP regulations;

[Index](#)

- submission to a health authority of an **IND or clinical trial investigational new drug** application ("CTA" **IND**"), which includes the detailed clinical protocol **which and** must take effect before human clinical trials can commence;
- approval of the clinical trial protocol and the sponsor's safeguards for human subjects by one or more institutional review boards, or "IRBs," depending on the numbers of clinical sites and other features of the study design, before each clinical trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with good clinical practices, or "GCPs," to establish the safety and efficacy of the proposed drug **or biological** product for each proposed indication for which regulatory approval is sought;
- satisfactory completion of regulatory audits of the Sponsor, clinical research organizations, or clinical trial sites to assure compliance with GCPs and the integrity of the clinical data;
- preparation and submission to a health authority of an **NDA or BLA or MAA, as appropriate; NDA;**
- review of the product by a regulatory advisory committee, where appropriate or if applicable, as determined by the FDA at its discretion;
- satisfactory completion of one or more regulatory inspections of the manufacturing facility or facilities at which the product, or components thereof, are produced to assess compliance with the regulations establishing current Good Manufacturing Practices, or "cGMPs," and **current Good Tissue Practices or "cGTPs" (if applicable), and** to assure that the facilities, methods and controls used for the manufacture, processing and packing of the drug **or biological** product are adequate to preserve the product's identity, strength, quality and purity; and
- payment of applicable user fees and securing regulatory approval of the **NDA or BLA or MAA, NDA.**

Satisfaction of regulatory pre-market approval requirements typically takes many years and the actual time required may vary substantially based upon the type, complexity and novelty of the product or disease. Moreover, submission of an **IND or CTA** may not result in authorization to initiate a clinical trial if the **regulator FDA** raises concerns or questions about the design of the clinical trial or the **preclinical non-clinical** or manufacturing information supporting it, including concerns that human research subjects will be exposed to unreasonable health risks. A separate submission to an existing **IND or separate CTA** must also be made for each successive clinical trial conducted during product development. After a trial is initiated, **a regulator the FDA or the IRB overseeing the trial** may order the temporary or permanent discontinuation of a clinical trial at any time, or impose other sanctions, if it believes that the clinical trial is not being conducted in accordance with applicable requirements or presents an unacceptable risk to the clinical trial patients.

Clinical trials involve the administration of the investigational new drug to healthy volunteers or patients under the supervision of **a one or more** qualified **investigator, investigators**. Clinical trials must be conducted in compliance with federal regulations and GCPs, which are meant to protect the rights and health of patients and to define the roles of clinical trial sponsors, administrators, and monitors. In addition, sponsors of most clinical trials involving regulated products, including drugs and biologics, are required to register and disclose certain clinical trial information on a public registry and results database managed by the National Institutes of Health called ClinicalTrials.gov. Registration information that must be submitted includes information related to the product, patient population, phase of investigation, study sites and investigators, and other aspects of the clinical trial. Sponsors are also obligated to disclose the results of their clinical trials after completion. Competitors may use this publicly available information to gain knowledge regarding the progress of development programs. Failure to comply with applicable clinical trial registration or results reporting obligations can result in civil monetary penalties or the withholding of grant funds from a federally funded grantee.

Clinical trials for marketing approval are typically conducted in three sequential phases, but the phases may overlap or may be combined. Under certain circumstances, a fourth post-approval phase may be required.

- **Phase 1:** Trials in this phase are initially conducted in a limited population of healthy volunteers to test the product candidate for safety, dose tolerance, absorption, metabolism, distribution and excretion in healthy humans or, on occasion, in patients, such as cancer patients, when the **investigational drug or biologic** is too toxic to be ethically given to healthy individuals.
- **Phase 2:** These clinical trials are generally conducted in a limited patient population to determine the presence and approximate magnitude of therapeutic effect of the product **candidate** for specific targeted indications and to identify appropriate therapeutic dose and dose frequency as well as any corresponding additional possible adverse effects and

[Index](#)

safety risks. Multiple Phase 2 clinical trials may be conducted by the sponsor to obtain information prior to beginning larger and more expensive Phase 3 clinical trials.

[Index](#)

- **Phase 3:** These are commonly referred to as pivotal or registration studies. When Phase 2 evaluations demonstrate that a dose range of the product **candidate** is effective and has an acceptable safety profile, Phase 3 clinical trials are typically undertaken in a larger patient population to further evaluate dosage, to provide substantial evidence of clinical efficacy and to further test for safety in an expanded and diverse patient population at multiple and geographically-dispersed clinical trial sites. In most cases, the FDA requires two adequate and well-controlled Phase 3 clinical trials to demonstrate the efficacy of the drug **or biologic** as a requirement for marketing authorization.
- **Phase 4:** In some cases, the FDA may condition approval of an **NDA or BLA** for a product candidate on the sponsor's agreement to conduct additional clinical trials after **NDA or BLA** approval. In other cases, a sponsor may voluntarily carry out additional trials post approval to gain more information about the drug **or biologic, product.**

Congress also recently amended the FD&C Act to require sponsors of a Phase 3 clinical trial, or other "pivotal study" of a new drug to support marketing authorization, to design and submit a diversity action plan for such clinical trial. The action plan must include the sponsor's diversity goals for enrollment, as well as a rationale for the goals and a description of how the sponsor will meet them. Sponsors must submit a diversity action plan to the FDA by the time the sponsor submits the relevant clinical trial protocol to the agency for review. The FDA may grant a waiver for some or all of the requirements for a diversity action plan. It is unknown at this time how the diversity action plan may affect Phase 3 trial planning and timing or what specific information FDA will expect in such plans, but if the FDA objects to a sponsor's diversity action plan or otherwise requires significant changes to be made, it could delay initiation of the relevant clinical trial.

#### **Submission and FDA Review of an NDA BLA or MAA**

Assuming successful completion of the all required clinical testing in accordance with applicable regulatory requirements, the results of the preclinical studies and clinical trials, together with detailed information relating to the product's chemistry, manufacture, controls and proposed labeling, among other things, are submitted as part of an NDA/BLA/MAA NDA seeking approval to market the drug product for one or more indications. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and efficacy of the product candidate for its intended use(s) to the satisfaction of the FDA. Approval of the NDA/BLA/MAA NDA is required before marketing of the product may begin. The cost of preparing and submitting an NDA/BLA/MAA NDA is substantial. Most NDA/BLA/MAA NDA submissions are additionally subject to a substantial application user fee. The current fee, unless a fee waiver or reduction applies. Reduced or waived fees are available in the United States for fiscal year 2023 is \$3,242,026 (some small businesses may qualify for certain circumstances, such as where a waiver under certain circumstances) and is necessary to protect the public health, where the fee would present a significant barrier to innovation, or where the applicant is a small business submitting its first human therapeutic application for review. The FD&C Act also imposes an annual program fee currently \$393,933, must also be paid for each approved marketed prescription drug or biological product. products. These fees are typically adjusted annually.

Most regulators have a defined time frame from receipt FDA has 60 days after submission of an NDA/BLA/MAA NDA to conduct a preliminary review in order to determine whether the application will be accepted for filing based on the Agency's threshold determination that the application is sufficiently complete to permit substantive review. Once the submission is accepted for filing, the regulator FDA begins an in-depth review. If the application is not sufficiently complete, the regulator may issue a Refusal to File, or RTF, letter, although some regulators may permit letter. In this event, the application must be resubmitted with the additional information and the resubmitted application is also subject to review before FDA accepts it for filing. FDA has ten months from the filing date in which to complete its review of a new molecular-entity ("NME") NDA and respond to the applicant, and six months from the filing date of an applicant to correct certain easily correctable deficiencies before filing without taking an official RTF action. Under certain NME NDA designated for priority review. For non-NME NDAs, the review performance goals to which are ten months from the agencies have agreed, most applications date of receipt for a standard application and six months from the date of receipt for a priority submission. The FDA does not always meet its goal dates for standard and priority NDAs, and the review of drug process is often extended by FDA requests for additional information or biological products are reviewed within ten to twelve months, and most applications for priority review drugs or biologics are reviewed within six to eight months. If clarification. In addition, if a sponsor submits a major amendment to a filed NDA/BLA/MAA NDA at any time during the review cycle, the regulator FDA may extend these reviews. Priority review can be applied to drugs or biologics that, in the regulator's determination, offer major advances in treatment or provide a treatment goal dates for a disease or condition for which no adequate therapy exists. Priority review requests must be submitted in conjunction with the original NDA/BLA/MAA for which the sponsor is seeking the designation, and the regulator decision will be made in conjunction with its official action to file the application and begin the substantive review process. review.

Before approving an NDA/BLA/MAA, NDA, the regulator FDA will typically inspect one or more clinical trial sites to ensure compliance with GCPs. Additionally, the regulator FDA will also inspect the facility or the facilities at which the drug is manufactured. These pre-approval inspections cover all facilities associated with an NDA/BLA/MAA NDA submission, including drug component manufacturing (such as active pharmaceutical ingredients), finished drug product manufacturing, and control testing laboratories. The regulator FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with applicable cGMP and cGTP requirements and are adequate to assure consistent production of the drug or biological product within required specifications and the NDA. To ensure cGMP and GCP compliance by its employees and third-party contractors, an applicant must incur significant expenditure of time, money and effort in the areas of training, record keeping, production and quality control.

During its review of an NDA, or BLA contains data that provide substantial evidence that the drug or biologic is safe and effective for the proposed indication.

The regulator FDA may also refer applications for novel drug or biological products, or drug or biological products that present difficult questions of safety or efficacy, to an advisory committee typically a panel that includes of independent clinicians and other scientific experts, for

[Index](#)

review, evaluation, and a recommendation as to whether the application should be approved. approved and under what conditions. The FDA is not bound by the recommendation of an advisory committee, but the regulator will carefully consider them. Data from clinical trials are not always conclusive, and FDA or its advisory committee may interpret data differently than the NDA applicant interprets the same data. FDA may also re-analyze the clinical trial data, which could result in extensive discussions between FDA and the applicant during the review process.

After the regulator FDA fully evaluates the NDA/BLA/MAA NDA and the relevant manufacturing facilities, the regulator FDA will issue either an approval/licensure approval letter or a complete response letter ("CRL"). A CRL indicates that the review cycle of the application is complete and the application will not be approved in its present form. A CRL generally outlines the deficiencies in the submission and may require substantial additional testing or information in order for the regulator FDA to reconsider the application. If a CRL is issued, the applicant may either resubmit the NDA, addressing all of the deficiencies identified in the letter, or withdraw the application. If and when those deficiencies have been addressed to the regulator's FDA's satisfaction in a resubmitted NDA/BLA/MAA, NDA, the regulator FDA will issue an approval letter. Regulators generally commit letter to the applicant. FDA has committed to reviewing such resubmissions within a specified time frame, in response to an issued CRL in either two or six months depending on the type of information being provided to address the deficiencies in the CRL. Even with the submission of this additional information, however, the regulator FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

If the regulator Even if FDA approves a drug or biological product for marketing, it may limit the approved indications for use for the product; require that contraindications, warnings or precautions be included in the product labeling; require that post-approval

[Index](#)

studies, including Phase 4 clinical trials, be conducted to further assess the drug's safety after approval; require testing and surveillance programs to monitor the product after commercialization; or impose other conditions, including distribution restrictions or other risk management mechanisms, such as a risk evaluation and mitigation strategy or "REMS," "REMS," which can materially affect the potential market and profitability of the product. The regulator FDA may also limit further marketing of a product or withdraw the marketing approval, based on results of post-market studies or surveillance programs. After approval, many types of changes to the approved product, such as adding new indications or patient populations, making certain types of manufacturing changes or seeking to make additional labeling claims, are subject to further testing requirements and regulator FDA review and approval.

One potential condition of approval is that the regulator FDA may require an applicant to develop a REMS if it determines that a REMS is necessary to manage real or perceived ensure that the benefits of the drug outweigh its risks and to assure the safe use of the product. To determine whether a REMS is needed, the regulator FDA will consider the size of the population likely to use the product, seriousness of the disease, expected benefit of the product, expected duration of treatment, seriousness of known or potential adverse events, and whether the product is a new molecular entity. REMS requirements are tailored to the specific risk/benefit profile of a drug and can include requirements such as medication guides for patients, detailed communication plans for health care professionals, and elements to assure safe use, or "ETASU." ETASU may include, but are is not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, restricted distribution, and the use of patient registries. The regulator FDA may require a REMS as a condition of approval or may add such a requirement at any point post-approval if it becomes aware of a serious risk associated with use of the product. The requirement for a REMS and the specific components that are involved can materially affect the potential market and profitability of a an approved drug product. If the regulator FDA concludes a REMS plan is needed, the sponsor of the NDA or BLA must submit a proposed REMS. REMS plan to the FDA for review. The regulator FDA will not approve an NDA without a REMS, if required.

#### **Expedited Review Programs (Fast Track, Breakthrough RMAT) and Accelerated Approval Pathways Priority Review Designations)**

The regulator FDA is authorized to facilitate the development and expedite the review of certain drugs or biologics that are intended for the treatment of a serious or life-threatening disease or condition for which there is no effective treatment, and which demonstrate the potential to address unmet medical needs for the condition. Under For example, under the FDA's Fast Track Program, the sponsor of an IND for a drug candidate may request that the regulator FDA designate the drug candidate for a specific indication as a Fast Track drug concurrent with, or after, the submission of the IND for the drug candidate. The regulator FDA must determine if the drug candidate qualifies for Fast Track designation within 60 days of receipt of the sponsor's request. In addition to other benefits such as the ability to engage in more frequent interactions with the regulator, FDA, the regulator FDA may initiate review of sections of a Fast Track drug's NDA or BLA before the application is complete. This "rolling review" is available if the applicant provides, and the regulator FDA approves, a schedule for the submission of the remaining information and the applicant pays applicable user fees. The regulator's time period goal for reviewing an application, however, does not begin until the last section of the NDA/BLA is submitted. Additionally, the Fast Track designation

In addition, drug product candidates may be withdrawn designated by FDA as "breakthrough therapies" upon a request made by the regulator if the regulator believes that the designation IND sponsors. A breakthrough therapy is no longer supported by data emerging in the clinical trial process.

Separately, under the regulator's accelerated (conditional) approval regulations, the regulator may approve defined as a drug for that is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening illness disease or condition, and preliminary clinical evidence indicates that provides the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Drugs designated as breakthrough therapies may also be eligible for accelerated approval of their respective marketing applications. FDA must take certain actions with respect to breakthrough therapies, such as holding timely meetings with and providing advice to the product sponsor, intended to expedite the development and review of an application for approval of a breakthrough therapy.

[Index](#)

Finally, FDA may designate a product for priority review if it is a drug that treats a serious condition and, if approved, would provide a significant improvement in safety or effectiveness. FDA determines at the time that the marketing application is submitted, on a case-by-case basis, whether the proposed drug represents a significant improvement in treatment, prevention or diagnosis of disease when compared with other available therapies. Significant improvement may be illustrated by evidence of increased effectiveness in the treatment of a condition, elimination or substantial reduction of a treatment-limiting drug reaction, documented enhancement of patient compliance that may lead to improvement in serious outcomes, or evidence of safety and effectiveness in a new subpopulation. A priority review designation is intended to direct overall attention and resources to the evaluation of such applications, and to shorten FDA's goal for taking action on a marketing application from ten months to six months for an NME NDA from the date of filing.

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

#### **Accelerated Approval Pathway**

In addition, products studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit to patients beyond over existing treatments based upon may receive accelerated approval from FDA and may be approved on the basis of adequate and well-controlled clinical trials establishing that the drug product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or benefit. FDA may also grant accelerated approval for such a drug when the product has an effect on a an intermediate clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality, or IMM, and that is reasonably likely to predict an effect on irreversible morbidity or mortality IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments.

In As a condition of approval, FDA may require that a sponsor of a drug receiving accelerated approval perform post-marketing clinical trials to verify and describe the predicted effect on IMM or other clinical endpoint, and the product may be subject to expedited withdrawal procedures. Drugs granted accelerated approval must meet the same statutory standards for safety and effectiveness as those granted traditional approval. Further, all promotional materials for product candidates being considered and approved under the accelerated approval program are subject to prior review by the FDA.

For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of laboratory or clinical signs of a disease or condition that substitutes for a direct measurement of how a patient feels,



functions or survives, benefit. Surrogate endpoints can often be measured more easily or more rapidly than clinical endpoints. An intermediate clinical endpoint is a measurement of a therapeutic effect that is considered reasonably likely to predict the clinical benefit of a drug, such as an effect on IMM. FDA has limited experience with accelerated approvals based on intermediate clinical endpoints, but has indicated that such endpoints generally may support accelerated approval when the therapeutic effect measured by the endpoint is not itself a clinical benefit and basis for traditional approval, if there is a basis for concluding that the therapeutic effect is reasonably likely to predict the ultimate long-term clinical benefit of a drug.

The accelerated approval pathway is most often used in settings in which the course of a disease is long and an extended period of time is required to measure the intended clinical benefit of a drug, even if the effect on the surrogate or intermediate clinical endpoint occurs rapidly. For example, accelerated approval has been used extensively in the development and approval of drugs for treatment of a variety of cancers in which the goal of therapy is generally to improve survival or decrease morbidity and the duration of the typical disease course requires lengthy and sometimes large clinical trials to demonstrate a clinical or survival benefit.

The accelerated approval pathway is usually contingent on a sponsor's agreement to conduct, in a diligent manner, additional post-approval confirmatory studies to verify and describe the drug's clinical benefit. As a result, a product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of Phase 4 or post-approval clinical trials to confirm the effect on the clinical endpoint. In addition, as part of the Consolidated Appropriations Act for 2023, Congress provided FDA additional statutory authority to mitigate potential risks to patients from continued marketing of ineffective drugs previously granted accelerated approval. Under these recent amendments to the FD&C Act, the agency may require a sponsor of a product granted accelerated approval to have a confirmatory trial underway prior to approval. The sponsor must also submit progress reports on a confirmatory trial every six months until the trial is complete, and such reports will be published on the FDA's website. Failure to conduct required post-approval studies, or to confirm a predicted clinical benefit of the product during post-marketing studies, will allow the regulator FDA to withdraw approval of the drug. Congress also recently amended the law to give FDA the option of using expedited procedures to withdraw product approval if the sponsor's confirmatory trial fails to verify the claimed clinical benefits of the product. Prior to the recent statutory amendments enacted by Congress, several oncology sponsors voluntarily withdrew specific indications for their drug such products that were being marketed pursuant to accelerated approval, is also referred to as U.S. "conditional" approval. Products granted and the FDA's Oncology Center of Excellence launched an initiative called Project Confirm, aimed at promoting transparency in the area of accelerated approval also are subject to additional requirements approvals for the pre-dissemination review by the regulator of proposed promotional materials both during the NDA review process and for 120 days after marketing approval.

In addition to the above, the regulator may designate an investigational product as a Breakthrough Therapy or as a Regenerative Medicine Advanced Therapy ("RMAT"), depending on the type of investigational product and its ability to meet applicable eligibility criteria. Breakthrough Therapy designation is a process designed to expedite the development and review of drugs that are intended to treat a serious condition and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over available therapy on a clinically significant endpoint(s). The RMAT designation requires similar eligibility criteria to be met, but it is available only to cell therapies, tissue therapies, and other products that meet the statutory definition of a "regenerative medicine therapy." Specifically, a biological product is eligible for RMAT oncology

[Index](#)

designation if: (a) indications. Scrutiny of the product candidate accelerated approval pathway is a regenerative medicine therapy, which is defined likely to continue in the FD&C Act as a cell therapy, therapeutic tissue engineering product, human cell coming years and tissue product, may lead to further legislative and/or any combination product using such therapies or products, except for those regulated solely under administrative changes in the PHS Act (that is, excluding those biological products that are not also regulated as "drugs" under the FD&C Act); (b) the product candidate is intended to treat, modify, reverse, or cure a serious or life-threatening disease or condition; and (c) preliminary clinical evidence indicates that the product candidate has the potential to address unmet medical needs for such disease or condition. Both Breakthrough Therapy and RMAT designations are intended to help accelerate product development by allowing more frequent interactions with the regulator and receiving intensive regulator guidance on drug development, future.

#### Pediatric Information

Under the Pediatric Research Equity Act ("PREA"), NDAs or BLAs or supplements to NDAs or BLAs must contain data that are adequate to assess the safety and effectiveness of the drug or biologic for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the drug is safe and effective. Sponsors must also submit pediatric trial plans and those plans must contain an outline of the proposed pediatric trial or trials the applicant plans to conduct, including trial objectives and design, any deferral or waiver requests and other information required by regulation. The applicant, the regulator, FDA, and the regulator's FDA's internal review committee must then review the information submitted, consult with each other, and agree upon a final plan. The regulator FDA or the applicant may request an amendment to the plan at any time. The regulator FDA may grant full or partial waivers or deferrals by age group for submission of data. In addition, FDA is required to send a PREA Non-Compliance letter to sponsors who have failed to submit their pediatric assessments required under PREA, have failed to seek or obtain a deferral or deferral extension or have failed to request approval for a required pediatric formulation, and FDA publicly posts such PREA Non-Compliance letters and sponsor's response. Unless otherwise required by regulation, the pediatric data requirements do not apply to products with orphan designation, although the regulator FDA has recently taken steps to limit what it considers abuse of this statutory exemption in PREA by announcing that it does not intend to grant any additional orphan drug designations for rare pediatric subpopulations of what is otherwise a common disease. Waiver of pediatric data requirements also does not apply to anti-cancer therapies in cases where the molecular target is found in pediatric tumors.

The Best Pharmaceuticals for Children Act ("BPCA") provides approved NDA and BLA holders a six-month extension of any exclusivity that attaches to the end of all existing marketing exclusivities and listed patents for the drug or biologic drug. Conditions for exclusivity include the regulator's FDA's determination that information relating to the use of a new drug or biologic in the pediatric population may produce health benefits in that population, the regulator FDA making a written request for pediatric studies, and the applicant agreeing to perform, and reporting on, the requested studies within the statutory timeframe. The data do not need to show the product to be effective in the pediatric population studied; rather, if the clinical trial is deemed to fairly respond to the regulator's FDA's written request, the additional protection is granted. If reports of requested pediatric studies are submitted to and accepted by the regulator FDA within the statutory time limits, whatever statutory or regulatory periods of exclusivity or patent protection cover the product are extended by six months. Applications under the BPCA are treated as priority applications, with all of the benefits that designation confers. FDA's issuance of a written request for pediatric studies does not require the sponsor to undertake the described trials.

Congress periodically considers enacting new incentives or mandates applicable to pediatric drug development, and the regulatory requirements applicable to pediatric drug developers may change in the future. For example, bipartisan legislation introduced in 2023 in the House of Representatives would increase funding for pediatric trials; mandate that drugs for rare diseases be studied in children; and grant FDA authority to assess penalties against companies that do not complete required pediatric studies.

## Orphan Drugs

Under the Orphan Drug Act, the **regulator** **FDA** may designate a candidate as an orphan drug if it is intended to treat a rare disease or condition, **(generally meaning which is generally a disease or condition that it affects either (i) fewer than 200,000 individuals in the United States or (ii) more than 200,000 individuals in the United States but there is no reasonable expectation that the cost of developing and making such a product available for this type of disease or condition will be recovered from sales in the United States from the product.** Orphan drug designation must be requested by an applicant before submitting an NDA **or BLA** for the relevant drug candidate. **If the regulator** **After FDA** grants orphan drug designation, **the regulator** **it** will publicly disclose the generic identity of the drug candidate and its potential orphan use. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

If a product with orphan status receives the first **regulator** **regulatory** approval for the disease or condition for which it has such designation, the product generally will receive orphan drug exclusivity. Orphan drug exclusivity means that the **regulator** **FDA** may not approve any other applications for the same product for the same indication for seven years, except in certain limited circumstances **comprising methods by which (such as a second sponsor can demonstrate showing of clinical superiority of its drug in comparison to the first approved drug with orphan drug. Regardless exclusivity by means of the orphan drug designation, greater effectiveness, greater safety, or providing a major contribution to patient care).** However, a competitor may receive **regulator** **regulatory** approval for a different product (i.e., a different therapeutic agent from the orphan drug) for the same indication for which the orphan product has exclusivity and may obtain approval for the same product (i.e., the same therapeutic agent as the orphan drug) but for a different indication. If a designated orphan drug ultimately receives marketing approval for an indication broader than what was described in its orphan drug designation request, it may not be entitled to exclusivity under the Orphan Drug Act. **Recent court cases have challenged FDA's approach to determining the scope of orphan drug exclusivity; however, at this time the Agency**

[Index](#)

continues to apply its long-standing interpretation of the governing regulations and has stated that it does not plan to change any orphan drug implementing regulations.

Among the other benefits of orphan drug designation, the sponsor receives a waiver of the NDA **or BLA** application user fee and is eligible for tax credits for certain research. The current tax credit regulation allows companies to claim up to 25% of the qualified clinical testing expenses in the current year and three prior years to offset their investment in rare (orphan) conditions.

## Rare Pediatric Disease Designations

Under Section 529 of the FD&C Act, FDA can grant a Rare Pediatric Disease Designation ("RPDD") to a drug intended to prevent or treat a rare pediatric disease, defined as a serious or life-threatening disease that primarily affects patients from birth to 18 years of age and with a prevalence of less than 200,000 in the United States. RPDD requests should be made by the sponsor at any time prior to the submission of an NDA.

FDA can award priority review vouchers ("PRVs") to sponsors of rare pediatric disease product applications that meet certain criteria. Under this program, a sponsor who receives an approval for a drug that has been granted an RPDD may qualify for such a voucher, which can be redeemed to receive a priority review of a subsequent marketing application for a different product. Upon submitting a marketing application with a PRV, the sponsor is required to pay a separate user fee that is assessed in addition to the typical application user fee (if no waiver or exemption applies); the fee for redeeming a PRV is also adjusted each fiscal year. For fiscal 2024 that additional user fee is over \$1.3 million.

A PRV is transferrable and may be sold to other companies who wish to obtain a priority review for a future new drug or biological product marketing application.

In 2020, the Rare Pediatric Disease Priority Review Voucher Program was extended by Congress. Under the current statutory sunset provisions, after September 30, 2024, FDA may only award a voucher for an approved rare pediatric disease product application if the sponsor has RPDD for the drug, and that designation was granted by September 30, 2024. After September 30, 2026, FDA may not award any rare pediatric disease PRVs unless the program is extended. Congress will need to take action to further extend FDA's authority to administer this program, either in the context of the five-year FDA user fee reauthorization cycle (which is expected to take place in 2027) or sooner through another legislative vehicle, otherwise it will terminate entirely after September 2026.

## Post-Approval Requirements

**Drugs** Following approval, drug products and biological products manufactured, marketed or distributed pursuant to regulator approval decisions their manufacturers are subject to pervasive and continuing regulation by the **regulator**, **FDA** including, among other things, requirements relating to **recordkeeping**.

[Index](#)

periodic reporting, product sampling monitoring and distribution, advertising and promotion, and recordkeeping, reporting of adverse experiences with the product. After approval, most changes product, product sampling and distribution restrictions, and complying with advertising and promotion requirements, which include restrictions on promoting drugs for unapproved uses or patient populations (i.e., "off-label use") and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. If there are any modifications to the approved product, such as including changes in indications, labeling or manufacturing changes processes or adding facilities, the applicant may be required to submit and obtain FDA approval of a new indications NDA or other labeling claims, are subject NDA supplement, which may require the applicant to regulator review develop additional data or conduct additional non-clinical studies and approval before they can be implemented. There also are continuing, annual program fee requirements for any marketed, approved prescription products, as well as new application fees for supplemental applications. clinical trials.

In addition, Further, drug manufacturers and other entities involved in the manufacture of approved drugs are required to register their facilities with the **regulator** **FDA** and state agencies and are subject to periodic unannounced inspections by the **regulator** for compliance with cGMP/cGTP cGMP requirements. Prescription drug distribution facilities are also subject to state licensure, including inspections, by the relevant local regulatory authority. Changes to the manufacturing process, specifications or container closure system for an approved drug or biologic are strictly regulated and often require prior **regulator** **regulatory** approval before being implemented. Regulations also require investigation and correction of any deviations from cGMP or cGTP and impose reporting and documentation requirements upon the sponsor and others involved in the product's manufacturing process. We rely, and expect to continue to rely, on third parties for the production of clinical and commercial quantities of our products in accordance with cGMP regulations. These



manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP/cGTP cGMP compliance and ensure ongoing compliance with other statutory requirements the FD&C Act, such as the requirements for making manufacturing changes to an approved NDA or BLA, Act.

Even after a new drug or biologic approval is granted, the regulator FDA may withdraw that approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. If a previously unknown problem, including adverse events of unanticipated severity or frequency, or with manufacturing processes, is discovered or the manufacturer fails to comply with regulatory requirements, the regulator FDA may require revisions to the approved

[Index](#)

labeling to add new safety information; may impose additional post-market studies or clinical trials to assess new safety risks; or may impose distribution or other restrictions under a REMS program. Other potential consequences of regulatory non-compliance include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the regulator to approve pending NDAs/BLAs NDAs or supplements to approved NDAs/BLAs, NDAs, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products;
- injunctions or the imposition of civil or criminal penalties;
- consent decrees, corporate integrity agreements, debarment, or exclusion from federal health care programs; or and
- mandated modification of promotional materials and labeling and the issuance of corrective information.

Health authorities strictly regulates marketing, labeling, advertising and promotion of prescription drug and biological products that are placed on the market. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant penalties. In addition, the distribution of prescription pharmaceutical products is subject to a variety of federal and state laws.

In addition, the distribution of prescription pharmaceutical products is subject to the Prescription Drug Marketing Act, or PDMA, which regulates the distribution of drugs and drug samples at the federal level and sets minimum standards for the registration and regulation of drug distributors by the states. Both the PDMA and state laws limit the distribution of prescription pharmaceutical product samples and impose requirements to ensure accountability in distribution. Most More recently, the Drug Supply Chain Security Act, or DSCSA, was enacted with the aim of building an electronic system to identify and trace certain prescription drugs distributed in the United States, including most biological products, States. The DSCSA mandates mandated phased-in and resource-intensive traceability and verification obligations for pharmaceutical manufacturers, wholesale distributors, and dispensers over a 10-year period. The original DSCSA requirements for traceability at the product lot level are expected to be period that culminated in force by November 2023. However FDA has announced a one-year stabilization period to November 2024, giving entities subject to the DSCSA additional time to finalize interoperable tracking systems and to ensure supply chain continuity. The DSCSA also replaced certain provisions from the PDMA pertaining to wholesale distribution of prescription drugs with a more comprehensive statutory scheme, requiring uniform national standards for wholesale distribution and, for the first time, for third-party logistics providers. In February 2022, the FDA released proposed regulations to amend the existing national standards for licensing of wholesale drug distributors by the states (which had been promulgated under the PDMA); to establish new requirements are being developed minimum standards for state licensing third-party logistics providers; and to require traceability create a federal system for licensure for use in the absence of product at a state program, each of which is mandated by the package level and these are expected to begin implementation in 2023. DSCSA. From time to time, additional new legislation and regulations may be implemented that could significantly change the statutory provisions governing the approval, manufacturing and marketing of products regulated by the

[Index](#)

FDA. It is impossible to predict whether further legislative or regulatory changes will be enacted, or FDA regulations, guidance or interpretations changed or what the impact of such changes, if any, may be.

#### **Other Health Care Laws and Regulations**

If our product candidates are approved in the United States, we will have to comply with various U.S. federal and state laws, rules and regulations pertaining to health care fraud and abuse, including but not limited to anti-kickback laws and physician self-referral laws, rules and regulations, laws. Violations of the fraud and abuse laws are punishable by criminal and civil sanctions, including, in some instances, exclusion from participation in federal and state health care programs, including Medicare and Medicaid. Other federal and state laws and regulations that could directly or indirectly affect our ability to operate the business and/or financial performance include:

- state and local licensure, applicable to the processing and storage of human cells and tissues;
- laws and regulations administered by the United States Department of Health and Human Services, including the Office for Human Research Protections and the Office of Inspector General;
- state laws and regulations governing human subject research;
- federal and state coverage and reimbursement laws and regulations, including laws and regulations administered by the Centers for Medicare & Medicaid Services ("CMS") and state Medicaid agencies;

- the federal Medicare and Medicaid Anti-Kickback Law and similar state laws and regulations;
- the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended by the Health Information Technology for Economic and Clinical Health Act ("HITECH") and similar state laws and regulations;
- the federal physician self-referral prohibition commonly known as the Stark Law, and state equivalents of the Stark Law;
- the federal transparency requirements under the Physician Payments Sunshine Act that require manufacturers of FDA-approved drugs, devices, biologics and medical supplies covered by Medicare or Medicaid to report, on an annual basis, to the Department of Health and Human Services information related to payments and other transfers of value physicians, teaching hospitals, and certain advanced non-physician health care practitioners and physician ownership

## Index

and investment interests;

- Occupational Safety and Health Administration requirements; and
- state and local laws and regulations dealing with the handling and disposal of medical waste; and
- the Intermediate Sanctions rules of the IRS providing for potential financial sanctions with respect to "Excess Benefit Transactions" with tax-exempt organizations. waste.

Some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines, or the relevant compliance guidance promulgated by the federal government, in addition to requiring drug manufacturers to report information related to payments to physicians and other health care providers or marketing expenditures to the extent that those laws impose requirements that are more stringent than the Physician Payments Sunshine Act. State and foreign laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Japan's Pharmaceutical Violations of the fraud and Medical Device Authority Regulation abuse laws, or other health care laws, are punishable by criminal and civil sanctions, including, in some instances, the possibility of Regenerative Medicine exclusion from participation in federal and state health care programs, (including Medicare and Medicaid), and corporate integrity agreements, which impose, among other things, rigorous operational and monitoring requirements on companies. Similar sanctions and penalties also may be imposed upon executive officers and employees, including criminal sanctions against executive officers under the so-called "responsible corporate officer" doctrine, even in situations where the executive officer did not intend to violate the law and was unaware of any wrongdoing. Given the penalties that may be imposed on companies and individuals if convicted, allegations of such violations often result in settlements even if the company or individual being investigated admits no wrongdoing. Settlements often include significant civil sanctions, including fines and civil monetary penalties, and corporate integrity agreements. In addition, private individuals have the ability to bring similar actions under some of the fraud and abuse laws. Further, federal and state laws that require manufacturers to make reports on pricing and marketing information could subject us to penalty provisions.

## Prior Coverage, Pricing, and Reimbursement

Sales of our drug products, if approved, will depend, in part, on the extent to 2014, there was which the costs of our products will be covered by third-party payors, such as government health care programs, private health insurers, managed health care providers, and other organizations. These third-party payors are increasingly challenging drug prices and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. If these third-party payors do not consider our products to be cost-effective compared to other therapies, they may not cover our products after approval as a benefit under their plans or, even if they do, the level of payment may not be sufficient to allow us to sell our products on a profitable basis.

Significant uncertainty exists as to the reimbursement status for newly approved prescription products, including coding, coverage and payment. Sales of any products for which we obtain marketing approval will depend in part on coverage and adequate payment from third-party payors. There is no specific uniform policy requirement for coverage and reimbursement for prescription products among third-party payors in the United States; therefore coverage and reimbursement for prescription products can differ significantly from payor to payor.

In order to secure coverage and reimbursement for any product that might be approved for sale, a company may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the product, in addition to the costs required to obtain FDA or other comparable regulatory oversight of regenerative medicine products in Japan. However, in November 2013, the Japanese authorities revised the Pharmaceutical Affairs Law and renamed it the Pharmaceuticals, Medical Devices, and Other Therapeutic Products Act (the "PMD Act"). The new legislation became effective on November 25, 2014 and provides approvals. A payor's decision to provide coverage for a timely introduction of innovative regenerative medicine products. The product does not imply that an adequate reimbursement rate will be approved. Moreover, eligibility for reimbursement does not imply that any product will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim payments for new legislation formalizes a legal basis for development of regenerative medicine therapies. The new legislation defines regenerative medicine products, as processed human cells that are intended if applicable, may also not be sufficient to cover our costs and may not be used for either (1) made permanent. Payment rates may vary according to the reconstructive repair, or formation of structures or functions use of the human body; (2) product and the treatment or prevention of human diseases; or (3) gene therapy.

The legislation allows the PMDA/Ministry of Health, Labour and Welfare ("MHLW") to award conditional approval to a regenerative medicine therapy if there clinical setting in which it is evidence of adequate safety and results which predict likely efficacy. The evidence for efficacy used, may be based on surrogate endpoints payments allowed for lower cost products that are already reimbursed and may come be incorporated into existing payments for other services. Net prices for products may be reduced by mandatory discounts or rebates required by third-party payors and by any future relaxation of laws that presently restrict imports of products from an exploratory study. This conditional countries where they may be sold at lower prices than in the United States. In the United States, third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies, but they also have their own methods and approval process apart from Medicare coverage and reimbursement determinations. One third-party payor's determination to provide coverage for a product does not assure that other payors will also provide coverage for the product.

Accordingly, the coverage determination process is time- often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate payment will be applied consistently or granted at all. The process for determining whether a

payor will cover and how much it will reimburse a product may be separate from the process of seeking approval of the product or for setting the price of the product. Even if reimbursement is provided, market acceptance of our products may be adversely affected if the

[Index](#)

limited, amount of payment for our products proves to be unprofitable for health care providers or less profitable than alternative treatments or if administrative burdens make our products less desirable to use.

Additionally, the containment of health care costs has become a priority of federal and state governments and the prices of drug products have been a focus in this effort. For example, there have been several recent U.S. Congressional inquiries and proposed bills designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. In August 2022, President Biden signed into the law the Inflation Reduction Act of 2022, or the IRA, which includes (among other things) multiple provisions that may impact the prices of drug products that are both sold into the Medicare program and throughout the United States. Starting in 2023, a manufacturer of drug products covered by Medicare Parts B or D must be an agreement pay a rebate to the federal government if their drug product's price increases faster than the rate of inflation. This calculation is made on a drug product by drug product basis and the amount of the rebate owed to the federal government is directly dependent on the volume of a drug product that is paid for by Medicare Parts B or D. Additionally, starting for payment year 2026, CMS will negotiate drug prices annually for a select number of single source Part D drugs without generic competition. CMS will also negotiate drug prices for a select number of Part B drugs starting for payment year 2028. If a drug product is selected by CMS for negotiation, it is expected that the revenue generated from such drug will decrease. CMS has begun to implement these new authorities and entered into the first set of agreements with PMDA/MHLW as pharmaceutical manufacturers to follow-up collection of information which confirms efficacy and safety, similar to a post-marketing commitment conduct price negotiations in October 2023. However, the IRA's impact on the pharmaceutical industry in the United States. States remains uncertain, in part because multiple large pharmaceutical companies and other stakeholders (e.g., the U.S. Chamber of Commerce) have initiated federal lawsuits against CMS arguing the program is unconstitutional for a variety of reasons, among other complaints. Those lawsuits are currently ongoing.

Under We expect that federal, state and local governments in the PMD U.S. will continue to consider legislation directed at lowering the total cost of health care. Individual states in the United States have increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In December 2020, the U.S. Supreme Court held unanimously that federal law does not preempt the states' ability to regulate pharmacy benefit managers ("PBMs") and other members of the health care and pharmaceutical supply chain, an important decision that has led to more aggressive efforts by states in this area. During the current congressional session, numerous PBM reforms are being considered in both the Senate and the House of Representatives; they include diverse legislative proposals such as eliminating rebates; divorcing service fees from the price of a drug, discount, or rebate; prohibiting spread pricing; limiting administrative fees; requiring PBMs to report formulary placement rationale; promoting transparency. The Federal Trade Commission in mid-2022 also launched sweeping investigations into the practices of the PBM industry that could lead to additional federal and state legislative or regulatory proposals targeting such entities' operations, pharmacy networks, or financial arrangements. Significant efforts to change the PBM industry as it currently exists in the U.S. may affect the entire pharmaceutical supply chain and the business of other stakeholders, including medical product developers like us.

It is uncertain whether and how future legislation or regulatory changes could affect prospects for our product candidates or what actions federal, state, or commercial payors for pharmaceutical products may take in response to any such health care reform proposals or legislation. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures reforms may prevent or limit our ability to generate revenue, attain profitability or commercialize our product candidates.

#### **Patent Term Extension**

A patent claiming a prescription drug for which FDA approval is granted may be eligible for a limited patent term extension under the FD&C Act, products which permits a patent restoration of up to five years for patent term lost during product development and the FDA regulatory review provided that certain statutory and regulatory requirements are met. The length of the patent term extension is related to the length of time the drug is under consideration may also regulatory review while the patent is in force. The restoration period granted on a patent covering a new FDA-regulated medical product is typically one-half the time between the date a clinical investigation on human beings is begun and the submission date of an application for marketing approval of the product, plus the time between the submission date of an application for approval of the product and the ultimate approval date. Patent term restoration cannot be given used to extend the remaining term of a SAKIGAKE designation (similar patent past a total of 14 years from the product's approval date. Only one patent applicable to an FDA "Breakthrough" approved drug product is eligible for the extension, and the application for the extension must be submitted prior to the expiration of the patent in question. A patent that covers multiple products for which approval is sought can only be extended in connection with one of the marketing approvals. The U.S. Patent and Trademark Office reviews and approves the application for any patent term extension or "RMAT" designation restoration in consultation with the FDA.

#### **Data Privacy and the Protection of Personal Information**

[Index](#)

We are subject to numerous laws and regulations governing data privacy and the protection of personal information of patients, clinical investigators, employees, and vendors/business contacts, including in relation to medical records and other health information, credit card data and financial information. The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing focus on privacy and data protection issues which will continue to affect our business. In the United States, we may be subject to state security breach notification laws, state laws protecting the privacy of health and personal information and federal and state consumer protections laws that regulate the collection, use, disclosure and transmission of personal information. These laws overlap and often conflict and each of these laws is subject to varying interpretations by courts and government agencies, creating complex compliance issues. If we fail to comply with applicable laws and regulations we could be subject to penalties or sanctions, including criminal penalties as well as reputational harm. Our customers and research partners must comply with laws governing the privacy and security of health information, including HIPAA, HITECH and state health information privacy laws. If we knowingly obtain protected health information without the authority to do so, our

research collaborators may be subject to enforcement and we may have direct liability for the unlawful receipt of protected health information or for aiding and abetting a HIPAA violation.

Even when HIPAA does not apply, according to the Federal Trade Commission ("FTC") failing to take appropriate steps to keep consumers' personal information secure, or failing to provide a level of security commensurate to promises made to individual about the security of their personal information (such as in a privacy notice) may constitute unfair or deceptive acts or practices in violation of Section 5(a) of the Federal Trade Commission Act (the "FTC Act"). The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards. The FTC's guidance for appropriately securing consumers' personal information is similar to what is required by the HIPAA Security Rule. The FTC and states' Attorneys General have brought enforcement actions and prosecuted some data breach cases as unfair and/or deceptive acts or practices under the FTC Act and comparable state laws.

State laws protecting health and personal information are becoming increasingly stringent. For example, California has implemented the California Confidentiality of Medical Information Act that imposes restrictive requirements regulating the use and disclosure of health information and other personally identifiable information, and California has also adopted the California Consumer Privacy Act of 2018 ("CCPA"), which went into effect in January of 2020. The CCPA establishes a new privacy framework for covered businesses by creating an expanded definition of personal information, establishing new data privacy rights for consumers in the State of California, imposing special rules on the collection of consumer data from minors, requiring covered companies to provide new disclosures to consumers about such companies' practices for collection and use of consumer data, and providing consumers new ways to opt-out of certain respects with sales or transfers of personal information. In addition, the CCPA creates a priority six month review period. Additionally, new and potentially severe statutory damages framework for violations of the CCPA and for businesses that fail to implement reasonable security procedures and practices to prevent data breaches. While there is currently an exception for protected health information that is subject to HIPAA and clinical trial regulations, as currently written, the CCPA may impact our business activities. More recently, a commitment new privacy law, the California Privacy Rights Act ("CPRA") was approved by California voters. The CPRA went into effect in January of 2023, modifying and strengthening the CCPA significantly, potentially resulting in further uncertainty, additional costs and expenses in an effort to comply and additional potential for harm and liability for failure to comply. Among other things, the CPRA established a new regulatory authority, the California Privacy Protection Agency, which will be enacting new regulations and will have expanded enforcement authority. Moreover, various states such as Colorado, Connecticut, Delaware, Florida, Indiana, Iowa, Montana, Oregon, Tennessee, Texas, Utah and Virginia have enacted their own privacy laws similar to the CCPA, and other states are considering proposals for such laws. As more states implement their own privacy laws and regulations, and the interplay of federal and state laws becomes subject to varying interpretations by courts and government agencies, pharmaceutical companies and clinical research collaborators may become exposed to complex compliance issues and the potential for additional expenses or liability.

#### **Environmental, Health and Safety Regulation**

We are subject to numerous federal, state and local environmental, health and safety ("EHS") laws and regulations relating to, among other matters, safe working conditions, product stewardship, environmental protection, and handling or disposition of products, including those governing the generation, storage, handling, use, transportation, release, and disposal of hazardous or potentially hazardous materials, medical waste, and infectious materials that the PMDA will facilitate may be handled by our research laboratories. Some of these laws and regulations also require us to obtain licenses or permits to conduct our research and development by giving scientific operations. If we fail to comply with such laws or obtain and comply with the applicable permits, we could face substantial fines or possible revocation of our permits or limitations on our ability to conduct our operations. Certain of our development and manufacturing activities involve use of hazardous materials, and we believe we are in compliance with the applicable environmental laws, regulations, permits, and licenses. However, we cannot ensure that EHS liabilities will not develop in the future. EHS laws and regulations are complex, change frequently and have tended to become more stringent over time. We cannot predict the impact on our business of new or amended laws or regulations or any changes in the way existing and future

#### [Index](#)

laws and regulations are interpreted or enforced, nor can we ensure we will be able to obtain or maintain any required licenses or permits.

#### **U.S. Foreign Corrupt Practices Act**

In general, the Foreign Corrupt Practices Act of 1977, as amended, ("FCPA") prohibits offering to pay, paying, promising to pay, or authorizing the payment of money or anything of value to a foreign official in order to influence any act or decision of the foreign official in his or her official capacity or to secure any other improper advantage in order to obtain or retain business for or with, or in order to direct business to, any person. The prohibitions apply not only to payments made to "any foreign official," but also those made to "any foreign political party or official thereof," to "any candidate for foreign political office" or to any person, while knowing that all or a portion of the payment will be offered, given, or promised to anyone in any of the foregoing categories. "Foreign officials" under the FCPA include officers or employees of a department, agency, or instrumentality of a foreign government. The term "instrumentality" is broad and can include state-owned or state-controlled entities.

Importantly, United States authorities that enforce the FCPA, including the DOJ, deem most health care professionals and other employees of foreign hospitals, clinics, research facilities and medical schools in countries with public health care or public education systems to be "foreign officials" under the FCPA. When we or our agents interact with foreign health care professionals and researchers in testing our product candidates abroad (and marketing products in the future, if any are approved), we must have policies and procedures in place sufficient to prevent us and agents acting on our behalf from providing any bribe, gift or gratuity, including excessive or lavish meals, travel or entertainment in connection securing required permits and approvals such as those needed to initiate clinical trials in foreign jurisdictions. The FCPA also obligates companies whose securities are listed in the United States to comply with accounting provisions requiring the maintenance of books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and the development and maintenance of an adequate system of internal accounting controls for international operations. The Securities and Exchange Commission ("SEC") is involved with the books and records provisions of the FCPA.

#### **Government Regulation Outside the U.S.**

In addition to regulations in the U.S., we may be subject to a variety of regulations in foreign jurisdictions that govern, among other things, clinical trials and any commercial sales and distribution of our products, if approved, either directly or through our distribution partners. Whether or not we obtain FDA approval for a product candidate, we must obtain the requisite approvals from regulatory advice authorities in foreign jurisdictions prior to sponsors the commencement of clinical trials or marketing and sale of the product in those countries. The foreign regulatory approval process includes all of the risks associated with the FDA approval described above, and the time required to obtain approval in other countries and jurisdictions might differ from and be longer than that required to obtain FDA approval. Some foreign jurisdictions have a drug product approval process similar to that in the U.S., which requires the submission of a clinical trial application much like the IND prior to the commencement of clinical studies. In Europe, for example, a clinical trial application, or CTA, must be submitted to each country's national health authority and an independent ethics committee, much like the FDA and IRB, respectively. Once the CTA is

approved in accordance with a country's requirements, clinical trial development may proceed. To obtain regulatory approval of a therapeutic product candidate under European Union ("EU") regulatory systems, we would be required to submit a Marketing Authorisation Application, which is similar to the NDA, except that, among other things, there are country-specific document requirements. For countries outside of the EU, such as countries in Eastern Europe, Latin America or Asia, and recently the United Kingdom, the requirements governing the conduct of clinical trials, product approval, pricing and reimbursement vary from country to country. Regulatory approval in one country or jurisdiction does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country or jurisdiction may negatively impact the regulatory process in others. Moreover, some nations may not accept clinical studies performed for U.S. approval to support approval in their countries or require that additional studies be performed on natives of their countries. In addition, in certain foreign markets, the pricing of drug products is subject to government control and reimbursement may in some cases be unavailable or insufficient. We face the risk that the resulting prices would be insufficient to generate an acceptable return to us or any future partner of ours. If we fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions, and criminal prosecution.

[Index](#)

## **Regulation of Pharmaceutical Products in the European Union**

As in the United States, pharmaceutical products can be marketed in the EU only if a marketing authorization from the **early stage of development**.

**According** competent regulatory agencies has been obtained. Similar to the United States, the various phases of preclinical and clinical research in the EU are subject to significant regulatory controls.

Pursuant to the European Clinical Trials Directive, a system for the approval of clinical trials in the EU had been implemented through national legislation of the member states. Under the previous system, an applicant obtained approval from the competent national authority of an EU member state in which the clinical trial was conducted. Furthermore, the applicant could only start a clinical trial after a competent ethics committee had issued a favorable opinion. In April 2014, the **new legislation**, Clinical Trials Regulation, (EU) No 536/2014 ("Clinical Trials Regulation") was adopted and became effective on January 31, 2022. The Clinical Trials Regulation is directly applicable in all the **sponsor prepares EU** Member States, repealing the previous Clinical Trials Directive 2001/20/EC. The extent to which ongoing clinical trials will be governed by the Clinical Trials Regulation depends on when the Clinical Trials Regulation becomes applicable and on the duration of the individual clinical trial. If a clinical trial continues for more than three years from the day on which the Clinical Trials Regulation becomes applicable the Clinical Trials Regulation will at that time begin to apply to the clinical trial.

The new Clinical Trials Regulation aims to simplify and streamline the approval of clinical trials in the European Union. The main characteristics of the regulation include: a streamlined application procedure via a single entry point, the "EU portal" called the Clinical Trial Information System ("CTIS"); a single set of documents to be prepared and submitted for the application as well as simplified reporting procedures for clinical trial sponsors; and a harmonized procedure for the assessment of applications for clinical trials. Use of the CTIS became mandatory for new clinical trial application submissions as of February 1, 2023. There continue to be challenges related to the implementation and use of the new CTIS by clinical researchers and trial sponsors.

To obtain marketing approval of a drug in the EU, an applicant must submit a marketing authorization application ("MAA") either under a centralized or decentralized procedure. The centralized procedure provides for the grant of a single marketing authorization by the European Commission that is valid for all EU member states, Iceland, Lichtenstein and Norway. The centralized procedure is compulsory for specific products, including for medicines produced by certain biotechnological processes, products designated as orphan medicinal products, advanced therapy products (such as gene-therapy, somatic cell-therapy or tissue-engineered medicines) and products with a new active substance indicated for the treatment of certain diseases. For products with a new active substance indicated for the treatment of certain diseases and products that are highly innovative or for which a centralized process is not in the interest of patients, the centralized procedure may be optional. Under the centralized procedure the maximum timeframe for the evaluation of an MAA by the European Medicines Agency ("EMA") is 210 days, excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the Committee for Medicinal Products for Human Use ("CHMP"). Accelerated assessment might be granted by the CHMP in exceptional cases, when a medicinal product is expected to be of a major public health interest, particularly from the point of view of therapeutic innovation. The timeframe for the evaluation of an MAA under the accelerated assessment procedure is of 150 days, excluding stop-clocks.

The decentralized procedure is available to applicants who wish to market a product in specific EU member states where such product has not received marketing approval in any EU member states before. The decentralized procedure provides for an applicant to apply to one-member state to assess the application (the reference member state) and specifically list other member states in which it wishes to obtain approval (concerned member states). Under this procedure, an applicant submits an application based on identical dossiers and related materials, including a draft summary of product characteristics, and draft labelling and package leaflet, to the reference member state and each concerned member state. The reference member state prepares a draft assessment report and drafts of the related materials within 210 days after receipt of a valid application which is **submitted** then reviewed and approved commented on by the concerned member states. Within 90 days of receiving the reference member state's assessment report and related materials, each concerned member state must decide whether to approve the assessment report and related materials.

In the EU, only products for **review** which marketing authorizations have been granted may be promoted. A marketing authorization is valid for five years in principle and the marketing authorization may be renewed after five years on the basis of a re-evaluation of the risk-benefit balance by the EMA or by the competent authority of the authorizing member state. To this end, the marketing authorization holder must provide the EMA or the competent authority with a consolidated version of the file in respect of quality, safety and efficacy, including all variations introduced since the marketing authorization was granted, at least six months before the marketing authorization ceases to be valid. Once renewed, the marketing authorization is valid for an unlimited period, unless the European Commission or the competent authority decides, on justified grounds relating to pharmacovigilance, to proceed with one additional five-year renewal. Any authorization which is not followed by the actual placing of the drug on the EU market (in case of centralized procedure) or on the market of the authorizing member state within three years after authorization ceases to be valid (the so-called sunset clause).

[Index](#)

Moreover, even if authorized to be marketed in the EU, prescription-only medicines may only be promoted to health care professionals, not the general public. All promotion should be in accordance with the particulars listed in the summary of product characteristics. Promotional materials must also comply with various laws, and codes of conduct developed by pharmaceutical industry bodies in the EU which govern (among other things) the training of sales staff, promotional claims and their justification, comparative



advertising, misleading advertising, endorsements, and (where permitted) advertising to the PMDA. The PMDA reviews the application and prepares a review report and recommendation which is submitted general public. Failure to comply with these requirements could lead to the MHLW imposition of penalties by the competent authorities of the EU member states. The MHLW reviews penalties could include warnings, orders to discontinue the recommendation promotion of the drug product, seizure of promotional materials, fines and makes possible imprisonment.

In April 2023 the European Commission issued a decision regarding proposal for a new Directive and a new Regulation, which will revise and replace the existing general pharmaceutical legislation. If adopted and implemented as currently proposed, these revisions will significantly change several aspects of drug development and approval in the EU.

#### **Regulation of Pharmaceutical Products in the United Kingdom**

The United Kingdom ("UK") left the European Union on January 31, 2020 (commonly referred to as "Brexit"), with a transitional period that expired on December 31, 2020. The United Kingdom and the EU entered into a trade agreement known as the Trade and Cooperation Agreement, which went into effect on January 1, 2021. As a result, UK licensing decisions were transferred from the EMA to the Medicines and Healthcare Products Regulatory Agency ("MHRA"), the UK regulatory body responsible for overseeing medical products. For a period of three years following January 1, 2021, the UK will continue to adopt decisions taken by the European Commission on the approval of new marketing authorizations. However, companies will be required to submit an identical application to the product. This procedure allows MHRA upon the CHMP positive opinion of the application. The MHRA will then wait for both the European Commission decision on approval.

More recently, in March 2023, the UK government and the European Commission reached agreement on a conditional regulatory framework to replace the Northern Ireland Protocol, referred to as the Windsor Framework. The Windsor Framework is expected to apply as of January 1, 2025 and will change the existing system under the Northern Ireland Protocol, including the regulation of pharmaceutical products in the UK. Specifically, the MHRA will be responsible for approving all medicines intended to be marketed in the UK (i.e., Great Britain and Northern Ireland), while the EMA will no longer be involved in approving medicines intended for sale in Northern Ireland.

Since the regulatory framework in the United Kingdom covering the quality, safety and efficacy of pharmaceutical products, clinical trials, marketing authorization, commercial sales and distribution of pharmaceutical products is derived from European Union directives and regulations, the ongoing transition could materially impact the future regulatory regime as it applies to medicinal products and the approval and subsequently for a full approval after of our product candidates in the post-marketing commitments have been fulfilled. United Kingdom.

#### **SUMMARY OF RISK FACTORS**

Our business, financial condition, operating results and cash flows are subject to numerous risks and uncertainties that are summarized below. The below summary of risk factors below should be read together with the more detailed discussion of risks set forth following this section under the heading "Risk Factors," as well as elsewhere in this Annual Report.

- We have incurred substantial losses and negative cash flow from operations in the past and expect to continue to incur losses and negative cash flow for the foreseeable future. Additionally, we anticipate that we will need substantial additional financing to continue our operations; if we are unable to raise additional capital, we may be forced to delay, reduce or eliminate one or more of our product development programs, and our business will consequently be harmed.
- We are substantially dependent on our lead product candidate, LSTA1. If we are unable to advance LSTA1 or any of our other product candidates through clinical development, obtain regulatory approval and ultimately begin commercializing, or experience significant delays in doing so, our business will be materially harmed.
- The commercial potential and profitability of our product candidates are unknown. We currently have no marketing and sales organization and have no experience in marketing products, and our products may not gain market acceptance among physicians, patients, hospitals, cancer treatment centers and others in the medical community.
- Our cell therapy business is based on novel technologies that are inherently expensive and risky.
- We recently completed the Merger and face ongoing risks related to the ongoing integration of our business with Cend's business as well as potential Merger-related litigation.
- Our business has been and may continue to be adversely affected by the COVID-19 pandemic.
- We may be unable to manage multiple late-stage clinical trials for a variety of product candidates simultaneously.
- If serious or unacceptable side effects are identified during the development of any of our product candidates, we may need to abandon or limit our development of that product candidate.
- A Fast Track or breakthrough therapy designation by the FDA and other similar regulatory designations may not lead to a faster development, regulatory review, or approval process.

#### [Index](#)

- Our clinical trials may fail to demonstrate adequately the safety and efficacy of our product candidates, which failure would prevent or delay regulatory approval and commercialization.
- We presently rely on contract manufacturing organizations to produce our product candidates at development and commercial scale quantities and have not yet qualified an alternate manufacturing supply, which could negatively impact our ability to meet any future demand for the products.
- We currently rely on contract research organizations to conduct our studies. Their inability to recruit or operationalize our study could negatively impact our ability to meet our milestone timelines.
- Any supply chain disruption could impact our ability to perform clinical trials and seek future regulatory submissions.

- We may enter into collaborations, strategic alliances, additional licensing arrangements, acquisitions, business combinations and/or other strategic transactions, and we may not realize the benefits of any such arrangement.
- If competitors develop and market products that are more effective, safer, or less expensive than our product candidates or offer other advantages, our commercial prospects will be limited.
- We may need to grow the size of our organization, and may experience difficulties in managing this growth.

#### [Index](#)

- We are involved in a litigation matter that may consume resources and management time, and an adverse resolution could require us to pay damages or otherwise adversely impact our business, financial condition or results of operations.
- We may be subject to significant product liability claims and litigation, including potential exposure from the use of our product candidates in human subjects, and our insurance may be inadequate to cover claims that may arise.
- We may be unable to hire or retain key officers or employees needed to implement our business strategy.
- A variety of risks associated with operating our business internationally could materially adversely affect our business.
- We conduct significant operations through our Australian subsidiary. If we lose our ability to operate in Australia, or if the subsidiary loses eligibility for certain Australian tax credits, our business and results of operations will suffer.
- Our internal computer systems, or those used by our clinical investigators, clinical research organizations or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of development programs for our product candidates.
- The development and commercialization of our product candidates are subject to extensive regulation and the failure to receive regulatory approvals would likely have a material and adverse effect on our business and prospects. Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not mean that it will be successful in obtaining regulatory approval of our product candidates in other jurisdictions.
- We may be subject to numerous and varying privacy and security laws, and our failure to comply could result in penalties and reputational damage.
- We will continue to be subject to extensive regulation following any product approvals, and if we fail to comply with these regulations, we may suffer a significant setback in our business.
- Health care companies have been the subject of federal and state investigations, and we could become subject to investigations in the future. **Further, unintended consequences of health care reform legislation in the United States may adversely affect our business.**
- It is uncertain to what extent government, private health insurers and third-party payors will approve coverage or provide reimbursement for the therapies and products to which our research and development relate. **Legislation and regulatory proposals intended to contain health care costs may adversely affect our business.**
- Inadequate funding for the FDA, the SEC and other government agencies could prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business.
- If we are unable to obtain or maintain our licenses, patents or other intellectual property we could lose important protections that are material to continuing our operations and our future prospects.

#### [Index](#)

- Litigation and third-party claims relating to intellectual property are expensive, time-consuming and uncertain, and we may be unsuccessful in our efforts to protect against infringement by third parties or defend ourselves against claims of infringement.
- Our ability to utilize our net operating loss carryforwards and tax credit carryforwards may be subject to limitations.
- Our stock price has been, and will likely continue to be, highly volatile.
- We may fail to comply with the continued listing requirements of the Nasdaq Capital Market, such that our common stock may be delisted and our ability to access the capital markets could be negatively impacted.
- Future fundraising and strategic transactions may cause dilution, and we currently have a significant number of securities outstanding that are exercisable for our common stock, which could result in significant additional dilution.
- Provisions in our amended and restated certificate of incorporation and by-laws and Delaware law may inhibit a takeover, which could limit the price investors are willing to pay for our common stock and could entrench management.
- Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.



## HUMAN CAPITAL RESOURCES

As of **December 31, 2022** **December 31, 2023**, we had **27** **25** full-time employees. Senior management and professional employees have had prior experience in pharmaceutical or biotechnology companies. None of our employees are covered by collective bargaining agreements. We believe that our relations with our employees are good. Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and additional employees, advisors and consultants. The principal purposes of our equity incentive plans are to attract, retain and reward personnel through the granting of equity-based compensation awards in order to increase stockholder value and our success by motivating such individuals to perform to the best of their abilities and achieve our objectives.

We recognize that our industry is specialized and dynamic, and a significant aspect of our success is our continued ability to execute our human capital strategy of attracting, engaging, developing and retaining highly skilled talent. There is fierce competition both within our industry and in the geographic locations in which we have offices for highly skilled talent, and we offer a robust set of benefits, career-enhancing learning experiences and initiatives aligned with our mission, vision, and values in order to attract qualified prospective employees and to retain and motivate our employees. We offer competitive compensation for our employees and strongly embrace a pay for performance philosophy in setting and adjusting compensation.

Our Code of Business Conduct and Ethics clearly outlines our commitment to diversity and inclusion, where all employees are welcomed in an environment designed to make them feel comfortable, respected, and accepted regardless of their age, race, national origin, gender, religion, disability or sexual orientation. We have a set of policies explicitly setting forth our expectations for nondiscrimination and a harassment-free work environment. We are also a proud equal opportunity employer and cultivate a highly collaborative and entrepreneurial culture.

## ITEM 1A. RISK FACTORS.

Our business, financial condition, operating results and cash flows can be affected by a number of factors, including, but not limited to, those set forth below, any one of which could cause our actual results to vary materially from recent results or from our anticipated future results. The risks described below are not the only ones we face, but those we currently consider to be material. There may be other risks which we now consider immaterial, or which are unknown or unpredictable, with respect to our business, our competition, the regulatory environment or otherwise that could have a material adverse effect on our business, financial condition and results of operations.

### RISKS RELATED TO OUR FINANCIAL CONDITION AND CAPITAL REQUIREMENTS

***We have incurred substantial losses and negative cash flow from operations in the past and expect to continue to incur losses and negative cash flow for the foreseeable future.***

We have a limited operating history as **Lisata Therapeutics, Inc.**, limited capital, and limited sources of revenue. Since our inception in 1980 through **December 31, 2022** **December 31, 2023**, we have incurred aggregate net losses of approximately **\$507.2 million** **\$528.1 million**. Our net losses from continuing operations attributable to common stockholders for the years ended **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022** were approximately **\$54.2 million** **\$20.8 million** and **\$27.5 million** **\$54.2 million**, respectively. As of **December 31, 2022** **December 31, 2023**, our cash and cash equivalents and marketable securities were **\$69.2 million** **\$50.5 million**. Our current business has not generated revenues in the past and for the foreseeable future we do not expect it to generate revenue to be sufficient to cover costs attributable to that business or to our operations as a whole, including our development activities associated with our product candidates. Ultimately, we may never generate sufficient revenue from our business to reach profitability, generate positive cash flow or sustain, on an ongoing basis, our current or projected levels of product development and other operations.

***We anticipate that we will need substantial additional financing to continue our operations; if we are unable to raise additional capital, we may be forced to delay, reduce or eliminate one or more of our product development programs, and our business will be harmed.***

Our current operating plan will require significant levels of additional capital to fund the continued development of our product candidates and our clinical development activities.

Our clinical activities are expected to continue to grow as our programs are advanced and they will require significant investment over a period of several years before they could potentially be approved by health authorities and commercialized by us or a partner, if ever. Even if data from our current clinical trials for our product candidates were deemed positive, we may be required to conduct additional clinical trials of the product candidates, including larger and more expensive pivotal Phase 3 trials, to pursue commercialization of the candidates. To do so, we will need to raise additional capital, enter into collaboration agreements with third parties or undertake any combination thereof. If we are unsuccessful in our efforts to raise capital or find collaborative partners, we will likely need to otherwise delay or abandon the trials.

The amount and timing of our future capital requirements also will likely depend on many other factors, including:

- the scope, progress, results, costs, timing and outcomes of our research and development programs and product candidates;
- our ability to enter into any collaboration agreements with third parties for our product candidates and the timing and terms of any such agreements;
- the costs associated with the consummation of one or more strategic transactions;
- the timing of, and the costs involved in obtaining, regulatory approvals for our product candidates, a process which could be particularly lengthy;
- the costs of maintaining, expanding and protecting our intellectual property portfolio, including potential litigation costs and liabilities relating thereto;
- the cost of expansion of our development operations and personnel; and
- the availability of, or our access to, state or federal government awards.

To both fund our clinical trials and support our future operations, we would likely seek to raise capital through a variety of different public and/or private financings vehicles. This could include, but not be limited to, utilization of our at-the-market offering agreement with H.C. Wainwright & Co., LLC, potential issuances of other debt or equity securities in public or private financings and/or sale or licensing of assets. If we raise capital through the sale of equity, or securities convertible into equity, it will result in dilution to our then-existing stockholders. Servicing the interest and principal repayment obligations under debt

[Index](#)

we incur, or whether any such debt is called, would divert funds that might otherwise be available to support research and development, clinical or commercialization activities. In addition, debt financing involves covenants that restrict our ability to operate our business. In certain cases, we also may seek funding through collaborative arrangements that would likely require us to relinquish certain rights to our technology or product candidates and diminish our share in the future revenues associated with the partnered product.

Ultimately, we may be unable to raise capital or enter into collaborative relationships on terms that are acceptable to us, if at all. Our inability to obtain the necessary capital or financing to fund our future operating needs could adversely affect our business, results of operations and financial condition.

***We have never generated any revenue from product sales and our ability to generate revenue from product sales and become profitable depends significantly on our success in a number of factors.***

We have no products approved for commercial sale, have not generated any revenue from product sales, and do not anticipate generating any revenue from product sales until sometime after we have received regulatory approval for the commercial sale of a product candidate, which may never occur. Our ability to generate revenue from product sales and achieve profitability depends significantly on our success in many factors, including:

- completing research regarding, and nonclinical non-clinical and clinical development of, our current and future product candidates;
- obtaining regulatory approvals and marketing authorizations for product candidates for which we complete clinical trials;
- developing a sustainable and scalable manufacturing process for our product candidates;
- identifying and contracting with contract manufacturers that have the ability and capacity to manufacture our development products and make them at an acceptable cost;
- launching and commercializing product candidates for which we obtain regulatory approvals and marketing authorizations, either directly or with a collaborator or distributor;
- obtaining market acceptance of our product candidates as viable treatment options;
- ensuring ongoing regulatory compliance post-approval and with respect to sales and marketing of future products;
- addressing any competing technological and market developments;
- identifying, assessing, acquiring and/or developing new product candidates;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter;
- maintaining, protecting, and expanding our portfolio of intellectual property rights, including patents, trade secrets, and know-how; and
- attracting, hiring, and retaining qualified personnel.

Even if one or more of the product candidates that we develop is approved for commercial sale, we anticipate incurring significant costs associated with commercializing any approved product candidate. Our expenses could increase beyond expectations if we are required by regulatory agencies, domestic or foreign, to change our manufacturing processes or assays, or to perform clinical, nonclinical, non-clinical, or other types of studies in addition to those that we currently anticipate. If we are successful in obtaining regulatory approvals to market one or more of our product candidates, our revenue will depend, in part, upon the size of the markets in the territories for which we obtain regulatory approval, the accepted price for the product, the ability to receive reimbursement at any price, and whether we own the commercial rights for that territory. If the number of our addressable disease patients is not as significant as we estimate, the indication approved by regulatory authorities is narrower than we expect, or the reasonably accepted population for treatment is narrowed by competition, physician choice or treatment guidelines, we may not generate significant revenue from sales of such products, even if approved. If we are not able to generate revenue from the sale of any approved products, we may never become profitable.

***We are involved in a litigation matter that may consume resources and management time, and an adverse resolution could require us to pay damages or otherwise adversely impact our business, financial condition or results of operations.***

We are currently involved in one litigation matter alleging breach of contract and fraud against us our acquired company, Cend, and Harri Järveläinen, the former chief operating officer of Cend, by extension now Lisata. Resolving this matter could require us to incur substantial costs and divert the attention of management and technical personnel. Any adverse ruling or perception of an adverse ruling could have an adverse impact on

[Index](#)

impact on our business, financial condition or results of operations. We could incur substantial costs and expenses which could negatively affect our gross margins and earnings per share share.

***If our status as a smaller reporting company changes, Section 404(b) of the Sarbanes-Oxley Act of 2002 may require an independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting. Any delays or difficulty in satisfying these requirements could adversely affect our future results of operations and our stock price.***

Section 404(b) of the Sarbanes-Oxley Act of 2002 requires an independent registered public accounting firm to test the internal control over financial reporting of public companies, and to report on the effectiveness of such controls, for each fiscal year ending after June 15, 2010, controls. Under the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010, we are exempt from Section 404(b) as long as we remain a smaller reporting company or a non-accelerated filer. If our status as a smaller reporting company changes, we may be required to comply with this auditor attestation requirement.

In addition, we may in the future discover areas of our internal controls that need improvement, particularly with respect to businesses that we may acquire. If so, we cannot be certain that any remedial measure we take will ensure that we have adequate internal controls over our financial processes and reporting in the future. Any failure to implement the required new or improved controls, or difficulties encountered in their implementation could harm our operating results or cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal controls over financial reporting, or if it becomes necessary for our independent registered public accounting firm to provide us with an unqualified report regarding the effectiveness of our internal control over financial reporting and it is unable to do so, investors could lose confidence in the reliability of our financial statements. This could result in a decrease in the value of our common stock.

***Our ability to utilize our net operating loss carryforwards and tax credit carryforwards may be subject to limitations.***

Our ability to use our federal and state net operating losses ("NOLs") to offset potential future taxable income and related income taxes that would otherwise be due is dependent upon our generation of future taxable income, and we cannot predict with certainty when, or whether, we will generate sufficient taxable income to use all of our NOLs.

Under Section 382 and Section 383 of the Code and corresponding provisions of state law, if a corporation undergoes an "ownership change," its ability to use its pre-change NOL carryforwards and other pre-change tax attributes (such as research tax credits) to offset its post-change income may be limited. A Section 382 "ownership change" is generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain stockholders over a three-year period. Even if we achieve profitability, we may not be able to utilize a material portion of our NOL carryforwards and other tax attributes, which could have a material adverse effect on cash flow and results of operations. Similar provisions of state tax law may also apply to limit our use of accumulated state tax attributes. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities.

***Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations and its financial condition and results of operations.***

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank, or SVB, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation, or the FDIC, as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. Although a statement by the Department of the Treasury, the Federal Reserve and the FDIC stated that all depositors of SVB would have access to all of their money after only one business day of closure, including funds held in uninsured deposit accounts, borrowers under credit agreements, letters of credit and certain other financial instruments with SVB, Signature Bank or any other financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts thereunder. If any of our counterparties to any such instruments were to be placed into receivership, we may be unable to access such funds. In addition, if any parties with whom we conduct business are unable to access funds pursuant to such instruments or lending arrangements with such a financial institution, such parties' ability to pay their obligations to us or to enter into new commercial arrangements requiring additional payments to us could be adversely affected. In this regard, counterparties to SVB credit agreements and arrangements, and third parties such as beneficiaries of letters of credit (among others), may experience direct impacts from the closure of SVB and uncertainty remains over liquidity concerns in the broader financial services industry. Similar impacts have occurred in the past, such as during the 2008-2010 financial crisis.

[Index](#)

Inflation and rapid increases in interest rates have led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates. Although the U.S. Department of Treasury, FDIC and Federal Reserve Board have announced a program to provide up to \$25 billion of loans to financial institutions secured by certain of such government securities held by financial institutions to mitigate the risk of potential losses on the sale of such instruments, widespread demands for customer withdrawals or other liquidity needs of financial institutions for immediately liquidity may exceed the capacity of such program. There is no guarantee that the U.S. Department of Treasury, FDIC and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of other banks or financial institutions, or that they would do so in a timely fashion.

Although we assess our banking relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect us, the financial institutions with which we have arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity

[Index](#)

constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we have financial or business relationships but could also include factors involving financial markets or the financial services industry generally.

The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on our current and projected business operations and our financial condition and results of operations. These could include, but may not be limited to, the following:

- Delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets;
- Loss of access to revolving existing credit facilities or other working capital sources and/or the inability to refund, roll over or extend the maturity of, or enter into new credit facilities or other working capital resources;

- Potential or actual breach of contractual obligations that require us to maintain letters or credit or other credit support arrangements; or
- Termination of cash management arrangements and/or delays in accessing or actual loss of funds subject to cash management arrangements.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our financial and/or contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and/or projected business operations and financial condition and results of operations.

In addition, any further deterioration in the macroeconomic economy or financial services industry could lead to losses or defaults by parties with whom we conduct business, which in turn, could have a material adverse effect on our current and/or projected business operations and results of operations and financial condition. For example, a party with whom we conduct business may fail to make payments when due, default under their agreements with us, become insolvent or declare bankruptcy. Any bankruptcy or insolvency, or the failure to make payments when due, of any counterparty of ours, or the loss of any significant relationships, could result in material losses to us and may have material adverse impacts on our business.

[Index](#)

## RISKS RELATED TO OUR PRODUCT DEVELOPMENT EFFORTS

***We are substantially dependent on our lead product candidate, LSTA1. If we are unable to advance LSTA1 or any of our other future product candidates through clinical development, obtain regulatory approval and ultimately commercialize LSTA1 or any of our other product candidates, or experience significant delays in doing so, our business will be materially harmed.***

Our lead product candidate LSTA1 is still in clinical development. Our ability to generate product revenues, which we do not expect will occur for many years, if ever, will depend heavily on the successful clinical development and eventual commercialization of LSTA1 and potentially one or more of our other product candidates. The success of our product candidates will depend on several factors, including the following:

- successful completion of preclinical and clinical studies;
- approval clearance of investigational new drug INDs, comparable foreign clinical trial applications ("INDs CTAs") and clinical protocols for our planned clinical trials or future clinical trials;
- Regulator acceptance of our development strategy and resultant clinical data;
- successful initiation of clinical trials;
- successful patient enrollment in and completion of clinical trials;
- safety, tolerability and efficacy profiles for our product candidates that are satisfactory to regulators for marketing approval;
- receipt of marketing approvals for our product candidates from applicable regulatory authorities;

[Index](#)

- the extent of any required post-marketing approval commitments to applicable regulatory authorities;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our product candidates;
- making arrangements with third-party manufacturers, or establishing manufacturing capabilities, for both clinical and commercial supplies of our product candidates, if any product candidates are approved;
- establishing sales, marketing and distribution capabilities and launching commercial sales of our products, if and when approved, whether alone or in collaboration with others;
- acceptance of our products, if and when approved, by patients, the medical community and third-party payors;
- effectively competing with other therapies;
- obtaining and maintaining third-party coverage and adequate reimbursement;
- maintaining a continued acceptable safety profile of our products following approval; and
- factors we may not be able to control, such as current or potential pandemics that may limit patients, principal investigators or staff or clinical site availability (e.g. the COVID-19 pandemic).

There is no guarantee that the results obtained in our current clinical studies will be sufficient to obtain regulatory approval or marketing authorization for any of our product candidates. Negative results in the development of our lead product candidate, LSTA1, may also impact our ability to obtain regulatory approval for certain of our other product candidates, either at all or within anticipated timeframes because, although certain of our other product candidates may target different indications, the underlying technology

platform, manufacturing process and development process is the same for several of our product candidates that are based on the same underlying technology platform. Accordingly, a failure in any one program may affect the ability to obtain regulatory approval to continue or conduct clinical programs for other product candidates. For example, although we believe based on our clinical studies that a combination of LSTA1 with certain anti-cancer therapeutics is more effective than the use of those therapeutics in alone, this may not prove true in clinical testing of LSTA1 for all or any of the **targeted tumors or types of cancer**. Anti-tumor activity may prove different in each of the different tumor **and cancer** types we plan on **evaluating in the clinical trial**. **evaluating**. Therefore, even though we plan on pursuing tumor-agnostic clinical development of LSTA1, the tumor response may be **low less robust** in patients with some cancers compared to others. This may result in discontinuation of development of LSTA1 for **patients with these certain** tumor types **and/or mutations** due to insufficient clinical benefit while continuing development for **a more limited population of** patients more likely to benefit. As a consequence, we may have to negotiate with regulators to reach agreement on defining the optimal patient population, study design and size in order to obtain regulatory approval, any of which may require significant additional resources and delay the timing of our clinical trials and ultimately the approval, if any, of any of our product candidates.

[Index](#)

In addition, because we have limited financial and personnel resources and are placing significant focus on the development of our lead product candidate, we may forego or delay pursuit of opportunities with other future product candidates that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and other future product candidates for specific indications may not yield any commercially viable future product candidates. If we do not accurately evaluate the commercial potential or target market for a particular future product candidate, we may relinquish valuable rights to those future product candidates 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 future product candidates.

***Our future success may be dependent on the timely and successful continued development and commercialization of our product candidates and if we encounter delays or difficulties in the development of these product candidates, our business prospects could be significantly harmed.***

We are dependent upon the successful development, approval and commercialization of our product candidates. Before we are able to seek regulatory approval of our product candidates, we must conduct and complete extensive clinical trials to demonstrate their safety and efficacy in humans. We have never taken a product through the regulatory approval process or successfully to U.S. or international commercialization.

Clinical testing is expensive, difficult to design and implement, and can take many years to complete. Importantly, a failure of one or more of these or any other clinical trials can occur at any stage of testing. We may experience numerous unforeseen events during, or as a result of clinical trials that could delay or prevent our ability to complete our clinical trials, receive regulatory approval or commercialize our **cell therapy** product candidates, including the following:

- suspensions, delays or changes in the design, initiation, enrollment, implementation or completion of required clinical

[Index](#)

trials;

- adverse changes in our financial position or significant and unexpected increases in the cost of our clinical development program;
- changes or uncertainties in, or additions to, the regulatory approval process that require us to alter our current development strategy;
- clinical trial results that are negative **inconclusive** or **even less than desired inconclusive** as to safety and/or efficacy, which could result in the need for additional clinical trials or the termination of the product's development;
- delays in our ability to manufacture our product candidates in quantities or in a form that is suitable for any required clinical trials;
- intellectual property constraints that prevent us from making, using, or commercializing any of our **cell therapy** product candidates;
- the supply or quality of our product candidates or other materials or equipment necessary to conduct clinical trials of these product candidates may be no longer available for purchase, insufficient or inadequate;
- inability to generate sufficient **preclinical, non-clinical**, toxicology, or other in vivo or in vitro data to support the initiation of clinical trials;
- delays in reaching agreement on acceptable terms with prospective contract research organizations ("CROs"), contract manufacturing organizations ("CMOs"), and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs, CMOs and clinical trial sites;
- delays in obtaining required IRB approval at each clinical trial site;
- inability to **file submit or obtain clearance for** an IND or CTA with the applicable regulators for our development candidates;
- imposition of a temporary or permanent clinical hold by the FDA or similar restrictions by other regulatory agencies for a number of reasons, including after review of an IND or **protocol** amendment, or equivalent application or amendment; as a result of a new safety finding that presents unreasonable risk to clinical trial participants; a negative finding from an inspection of our clinical trial operations or clinical trial sites; developments on trials conducted by competitors or approved products post-market for related technology that raises FDA concerns about risk to patients of the technology broadly; or if the FDA finds that the investigational protocol or plan is clearly deficient to meet its stated objectives;
- difficulty collaborating with patient groups and investigators;

[Index](#)

- failure by our CROs, CMOs or other third parties, or us to adhere to clinical trial requirements;
- failure to perform in accordance with the FDA or international GCP requirements;
- failure to reach agreement with the FDA on a satisfactory development path of our development candidates;
- delays in having patients qualify for or complete participation in a trial or return for post-treatment follow-up;
- patients dropping out of a clinical trial;
- occurrence of adverse events associated with the product candidate;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials or abandoning existing trials;
- transfer of manufacturing processes from our academic collaborators to larger-scale facilities operated by either a CMO, or by us, and delays or failure by our CMOs or us to make any necessary changes to such manufacturing process;
- delays in **and/or the inability to complete** manufacturing, testing, releasing, validating, or importing/exporting sufficient stable quantities of our product candidates for use in clinical trials or the inability to do any of the foregoing; and
- the FDA may not accept clinical data from trials that are conducted in countries where the standard of care is potentially different from the United States.

[Index](#)

Any inability to successfully complete **nonclinical non-clinical** and clinical development could result in additional costs to us or impair our ability to generate revenue. In addition, if we make manufacturing or formulation changes to our product candidates, we may be required to, or we may elect to, conduct bridging studies to demonstrate the equivalence of our modified product candidates to earlier versions. Clinical trial delays could also shorten any periods during which our products have patent protection and may allow our competitors to bring products to market before we do, which could impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

**Our business has been and may continue to be adversely affected by The impact of the COVID-19 pandemic, pandemic or as yet identified pandemics, the shift to a COVID-19 endemic approach and related risks could materially affect our results of operations, financial position and/or liquidity.**

The COVID-19 pandemic **has affected our operations and may materially affect our business. In response to the pandemic, we have limited in-office operations, including implementing work from home and social distancing policies. We risk a delay, default and/or nonperformance under our existing agreements arising from force majeure.**

**In addition, COVID-19 has resulted in significant governmental measures being implemented a global slowdown of economic activity and disruption of normal business travel and working habits. While we are shifting to control a COVID-19 endemic approach, there is still uncertainty about the spread impact of the virus, including quarantines, travel restrictions, social distancing and business shutdowns. We had taken temporary precautionary measures intended to help minimize the risk of the virus to our employees, including temporarily allowing all employees to work remotely, and subsequently now have a universal work from home policy. These measures could negatively affect our business. For instance, temporarily requiring all employees to work remotely may induce absenteeism, disrupt our operations, or increase the risk of a cybersecurity incident. COVID-19 has also caused volatility variants in the global financial markets and threatened a slowdown in the global economy, which long-term. The COVID-19 pandemic may negatively affect our ability to raise additional capital on attractive terms or at all.**

**Our clinical trials have suffered and may continue to suffer from delays and lower than anticipated patient recruitment or enrollment. Our clinical study of HONEDRA® in Japan has experienced significant delays in enrollment due to the States of Emergency in effect in Japan for most of 2020 and re-implemented from January 7, 2021 through March 21, 2021 covering Tokyo and other regions in response to an increased number of COVID-19 infections. Due to reported increases in COVID-19 cases and a low rate of vaccination in Japan, States of Emergency were renewed on April 25, 2021 through May 11, 2021 and then re-implemented in Tokyo from July 12, 2021 through September 30, 2021. With our expectation that COVID-19 in Japan would continue to negatively impact enrollment of patients in the HONEDRA® clinical trial, we elected to suspend trial enrollment, seek a development partner and consult with the Japanese regulatory authorities regarding the submission of patient data already accrued. Our Phase 2b trial of XOWNA® in the United States has also experienced delays in enrolling patients as a result of COVID-19.**

**The extent to which COVID-19 will continue to impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of the pandemic, the severity of COVID-19 or new variants or the effectiveness of actions to contain and treat COVID-19 and its variants, particularly in the geographies where we or our third party suppliers, contract manufacturers, or contract research organizations operate. We cannot presently predict the scope and severity of any potential business shutdowns or disruptions. If we or any of the third parties with whom we engage, however, were to experience shutdowns or other business disruptions, our ability to conduct our business in the manner and on**

[Index](#)

**the timelines presently planned could be materially and negatively affected, which could have a material adverse impact on our business and impacted our results of operations, and a reversion to the COVID-19 restrictions could have a significant effect on our future business, results of operations and financial condition. performance. The pandemic initially resulted in a sharp contraction in the global economy, tightening liquidity and increasing volatility and uncertainty in the capital markets. Coincident global mitigation responses stabilized markets and stimulated economic recovery. Continued macroeconomic volatility may persist affecting our businesses and related market opportunities. The impact of an**



ongoing pandemic on the financial markets may also adversely affect our ability to fund through public or private equity offerings, debt financings, and through other means at acceptable terms.

***Even if we are able to successfully complete our clinical development programs for our product candidates and receive regulatory approval to market one or more of the products, if the commercial opportunities are smaller than we anticipate, our future revenues may be adversely affected, and our business may suffer.***

If the size of the commercial opportunities in any of our target indications is smaller than we anticipate, or if the FDA grants our candidates approval to treat only specific subpopulations or otherwise approves the products for more narrow indications for use than we are seeking, we may not be able to achieve profitability and growth.

Even if we are able to successfully complete our clinical development program for our product candidates, and ultimately receive regulatory approval to market one or more of the products, we may, among other things:

- obtain approval for indications that are not as broad as the indications we sought;
- have the product removed from the market after obtaining marketing approval;
- encounter problems with respect to the manufacturing of commercial supplies;
- be subject to additional post-marketing testing requirements; and/or
- be subject to restrictions on how the product is distributed or used.

***We may experience delays in enrolling patients in our clinical trials, which could delay or prevent the receipt of necessary regulatory approvals.***

We may not be able to initiate or complete as planned any clinical trials if we are unable to identify and enroll a sufficient number of eligible patients to participate in the clinical trials required by the FDA or other regulatory authorities. Some of our competitors have ongoing clinical trials for product candidates that treat the same indications as our product candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' product candidates. Enrollment challenges in clinical trials often result in increased development costs for a product candidate, significant delays and potentially the abandonment of the clinical trial. We also may be unable to engage a sufficient number of clinical trial sites to conduct our trials. Moreover, our ability to conduct trials outside of the United States may be constrained by our inability to transport **trial research** materials to foreign destinations within the expiry period of such materials unless and until we commence operation outside of the United States or find another source of supply.

Because our clinical trials for LSTA1 are focused on patients with specific solid tumor cancers, our ability to enroll eligible patients may be limited or may result in slower enrollment than we anticipate. For example, we cannot be certain how many patients will have each of the solid tumor cancers that LSTA1 is designed to target or that the number of patients enrolled will suffice for regulatory approval and inclusion of each such mutation in the approved label.

Patient enrollment in general is affected by many factors, including:

- size of the target patient population;
- severity of the disease or disorder under investigation;

#### [Index](#)

- eligibility criteria for the clinical trial in question;
- other clinical trials being conducted at the same time involving patients who have the disease or disorder under investigation;
- perceived risks and benefits of the product candidate under study;
- approval and availability of other therapies to treat the disease or disorder that is being investigated in the clinical trial;
- willingness or unwillingness to participate in a placebo controlled clinical trial;
- efforts to facilitate timely enrollment in clinical trials;
- patient referral practices of physicians;
- the ability to monitor patients adequately during and after treatment; and
- proximity and availability of clinical trial sites for prospective patients.

#### [Index](#)

Our inability to enroll a sufficient number of patients in any of our planned clinical trials would result in significant delays or may require us to abandon one or more clinical trials altogether.

***We may not be able to file INDs or IND amendments to commence additional clinical trials on the timelines we expect, and even if we are able to, the FDA regulators may not permit us to proceed.***

We submitted an IND for LSTA1 on April 14, 2021, and the IND was **allowed cleared** by the FDA on May 14, 2021. Still, we may not be able to file INDs, **or comparable foreign CTAs in other countries or jurisdictions**, for our other product candidates on the timelines we expect. For example, we may experience manufacturing delays or other delays with



IND-enabling studies. Moreover, we cannot be sure that submission of an IND will result in the FDA allowing further clinical trials to begin, or that, once begun, issues will not arise that **suspend lead to the suspension** or **terminate termination of** clinical trials. Additionally, even if such regulatory authorities agree with the design and implementation of the clinical trials set forth in an IND, we cannot guarantee that such regulatory authorities will not change their requirements in the future. These considerations also apply to new clinical trials we may submit as amendments to existing INDs or to a new IND. Any failure to file INDs on the timelines we expect or to obtain regulatory **approvals authorizations** for our trials may prevent us from completing our clinical trials or commercializing our products on a timely basis, if at all.

**Results from a clinical trial, once completed, may be less clear than expected, which may hinder our efforts to obtain regulatory approval for our product candidates.**

Clinical trials by their nature utilize a sample of the potential patient population. With a limited number of patients and limited duration of exposure, rare and severe side effects of our product candidates may only be uncovered with a significantly larger number of patients exposed to the drug candidate. If our product candidates receive marketing approval and we or others identify undesirable side effects caused by such product candidates (or any other similar drugs) after such approval, a number of potentially significant negative consequences could result, including those listed below:

- we may encounter unforeseeable conditions, such as **the COVID-19 pandemic**, which **has** had a significantly negative impact on **the availability of** enrollment in clinical **trials; trials during its acute phase but may continue to create challenges if local or regional outbreaks occur;**
- regulatory authorities may require the addition of labeling statements, such as a “boxed” warning or a contraindication;
- we may be required to change the way such product candidates are distributed or administered, conduct additional clinical trials or change the labeling of the product candidates;
- **regulatory authorities FDA** may require a REMS plan to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools;
- we may be subject to regulatory investigations and government enforcement actions;
- we may decide to remove such product candidates from the marketplace;
- we could be sued and held liable for injury caused to individuals exposed to or taking our product candidates; and
- our reputation may suffer.

[Index](#)

We believe that any of these events could prevent us from achieving or maintaining market acceptance of the affected product candidates and could substantially increase the costs of commercializing our product candidates, if approved, and significantly impact our ability to successfully commercialize our product candidates and generate revenues.

**We and our partners are conducting clinical trials for product candidates outside the United States, and the FDA and comparable foreign regulatory authorities may not accept data from such trials.**

We have in the past conducted clinical trials in Japan, and we may in the future choose to conduct one or more clinical trials outside the United States, including in **Canada**, Australia, or Europe. The acceptance of study data from clinical trials conducted outside the United States or another jurisdiction by the FDA or comparable foreign regulatory authority may be subject to certain conditions or may not be accepted at all. In cases where data from foreign clinical trials are intended to serve as the basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are **agreed by FDA to be** applicable to the U.S. population and U.S. medical practice; and (ii) the trials were performed by clinical investigators of recognized competence and pursuant to GCP **regulations, requirements. For example, in February 2022, the FDA publicly rebuked an oncology product sponsor for submitting a marketing application with Phase III clinical data solely from China and since that time, it has declined to approve other applications that contained primarily China-generated clinical data.** Additionally, the FDA’s clinical trial requirements, including sufficient size of patient populations and statistical powering, must be met. Many foreign regulatory authorities have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA or any comparable foreign regulatory authority will accept data from trials conducted outside of **the United States or the their** applicable jurisdiction. If the FDA or any comparable foreign regulatory authority does not accept such data, it would result in the need for additional trials, which

[Index](#)

could be costly and time-consuming, and which may result in product candidates that we may develop not receiving approval for commercialization in the applicable jurisdiction.

**We may have other delays in completing our clinical trials and we may not complete them at all.**

**We have not completed the clinical trials necessary to obtain FDA approval to market LSTA1, HONEDRA<sup>®</sup>, or LSTA201 or any of our other product candidates in development. Clinical trials for products in development may be delayed or terminated as a result of many factors, including the following:**

- **patients failing to complete clinical trials due to dissatisfaction with the treatment, side effects or other reasons;**
- **failure by regulators, IRBs, or independent ethics committees to authorize us or our investigators at individual sites to commence a clinical trial;**
- **suspension or termination by regulators of clinical research for many reasons, including concerns about patient safety or failure of our contract manufacturers to comply with applicable cGMP/cGTP requirements for the clinical supplies of the cell therapy candidate;**

- delays or failure to obtain clinical supply for our product candidates necessary to conduct clinical trials from contract manufacturers, including commercial grade clinical supply for our trials;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- treatment candidates demonstrating a lack of efficacy during clinical trials;
- inability to continue to fund clinical trials or to find a partner to fund the clinical trials;
- competition with ongoing clinical trials and scheduling conflicts with participating clinicians; and
- delays in completing data collection and analysis for clinical trials.

Any delay or failure to complete clinical trials and obtain FDA approval for our product candidates could have a material adverse effect on our cost to develop and commercialize, and our ability to generate revenue from, a particular product candidate.

**We may be unable to manage multiple late stage late-stage clinical trials for a variety of product candidates simultaneously.**

As our current clinical trials progress, we may need to manage multiple late stage late-stage clinical trials simultaneously in order to continue developing all of our current product candidates. Typically, early stage early-stage trials involve relatively small numbers of patients in relatively few clinical sites. Late stage Late-stage (Phase 3) trials may involve very large numbers of patients in a larger number of sites and may require facilities in several countries. Therefore, the project management required to supervise and control such an extensive program is substantially larger than early stage early-stage programs. As the need for these resources is not known until some months before the trials begin, it is necessary to recruit large numbers of experienced and talented individuals very quickly. If the labor market does not allow this team to be recruited quickly, the sponsor is faced with a decision to delay the program or to initiate it with inadequate management resources. This may result in recruitment of inappropriate patients, inadequate monitoring of clinical investigators and inappropriate handling of data or data analysis. Consequently, it is possible that conclusions of efficacy or safety may not be acceptable to permit submission of an NDA for any one of the above reasons or a combination of several. Additionally, any such failure may result in regulatory liability for the sponsor, negative publicity, and other adverse impacts on the business or its operations.

**Any disruption to our access to the reagents, devices, material or equipment we are using in the clinical development of our product candidates could adversely affect our ability to perform clinical trials and seek future regulatory submissions.**

Reagents, devices, materials and systems that we are using in our clinical trials, that we intend to use in our planned clinical trials and that we may need or use in future commercial production, are provided by unaffiliated third parties. Any lack of continued availability of these reagents, devices, materials and systems for any reason would have a material adverse effect on our ability to complete these studies and could adversely impact our ability to achieve commercial manufacture of our planned therapeutic products. Although other available sources for these reagents, devices, materials and systems may exist in the marketplace, we have not evaluated their cost, effectiveness, or intellectual property foundation and therefore cannot guarantee the suitability or availability of such other potential sources.

**The initiation of pivotal Phase 3 clinical trials for our product candidates requires the validation and establishment of manufacturing controls that may delay product development timelines.**

[Index](#)

To conduct pivotal Phase 3 clinical trials, we are required to have certain validated and established manufacturing controls with respect to the safety purity and potency identity of our product candidates when administered to patients. If we determine that the results of any Phase 2 clinical trial, we may conduct supports Phase 3 development, we expect to initiate and complete one or more pivotal Phase 3 clinical trials for such programs and would need to address any outstanding chemistry, manufacturing and control CMC ("CMC") issues raised by the FDA prior to initiating such trials. We may not be successful in our efforts to address any CMC issues raised by the FDA. If we cannot initiate, or if we are delayed in initiating, a pivotal Phase 3 clinical program as a result of our failure to satisfy the FDA's CMC concerns or otherwise, the timing of completing, developing and making a

[Index](#)

regulatory submission for commercialization of our product candidates would be delayed, or we may be unable to seek regulatory approval to commercialize our products at all.

**Product candidates that appear promising in research and development may be delayed or may fail to reach later stages of clinical development.**

The successful development of pharmaceutical product candidates is highly uncertain. Product candidates that appear promising in research and development and early clinical trials may be delayed or fail to reach later stages of development. Decisions regarding the further development of product candidates must be made with limited and incomplete data, which makes it difficult to ensure or even accurately predict whether the allocation of limited resources and the expenditure of additional capital on specific product candidates will result in desired outcomes. Preclinical Non-clinical and clinical data can be interpreted in different ways, and negative or inconclusive results or adverse events during a clinical trial could delay, limit or prevent the development of a product candidate.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. Exploratory trends and results observed in earlier stage clinical trials, particularly trends and results observed for small subsets that were not pre-specified, may not be replicated in later stage clinical trials. Product candidates in Phase 3 clinical trials may fail to demonstrate sufficient efficacy despite having progressed through initial clinical trials, even if certain exploratory subset analyses of primary or secondary endpoints in those early trials showed trends toward efficacy or, in some analyses, nominal statistical significance. The results of clinical trials in one set of patients or line of treatment may not be predictive of those obtained in another.

**If serious or unacceptable side effects are identified during the development of any of our product candidates, we may need to abandon or limit our development of that product candidate.**

All of our product candidates are in clinical development and their risk of failure is high. It is impossible to predict when or if any of our product candidates will prove effective or safe in humans or will receive marketing approval. If our product candidates are associated with undesirable side effects or have other unexpected, unacceptable characteristics, we may need to abandon their development or limit development to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. Many investigational products that initially showed promise in clinical or earlier stage testing have later been found to cause side effects or other safety issues that prevented further development. Even if we receive regulatory approval for a candidate with a known safety risk **that is described in the product's labeling**, such an approved product may not achieve market acceptance by physicians, patients, third-party payors or others in the medical community, which would materially and adversely affect our business.

***A breakthrough therapy designation by the FDA, even if granted for any of our product candidates, may not lead to a faster development or regulatory review or approval process and it does not increase the likelihood that our product candidates will receive marketing approval.***

We may seek "breakthrough therapy" designation for LSTA1 and some or all of our current or future product candidates. A breakthrough therapy is defined as a drug **or biologic** that is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the drug **or biologic** may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For product candidates that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Drugs designated as breakthrough therapies by the FDA may also be eligible for other expedited approval programs, including **priority review** and accelerated approval.

Designation as a breakthrough therapy is within the discretion of the FDA. Accordingly, even if we believe that one of our product candidates meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of a breakthrough therapy designation for a product candidate may not result in a faster development process, review or approval compared to candidate products considered for approval under **non-**

[Index](#)

**expedited non-expedited** FDA review procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our product candidates qualify as breakthrough therapies, the FDA may later decide that the product candidate no longer meets the conditions for qualification. Thus, even though we intend to seek Breakthrough Therapy designation for LSTA1 and some or all of our future product candidates, there can be no assurance that we will receive **or maintain** breakthrough therapy designation.

[Index](#)

***A Fast Track designation by the FDA and other similar regulatory designations may not lead to a faster development, regulatory review or approval process.***

If a drug is intended for the treatment of a serious or life-threatening condition and the drug demonstrates the potential to address unmet medical needs for this condition, the drug sponsor may apply for FDA Fast Track designation for a particular indication. We have been granted Fast Track designation for LSTA1 for **the treatment of** pancreatic cancer. We may seek Fast Track designation for other indications or for certain of our other current or future product candidates, but there is no assurance that the FDA will grant this status to any of our other proposed product candidates. Marketing applications filed by sponsors of products in Fast Track development may qualify for priority review under the policies and procedures offered by the FDA, but the Fast Track designation does not assure any such qualification or ultimate marketing approval by the FDA. The FDA has broad discretion whether **or not** to grant Fast Track designation, so even if we believe a particular product candidate is eligible for this designation, there can be no assurance that the FDA would decide to grant it. Even if we do receive Fast Track designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures, and receiving a Fast Track designation does not provide assurance of ultimate FDA approval. In addition, the FDA may withdraw Fast Track designation if it believes that the designation is no longer supported by data from our clinical development program. In addition, the FDA may withdraw any Fast Track designation program **or** at any time.

**We were also granted SAKIGAKE designation in Japan and Advanced Therapeutic Medicinal Product ("ATMP") designation in Europe for HONEDRA<sup>®</sup> for the treatment of CLI and Buerger's Disease. However, SAKIGAKE and ATMP designations do not ensure that we will experience a faster development, regulatory review or approval process compared to conventional FDA or Japan PMDA procedures. Additionally, a regulatory authority may withdraw a designation if it believes that the designation is no longer supported by data from the clinical development program. Moreover, award of a particular designation does not imply a higher probability of success of a product in the approval process.**

***Accelerated approval by the FDA, even if granted for LSTA1 **or any other current** or future product candidates, may not lead to a faster development or regulatory review or approval process and it does not increase the likelihood that our product candidates will receive marketing approval.***

We plan to seek approval of LSTA1 and may seek approval of other current or future product candidates using the FDA's accelerated approval pathway. A product candidate may be eligible for accelerated approval if it treats a serious or life-threatening condition and generally provides a meaningful advantage over available therapies. In addition, it must demonstrate an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit. As a condition of approval, the FDA may require that a sponsor of a drug receiving accelerated approval perform adequate and well-controlled post-marketing clinical trials. **FDA may require that such studies be fully enrolled before the NDA is approved.** These confirmatory trials must be completed with due diligence.

**Failure to conduct required post-approval studies, or to confirm the predicted clinical benefit of the product during post-marketing studies, allows the FDA to withdraw approval of the drug.** In addition, **all promotional materials for products approved under the accelerated approval pathway must be submitted to the FDA currently requires as a condition in advance of dissemination for accelerated approval pre-approval of promotional materials, potential agency comment,** which could adversely impact the timing of the commercial launch of the product. Even if we do receive accelerated approval for **one or more of our product candidates**, we may not experience a faster development or regulatory review or approval process, and receiving accelerated approval does not provide assurance of ultimate full FDA approval.

***Our clinical trials may fail to demonstrate adequately the safety and efficacy of our product candidates, which would prevent or delay regulatory approval and commercialization.***

The clinical trials of our product candidates are, and the manufacturing and marketing of our products will be, subject to extensive and rigorous review and regulation by numerous government authorities in the United States and in other countries where we intend to test and market our product candidates. Before obtaining regulatory approvals for

the commercial sale of any of our product candidates, we must demonstrate through lengthy, complex and expensive preclinical testing and clinical trials that our product candidates are both safe and effective for use in each target indication. Each product candidate must demonstrate an adequate risk versus benefit profile in its intended patient population and for its intended use. The risk/benefit profile required for product **licensure approval** will vary depending on these factors and may include adequate duration of response, a delay in the progression of the disease, and/or an improvement in survival. For example, response rates from the use of our product candidates may not be sufficient to obtain regulatory approval unless we can also show an adequate duration of response.

There is typically an extremely high rate of attrition from the failure of product candidates proceeding through clinical trials. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy profile despite having progressed through preclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety issues, notwithstanding

[Index](#)

promising results in earlier trials. Most product candidates that begin clinical trials are never approved by regulatory authorities for commercialization.

Data from earlier studies conducted by **the** third-party research institutions should not be relied upon as evidence that later or larger-scale clinical trials will succeed. Some future trials may have different patient populations than current studies and will test our product candidates in different indications, among other differences. In addition, our proposed manufacturing processes for our product candidates include what we believe will be process improvements that are not part of the production processes

[Index](#)

that were previously used in the earlier conducted clinical trials being conducted by the research institutions. Accordingly, our results with our product candidates may not be consistent with the results of the clinical trials.

In addition, even if such trials are successfully completed, we cannot guarantee that the FDA or foreign regulatory authorities will interpret the results as **we** do, **we**, and more trials could be required before we submit our product candidates for approval. To the extent that the results of the trials are not satisfactory to the FDA or foreign regulatory authorities for support of a marketing application, we may be required to expend significant resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates.

***We presently rely on contract manufacturing organizations to produce our product candidates at development and commercial scale quantities and have not yet qualified an alternate manufacturing supply, which could negatively impact our ability to meet any future demand for the products.***

We do not presently have redundant suppliers for any of our product candidates. If the facilities where our product candidates are being manufactured and/or the associated equipment were significantly damaged or destroyed, or if there were other disruptions, delays or difficulties affecting manufacturing capacity, our planned and future clinical trials and commercial production for these product candidates would likely be significantly disrupted and delayed. It would be both time consuming and expensive to replace this capacity with third parties, particularly since any new facility would need to comply with regulatory requirements.

Ultimately, if we are unable to supply our product candidates to meet commercial demand, were commercial approval to be obtained, whether because of processing constraints or other disruptions, delays or difficulties that we experience, our production costs could increase dramatically, and sales of the product and its long-term commercial prospects could be significantly damaged.

Also, as a result of the current geopolitical tensions and the conflict between Russia and Ukraine, the governments of the United States, the European Union, Japan and other jurisdictions have recently announced the imposition of sanctions on certain industry sectors and parties in Russia, as well as enhanced export controls on certain products and industries. These and any additional sanctions and export controls, as well as any counter responses by the governments of Russia or other jurisdictions, could adversely affect, directly or indirectly, the global supply chain, with negative implications on the availability and prices of raw materials, energy prices, and our customers, as well as the global financial markets and financial services industry.

***The commercial potential and profitability of our product candidates are unknown and subject to significant risk and uncertainty.***

Even if we successfully develop and obtain regulatory approval for some or all of our product candidates, the market may not understand or accept the products, which could adversely affect both the timing and level of future sales. Ultimately, the degree of market acceptance of our product candidates (or any of our future product candidates) will depend on a number of factors, including:

- the efficacy and potential advantages compared to alternative treatments or competitive products;
- the prevalence and severity of any side effects;
- **the approval and marketing of other therapeutics against which our product candidates will compete;**
- physician acceptance of our approach to our target disease indications, include the ease or difficulty of administering the future products;
- restrictions on how the product is distributed or used;
- the strength of our marketing and distribution support, including whether we receive support from any patient advocacy groups;
- the adequacy of product supply in light of complex manufacturing and distribution processes;
- **our ability to distinguish our cell therapy products (which involve adult cells) from any ethical and political controversies associated with stem cell products derived from human embryonic or fetal tissue; and**

- the cost of the product, the reimbursement policies of government and third-party payors and our ability to obtain sufficient third-party coverage or reimbursement.

Even if we are successful in achieving sales of our product candidates, it is not clear to what extent, if any, the products will be profitable. The costs of goods associated with production of cell therapy products are significant. While we are working to improve the speed and efficiency and lower the cost of our manufacturing processes, there can be no assurance that we will be successful in these efforts. In addition, some changes in manufacturing processes or procedures generally require FDA or foreign regulatory authority review and approval prior to implementation. Thus, we may need to conduct additional nonclinical non-clinical studies and

clinical trials to support approval of any such changes. Furthermore, this review process could be costly and time-consuming and could delay or prevent the commercialization of product candidates.

**We may enter into collaborations, strategic alliances, additional licensing arrangements, acquisitions, business combinations or other strategic transactions in the future, any of which could require us to incur significant expenses or issue securities that could significantly dilute the shares of our existing stockholders, and we may not realize the benefits of such alliances or licensing arrangements, acquisitions, business combinations or strategic transactions.**

We may enter into collaborations, strategic alliances, additional licensing arrangements, acquisitions, business combinations or other strategic transactions with third parties that we believe are essential to product commercialization or will complement or augment our development and commercialization efforts with respect to our product candidates and any future product candidates that we may develop. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that could significantly dilute the shares of our existing stockholders, or disrupt our management and business. In addition, we face significant competition in seeking appropriate strategic partners and/or acquisition candidates and the negotiation process can be time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our product candidates because they may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view our product candidates as having the requisite potential to demonstrate safety and efficacy. Furthermore, there can be no assurance that our exploration of potential acquisitions, business combinations or strategic alternatives will result in us entering or completing any transaction or that such transaction, if completed, will add to stockholder value.

Further, collaborations involving our product candidates, such as our collaborations with third-party research institutions, are subject to numerous risks, which may include the following:

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

As a result, if we enter into collaboration agreements and strategic partnerships or license our products or businesses, we may not be able to realize the benefit of such transactions if we are unable to successfully integrate them with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such transaction. Any delays in entering into new collaborations or strategic partnership agreements related to our product candidates could delay the development and commercialization of our product candidates in certain geographies for certain indications, which would harm our business prospects, financial condition and results of operations.

Our cell therapy business is based on novel technologies that are inherently expensive, risky and may not be understood by or accepted in the marketplace, which could adversely affect our future value.

The clinical development, commercialization and marketing of cell and tissue-based therapies are at an early stage, substantially research-oriented and financially speculative. To date, very few companies have been successful in their efforts to develop and commercialize a cell therapy product. In general, cell-based or tissue-based products may be susceptible to various risks, including undesirable and unintended side effects, unintended immune system responses, inadequate therapeutic efficacy, or other characteristics that may prevent or limit their approval or commercial use. Regulatory approval of a novel product candidates such as HONEDRA® can be more complex and expensive and take longer than other, more well-known or extensively studied pharmaceutical or biopharmaceutical products, due to the limited lack of experience of regulatory authorities with them. [Index](#)

This limited experience may lengthen the regulatory review process, require us to conduct additional studies or clinical trials, which would increase our development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of these product candidates or lead to significant post-approval limitations or restrictions. Furthermore, the number of people who may use cell or tissue-based therapies is difficult to forecast with accuracy.

**If competitors develop and market products that are more effective, safer, or less expensive than our product candidates or offer other advantages, our commercial prospects will be limited.**

Our development programs now face, and will continue to face, intense competition from pharmaceutical, biopharmaceutical and biotechnology companies, as well as numerous academic and research institutions and governmental agencies engaged in drug discovery activities or funding, both in the United States and abroad. Some of these competitors are pursuing the development of drugs and other therapies that target the same diseases and conditions that we are targeting with our product candidates.

As a general matter, we also face competition from many other companies that are researching and developing similar product candidates. Many of these companies have financial and other resources substantially greater than ours. In addition, many of these competitors have significantly greater experience in testing pharmaceutical and other therapeutic products, obtaining FDA and other regulatory approvals, and marketing and selling FDA-approved approved products in highly regulated commercial health care markets. If we ultimately obtain regulatory approval for any of our product candidates, we also will be competing with respect to manufacturing efficiency and marketing capabilities, areas in which we have limited or no commercial-scale experience. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in resources being even more concentrated by our competitors. Competition may increase further as a result of advances made in the commercial applicability of our technologies and greater availability of capital for investment in these fields.

**Our cell therapy product candidates for which We conduct significant operations through our Australian wholly-owned subsidiary. If we intend lose our ability to seek approval as biologic products may face competition sooner than anticipated, operate in Australia, or if the subsidiary is unable to receive the research and development tax credit allowed by Australian regulations, our business and results of operations will suffer.**

There is a risk that the regulatory authorities will not consider any We develop certain of our therapeutic candidates programs in part through our wholly-owned Australian subsidiary, Lisata Therapeutics Australia Pty Ltd. Due to be reference products for competing products, potentially creating the opportunity for generic competition sooner than anticipated. Additionally, this period of regulatory exclusivity does not apply to companies pursuing regulatory approval via their own traditional BLA, rather than via the abbreviated pathway. Moreover, the extent to which a biosimilar, once approved, will be substituted for any one of our reference products geographical distance and limited employees currently in a way that is similar to traditional generic substitution for non-biological products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing. Australia, as well as unique state laws our limited of experience operating in Australia, we may not be able to efficiently or successfully monitor, develop or commercialize our products or programs in Australia, including conducting clinical trials. Furthermore, we have no assurance that the results of any clinical trials that it conducts for our product candidates in Australia will be accepted by the FDA or foreign regulatory authorities for development and government/private policies, commercialization approvals. In addition, current Australian tax regulations provide for a refundable tax incentive between 43.5% to 48.5% (depending upon the income tax rate) for qualified research and development activities. If we are ineligible or unable to receive the research and development tax credit, or past credits are determined ineligible upon audit, or if we lose our ability to operate Lisata Therapeutics Australia Pty Ltd. in Australia, or the Australian government significantly reduces or eliminates the tax credit, our business and results of operation would be adversely affected. In the event we determine it advisable to stop operating through this subsidiary, we may be required to migrate such operations, employees and intellectual property from this subsidiary to us. Any such action may be difficult and cause us to incur additional expenses, as well as give rise to tax liabilities for us or erode our tax attributes (such as tax credits or net operating losses).

**We may be subject to significant product liability claims and litigation, including potential exposure from the use of our product candidates in human subjects, and our insurance may be inadequate to cover claims that may arise.**

Our business exposes us to potential product liability risks inherent in the testing, processing and marketing of cell therapy our products. Such liability claims may be expensive to defend and result in large judgments against us. We face an inherent risk of product liability exposure related to the testing of our current and any future product candidates in human clinical trials and will

[Index](#)

face an even greater risk with respect to any commercial sales of our products should they be approved. None of our product candidates have been widely used over an extended period of time, and therefore relevant safety data are limited.

We will need to increase our insurance coverage when we begin commercializing product candidates, if ever. At that time, we may not be able to obtain or maintain product liability insurance on acceptable terms with adequate coverage or at all, or if claims against us substantially exceed our coverage, then our financial position could be significantly impaired.

Whether or not we are ultimately successful in any product liability litigation that may arise, such litigation could consume substantial amounts of our financial and managerial resources, decrease demand for our products and injure our reputation.

We seek to maintain errors and omissions, directors and officers, workers' compensation and other insurance at levels we believe to be appropriate to our business activities. If, however, we were subject to a claim in excess of this coverage or to a claim not covered by our insurance and the claim succeeded, we would be required to pay the claim from our own limited resources, which could have a material adverse effect on our financial condition, results of operations and business. Additionally, liability or alleged liability could harm our business by diverting the attention and resources of our management and damaging our reputation.



[Index](#)

***We may be unable to retain key officers or employees or hire new key officers or employees needed to implement our business strategy and develop our products and businesses.***

Given the specialized nature of our product candidates and given that cell therapy in particular is a relatively new field, there is an inherent scarcity of experienced personnel in the field. We are substantially dependent on the skills and efforts of current senior management for their management and operations, as well as for the implementation of our business strategy. In addition, our future success depends upon our ability to attract and retain additional qualified personnel (including medical, scientific, technical, commercial, business and administrative personnel) necessary to support our anticipated growth, develop our business, perform our contractual obligations to third parties and maintain appropriate licensure. There can be no assurance that we will be successful in attracting or retaining personnel required by us to continue to grow our operations. The loss of a key employee, the failure of a key employee to perform in his or her current position or our inability to attract and/or retain skilled employees, as needed, could result in our inability to continue to grow our business or to implement our business strategy, or may have a material adverse effect on our business, financial condition and operating results.

***Our internal computer systems, or those used by our clinical investigators, clinical research organizations or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of development programs for our product candidates.***

We rely on information technology systems to keep financial records, maintain laboratory and corporate records, communicate with staff and external parties and operate other critical functions. Any significant insufficiency, degradation or failure of these computer systems could cause us to inaccurately calculate or lose our data. Despite the implementation of security measures, these internal computer systems and those used by our clinical investigators, clinical research organizations, and other contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war, and telecommunication and electrical failures. The techniques that could be used by criminal elements or foreign governments to attack these computer systems are sophisticated, change frequently and may originate from less regulated and remote areas of the world. Furthermore, there is an increased risk of cybersecurity attacks by state actors. Russian, Chinese, Iranian, North Korean and other ransomware gangs have threatened or enacted increased hacking activity against critical infrastructure of many nations or organizations. Any such increase in such attacks on our third-party provider or other systems could adversely affect our network systems or other operations. While we have not experienced any such system failure, theft of information, accident or security breach to date, if such an event were to occur and cause interruptions in its operations, it could result in a material disruption of our clinical development activities. For example, the loss of clinical trial data from historical or future clinical trials could result in delays in regulatory approval efforts and significantly increase costs to recover or reproduce the data. To the extent that any disruption, theft of information, or security breach were to result in a loss of or damage to data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the clinical development, and the future development of our product candidates could be delayed.

***The increasing use of social media platforms presents new risks and challenges.***

Social media is increasingly being used to communicate information about our clinical-stage oncology product candidates and the diseases that our therapies are designed to treat. Social media practices in the pharmaceutical industry continue to evolve and regulations related to such use are not always clear. This evolution creates uncertainty and risk of noncompliance with regulations applicable to our business. For example, patients and others may use social media channels to comment on the effectiveness of a product candidate or to report an alleged adverse event. When such disclosures occur, we may fail to monitor and comply with applicable adverse event reporting obligations, or we may not be able to defend against political and market pressures generated by social media due to restrictions on what we may say about our product candidates. There is also a risk of inappropriate disclosure of sensitive

[Index](#)

information or negative or inaccurate comments about us on any social networking website. If any of these events were to occur or we otherwise fail to comply with applicable regulations, we could incur liability, face overly restrictive regulatory actions or incur other harm to our business.

#### **RISKS RELATED TO MANUFACTURING OUR DEVELOPMENT PRODUCT CANDIDATES**

We have no internal capacity to manufacture our development product candidates and have no assurance that we will continue to have access to manufacturers in our industry that can effectively make our development products or make them at an affordable, salable or otherwise commercially reasonable price or quantity.

***Contract development and manufacturing organizations have a finite manufacturing capacity, which could inhibit the long-term growth prospects of our business.***

We currently have minimal manufacturing contracts to produce materials for our clinical trials. It is possible that the demand for our products could exceed existing manufacturing capacity. We expect that, as our own development programs progress and demand for therapeutics in the industry expand, it may become necessary or desirable for us to expand our manufacturing vendors for services and products in the future, which may require us to invest significant amounts of capital and to obtain regulatory approvals. If manufacturers are unable to meet our rising demand for products and services on a timely

[Index](#)

basis or unable to maintain cGMP/cGTP cGMP compliance standards, then it is likely that the progress of our own programs will be impaired which could materially and adversely affect the overall success of our development programs.

Components of therapeutic products approved for commercial sale or used in late-stage clinical trials must be manufactured in accordance with cGMPs and manufacturers of cell-based product candidates must comply with cGTPs. cGMPs. In addition, manufacturers of therapeutic products may be required to modify their manufacturing processes from time to time in response to regulatory requests.



***We will need to improve manufacturing efficiency at our contract manufacturers in order to establish cost of goods levels that will permit approved products to succeed commercially.***

CMOs cannot provide assurances that they will be able to develop process enhancements that are acceptable to regulators or other comparable regulatory authorities, on a timely basis, on commercially reasonable terms, or at all, or that any expected improvement in profitability will be realized. If they are unsuccessful in their efforts to develop necessary improvements, we may be unable to develop commercially viable products, which would impair our ability to continue our operations.

***Lack of access to safe, reliable, and effective transportation options could adversely affect our ability to meet our needs.***

To effectively and efficiently deliver our products, we also need to establish and maintain cost-effective relationships with reliable and experienced transportation carriers. If carriers we currently use should cease medical shipping operations or otherwise become unable to properly meet our transportation needs or comply with applicable customs and import regulations, the lack of access to safe, reliable and effective transportation options could adversely affect our ability to meet our needs.

***We conduct significant operations through our Australian wholly-owned subsidiary. If we lose our ability to operate in Australia, or if the subsidiary is unable to receive the research and development tax credit allowed by Australian regulations, our business and results of operations will suffer.***

We develop certain of our programs in part through our wholly-owned Australian subsidiary, Lisata Therapeutics Australia Pty Ltd. Due to the geographical distance and limited employees currently in Australia, as well as our limited of experience operating in Australia, we may not be able to efficiently or successfully monitor, develop or commercialize our products or programs in Australia, including conducting clinical trials. Furthermore, we have no assurance that the results of any clinical trials that it conducts for our product candidates in Australia will be accepted by the FDA or foreign regulatory authorities for development and commercialization approvals. In addition, current Australian tax regulations provide for a refundable research and development tax credit equal to 48.5% of qualified expenditures. If we are ineligible or unable to receive the research and development tax credit, or past credits are determined ineligible upon audit, or if we lose our ability to operate Lisata Therapeutics Australia Pty Ltd. in Australia, or the Australian government significantly reduces or eliminates the tax credit, our business and results of operation would be adversely affected. In the event we determine it advisable to stop operating through this subsidiary, we may be required to migrate such operations, employees and intellectual property from this subsidiary to us. Any such action may be difficult and cause us to incur additional expenses, as well as give rise to tax liabilities for us or erode our tax attributes (such as tax credits or net operating losses).

***We will rely on third parties to manufacture our clinical product supplies, and we may rely on third parties to produce and process our product candidates, if approved.***

[Index](#)

We do not currently own any facility that may be used as our clinical scale manufacturing facility and expect to rely on outside vendors to manufacture supplies of our product candidates. We will need to negotiate and maintain contractual arrangements with these outside vendors for the supply of our product candidates, and we may not be able to do so on favorable terms. We have not yet caused any product candidates to be manufactured on a commercial scale and may not be able to do so for any of our product candidates.

The facilities used by our contract manufacturers to manufacture our product candidates must be approved by the FDA or other foreign regulatory authorities following inspections that will be conducted after we submit an application to the FDA or other foreign regulatory authorities. We may not control the manufacturing process of, and may be completely dependent on, our contract manufacturing partners for compliance with cGMPs and any other regulatory requirements of the FDA or other regulatory authorities for the manufacture of our product candidates. Beyond periodic audits and contractual arrangements, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our product candidates or if it withdraws any approval in the future, we may need to find alternative manufacturing facilities, which would require the incurrence of significant additional costs and significantly impact our ability to develop, obtain regulatory approval for or market our product candidates, if approved. Similarly, if any third-party manufacturers on which we will rely fail to manufacture quantities of our product candidates at quality levels necessary to meet regulatory requirements and at a scale sufficient to meet anticipated demand at a cost that allows us to achieve profitability, our business, financial condition and prospects could be materially and adversely affected.

## **RISKS RELATED TO SALES, MARKETING, AND COMPETITION**

***We currently have no marketing and sales organization and have no experience in marketing products. If we are unable to establish marketing and sales capabilities or enter into agreements with third parties to market and sell our product candidates, if approved, we may not be able to generate product revenue.***

We currently have no sales, marketing or distribution capabilities and have no experience in marketing products. We intend to develop an in-house marketing organization and sales force in the future, which will require significant capital expenditures, expenditure, management resources and time. We will have to compete with other pharmaceutical and biotechnology companies to recruit, hire, train and retain marketing and sales personnel.

If we are unable or decide not to establish internal sales, marketing and distribution capabilities, we will pursue arrangements with third-party sales, marketing, and distribution collaborators regarding the sales and marketing of our products, if approved. However, there can be no assurance that we will be able to establish or maintain such arrangements on favorable terms or if at all, or if we are able to do so, that these third-party arrangements will provide effective sales forces or marketing and distribution capabilities. Any revenue we receive will depend upon the efforts of such third parties, which may not be successful. We may have little or no control over the marketing and sales efforts of such third parties and our revenue from product sales may be lower than if we had commercialized our product candidates ourselves. We also face competition in our search for third parties to assist with the sales and marketing efforts of our product candidates.

There can be no assurance that we will be able to develop in-house sales and distribution capabilities or establish or maintain relationships with third-party collaborators to commercialize any product in the United States or overseas.

[Index](#)

***A variety of risks associated with marketing our product candidates internationally could materially adversely affect our business.***

We and our partners plan to seek regulatory approval of one or more of our product candidates outside of the United States and, accordingly, we expect that we will be subject to additional risks related to operating in foreign countries if we obtain the necessary approvals, including:

- differing regulatory requirements in foreign countries, for example, no country other than the United States has a pathway for accelerated drug approval and so obtaining regulatory approvals outside of the United States will take longer and be more costly than obtaining approval in the United States;
- unexpected changes in tariffs, trade barriers, price and exchange controls and other regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;

#### [Index](#)

- foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- difficulties staffing and managing foreign operations;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- potential liability under the Foreign Corrupt Practices Act of 1977 or comparable foreign regulations;
- challenges enforcing our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism.

These and other risks associated with international operations may materially adversely affect our ability to attain or maintain profitable operations.

***Even if we obtain regulatory approval of our product candidates, our products may not gain market acceptance among physicians, patients, hospitals, cancer treatment centers and others in the medical community.***

The CendR Platform™ and our cell therapy product candidates are recent developments and may not become broadly accepted by physicians, patients, hospitals, cancer treatment centers and others in the medical community. Various factors will influence whether our product candidates are accepted in the market, including:

- the clinical indications for which our product candidates are licensed; approved;
- physicians, hospitals, cancer treatment centers and patients considering our product candidates as a safe and effective treatment;
- the potential and perceived advantages of our product candidates over alternative treatments;
- our ability to demonstrate the advantages of our product candidates over other cancer medicines;
- the prevalence and severity of any side effects;
- the prevalence and severity of any side effects for other precision medicines and public perception of other precision medicines;
- product labeling or product insert requirements of the FDA or other regulatory authorities;
- limitations or warnings contained in the labeling approved by the FDA or other regulatory authorities;
- the timing of market introduction of our product candidates as well as competitive products;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage, reimbursement and pricing by third-party payors and government authorities;

#### [Index](#)

- the willingness of patients to pay out-of-pocket in the absence of coverage by third-party payors and government authorities;
- relative convenience and ease of administration, including as compared to alternative treatments and competitive therapies; and
- the effectiveness of our sales and marketing efforts.

If our product candidates are licensed approved but fail to achieve market acceptance among physicians, patients, hospitals, cancer treatment centers or others in the medical community, we will not be able to generate significant revenue.

In addition, although our product candidates differ in certain ways from other approaches, serious adverse events or deaths in other clinical trials involving precision medicines, even if not ultimately attributable to our products or product candidates, could result in increased government regulation, unfavorable public perception and publicity, potential

regulatory delays in the testing or licensing of our product candidates, stricter labeling requirements for those product candidates that are licensed, and a decrease in demand for any such product candidates.

[Index](#)

Even if our products achieve market acceptance, it may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our products, are more cost effective or render our products obsolete.

***We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.***

The biotechnology and pharmaceutical industries utilize rapidly advancing technologies and are characterized by intense competition. While we believe that our scientific knowledge, technology and development expertise provide us with competitive advantages, we face potential competition from many different sources, including major pharmaceuticals, specialty pharmaceuticals and biotechnology companies, academic institutions and government agencies, and public and private research institutes that conduct research, development, manufacturing and commercialization. Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, regulatory approvals and product marketing than we do. Our competitors may compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. As a result, our competitors may discover, develop, license or commercialize products before or more successfully than we do.

Product candidates that we successfully develop and commercialize may compete with existing therapies and new therapies that may become available in the future.

If our drug candidates are approved for the indications for which we are currently planning clinical trials, they will likely compete with existing drugs and other drugs that are currently in development. Key product features that would affect our ability to effectively compete with other therapeutics include the efficacy, safety and convenience of our products. Our competitors may obtain patent protection or other intellectual property rights that limit our ability to develop or commercialize our product candidates. The availability of reimbursement from government and other third-party payors will also significantly affect the pricing and competitiveness of our products. Our competitors may also obtain FDA or other regulatory approval for their products more rapidly than we obtain approval for our products, which could result in our competitors establishing a strong market position before we are able to enter the market.

#### **RISKS RELATED TO GOVERNMENT REGULATION**

***The development and commercialization of our product candidates are subject to extensive regulation by the FDA and other regulatory agencies in the United States and abroad, and the failure to receive regulatory approvals for our cell therapy product candidates would likely have a material and adverse effect on our business and prospects.***

Government authorities in the United States, at the federal, state and local level, and in other countries, extensively regulate, among other things, the research, development, testing, manufacture, including any manufacturing changes, packaging, storage, recordkeeping, labeling, advertising and promotion, distribution, marketing, import and export of pharmaceutical and biological products, such as LSTA1 and HONEDRA®. LSTA1. The process of obtaining required regulatory approvals and the subsequent compliance with appropriate statutes and regulations requires the expenditure of substantial time and money, and there is no guarantee that we will successfully complete the steps needed to obtain regulatory approval of LSTA1, HONEDRA® or any future product candidates. There also are extensive and ongoing post-marketing compliance obligations to which we would be subject following FDA approval of any of our product candidates. In addition, these federal regulations may change, and our product candidates may be subject to new laws or regulations due to the rapid advancement of the regenerative medicine field and legislators'/regulators' interest in it. regulations.

[Index](#)

To date, we have not received regulatory approval to market any of our product candidates in any jurisdiction. If we seek approval of any of our cell therapy product candidates, we will be required to submit to FDA Japan's PMDA, and potentially other regulatory authorities, extensive preclinical non-clinical and clinical data supporting the safety and efficacy of such product candidates, as well as information about the manufacturing process and to undergo inspection of manufacturing facilities, among other things. The process of obtaining FDA and other regulatory approvals is expensive, typically takes many years and is subject to numerous risks and uncertainties, particularly with complex and/or novel product candidates such as our cell-based product candidates. uncertainties. Changes in regulatory approval policies during the clinical research and development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application, may cause delays in the approval or rejection of an application or may make it easier for our competitors to gain regulatory approval to enter the marketplace. Ultimately, the FDA and other regulatory agencies have substantial discretion in the approval/licensure process and may refuse to accept any application or may decide that our product candidate data are insufficient for approval without the submission of additional preclinical, non-clinical, clinical or other time-consuming studies. In addition, varying agency interpretations of the data obtained from preclinical non-clinical and clinical testing could delay, limit or prevent regulatory

[Index](#)

approval of a product candidate. Any regulatory approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

Any of the following factors, among others, could cause regulatory approval for our product candidates to be delayed, limited or denied:

- the product candidates require significant further clinical testing to demonstrate safety and effectiveness before applications for marketing approval can be submitted to the FDA and other regulatory authorities;

- data obtained from animal testing and other **nonclinical non-clinical** testing and clinical trials can be interpreted in different ways, and regulatory authorities may not agree with our respective interpretations or may require us to conduct additional testing;
- negative or inconclusive results or the occurrence of serious or unexpected adverse events during a clinical trial could cause us to delay and/or terminate development efforts for a product candidate; and/or
- the FDA and other regulatory authorities may require expansion of the size and scope of the clinical trials.

Any difficulties or failures that we encounter in securing regulatory approval for our product candidates would likely have a substantial adverse impact on our ability to generate product sales and could make any search for a collaborative partner more difficult.

***Even if we receive regulatory approval of our product candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense, and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our product candidates.***

Any regulatory approvals that we receive for our product candidates will require surveillance to monitor the safety and efficacy of the product candidate. The FDA may also require a REMS in order to approve our product candidates, which could entail requirements for a medication guide, physician communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. In addition, if the FDA or a comparable foreign regulatory authority approves our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, import, export and recordkeeping for our product candidates will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with applicable cGMP, GLP and GCP requirements, for any clinical trials that we conduct post-approval. Later discovery of previously unknown problems with our product candidates, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of our product candidates, withdrawal of the product from the market or voluntary or mandatory product recalls;
- manufacturing delays and supply disruptions where regulatory inspections identify observations of noncompliance requiring remediation;
- revisions to the labeling, including limitation on approved uses or the addition of **additional** warnings, contraindications or other safety information, including boxed warnings;
- imposition of a REMS, which may include distribution or use restrictions;
- requirements to conduct additional post-market clinical trials to assess the safety of the product;

[Index](#)

- fines, warning letters or holds on clinical trials;
- refusal by the FDA or other regulatory authorities to approve pending applications or supplements to approved applications filed by us or suspension or revocation of approvals;
- product seizure or detention, or refusal to permit the import or export of our product candidates; and
- injunctions or the imposition of civil or criminal penalties.

The FDA's and other regulatory authorities' policies may change, and additional government regulations may be enacted that could prevent, limit, or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature, or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or

[Index](#)

if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability.

***The FDA and other regulatory agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses.***

If any of our product candidates are approved and we are found to have improperly promoted off-label uses of those products, we may become subject to significant liability. The FDA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription products, if approved. In particular, while the FDA permits the dissemination of truthful and non-misleading information about an approved product, a manufacturer may not promote a product for uses that are not approved by the FDA or **such** other regulatory agencies as reflected in the product's approved labeling. If we are found to have promoted such off-label uses, we may become subject to significant liability. The federal government has levied large civil and criminal fines against companies for alleged improper promotion of off-label use and has enjoined several companies from engaging in off-label promotion. The **DOJ and FDA has have** also requested that companies enter into consent decrees, corporate integrity agreements or permanent injunctions under which specified promotional conduct must be changed or curtailed. If we cannot successfully manage the promotion of our product candidates, if approved, we could become subject to significant liability, which would materially adversely affect our business and financial condition.

***We may be unsuccessful in our efforts to comply with applicable federal, state and international laws and regulations, which could result in **loss of licensure, certification or accreditation** or other government enforcement actions or impact our ability to secure regulatory approval of our product candidates.***

Although we seek to conduct our business in compliance with applicable laws and regulations, these laws and regulations are exceedingly complex and often subject to varying interpretations. The **cell therapy biopharmaceutical** industry is **the** a topic of significant government interest, and thus the laws and regulations applicable to our business are subject to frequent change and/or reinterpretation. As such, there can be no assurance that we will be able, or will have the resources, to maintain compliance with all applicable

biopharmaceutical and health care laws and regulations. Failure to comply with such biopharmaceutical and health care laws and regulations could result in significant enforcement actions, civil or criminal penalties, which along with the costs associated with such compliance or with enforcement of such biopharmaceutical and health care laws and regulations, may have a material adverse effect on our operations or may require restructuring of our operations or impair our ability to operate profitably.

Facilities engaged in the recovery, processing, storage, labeling, packaging or distribution of any human cells, tissues or cellular- and tissue-based products, or the screening or testing of a donor, are required to register with the applicable regulatory agencies. Any third party retained by us to process our samples must be similarly registered with regulators and comply with applicable regulations as well as applicable cGTP regulations and any failure to comply with these requirements could adversely affect our business.

In addition to cGTPs, cGMP regulations govern the manufacture, processing, packaging and holding of cell therapy products that are regulated as drugs, biopharmaceutical products. Any third-party manufacturers that prepare our products must comply with cGMP requirements including quality control, quality assurance and the maintenance of records and documentation for certain products. They may be unable to comply with these cGMP requirements and with other national regulators and state and local regulatory requirements. These requirements may change over time and we or third-party manufacturers may be unable to comply with the revised requirements.

**If we are unable to conduct clinical trials in accordance with regulations and accepted standards, we may be delayed in receiving, or may never receive, regulatory approvals of our product candidates from the FDA and other regulatory authorities.**

To obtain marketing approvals for our product candidates in the United States and abroad, we must, among other requirements, complete adequate and well-controlled clinical trials sufficient to demonstrate to the FDA and other regulatory bodies that the product candidate is safe and effective for each indication for which approval is sought. If the FDA finds that patients enrolled in the trial are or would be exposed to an unreasonable and significant risk of illness or injury due to, among other things, occurrence of one or more serious adverse events in an ongoing clinical trial, the FDA can place one or more of our clinical trials on partial or full clinical hold. If safety concerns develop, we may, or the FDA, a foreign regulatory authority, or an Institutional Review Board ("IRB") may require us to pause or stop the affected trials before completion.

The completion of our clinical trials also may be delayed or terminated for a number of other reasons, including if:

- third-party clinical investigators do not perform the clinical trials on the anticipated schedule or consistent with the clinical trial protocol, GCPs required by the FDA and other regulatory requirements, or other third parties do not perform data collection and analysis in a timely or accurate manner;

[Index](#)

- inspections of clinical trial sites by the FDA or by IRBs of research institutions participating in the clinical trials, reveal regulatory violations that require the sponsor of the trial to undertake corrective action, suspend or terminate one or more sites, or prohibit use of some or all of the data in support of marketing applications; or
- the FDA or one or more IRBs suspends or terminates the trial at an investigational site or precludes enrollment of additional subjects.

Our development costs will increase if there are material delays in our clinical trials, or if we are required to modify, suspend, terminate, or repeat a clinical trial. If we are unable to conduct our clinical trials properly, we may never receive regulatory approval to market our product candidates.

**We may be subject to numerous and varying privacy and security laws, and our failure to comply could result in penalties and reputational damage.**

We are subject to laws and regulations covering data privacy and the protection of personal information including health information. The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing focus on privacy and data protection issues which may affect our business. In the United States, we may be subject to state security breach notification laws, state health information privacy laws and federal and state consumer protections laws which impose requirements for the collection, use, disclosure, and transmission of personal information. Each of these laws are subject to varying interpretations by courts and government agencies, creating complex compliance issues for us. If we fail to comply with applicable laws and regulations, we could be subject to penalties or sanctions, including criminal penalties if we knowingly obtain individually identifiable health information from a covered entity in a manner that is not authorized or permitted by HIPAA or for aiding and abetting the violation of HIPAA. In addition, as various states, such as California,

[Index](#)

Virginia, Colorado, Connecticut, and Utah implement their own privacy laws and regulations, the interplay of federal and state laws may be subject to varying interpretations by courts and government agencies, which may create complex compliance issues for us and potentially exposing us to additional expense, adverse publicity and liability. Further, as regulatory focus on privacy issues continues to increase and laws and regulations concerning the protection of personal information expand and become more complex, these potential risks to our business could intensify.

Numerous other countries have, or are developing, laws governing the collection, use and transmission of personal information as well. EU member states and other jurisdictions have adopted data protection laws and regulations, which impose significant compliance obligations. In May 2016, the European Union formally adopted the General Data Protection Regulation ("GDPR"), which applies to all EU member states from May 25, 2018, and replaced the EU Data Protection Directive Directive. The regulation introduces stringent new data protection requirements in the European Union and substantial fines for breaches of the data protection rules. It has increased our responsibility and liability in relation to personal data that we process, and we may be required to put in place additional mechanisms ensuring compliance with the new EU data protection rules. The GDPR is a complex law and the regulatory guidance is still evolving, including with respect to how the GDPR should be applied in the context of clinical studies. Furthermore, many of the countries within the European Union are still in the process of drafting supplementary data protection legislation in key fields where the GDPR allows for national variation, including the fields of clinical study and other health-related information. These variations in the law may raise our costs of compliance and result in greater legal risks.

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

We are exposed to the risk of fraud or other illegal activity by our employees, independent contractors, consultants, commercial partners and vendors. Misconduct by these parties could include intentional, reckless and/or negligent conduct that fails to: comply with the regulations of the FDA and other similar foreign regulatory authorities, provide true,

complete and accurate information to the FDA and **other similar** foreign regulatory authorities, comply with manufacturing standards we have established, comply with healthcare fraud and abuse laws in the United States and similar foreign fraudulent misconduct laws or report financial information or data accurately or to disclose unauthorized activities to us. If we obtain FDA approval of any of our product candidates and begin commercializing those products, **in the United States**, our potential exposure under such laws and regulations will increase significantly, and our costs associated with compliance with such laws and regulations are also likely to increase. These laws may impact, among other things, our current activities with principal investigators and research patients, as well as proposed and future sales, marketing, and education programs. In particular, the promotion, sales and marketing of healthcare items and services, as well as certain business arrangements in the healthcare industry, are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, structuring and commission(s), certain customer incentive programs and other business arrangements generally. Activities subject to these laws also involve the improper use of information obtained in the course of patient recruitment for clinical trials. The laws that may affect our ability to operate include, but are not limited to:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, either the referral of an individual, or the purchase, lease, order or recommendation of any good, facility, item or service for which payment may be made, in

[Index](#)

whole or in part, under a federal healthcare program, such as the Medicare and Medicaid programs. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Violations are subject to civil and criminal fines and penalties for each violation, plus up to three times the remuneration involved, imprisonment, and exclusion from government healthcare programs. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the Federal False Claims Act. There are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution;

- federal civil and criminal false claims laws and civil monetary penalty laws, including the Federal False Claims Act (the "FCA"), which impose criminal and civil penalties, including through civil "qui tam" or "whistleblower" actions, against individuals or entities for, among other things, knowingly presenting, or causing to be presented, claims for payment or approval from Medicare, Medicaid, or other federal health care programs that are false or fraudulent; knowingly making or causing a false statement material to a false or fraudulent claim or an obligation to pay money to the federal government; or knowingly concealing or knowingly and improperly avoiding or decreasing such an obligation. Manufacturers can be held liable under the FCA even when they do not submit claims directly to government payors if they are deemed to "cause" the submission of false or fraudulent claims. The FCA also permits a private individual acting as a "whistleblower" to bring actions on behalf of the federal government alleging violations of the FCA and to share in any monetary recovery. When an entity is determined to have violated the Federal False

[Index](#)

Claims Act, the government may impose civil fines and penalties for each false claim, plus treble damages, and exclude the entity from participation in Medicare, Medicaid and other federal healthcare programs;

- HIPAA, which created new federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters. Similar to the federal Anti-Kickback Statute, a person or entity can be found guilty of violating HIPAA without actual knowledge of the statute or specific intent to violate it;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, which impose requirements on certain covered healthcare providers, health plans, and healthcare clearinghouses as well as their respective business associates that perform services for them that involve the use, or disclosure of, individually identifiable health information, relating to the privacy, security and transmission of individually identifiable health information without appropriate authorization. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions;
- the federal Physician Payment Sunshine Act, created under the ACA and its implementing regulations, which require manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report annually to **HHS CMS** information related to payments or other transfers of value made to physicians (defined to include doctors, dentists, optometrists, podiatrists, **chiropractors** and **chiropractors**) **certain advanced practice practitioners** and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Effective January 1, 2022, these reporting obligations extend to include transfers of value made to certain non-physician providers such as physician assistants and nurse practitioners; members;
- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers; and
- analogous state and foreign laws and regulations, such as state and foreign anti-kickback, false claims, consumer protection and unfair competition laws which may apply to pharmaceutical business practices, including but not limited to, research, distribution, sales and marketing arrangements as well as submitting claims involving healthcare items or services reimbursed by any third-party payor, including commercial insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government that otherwise restricts payments that may be made to healthcare providers and other potential referral sources; state laws that require drug manufacturers to file reports with states regarding pricing and marketing



information, such as the tracking and reporting of gifts, compensations and other remuneration and items of value provided to healthcare professionals and entities; state and local laws requiring the registration of pharmaceutical sales representatives; and state and foreign laws governing the

[Index](#)

privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

We have adopted a code of business conduct and ethics, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent inappropriate conduct may not be effective in controlling unknown or unmanaged risks or losses or in protecting it from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant criminal, civil and administrative sanctions including monetary penalties, damages, fines, disgorgement, individual imprisonment, and exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if it becomes subject to a corporate integrity agreement or similar agreement to resolve allegations of noncompliance with these laws, contractual damages, reputational harm,

[Index](#)

diminished profits and future earnings, and it may be required to curtail or restructure our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. The shifting compliance environment and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance and/or reporting requirements increases the possibility that a healthcare company may run afoul of one or more of the requirements.

Moreover, agreements with physicians often must be the subject of prior notification and approval by the physician's employer, his or her competent professional organization.

Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

***We will continue to be subject to extensive regulation following any product approvals, and if we fail to comply with these regulations, we may suffer a significant setback in our business.***

Even if we are successful in obtaining regulatory approval of our product candidates, we will continue to be subject to the requirements of and review by, the FDA and comparable regulatory authorities in the areas of manufacturing processes, quality assurance, post-approval clinical data, adverse event reporting, labeling, advertising and promotional activities, among other things. In addition, any marketing approval we receive may be limited in terms of the approved product indication or require costly post-marketing testing and surveillance. Discovery after approval of previously unknown problems with a product, manufacturer or manufacturing process, or a failure to comply with regulatory requirements, may result in actions such as:

- warning letters or untitled letters or other actions requiring changes in product manufacturing processes or restrictions on product marketing or distribution;
- product recalls or seizures or the temporary or permanent withdrawal of a product from the market; and
- fines, restitution, or disgorgement of profits or revenue, the imposition of civil penalties or criminal prosecution.

The occurrence of any of these actions would likely cause a material adverse effect on our business, financial condition and results of operations.

Additionally, if we or others identify undesirable side effects, or other previously unknown problems, caused by our product candidates after obtaining U.S. or foreign regulatory approval or other products with the same or related active ingredients, a number of potential consequences could result, including:

- regulatory authorities may withdraw their approval of the product;
- regulatory authorities may require a recall of the product or we may voluntarily recall a product;
- regulatory authorities may require the addition of warnings or contradictions in the product labeling, narrowing of the indication in the product label or issuance of field alerts to physicians and pharmacies;

[Index](#)

- we may be required to create a medication guide outlining the risks of such side effects for distribution to patients or institute a REMS;
- we may be subject to limitation as to how we promote the product;
- we may be required to change the way the product is administered or modify the product in some other way;

- the FDA or applicable foreign regulatory authority may require additional clinical trials or costly post-marketing testing and surveillance to monitor the safety or efficacy of the product;
- sales of the product may decrease significantly;
- we could be sued and held liable for harm caused to patients; and
- our brand and reputation may suffer.

**Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not mean that it will be successful in obtaining regulatory approval of our product candidates in other jurisdictions.**

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not guarantee that it will be able to obtain or maintain regulatory approval in any other jurisdiction, while a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. For example, even if the FDA grants marketing approval of a product candidate, comparable regulatory authorities in foreign jurisdictions must also approve the manufacturing, marketing and promotion of the product candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from, and greater than, those in the United States, including additional non-clinical studies or clinical trials as clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. In many jurisdictions outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that we intend to charge for our products is also subject to approval.

We may also submit marketing applications in other countries. Regulatory authorities in jurisdictions outside of the United States have requirements for approval of product candidates with which we must comply prior to marketing in those jurisdictions. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries. If we fail to comply with the regulatory requirements in international markets and/or receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed.

**Health care companies have been the subject of federal and state investigations, and we could become subject to such investigations in the future.**

Both federal and state government agencies have heightened civil and criminal enforcement efforts. There are numerous ongoing investigations of health care companies, including drug, biologic and medical device companies, as well as their executives and managers. In addition, amendments to the Federal False Claims Act, including under health care reform, have made it easier for private parties to bring “qui tam” (whistleblower) lawsuits against companies under which the whistleblower may be entitled to receive a percentage of any money paid to the government. The Federal False Claims Act provides, in part, that an action can be brought against any person or entity that has knowingly presented, or caused to be presented, a false or fraudulent request for payment from the federal government, or who has made a false statement or used a false record to get a claim approved. The government has taken the position that claims presented in violation of the federal anti-kickback law **Stark Law** or other health care-related laws, including laws enforced by the FDA, may be considered a violation of the Federal False Claims Act. Penalties include substantial fines for each false claim, plus three times the amount of damages that the federal government sustained because of the act of that person or entity and/or exclusion from the Medicare program. In addition, a majority of states have adopted similar state whistleblower and false claims provisions.

We are not aware of any government investigations involving any of our facilities or management. While we believe that we are in material compliance with applicable governmental health care laws and regulations, any future investigations of our business or executives could cause us to incur substantial costs, and result in significant liabilities or penalties, as well as damage to our reputation.

[Index](#)

**It is uncertain to what extent government, private health insurers, and third-party payors will approve coverage or provide reimbursement for the therapies and products to which our research and development relate. Availability for such reimbursement may be further limited by an increasing uninsured population and reductions in Medicare and Medicaid funding in the United States.**

[Index](#)

To the extent that health care providers cannot obtain coverage or reimbursement for our therapies and products, they may elect not to provide such therapies and products to their patients and, thus, may not need our services. Further, as cost containment pressures are increasing in the health care industry, government and private payors may adopt strategies designed to limit the amount of reimbursement paid to health care providers.

Similarly, the trend toward managed health care and bundled pricing for health care services in the United States, could significantly influence the purchase of health care services and products, resulting in lower prices and reduced demand for our therapeutic products under development.

We may receive a portion of our revenues from services rendered to patients enrolled in federal health care programs, such as Medicare, and we may also directly or indirectly receive revenues from federal health care programs. Federal health care programs are subject to changes in coverage and reimbursement rules and procedures, including retroactive rate adjustments. These contingencies could materially decrease the range of services covered by such programs or the reimbursement rates paid directly or indirectly for our products and services. To the extent that any health care reform favors the reimbursement of other therapies over our therapeutic products under development, such reform could affect our ability to sell our services, which may have a material adverse effect on our revenues.

The limitation on reimbursement available from private and government payors may reduce the demand for, or the price of, our services, which could have a material adverse effect on our revenues. Additional legislation or regulation relating to the health care industry or third-party coverage and reimbursement may be enacted in the future which could adversely affect the revenues generated from the sale of our products and services.

Furthermore, there has been a trend in recent years towards reductions in overall funding for Medicare and Medicaid. There has also been an increase in the number of people who do not have any form of health care coverage in recent years and who are not eligible for or enrolled in Medicare, Medicaid or other governmental programs. The extent to which the reforms brought about under health care reform may be successful in reducing the number of such uninsured is unclear, and the reduced funding of governmental programs and increase in uninsured populations could have a negative impact on the demand for our services to the extent they relate to products and services which are reimbursed by government and private payors.

There is also significant uncertainty related to the insurance coverage and reimbursement of newly approved products and coverage may be more limited than the purposes for which the medicine is approved by the FDA or comparable foreign regulatory authorities. In the United States, the principal decisions about reimbursement for new medicines are typically made by the **Centers for Medicare & Medicaid Services ("CMS")**, **CMS**, an agency within the U.S. Department of Health and Human Services ("HHS"). CMS decides whether and to what extent a new medicine will be covered and reimbursed under Medicare and private payors tend to follow CMS to a substantial degree. No uniform policy of coverage and reimbursement for products exists among third-party payors and coverage and reimbursement levels for products can differ significantly from payor to payor. As a result, the coverage determination process is often a time consuming and costly process that may require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. It is difficult to predict what CMS will decide with respect to reimbursement for fundamentally novel products such as ours. Reimbursement agencies in Europe may be more conservative than CMS. For example, a number of cancer drugs have been approved for reimbursement in the United States and have not been approved for reimbursement in certain European countries. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale, and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products we may develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize product candidates, and our overall financial condition.

Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Our inability to promptly obtain coverage and profitable reimbursement rates third-party payors for any approved products that we develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

[Index](#)

Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any product candidate that it commercializes and, if reimbursement is available, the level of reimbursement. Reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. In order to obtain

[Index](#)

reimbursement, physicians may need to show that patients have superior treatment outcomes with our products compared to standard of care drugs, including lower-priced generic versions of standard of care drugs. We expect to experience pricing pressures in connection with the sale of any of our product candidates due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products.

Additionally, we and/or our collaborators may develop companion diagnostic tests for use with our product candidates. We, or our collaborators, may be required to obtain coverage and reimbursement for these tests separate and apart from the coverage and reimbursement we seek for our product candidates, once approved. Even if we obtain regulatory approval or clearance for such companion diagnostics, there is significant uncertainty regarding our ability to obtain coverage and adequate reimbursement for the same reasons applicable to our product candidates. Medicare reimbursement methodologies, whether under Part A, Part B, or clinical laboratory fee schedule may be amended from time to time, and we cannot predict what effect any change to these methodologies would have on any product candidate or companion diagnostic for which it receives approval. Our inability to promptly obtain coverage and adequate reimbursement from both third-party payors for the companion diagnostic tests that we develop and for which we obtain regulatory approval could have a material and adverse effect on our business, financial condition, results of operations and prospects.

**Unintended consequences of Legislation and legislative and regulatory proposals intended to contain health care reform legislation in the United States costs may adversely affect our business.**

The containment of health care industry is undergoing fundamental changes resulting from political, economic costs has become a priority of federal and regulatory influences. In state governments and the United States, comprehensive programs are under consideration that seek prices of drug products have been a focus of this effort. For example, there have been several recent U.S. Congressional inquiries and proposed bills designed to, among other things, increase access bring more transparency to health care drug pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. We expect that federal, state and local governments in the uninsured and control U.S. will continue to consider legislation directed at lowering the escalation total cost of health care expenditures within and prescription drugs. Individual states in the economy. U.S. have increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In March 2010, December 2020, the Patient Protection U.S. Supreme Court held unanimously that federal law does not preempt the states' ability to regulate PBMs and Affordable Care Act ("PPACA"), as amended by other members of the Health Care and Education Reconciliation Act, or the Affordable Care Act, was passed, which substantially changes the way health care is financed and pharmaceutical supply chain, an important decision that has led to more aggressive efforts by states in this area. During the current congressional session, numerous PBM reforms are being considered in both governmental the Senate and private insurers, the House of Representatives; they include diverse legislative proposals such as eliminating rebates; divorcing service fees from the price of a drug, discount, or rebate; prohibiting spread pricing; limiting administrative fees; requiring PBMs to report formulary placement rationale; promoting transparency. The Federal Trade Commission in mid-2022 also launched sweeping investigations into the practices of the PBM industry that could lead to additional federal and significantly impacts state legislative or regulatory

proposals targeting such entities' operations, pharmacy networks, or financial arrangements. Significant efforts to change the PBM industry as it currently exists in the U.S. may affect the entire pharmaceutical industry. While we do not believe this legislation will have supply chain and the business of other stakeholders, including medical product developers like us.

The Biden Administration has also indicated that lowering prescription drug prices is a direct impact priority, and on our business. August 16, 2022, President Biden signed into the legislation requires law the adoption of implementing regulations, which IRA. Among other things, the IRA has multiple provisions that may have unintended consequences or indirectly impact our business. For instance, the scope and implications of the amendments pursuant to the Fraud Enforcement and Recovery Act of 2009 ("FERA"), have yet to be fully determined or adjudicated and as a result it is difficult to predict how future enforcement initiatives may impact our business. Also, in some instances our clients may be health insurers that will be subject to limitations on their administrative expenses and federal review of "unreasonable" rate increases that could impact the prices they of drug products that are both sold into the Medicare program and throughout the U.S. Starting in 2023, a manufacturer of drugs or biological products covered by Medicare Parts B or D must pay for our services. If a rebate to the legislation causes such unintended consequences or indirect impact, it could have federal government if their drug product's price increases faster than the rate of inflation. This calculation is made on a material adverse effect on our business, financial condition and results of operations.

In addition, other legislative changes have been proposed and adopted since the PPACA was enacted. On August 2, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, creates the Joint Select Committee on Deficit Reduction to recommend proposals in spending reductions to Congress. The Joint Select Committee did not achieve a targeted deficit reduction of at least \$1.2 trillion for the years 2013 through 2021, triggering the legislation's automatic reduction to several government programs. This included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect on April 1, 2013. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. Strong, partisan disagreement in Congress has prevented implementation of various PPACA provisions, drug product by drug product basis and the Trump Administration had made the repeal amount of the PPACA rebate owed to the federal government is directly dependent on the volume of a priority. One drug product that is paid for by Medicare Parts B or D. Additionally, starting for payment year 2026, CMS will negotiate drug prices annually for a select number of single source Part D drugs without generic or biosimilar competition. CMS will also negotiate drug prices for a select number of Part B drugs starting for payment year 2028. If a drug product is selected by CMS for negotiation, it is expected that the revenue generated from such drug will decrease. CMS has begun to implement these new authorities and entered into the first executive orders set of agreements with pharmaceutical manufacturers to conduct price negotiations in October 2023. However, the Trump administration granted federal agencies broad powers to unwind regulations under the PPACA. On January 11, 2017, the Senate voted to approve a "budget blueprint" allowing Republicans to repeal parts of the law while avoiding Democrat filibuster. The "Obamacare Repeal Resolution" passed 51-48. Certain legislators are continuing their efforts to repeal the PPACA, although there is little clarity on how such a repeal would be implemented and what a PPACA replacement might look like. For the immediate future, there is significant uncertainty regarding the health care, health care coverage and health care insurance markets.

The U.S. government has in the past considered, is currently considering and may in the future consider health care policies and proposals intended to curb rising health care costs, including those that could significantly affect both private and public reimbursement for health care services. State and local governments, as well as a number of foreign governments, are also considering or have adopted similar types of policies. Future significant changes in the health care systems in the United States or elsewhere, and current uncertainty about whether and how changes may be implemented, could have a negative IRA's impact on the demand for our products. We are unable to predict whether other health care policies, including policies stemming from legislation or regulations affecting our business, may be proposed or enacted biopharmaceutical industry in the future; what effect such policies would U.S. remains uncertain, in part because multiple large pharmaceutical companies and other stakeholders (e.g., the U.S. Chamber of Commerce) have on our business; or initiated federal lawsuits against CMS arguing the effect ongoing uncertainty about these matters will have on the purchasing decisions program is unconstitutional for a variety of our customers, reasons, among other complaints. Those lawsuits are currently ongoing.

[Index](#)

We expect that additional state It is uncertain whether and federal how future legislation or regulatory changes could affect prospects for our product candidates or what actions third-party payors may take in response to any such health care reform proposals or legislation. Adoption of price controls and cost-containment measures, will be adopted and adoption of more restrictive policies in jurisdictions with existing controls and measures reforms, may prevent or limit our ability, or the future, ability of a commercial collaborator, to commercialize any of which could limit the amounts our future products that federal receive marketing approval as well as our ability to generate revenue and state governments will pay for health care products and services, which could result in reduced demand for our products or additional pricing pressures. attain profitability.

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

In some countries, particularly the member states of the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. In addition, there can be considerable pressure by governments and other stakeholders on prices and reimbursement levels, including as part of cost containment measures. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various EU member states and parallel distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. In some countries where we may seek to market our product candidates in the future, we may be required to conduct a clinical trial or other studies that compare the cost-effectiveness of our product candidate to other available therapies in order to obtain or maintain reimbursement or pricing approval. Publication of discounts by third-party payors or authorities may lead to further pressure on prices or reimbursement levels within the country of publication and other countries. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be adversely affected.

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

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

Disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, including beginning on December 22, 2018, the U.S. government has shut down several times and certain

regulatory agencies, such as the FDA and the SEC, have had to furlough critical FDA, SEC and other government employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Further, future government shutdowns could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

***A variety of risks associated with operating our business internationally could materially adversely affect our business.***

We plan to seek regulatory approval of our product candidates outside of the United States and, accordingly, we expect that we, and any potential collaborators in those jurisdictions, will be subject to additional risks related to operating in foreign countries, including:

- differing regulatory requirements in foreign countries;
- differing coverage and reimbursement requirements in foreign countries;
- unexpected changes in tariffs, trade barriers, price and exchange controls, and other regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration, and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- difficulties staffing and managing foreign operations;
- workforce uncertainty in countries where labor unrest is more common than in the United States;

[Index](#)

- potential liability under the Foreign Corrupt Practices Act of 1977 or comparable foreign laws, such as the U.K. Anti-Bribery Act;
- challenges enforcing our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as the United States;
- the continued threat of terrorism and the impact of military and other action, including military actions involving Russia and Ukraine;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad, including as a result of COVID-19 pandemics or the recent military actions involving Russia and Ukraine; Ukraine and the ongoing conflict in Israel and Gaza; and
- business interruptions resulting from geo-political actions, including war and terrorism.

These and other risks associated with our planned international operations may materially adversely affect our ability to attain or maintain profitable operations.

**RISKS RELATED TO OUR INTELLECTUAL PROPERTY**

***We may be unable to obtain or maintain patent protection for our products and product candidates, which could have a material adverse effect on our business.***

Our commercial success will depend, in part, on obtaining and maintaining patent protection for new technologies, product candidates, products and processes and successfully defending such patents against third-party challenges. To that end, we file patent applications, and have been issued patents, that are intended to cover certain methods and uses of human cells as well as compositions and methods relating to hematopoietic stem cells. These patent applications may never result in the issuance of patents.

The patent positions of biotechnology companies can be highly uncertain and involve complex legal, scientific and factual questions and recent court decisions have introduced significant uncertainty regarding the strength of patents in the industry. Moreover, the legal systems of some foreign countries do not favor the aggressive enforcement of patents and may not protect our intellectual property rights to the same extent as the laws of the United States. Any of the issued patents we own or license may be challenged by third parties and held to be invalid, unenforceable or with a narrower or different scope of coverage than what we currently believe, effectively reducing or eliminating protection we believed we had against competitors with similar products or technologies. If we ultimately engage in and lose any such patent disputes, we could be subject to competition and/or significant liabilities, we could be required to enter into third-party licenses or we could be required to cease using the disputed technology or product. In addition, even if such licenses are available, the terms of any license requested by a third party could be unacceptable or unaffordable to us.

Product development and approval timelines in the biotechnology industry are very lengthy. As such, it is possible that any patents that may cover an approved product may have expired at the time of commercialization or only have a short remaining period of exclusivity, thereby reducing the commercial advantages of the patent. In such case, we would then rely solely on other forms of exclusivity, such as regulatory exclusivity provided by the FD&C Act, which may provide less protection to our competitive position.

***Litigation relating to intellectual property is expensive, time-consuming and uncertain, and we may be unsuccessful in our efforts to protect against infringement by third parties or defend ourselves against claims of infringement.***

To protect our intellectual property, we may initiate litigation or other proceedings. In general, intellectual property litigation is costly, time-consuming, diverts the attention of management and technical personnel and could result in substantial uncertainty regarding our future viability, even if we ultimately prevail. Some of our competitors may be able to sustain the costs of such litigation or other proceedings more effectively than can we because of their substantially greater financial resources. The loss or narrowing of our intellectual property protection, the inability to secure or enforce our intellectual property rights or a finding that we have infringed the intellectual property rights of a third party could limit our ability to develop or market our products and services in the future or adversely affect our revenues. Furthermore, any public announcements related to such litigation or regulatory proceedings could adversely affect the price of our common stock.

Third parties may allege that the research, development and commercialization activities we conduct infringe patents or other proprietary rights owned by such parties. While we do not believe any of our current activities infringe the rights of others, we have not conducted an exhaustive search or analysis of third-party patent rights to determine whether our pre-clinical or clinical research and development or activities may infringe or be alleged to infringe any third-party patent rights. If we are found to have infringed the patents of a third party, we may be required to pay substantial damages; we also may be required to

[Index](#)

seek from such party a license, which may not be available on acceptable terms, if at all, to continue our activities. A judicial

[Index](#)

finding or infringement or the failure to obtain necessary licenses could prevent us from commercializing our products, which would have a material adverse effect on our business, operating results and financial condition.

***If we are unable to maintain our licenses, patents or other intellectual property we could lose important protections that are material to continuing our operations and our future prospects.***

To obtain and maintain patent protection and licensing rights under certain of our license agreement, we must, among other things, ensure the timely payment of all applicable filing and maintenance fees. Any failure to do so could result in the loss of some or all of our rights to proprietary technology or the inability to secure or enforce intellectual property protection.

Additionally, our license agreements require us to meet certain diligence obligations in the development of the licensed products. Our failure to meet these diligence obligations could result in the loss of some or all of our rights, which could materially and adversely affect our business and future prospects.

On December 1, 2015, Cend entered into an Exclusive License Agreement (the "SBP License Agreement") with the Sanford Burnham Prebys Medical Discovery Institute ("SBP"), a California not-for-profit, public benefit corporation based in San Diego, California. Pursuant to the SBP License Agreement, which we assumed in connection with the Merger, SBP licensed to Cend the exclusive right to use certain patents to further Cend's research and development efforts relating to LSTA1. Because we do not have the right to control the preparation, filing and prosecution of all of the patent applications, or to maintain the patents, covering LSTA1, we cannot be certain that these patents and applications will be prosecuted, maintained and enforced in a manner consistent with the best interests of our business. If our licensors fail to maintain such patents, or lose rights to those patents or patent applications, the rights we have licensed may be reduced or eliminated and our right to develop and commercialize any products that are the subject of such licensed rights could be adversely affected. In addition to the foregoing, the risks associated with patent rights that we license from third parties will also apply to patent rights it may own in the future.

Further, pursuant to our license agreements, we may be held responsible for bringing actions against infringers. Certain of our license agreements could also require us to meet development thresholds to maintain the license, including establishing a set timeline for developing and commercializing products and minimum yearly diligence obligations in developing and commercializing the product. Disputes may also arise regarding intellectual property subject to a licensing agreement.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates.

If we fail to comply with our obligations under these license agreements, or we are subject to a bankruptcy, the licensor may have the right to terminate the license, in which event we would not be able to market products covered by the license.

If we are unable to obtain and maintain patent protection for our products and technology, or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize products and technology similar or identical to ours, and our ability to successfully partner and commercialize our products and technology may be adversely affected.

Our success depends on our ability to obtain and maintain patent protection in the United States and other countries with respect to proprietary product candidates and manufacturing technology. Our **proposed** licensors have sought and we intend to seek to protect proprietary position by filing patent applications in the United States and abroad related to the novel technologies and product candidates that are **important vital** to our business.

The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patent applications at a reasonable cost or in a timely manner. For example, in some cases, the work of certain academic researchers in the field of oncology could enter the public domain, which may compromise our ability to obtain patent protection for certain inventions related to or building upon such prior work. Consequently, we may not be able to obtain any such patent rights to prevent others from using our technology for, and developing and marketing competing products to treat, these indications. It is also possible that we will fail to identify patentable aspects of our research and development output **before it is too late prior to obtain obtaining adequate** patent protection.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has, in recent years, been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of patent rights **are remain** highly uncertain. Any pending and future patent applications may not result in patents being issued which protect the related technology or product candidates or which effectively prevent others from commercializing competitive technologies and product candidates. Changes in either the patent laws or interpretation of

[Index](#)

the patent laws in the United States and other countries may diminish the value of patents or narrow the scope of patent protection.



We may not be aware of all third-party intellectual property rights potentially relating to our targeted product candidates. Publications of discoveries in the scientific literature often lag the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing or, in some cases, not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in any owned or any licensed patents or pending patent applications, or that it was the first to file for patent protection of such inventions.

Even if the patent applications we license or may own in the future do issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us or otherwise provide us with any competitive advantage. Our competitors or other third parties may be able to circumvent key patents by developing similar or alternative technologies or products in a non-infringing manner.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and key patents may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or in patent claims being narrowed, invalidated or held unenforceable, which **could limit may impair** our ability to stop others from using or commercializing similar or identical technology and products; or limit the duration of the patent protection of our technology and product candidates. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our intellectual property may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

Further, in the event we breach the terms of the SBP License Agreement, we could lose the ability to continue the development and potential commercialization of LSTA1, and our operations and profitability will be significantly negatively impacted.

***If we fail to comply with our obligations in any future agreements under which we may license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with future licensors, we could lose license rights that are important to our business.***

In the future, we may be party to license or collaboration agreements with third parties to advance our research or allow commercialization of product candidates. Such future agreements may impose numerous obligations, such as development, diligence, payment, commercialization, funding, milestone, royalty, sublicensing, insurance, patent prosecution, enforcement and other obligations on us and may require us to meet development timelines, or to exercise commercially reasonable efforts to develop and commercialize licensed products, in order to maintain the licenses. In spite of our best efforts, future licensors might conclude that we have materially breached future license agreements and might therefore terminate the license agreements, thereby removing or limiting our ability to develop and commercialize products and technologies covered by these license agreements.

Any termination of these licenses, or if the underlying patents fail to provide the intended exclusivity, could result in the loss of significant rights and could harm our ability to commercialize our product candidates, and competitors or other third parties would have the freedom to seek regulatory approval of, and to market, products identical to ours and it may be required to cease our development and commercialization of certain of our product candidates. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Disputes may also arise between us and our future licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe, misappropriate or otherwise violate intellectual property rights of the licensor that is not subject to the licensing agreement;
- our right to sublicense patent and other rights to third parties under collaborative development relationships;
- our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our product candidates, and what activities satisfy those diligence obligations;
- the priority of invention of any patented technology; and
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our future licensors and us and our partners.

[Index](#)

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

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

We may discover that it needs to obtain additional rights to the foundational IP associated with the product candidates we plan to develop, manufacture and market. If this occurs, we intend to license or purchase the rights to those candidates, which may nor may not prove successful at all, or on acceptable terms. If our programs require the use of proprietary rights held by third parties, such as academic institutions, the growth of our business will critically depend on our ability to acquire, in-license or use these proprietary rights, which may not prove possible on acceptable terms. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive. These established companies may have a competitive advantage over us due to their size, capital resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. If we are unable to license or acquire third-party intellectual property rights on terms that would allow us to execute our business plan, your investment may be lost.

We may collaborate with non-profit and academic institutions to accelerate our preclinical research or development under written agreements with these institutions. Typically, these institutions would provide us with an option to negotiate a license to any of the institution's rights in technology resulting from the collaboration. Regardless of such option, we

may be unable to negotiate a license within the specified timeframe or under terms that are acceptable to it. If we are unable to do so, the institution may offer the intellectual property rights to other parties, potentially blocking our ability to pursue our program.

If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may be required to expend significant time and resources to redesign our product candidates, identify other candidates, or to develop or license replacement technology, none of which may be feasible on a technical or commercial basis, especially with our limited resources. If we are unable to do so, we may be unable to develop or commercialize the affected product candidates, which could critically harm our business.

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

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents and/or applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our licensed patents and/or applications and any patent rights we may own in the future. We may rely on our outside counsel or licensing partners to pay these fees due to non-U.S. patent agencies. The USPTO and various non-U.S. government patent agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. We plan to employ reputable law firms and other professionals to help us comply, but we will also be dependent on our licensors to take the necessary action to comply with these requirements with respect to their licensed intellectual property. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market and this circumstance could irreparably harm our business.

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

We anticipate that many of our consultants or advisors will currently be, or were previously, employed at universities, industry service providers (e.g., CDMOs, CROs, CDOs, etc.), or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that these individuals or we

[Index](#)

have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

***We may not be successful in obtaining or maintaining necessary rights to product components and processes for our development pipeline through acquisitions and in-licenses.***

Presently we have **two three** pending patent applications in the United States and fourteen pending patent applications outside the United States. Because additional product candidates may require the use of proprietary rights held by third parties, the growth of our business will likely depend in part on our ability to acquire, in-license or use these proprietary rights.

Our product candidates may also require specific formulations to work effectively and efficiently and these rights may be held by others. Similarly, efficient production or delivery of our product candidates may also require specific compositions or methods, and the rights to these may be owned by third parties. We may be unable to acquire or in-license any compositions, methods of use, processes or other third-party intellectual property rights from third parties that we identify as necessary or important to our business operations. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all, which would harm our business. We may need to cease use of the compositions or methods covered by such third-party intellectual property rights and may need to seek to develop alternative approaches that do not infringe on such intellectual property rights which may entail additional costs and development delays, even if we are able to develop such alternatives, which may not be feasible. Even if we are able to obtain a license, it may be nonexclusive, thereby giving our competitors access to the same technologies licensed to it. In that event, we may be required to expend significant time and resources to develop or license replacement technology. Moreover, the molecules that will be used with our product candidates may be covered by the intellectual property rights of others.

Additionally, we sometimes collaborate with academic institutions to accelerate our clinical research or development under written agreements with these institutions. In certain cases, these institutions provide us with an option to negotiate a license to any of the institution's rights in technology resulting from the collaboration. Regardless of such option, we may be unable to negotiate a license within the specified timeframe or under terms that are acceptable to us. If we are unable to do so, the institution may offer the intellectual property rights to others, potentially blocking our ability to pursue our program and allowing third parties to compete with us. If we are unable to successfully obtain rights to required third-party intellectual property or to maintain the existing intellectual property rights we have, we may have to abandon development of such program and our business and financial condition could suffer.

**The licensing and acquisition of third-party intellectual property rights is a competitive area, and companies that are more established, or have greater resources than we do, may also be pursuing strategies to license or acquire third-party intellectual property rights that we may consider necessary or attractive in order to commercialize our product candidates. More established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to it. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. There can be no assurance that we will be able to successfully complete such negotiations and ultimately acquire the rights to the intellectual property surrounding the additional product candidates that it may seek to acquire. If we are unable to successfully obtain rights to required third-party intellectual property or to maintain the existing intellectual property rights we have, we may have to abandon development of such program, and our business, results of operations, financial condition and prospects could suffer.**

***If we do not obtain patent term extension and data exclusivity for any of our current or future product candidates we may develop, our business may be materially harmed.***

Depending upon the timing, duration and specifics of any FDA marketing approval of any of our current or future product candidates, one or more U.S. patents we may own or in-license in the future may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent term extension of up to five years as compensation for patent term lost during the FDA regulatory review process. A

patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is shorter than what we request, our competitors

[Index](#)

may obtain approval of competing products following expiration of any patents that issue from our patent applications, and our business, financial condition, results of operations, and prospects could be materially harmed.

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

Our trademarks or trade names may be challenged, infringed, diluted, circumvented or declared generic or determined to be infringing on other marks. We intend to rely on both registration and common law protection for our trademarks. We may not

[Index](#)

be able to protect our rights to these trademarks and trade names or may be forced to stop using these names, which we need for name recognition by potential partners or customers in our markets of interest. During the trademark registration process, we may receive Office Actions from the USPTO objecting to the registration of our trademarks. Although we would be given an opportunity to respond to those objections, we may be unable to overcome such rejections. In addition, in the USPTO and in comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and/or to seek the cancellation of registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks, and our trademarks may not survive such proceedings. If we are unable to obtain a registered trademark or establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be adversely affected.

***If we are unable to protect the confidentiality of trade secrets, our competitive position could be impaired.***

A significant amount of our technology, especially regarding manufacturing processes, is unpatented and is maintained as trade secrets and /or know-how. We expend significant energy, resources and know-how in an effort to protect these trade secrets and know-how, including through the use of confidentiality agreements. Even so, improper use or disclosure of our confidential information could occur, and in such case, adequate remedies may not exist. The disclosure of trade secrets and know-how could impair our competitive position. Although we require all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information, or technology to enter into confidentiality agreements, trade secrets can be difficult to protect and we have limited the protection of trade secrets used by our collaborators and suppliers. We cannot be certain that we have or will obtain these agreements in all circumstances and cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary information.

Moreover, any of these parties might breach the agreements and intentionally or inadvertently disclose our trade secret information and we may not be able to obtain adequate remedies for such breaches. In addition, competitors may otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Furthermore, the laws of some foreign countries do not protect proprietary rights and trade secrets to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. If we are unable to prevent unauthorized material disclosure of our intellectual property to third parties, we will not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, financial condition, results of operations and future prospects.

Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. If we choose to go to court to stop a third party from using any of our trade secrets, we may incur substantial costs. These lawsuits may consume our time and other resources even if we are successful. For example, significant elements, including aspects of drug manufacturing processes, experiments to validate mechanisms and pharmacology, drug design, and related processes, are based on unpatented trade secrets that are not publicly disclosed. Although we take steps to protect our proprietary information and trade secrets, including through contractual means with our employees and consultants, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or disclose our technology. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us.

Thus, we may not be able to meaningfully protect our trade secrets. It is our policy to require our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information concerning our business or financial affairs developed or made known to the individual or entity during the course of the party's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. In addition, we take other appropriate precautions, such as physical and technological security measures, to guard against misappropriation of our proprietary technology by third parties. In the case of employees, the agreements provide that all inventions conceived by the individual, and which are related to our current or planned business or research and development or made during normal working hours, on our premises or using our equipment or proprietary information, are our exclusive property. Although we require all of our employees to assign their inventions to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual

[Index](#)

property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Such claims could have a material adverse effect on our business, financial

condition, results of operations, and prospects.

[Index](#)

***In certain countries, patent holders may be required to grant compulsory licenses, which would likely have a significant and detrimental effect on any future revenues in such country.***

Many countries, including some countries in Europe, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, most countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may be limited to monetary relief and may be unable to enjoin infringement, which could materially diminish the value of the patent. Compulsory licensing of life-saving products is also becoming increasingly common in developing countries, either through direct legislation or international initiatives. Such compulsory licenses could be extended to our product candidates, which may limit our potential revenue opportunities, including with respect to any future revenues that may result from our product candidates.

***Changes to U.S. patent law may have a material adverse effect on our intellectual property rights.***

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves both technological and legal complexity and is therefore costly, time consuming and inherently uncertain. Changes in either the patent laws or interpretation of the patent laws in the United States could increase the uncertainties and costs, and may diminish our ability to protect our inventions, obtain, maintain, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our owned and any licensed patents. Patent reform legislation in the United States and other countries, including the Leahy-Smith America Invents Act (the Leahy-Smith Act), signed into law on September 16, 2011, could increase those uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. In addition, the patent positions of companies in the development and commercialization of pharmaceuticals are particularly uncertain. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. Depending on future actions by the U.S. Congress, the U.S. courts, the U.S. Patent and Trade Office (the "USPTO") and the relevant law-making bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

***Third-party claims of intellectual property infringement may prevent or delay our development and commercialization efforts.***

Our commercial success depends in part on our avoiding infringement of the patents, trademarks and proprietary rights of third parties. There have been many lawsuits and other proceedings involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, oppositions, and reexamination proceedings before the USPTO and corresponding foreign patent offices and trademark violations. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are developing products and services. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our products and services may be subject to claims of infringement of the patent rights of third parties.

Third parties may assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to devices, materials, formulations, methods of manufacture, or methods for treatment related to the use or manufacture of our products and services. We have conducted freedom to operate analyses with respect to only certain of our products and services, and therefore we do not know whether there are any third-party patents that would impair our ability to commercialize these products and services. We also cannot guarantee that any of our analyses are complete and thorough, nor can we be sure that we have identified each and every patent and pending application in the United States and abroad that is relevant or necessary to the commercialization of our products and services. Because patent applications can take many years to issue, there may be currently pending patent applications that may later result in issued patents that our products or services may **inadvertently** infringe upon.

In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. If any third-party patents were held by a court of competent jurisdiction to cover aspects of our products or services, the holders of any such patents may be able to block our ability to commercialize such products or services unless we obtained a license under the applicable patents, or until such patents expire or are finally determined to be invalid or unenforceable. Such a license may not be available on commercially reasonable terms or at all.

[Index](#)

Parties making claims against us may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our products or services. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim of infringement against us, we may have to pay substantial damages, including treble damages

[Index](#)

and attorneys' fees for willful infringement, pay royalties, redesign our infringing products or obtain one or more licenses from third parties, which may be impossible or require substantial time and monetary expenditure.

#### **RISKS RELATED TO OUR RELIANCE ON THIRD PARTIES**

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

We may form or seek strategic alliances, create joint ventures or collaborations, or enter into additional licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our product candidates and any future product candidates that we may develop. Any of these

relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing stockholders or disrupt our management and business.

In addition, we face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our product candidates because they may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view our product candidates as having the requisite potential to demonstrate safety, potency, purity and efficacy and obtain marketing approval.

Further, collaborations involving our product candidates are subject to numerous risks, which may include the following:

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

As a result, if we enter into additional collaboration agreements and strategic partnerships or licenses our product candidates, we may not be able to realize the benefit of such transactions if we are unable to successfully integrate them with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such transaction. Any delays in entering into new collaborations or strategic partnership agreements related to our product candidates could delay the development and commercialization of our product candidates in certain geographies for certain indications, which would harm our business prospects, financial condition and results of operations.

[Index](#)

***Our manufacturing process needs to comply with regulatory authority regulations relating to the quality and reliability of such processes. Any failure to comply with relevant regulations could result in delays in or termination of our clinical programs and suspension or withdrawal of any regulatory approvals.***

In order to commercially produce our products either at our own facility or at a third party's facility, we will need to comply with the FDA's and other regulatory authority's cGMP regulations and guidelines. We may encounter difficulties in achieving quality control and quality assurance and may experience shortages in qualified personnel. We are subject to inspections by the FDA and comparable foreign regulatory authorities to confirm compliance with applicable regulatory requirements. Any failure to follow cGMP or other regulatory requirements or delay, interruption or other issues that arise in the manufacture, fill-finish, packaging, or storage of our **precision medicines product candidates** as a result of a failure of our facilities or the facilities or operations of third parties to comply with regulatory requirements or pass any regulatory authority inspection could significantly impair our ability to develop and commercialize our product candidates, including leading to significant delays in the availability of our **precision medicines product candidates** for our clinical trials or the termination of or suspension of a clinical trial, or the delay or prevention of a filing or approval of marketing applications for our product candidates. Significant non-compliance could also result in the imposition of sanctions, including warning or untitled letters, fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approvals for our product candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could damage our reputation and business.

***If our third-party manufacturers use hazardous and biological materials in a manner that causes injury or violates applicable law, we may be liable for damages.***

Our research and development activities involve the controlled use of potentially hazardous substances, including chemical and biological materials, by our third-party manufacturers. Our manufacturers are subject to federal, state and local laws and regulations in the United States governing the use, manufacture, storage, handling and disposal of medical and hazardous materials. Although we believe that our manufacturers' procedures for using, handling, storing and disposing of these materials comply with legally prescribed standards, we cannot completely eliminate the risk of contamination or injury resulting from medical or hazardous materials. As a result of any such contamination or injury, we may incur liability or local, city, state or federal authorities may curtail the use of these materials and interrupt our business operations. In the event of an accident, we could be held liable for damages or penalized with fines, and the liability could exceed our resources. We do not have any insurance for liabilities arising from medical or hazardous materials. Compliance with applicable environmental laws and regulations is expensive, and current or future environmental regulations may impair our research, development and production efforts, which could harm our business, prospects, financial condition or results of operations.

#### **RISKS RELATED TO MANAGING GROWTH AND EMPLOYEE MATTERS**

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

As of **December 31, 2022** **December 31, 2023**, we had **27** **25** full-time employees. We intend to hire new employees to conduct our research and development activities/administrative/scientific in the future. Any delay in hiring such new employees could result in delays in our research and development activities and would harm our business. As our development and commercialization plans and strategies develop, we expect to need additional managerial, operational, sales, marketing, financial and other personnel, as well as additional facilities to expand our operations. Future growth would impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;
- **Advance** **advance** applications of our drug discovery and development platform;
- managing our internal development efforts effectively, including the clinical and FDA 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 our attention away from day-to-day activities in order to devote a substantial 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 trial management and manufacturing. There can be no assurance 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

[Index](#)

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. There can be no assurance 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 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 to further develop and commercialize our product candidates and, accordingly, may not achieve our research, development and commercialization goals.

***If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.***

We face an inherent risk of product liability as a result of the planned clinical testing of our product candidates and will face an even greater risk if we commercialize any products. For example, we may be sued if our product candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our product candidates or products that we may develop;
- injury to our reputation;
- withdrawal of clinical trial participants;
- initiation of investigations by regulators;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any product candidate; and
- a decline in share price.

Failure to obtain or retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop, alone or with corporate collaborators. Although we have clinical trial insurance, our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. Even if our agreements with any future corporate collaborators entitle us to indemnification against losses, such indemnification may not be available or adequate should any claim arise.

## **RISKS RELATED TO THE MERGER**



***We recently completed the Merger, and if we are unable to integrate successfully and realize the anticipated benefits of the Merger, this would adversely affect our business.***

The Merger involved the combination of two companies which previously operated as independent companies. We may fail to realize some or all of the anticipated benefits of the Merger if the integration process takes longer than expected or is more costly than expected. It is possible that the integration process could result in the diversion of management's attention, the disruption or interruption of, or the loss of momentum in, our ongoing businesses or inconsistencies in standards, controls, procedures and policies, any of which could adversely affect our ability to maintain relationships with customers, suppliers and

[Index](#)

employees or the ability to achieve the anticipated benefits of the Merger, or could otherwise adversely affect our business and financial results.

***Due to the Merger, we may be exposed to increased litigation, including stockholder litigation, which could have an adverse effect on our business and operations.***

We may be exposed to increased litigation from stockholders, customers, suppliers, consumers and other third parties due to the Merger. Such litigation may have an adverse impact on our business and results of operations or may cause disruptions to our operations. In addition, in the past, stockholders have initiated class action lawsuits against 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, which could have a material adverse effect on our business, financial condition and results of operations.

#### GENERAL RISK FACTORS

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

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and biological and radioactive materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from

[Index](#)

our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

Although we maintain workers' compensation insurance to cover costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological, hazardous or radioactive materials.

***Data collection is governed by restrictive regulations governing the use, storage, processing and transfer of personal information.***

The collection, use, storage, disclosure, transfer, or other processing of personal data is subject to the California Consumer Privacy Act, or CCPA, which creates new individual privacy rights for California consumers (as defined in the law) and places increased privacy and security obligations on entities handling personal data of consumers or households. The CCPA requires covered companies to provide new disclosure to consumers about such companies' data collection, use and sharing practices, provide such consumers new ways to opt-out of certain sales or transfers of personal information, and provide consumers with additional causes of action. The CCPA went into effect on January 1, 2020, and the California Attorney General commenced enforcement actions for violations beginning July 1, 2020. The CCPA was amended on September 23, 2018, and it remains unclear what, if any, further modifications will be made to this legislation or how it will be interpreted. As currently written, the CCPA may impact our business activities and exemplifies the vulnerability of our business to the evolving regulatory environment related to personal data and protected health information.

Compliance with U.S. and international data protection laws and regulations could require us to take on more onerous obligations in our contracts, restrict our ability to collect, use and disclose data, or in some cases, impact our ability to operate in certain jurisdictions. Failure to comply with U.S. and international data protection laws and regulations could result in government enforcement actions (which could include civil or criminal penalties), private litigation or adverse publicity and could negatively affect our operating results and business. Moreover, clinical trial subjects about whom we or our potential collaborators obtain information, as well as the providers who share this information with us, may contractually limit our ability to use and disclose the information. Claims that we have violated individuals' privacy rights, failed to comply with data protection laws, or breached our contractual obligations, even if we are not found liable, could be expensive and time consuming to defend and could result in adverse publicity that could harm our business.

***We may be unable to adequately protect our information systems from cyberattacks, which could result in the disclosure of confidential or proprietary information, including personal data, damage our reputation, and subject us to significant financial and legal exposure.***

We rely on information technology systems that we or our third-party providers operate to process, transmit and store electronic information in our day-to-day operations. In connection with our product discovery efforts, we may collect and use a variety of personal data, such as name, mailing address, email addresses, phone number and clinical trial information. A

[Index](#)

successful cyberattack could result in the theft or destruction of intellectual property, data, or other misappropriation of assets, or otherwise compromise our confidential or proprietary information and disrupt our operations. Cyberattacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect.

Cyberattacks could include wrongful conduct by hostile foreign governments, industrial espionage, wire fraud and other forms of cyber fraud, the deployment of harmful malware, denial-of-service, social engineering fraud or other means to threaten data security, confidentiality, integrity and availability. A successful cyberattack could cause serious negative consequences for us, including, without limitation, the disruption of operations, the misappropriation of confidential business information, including financial information, trade secrets, financial loss and the disclosure of corporate strategic plans. Although we devote resources to protect our information systems, we realize that cyberattacks are a threat, and there can be no assurance that our efforts will prevent information security breaches that would result in business, legal, financial or reputational harm to us, or would have a material adverse effect on our results of operations and financial condition. Any failure to prevent or mitigate security breaches or improper access to, use of, or disclosure of our clinical data or patients' personal data could result in significant liability under state (e.g., state breach notification laws), federal (e.g., HIPAA, as amended by HITECH), and international law (e.g., the GDPR) and may cause a material adverse impact to our reputation, affect our ability to conduct new studies and potentially disrupt our business.

In addition, the computer systems of various third parties on which we rely, and other contractors, consultants and law and accounting firms, may sustain damage from computer viruses, unauthorized access, data breaches, phishing attacks, cybercriminals, natural disasters (including hurricanes and earthquakes), terrorism, war and telecommunication and electrical failures. We rely on our third-party providers to implement effective security measures and identify and correct for any such failures, deficiencies or breaches. If we or our third-party providers fail to maintain or protect our information technology systems and data integrity effectively or fail to anticipate, plan for or manage significant disruptions to our information

[Index](#)

technology systems, we or our third-party providers could have difficulty preventing, detecting and controlling such cyber-attacks and any such attacks could result in losses described above as well as disputes with physicians, patients and our partners, regulatory sanctions or penalties, increases in operating expenses, expenses or lost revenues or other adverse consequences, any of which could have a material adverse effect on our business, results of operations, financial condition, prospects and cash flows. Any failure by such third parties to prevent or mitigate security breaches or improper access to or disclosure of such information could have similarly adverse consequences for us. If we are unable to prevent or mitigate the impact of such security or data privacy breaches, we could be exposed to litigation and governmental investigations, which could lead to a potential disruption to our business.

## RISKS RELATED TO OUR CAPITAL STOCK

***Our stock price has been, and will likely continue to be, highly volatile.***

The market price of our common stock has been, and in the future may continue to be, highly volatile. For example, from **January 1, 2022** **January 1, 2023** through **March 30, 2023** **February 29, 2024** our common stock traded as low as **\$2.36** **\$1.95** per share and as high as **\$17.10** **\$4.53** per share.

The market price for our common stock is highly dependent on, among other things, stock market conditions in general, our clinical development efforts and the growth of our business in general, the amount of our available cash and investments and our level of cash utilization. Future events could increase the volatility seen in our common stock and ultimately cause a significant decline in the price of our common stock and ultimately impact our ability to raise additional capital in the future. These events could include the following, among others:

- low levels of trading volume for our shares;
- capital-raising or other transactions that are, or may in the future be, dilutive to existing stockholders or that involve the issuance of debt securities;
- delays in our clinical trials, negative clinical trial results or adverse regulatory decisions relating to our product candidates;
- adverse fluctuations in our revenues or operating results or financial results that otherwise fall below the market's expectations;
- disappointing developments concerning our **cell therapy** product candidates;
- positive developments concerning our **cell therapy** product candidates that lead to the need for additional capital to complete the development process; and
- legal challenges, disputes and/or other adverse developments impacting our patents or other proprietary rights that protect our products.

[Index](#)

In addition, broader external events, such as news concerning economic or market conditions in the general economy or within our industry, the activities of our competitors, changes (or the threat of changes) in U.S. or foreign government regulations impacting the life sciences industry or the movement of capital into or out of our industry, are likely to affect the price of our common stock. Geopolitical events, including the continued threat of terrorism and the impact of military and other action, including military actions involving Russia and Ukraine **as well as Israel and Gaza**, could impact our stock price as well. There can be no assurance that the market price of our common stock will not continue to fluctuate or decline significantly in the future.

***We may fail to comply with the continued listing requirements of the Nasdaq Capital Market, such that our common stock may be delisted and the price of our common stock and our ability to access the capital markets could be negatively impacted.***

Our common stock is listed for trading on the Nasdaq Capital Market. We must satisfy Nasdaq's continued listing requirements, including, among other things, a minimum closing bid price requirement of \$1.00 per share for 30 consecutive business days (the "Minimum Bid Price Requirement"). We have in the past been notified by Nasdaq that we were not in compliance with the Minimum Bid Price Requirement, and while we have regained compliance, there can be no assurance that we will remain compliant with the Minimum Bid Price Requirement or any other Nasdaq continued listing requirements.

A delisting of our common stock from Nasdaq could materially reduce the liquidity of our common stock and result in a corresponding material reduction in the price of our common stock. In addition, delisting could harm our ability to raise capital through alternative financing sources on terms acceptable to us, or at all, and may result in the potential loss of confidence by investors, employees and fewer business development opportunities.

[Index](#)

***In addition to potential dilution associated with potential future fundraising and strategic transactions, we currently have significant numbers of securities outstanding that are exercisable for our common stock, which could result in significant additional dilution and downward pressure on our stock price.***

As of **December 31, 2022** **December 31, 2023**, there were **7,866,061** **8,149,897** shares of our common stock outstanding. In addition, there were outstanding stock options, restricted stock units and warrants representing the potential issuance of an additional **2,863,000** **2,893,000** shares of our common stock. The issuance of these shares in the future would result in significant dilution to our current stockholders and could adversely affect the price of our common stock and the terms on which we could raise additional capital. In addition, the issuance and subsequent trading of shares could cause the supply of our common stock available for purchase in the market to exceed the purchase demand for our common stock. Such supply in excess of demand could cause the market price of our common stock to decline.

***Provisions in our amended and restated certificate of incorporation and by-laws and Delaware law may inhibit a takeover of us, which could limit the price investors might be willing to pay in the future for our common stock and could entrench management.***

Our amended and restated certificate of incorporation and by-laws contain provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. Our board of directors is divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. As a result, at a given annual meeting only a minority of the board of directors may be considered for election. Since our staggered board of directors may prevent our stockholders from replacing a majority of our board of directors at any given annual meeting, it may entrench management and discourage unsolicited stockholder proposals that may be in the best interests of stockholders. Moreover, our board of directors has the ability to designate the terms of and issue new series of preferred stock without stockholder approval.

We are also subject to anti-takeover provisions under Delaware law, which could delay or prevent a change of control. Together, these provisions may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities.

***Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.***

During the course of testing our disclosure controls and procedures and internal control over financial reporting, we may identify and disclose material weaknesses or significant deficiencies in internal control over financial reporting that will have to be remedied. Implementing any appropriate changes to our internal control may require specific compliance training of our directors, officers and employees, entail substantial costs to modify our existing accounting systems, and take a significant period of time to complete. Such changes may not, however, be effective in maintaining the adequacy of our internal control over financial reporting, and any failure to maintain that adequacy or inability to produce accurate financial statements on a timely basis could result in our financial statements being unreliable, increase our operating costs and materially impair our ability to operate our business.

[Index](#)

Failure to achieve and maintain effective internal control over financial reporting could result in a loss of investor confidence in our financial reports and could have a material adverse effect on our stock price. Additionally, failure to maintain effective internal control over our financial reporting could result in government investigation or sanctions by regulatory authorities.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS.**

None.

#### **ITEM 1C. CYBERSECURITY.**

##### ***Cybersecurity***

We recognize the critical importance of maintaining the trust and confidence of partners, shareholders, government agencies and employees toward our business and are committed to protecting the confidentiality, integrity and availability of our business operations and systems. Our board of directors is actively involved in oversight of our risk management activities, and cybersecurity represents an important element of our overall approach to risk management. Our cybersecurity policies, standards, processes and practices are based on recognized frameworks established by the National Institute of Standards and Technology ("NIST") and other applicable industry standards. In general, we seek to address cybersecurity risks through a comprehensive, cross-functional approach that is focused on preserving the confidentiality, security and availability of the

[Index](#)

information that we collect and store by identifying, preventing and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur.

##### ***Cybersecurity Risk Management and Strategy***

We face risks related to cybersecurity such as unauthorized access, cybersecurity attacks and other security incidents, including as perpetrated by hackers and unintentional damage or disruption to hardware and software systems, loss of data, and misappropriation of confidential information. To identify and assess material risks from cybersecurity threats, we maintain a comprehensive cybersecurity program to ensure our systems are effective and prepared for information security risks, including regular oversight of our programs for security monitoring for internal and external threats to ensure the confidentiality and integrity of our information assets. We employ a range of tools and services,

including regular network and endpoint monitoring, audits, vulnerability assessments, penetration testing, and tabletop exercises. As discussed in more detail under “Cybersecurity Governance” below, our audit committee provides oversight of our cybersecurity risk management and strategy processes.

We also identify our cybersecurity threat risks by comparing our processes to standards set by the NIST as well as by engaging experts to attempt to infiltrate our information systems. To provide for the availability of critical data and systems, maintain regulatory compliance, manage our material risks from cybersecurity threats, and protect against and respond to cybersecurity incidents, we undertake the following activities:

- monitor emerging data protection laws and implement changes to our processes that are designed to comply with such laws;
- through our policies, practices and contracts (as applicable), require employees, as well as third parties that provide services on our behalf, to treat confidential information and data with care;
- employ technical safeguards that are designed to protect our information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence;
- provide regular, mandatory training for our employees and contractors regarding cybersecurity threats as a means to equip them with effective tools to address cybersecurity threats, and to communicate our evolving information security policies, standards, processes and practices;
- conduct regular phishing email simulations for all employees and contractors with access to our email systems to enhance awareness and responsiveness to possible threats;
- conduct cybersecurity management and incident training for employees involved in our systems and processes that handle sensitive data;
- run tabletop exercises to simulate a response to a cybersecurity incident and use the findings to improve our processes and technologies;
- leverage the NIST incident handling framework to help us identify, protect, detect, respond and recover when there is an actual or potential cybersecurity incident; and
- carry cyber liability insurance that provides protection against the potential losses arising from a cybersecurity incident.

Our incident response plan coordinates the activities we take to prepare for, detect, respond to and recover from cybersecurity incidents, which include processes to triage, assess severity for, escalate, contain, investigate and remediate the incident, as well as to comply with potentially applicable legal obligations and mitigate damage to our business and reputation.

As part of the above processes, we may engage with assessors, consultants, auditors, and other third-parties, including by having a third-party review our cybersecurity program to help identify areas for continued focus, improvement and/or compliance.

Our processes also address cybersecurity threat risks associated with our use of third-party service providers who have access to patient and employee data or our systems. In addition, cybersecurity considerations affect the selection and oversight of our third-party service providers. We perform diligence on third parties that have access to our systems, data or facilities that house such systems or data. Additionally, we generally require those third parties that could introduce significant cybersecurity risk to us to agree by contract to manage their cybersecurity risks in specified ways, and to agree to be subject to cybersecurity audits, which we conduct as appropriate.

[Index](#)

We describe how risks from cybersecurity threats are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition, under the heading, “We may be unable to adequately protect our information systems from cyberattacks, which could result in the disclosure of confidential or proprietary information, including personal data, damage our reputation, and subject us to significant financial and legal exposure,” which disclosures are incorporated herein by reference. In the last three fiscal years, we have not experienced any material cybersecurity incidents.

### **Cybersecurity Governance**

Cybersecurity is an important part of our risk management processes and an area of focus for our board of directors and management. In general, the audit committee of our board of directors oversees risk management activities designed and implemented by our management, and considers specific risks, including, for example, risks associated with our strategic plan, business operations, and capital structure. Our board of directors executes its oversight responsibility for risk management both directly and through delegating oversight of certain of these risks to its committees, and our board of directors has authorized our audit committee to oversee risks from cybersecurity threats.

At least quarterly, our audit committee receives an update from management of our cybersecurity threats and strategy processes covering topics such as data security posture, results from third-party assessments, progress towards pre-determined risk-mitigation-related goals, our incident response plan, and material cybersecurity threat risks or incidents and developments, as well as the steps management has taken to respond to such risks. In such sessions, our audit committee generally receives materials that include a cybersecurity update and other materials discussing current and emerging material cybersecurity threat risks, and describing our ability to mitigate those risks, as well as recent developments, evolving standards, technological developments and information security considerations arising with respect to our peers and third parties, and discusses such matters with our Chief Information Officer. Our audit committee also receives prompt and timely information regarding any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed.

Members of our audit committee are also encouraged to regularly engage in conversations with management on cybersecurity-related news events and discuss any updates to our cybersecurity risk management and strategy programs. Material cybersecurity threat risks are also considered during separate board meeting discussions of important matters like enterprise risk management, operational budgeting, business continuity planning, mergers and acquisitions and other relevant matters.

Our cybersecurity risk management and strategy processes, which are discussed in greater detail above, are led by our Chief Information Officer. This individual has over 29 years of prior work experience in various roles involving managing information security, developing cybersecurity strategy, implementing effective information and cybersecurity programs (nationally and globally), as well as several relevant degrees and certifications, including a Bachelors and Master's Degree focusing in Computer Science, along with cybersecurity leadership, computer security, forensics, and technology certifications earned over the years. This management team member is informed about and monitors the

prevention, mitigation, detection, and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described above, including the operation of our incident response plan. As discussed above, this management team member reports to the audit committee of our board of directors about cybersecurity threat risks, among other cybersecurity related matters, on a quarterly basis.

ITEM 2. PROPERTIES.

Our corporate headquarters are in Basking Ridge, New Jersey. The space is approximately 8,100 rentable square feet and the base monthly rent is approximately \$15,900 through September 30, 2025. We have two five-year renewal options. We also lease approximately 3,400 rentable square feet in our Rye Brook, New York office for a base monthly rent of approximately \$9,200. This lease expires in March 2023, and we have notified the landlord that we do not intend to renew the lease. We believe the total leased space at the Basking Ridge, New Jersey location is sufficient for the near future.

ITEM 3. LEGAL PROCEEDINGS.

From time to time, we are subject to legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business. While the outcome of pending claims cannot be predicted with certainty, we do not believe that the outcome of any pending claims will have a material adverse effect on our financial condition or operating results.

In May 2021, Cend received a written threat of litigation on behalf of a Chinese entity called Lingmed Limited ("Lingmed") claiming Lingmed was entitled to a success fee based on Cend's Collaboration and License Agreement with Qilu Pharmaceuticals. Cend responded by denying that Lingmed is entitled to a success fee under the terms of their agreement. In May 2022, Cend was served with a complaint filed by Lingmed in the San Diego County Superior Court, alleging claims for breach of contract, fraud and declaratory relief. Cend's response to the complaint was filed on June 6, 2022. Lingmed filed an

[Index](#)

answer to Cend's response on July 11, 2022. The court held At a case management conference on October 7, 2022, which resulted in a continuance until December 16, 2022. On December 16, 2022, the court continued the Case Management Conference until April 7, 2023 held on August 4, 2023, the Court set a trial date in the matter for August 2, 2024. The Company denies these allegations made by Lingmed and intends to vigorously defend against this claim, itself.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

[Index](#)

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market for Our Common Equity

Our common stock trades on The Nasdaq Capital Market under the symbol "LSTA."

Holders

As of March 30, 2023 February 29, 2024, there were approximately 292 holders of record of our common stock. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of our common stock whose shares are held in the names of various security brokers, dealers, and registered clearing agencies.

Dividends and Dividend Policy

We have not paid cash dividends on our common stock. The holders of our common stock are each entitled to receive dividends when and if declared by the board of directors out of funds legally available therefore, subject to the terms of any outstanding series of preferred stock. We intend to retain any future earnings to fund the development and growth of our business, and therefore we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

Equity Compensation Plan Information

The following table provides information as of December 31, 2022 December 31, 2023 regarding shares of our common stock that may be issued under our existing equity compensation plans, including our 2018 Equity Incentive Compensation Plan (the "2018 Plan"), our 2015 Equity Compensation Plan (the "2015 Plan"), our 2009 Stock Option and Incentive Plan (the "2009 Plan"), and our amended 2017 Employee Stock Purchase Plan (the "Amended 2017 ESPP").

Equity Compensation Plan Information
--------------------------------------

					Number of securities remaining available for future issuance under equity compensation plan (excluding securities referenced in column (a))
Equity Compensation Plan Information					
Number of securities to be issued upon exercise of outstanding options (1)					
Equity compensation plans approved by security holders (2)					
Equity compensation plans approved by security holders (2)					
Equity compensation plans approved by security holders (2)	Equity compensation plans approved by security holders (2)	1,391,352	\$10.83	587,449 (3)	1,322,501 \$10.81 615,052 (3)
Equity compensation plans not approved by security holders	Equity compensation plans not approved by security holders	0	—	0	
Total	Total	1,391,352	\$10.83	587,449 (3)	
Total					
Total					1,322,501 \$10.81 615,052 (3)

- (1) Includes stock options only; does not include purchase rights accruing under the Amended 2017 ESPP Plan because the purchase price (and therefore the number of shares to be purchased) will not be determined until the end of the purchase period.
- (2) Consists of the 2018 Plan, the 2015 Plan, the 2009 Plan, and the Amended 2017 ESPP.
- (3) Includes shares available for future issuance under the 2018 Plan and the Amended 2017 ESPP.

Recent Sales of Unregistered Securities

None.

ITEM 6. [RESERVED].

[Index](#)

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Cautionary Note Regarding Forward-Looking Statements” herein. The following discussion should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this Annual Report.

Overview

We are a clinical-stage pharmaceutical company dedicated to the discovery, development, and commercialization of innovative therapies for the treatment of solid tumors and other major diseases. Our lead investigational product candidate, LSTA1, (formerly known as CEND-1), is designed to activate a novel uptake pathway that allows co-administered



or tethered (i.e., molecularly bound) anti-cancer drugs to target and penetrate solid tumors more effectively. LSTA1 actuates this active transport system in a tumor-specific manner, resulting in systemically co-administered anti-cancer drugs more efficiently penetrating and accumulating in the tumor, while normal tissues are not unlikely to be affected. LSTA1 also has the potential to modify the tumor microenvironment ("TME"), with the objective of thereby making tumors more susceptible to immunotherapies. Lisata immunotherapies and its inhibiting the metastasis cascade (i.e., the spread of cancer to other parts of the body). We and our collaborators have amassed significant non-clinical data demonstrating enhanced delivery of a range of existing and emerging anti-cancer therapies, including chemotherapeutics, immunotherapies and RNA-based therapeutics. To date, LSTA1 has also demonstrated favorable safety, tolerability and activity in completed and ongoing clinical trials designed to enhance delivery of standard-of-care chemotherapy for pancreatic cancer. We are exploring the potential of LSTA1 to enable a variety of treatment modalities to treat a range of solid tumors more effectively. In addition, we have Currently, LSTA1, is the subject of Phase 2a and 2b clinical development programs based on our autologous studies being conducted globally in a variety of solid tumor types, including metastatic pancreatic ductal adenocarcinoma (mPDAC), cholangiocarcinoma, head and neck cancer, appendiceal cancer, colon cancer and glioblastoma multiforme in combination with a variety of anti-cancer regimens.

Our legacy CD34+ cell therapy technology platform was the subject of several clinical trials targeting an array of diseases, among them, critical limb ischemia, coronary microvascular dysfunction, and diabetic kidney disease. Further development of such programs would require significantly larger studies and capital investment and thus, development by Lisata would only be continued if a strategic partner that are advancing toward their next can contribute the necessary capital for future development milestone while incurring no capital outlay, is identified.

Our leadership team has decades of collective biopharmaceutical and pharmaceutical product development experience across a variety of therapeutic categories and at all stages of development from preclinical through to product registration and launch. Our goal is to develop and commercialize products that address important unmet medical needs based on a broad and versatile portfolio of candidates. Our current development pipeline includes:

- LSTA1, the subject of phase 1b/2a and 2b clinical studies being conducted globally in a variety of solid tumor types, including metastatic pancreatic ductal adenocarcinoma (mPDAC), in combination with a variety of anti-cancer regimens;
- HONEDRA® (LSTA12 formerly CLBS12), recipient of SAKIGAKE designation, pursuant to which early conditional approval in Japan for the treatment of critical limb ischemia ("CLI") and Buerger's disease is being sought based on the current results of a clinical trial executed in Japan. HONEDRA® was the recipient of orphan drug designation in March 2021 from the U.S. Food and Drug Administration ("FDA") for Buerger's disease; and
- LSTA201 (formerly CLBS201), the subject of a recently completed study designed to assess the safety and efficacy of CD34+ cell therapy as a regenerative treatment for patients with chronic kidney disease related to type 2 diabetes (diabetic kidney disease or "DKD").

#### Impact of the COVID-19 Pandemic

The COVID-19 pandemic continues to present substantial public health and economic challenges around the world, and to date has led to the implementation of various responses, including government-imposed quarantines, stay-at-home orders, travel restrictions, mandated business closures and other public health safety measures.

We continue to closely monitor the impact of the COVID-19 pandemic on all aspects of our business, including how it has and will continue to impact our operations and the operations of our suppliers, vendors and business partners, and may take further precautionary and preemptive actions as may be required by federal, state or local authorities. In addition, we have taken steps to minimize the current environment's impact on our business and strategy, including devising contingency plans and securing additional resources from third party service providers. For the safety of our employees and families, we implemented a universal work from home policy as well as stringent social distancing and other hygiene policies for employees when they must be in the office. Our clinical study of HONEDRA® in Japan experienced significant delays in enrollment due to the States of Emergency in effect in Japan for most of 2020, 2021 and 2022 covering Tokyo and other regions in response to an increased number of COVID-19 infections. With our expectation that COVID-19 in Japan would continue to negatively impact enrollment of patients in the HONEDRA® clinical trial, we elected to suspend trial enrollment, seek a development partner and consult with the Japanese regulatory authorities regarding the submission of patient data already accrued. In addition, our phase 2b trial of XOWNA® in the United States also experienced delays in enrolling patients as a result of COVID-19, as described above. In May 2022, we announced that enrollment in the FREEDOM Trial was suspended and that we intended to conduct an interim analysis of the data from not less than the first 20 patients enrolled using the 6-month follow-up data to evaluate the

#### Index

efficacy and safety of XOWNA® in subjects with CMD. Following this analysis along with Key Opinion Leaders' input, we determined that execution of a redesigned FREEDOM-like trial would be the appropriate next step, but the cost of such a trial would be prohibitively expensive to undergo without a strategic partner. Accordingly, our board of directors concluded that XOWNA® development will only be continued if a strategic partner that can contribute the necessary capital for a redesigned trial is identified and secured. There can be no assurance that we will be able to identify such a partner and enter into an agreement with such partner on acceptable terms or at all.

Beyond its impact on our development pipeline described above, the extent to which COVID-19 ultimately impacts our business, results of operations and financial condition will depend on future developments, which remain highly uncertain and cannot be predicted with confidence, such as the duration of the outbreak, the emergence of new variants, new information that may emerge concerning the severity of COVID-19 or the effectiveness of actions taken to contain COVID-19 or treat its impact, including vaccination campaigns, among others. If we or any of the third parties with whom we engage, however, were to experience any additional shutdowns or other prolonged business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially or negatively affected, which could have a material adverse impact on our business, financial condition and results of operations. It is possible that our clinical development timelines could continue to be negatively affected by COVID-19, which could materially and adversely affect our business, financial condition and results of operations. See "Risk Factors" for additional discussion of the potential adverse impact of the COVID-19 pandemic on our business, financial condition and results of operations. needs.

#### Results of Operations

Year Ended December 31, 2022 December 31, 2023 Compared to Year Ended December 31, 2021 December 31, 2022

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

		Year Ended December 31,			2023	2022	Change
		2022	2021	Change			
<b>Operating Expenses:</b>	<b>Operating Expenses:</b>						
Research and development	Research and development	\$ 13,067	\$ 17,576	\$ (4,509)			
Research and development	Research and development	30,393	—	30,393			
General and administrative	General and administrative	14,141	11,474	2,667			
Total operating expenses	Total operating expenses	57,601	29,050	28,551			
Loss from operations	Loss from operations	(57,601)	(29,050)	(28,551)			
Total other income	Total other income	897	76	821			
Total other income	Total other income						
Benefit from income taxes	Benefit from income taxes						
Benefit from income taxes	Benefit from income taxes						
Benefit from income taxes	Benefit from income taxes	(2,479)	(1,508)	971			
Net loss	Net loss	\$ (54,225)	\$ (27,466)	\$ (26,759)			

Overall, net losses were **\$54.2 million**, **\$20.8 million** and **\$27.5 million**, **\$54.2 million** for the years ended **December 31, 2022**, **December 31, 2023** and **2021**, **2022**, respectively.

[Index](#)

## Operating Expenses

For the year ended **December 31, 2022**, **December 31, 2023**, operating expenses totaled **\$57.6 million**, **\$25.7 million** compared to **\$29.1 million**, **\$57.6 million** for the year ended **December 31, 2021**, **December 31, 2022**, representing an increase a decrease of **\$28.6 million**, **\$31.9 million** or **98.3%**, **55.4%**. Excluding the **non-routine** in-process research and development expense of **\$30.4 million**, **\$30.4 million** associated with the Merger, operating expenses decreased by **\$1.8 million**, **\$1.5 million** or **6.3%**, **5.5%** compared to the year ended **December 31, 2021**, **December 31, 2022**.

Operating expenses comprise the following:

- Research and development expenses were approximately **\$12.7 million** for the year ended **December 31, 2023** compared to **\$13.1 million** for the year ended **December 31, 2022** compared to **\$17.6 million** for the year ended **December 31, 2021**, representing a decrease of approximately **\$4.5 million**, **\$0.3 million**, or **25.7%**, **2.5%**. This decrease was primarily due to a decrease in expenses lower costs associated with our **XOWNA®** Phase 2b study (the **FREEDOM Trial**) as a result of the suspension in enrollment which commenced **LSTA1** programs in the second quarter of 2022 and study close out activities in the third quarter of 2022, a decrease in expenses associated with **HONEDRA®** in Japan related to study close out costs and one off recruiting expenses and interim CMO consulting expenses current year versus our legacy **CD34+** cell therapy technology programs in the prior year. Current year partially offset by the addition of CMC expenses were associated with study activities for **LSTA1** and enrollment activities for **AGITG ASCEND** study. Research and development **Phase 2a proof-of-concept Bolster trial** in both periods related to:

[Index](#)

- expenses associated with our XOWNA® Phase 2b study (the FREEDOM Trial);
  - expenses associated with our registration-eligible study for HONEDRA® various solid tumors in critical limb ischemia in Japan as well as corresponding regulatory discussions support expenses;
  - expenses associated combination with the preparation corresponding standards of our filing of an Investigational New Drug Application ("IND"), as well as study execution expenses for the clinical study of LSTA201 for treatment of DKD, a Phase 1b, open-label, proof-of-concept trial which includes six subjects in total;
  - expenses associated with the addition of CMC activities for LSTA1, care, enrollment activities for the LSTA1 Phase 2b ASCEND study, chemistry, manufacturing and preparatory control ("CMC") activities associated with for LSTA1 and study start up activities for the design LSTA1 Phase 2a study for the treatment of a planned LSTA1 proof-of-concept basket trial in various solid tumors and in combination with the corresponding standards of care, glioblastoma multiforme.
- General and administrative expenses were approximately \$13.0 million for the year ended December 31, 2023, compared to \$14.1 million for the year ended December 31, 2022, compared to \$11.5 million for the year ended December 31, 2021, representing an increase a decrease of approximately \$2.7 million, \$1.2 million or 23.2% 8.3%. This decrease was primarily due to a one-time increase in fees associated with the review of potential strategic transactions and non-recurring Merger related costs an increase in the prior year, a decrease in equity expense as a result of due to prior year performance stock unit vesting, Merger option assumption expense and departing board member restricted stock unit vesting, lower annual stockholder meeting expenses and a decrease in addition to an increase in expenses directors and officers insurance premiums, partially offset by severance costs associated with our annual stockholder meeting. Our general and administrative expenses is comprised the elimination of general corporate-related activities, the Chief Business Officer position on May 1, 2023.

Historically, to minimize our use of cash, we have used a variety of equity instruments as compensation to employees, consultants, directors and other service providers. The use of these equity instruments has resulted in non-cash charges to the results of operations, which has been significant in the past.

#### Other Income

Total other income is comprised primarily of investment income on cash, cash equivalents and marketable securities and a loss on sale related to the sale of our New Jersey net operating losses ("NJ NOLs").

#### Income Tax Benefit

In February 2022, April 2023, we received final approval from the New Jersey Economic Development Authority ("NJEDA") under the Technology Business Tax Certificate Transfer Program ("Program") to sell a percentage of our NJ NOLs, which were subsequently sold to a qualifying and approved buyer pursuant to the Program for net proceeds of \$2.2 million. The \$2.3 million of our NJ NOL Tax Benefits have been recorded as a benefit from income taxes and the loss on sale of \$0.1 million recorded in other income (expense).

In February 2022, we received final approval from the NJEDA under the Program to sell a percentage of our NJ NOLs, which were subsequently sold to a qualifying and approved buyer pursuant to the Program for net proceeds of \$2.3 million. The \$2.5 million of our NJ NOL Tax Benefits have been recorded as a benefit from income taxes and the loss on sale of \$0.1 million recorded in other income (expense).

In April 2021, we received final approval from the NJEDA under the Program to sell a portion of our NJ NOLs, which subsequently were sold to a qualifying and approved buyer pursuant to the Program for net proceeds of \$1.4 million. The \$1.5 million of our NJ NOL tax benefits have been recorded as a benefit from income taxes and the loss on sale of \$0.1 million recorded in other income (expense).

#### Analysis of Liquidity and Capital Resources

At December 31, 2022 December 31, 2023, we had cash, cash equivalents, and marketable securities of approximately \$69.2 million \$50.5 million, working capital of approximately \$65.5 million \$47.3 million, and stockholders' equity of approximately \$66.6 million \$48.1 million.

During the year ended December 31, 2022 December 31, 2023, we met our immediate cash requirements through existing cash balances. Additionally, we used equity and equity-linked instruments to pay for services and compensation.

Net cash provided by or (used in) operating, investing and financing activities were as follows (in thousands):

	Year Ended December 31,	
	2022	2021
Net cash used in operating activities	\$ (21,170)	\$ (22,245)
Net cash provided by (used in) investing activities	28,911	(54,896)
Net cash (used in) provided by financing activities	(224)	85,276

[Index](#)

	Year Ended December 31,	
	2023	2022

Net cash used in operating activities	\$ (20,032)	\$ (21,170)
Net cash provided by investing activities	10,102	28,911
Net cash provided by (used in) financing activities	385	(224)

### Operating Activities

Our cash used in operating activities during the year ended December 31, 2023 totaled approximately \$20.0 million, comprising (i) our net loss of \$20.8 million, as adjusted for non-cash income and expenses totaling \$1.3 million (which includes adjustments for equity-based compensation, depreciation and amortization, and amortization/accretion of marketable securities), and (ii) changes in operating assets and liabilities of approximately \$0.5 million.

Our cash used in operating activities during the year ended December 31, 2022 totaled approximately \$21.2 million, comprising (i) our net loss of \$54.2 million, as adjusted for non-cash income and expenses totaling \$33.9 million (which includes adjustments for equity-based compensation, depreciation and amortization, in process research and development expenses, and amortization/accretion of marketable securities), and (ii) changes in operating assets and liabilities of approximately \$0.8 million. \$0.8 million.

### Investing Activities

Our cash used in operating provided by investing activities during the year ended December 31, 2021 December 31, 2023 totaled approximately \$22.2 million, which is the sum of (i) our \$10.1 million and was primarily due to net loss of \$27.5 million, as adjusted for non-cash income and expenses totaling \$4.6 million (which includes adjustments for equity-based compensation, depreciation and amortization, and amortization/accretion sales of marketable securities), and (ii) changes in operating assets and liabilities securities (net of approximately \$0.6 million purchases of marketable securities).

### Investing Activities

Our cash provided by investing activities during the year ended December 31, 2022 totaled approximately \$28.9 million and was primarily due to net sales of marketable securities (net of purchases of marketable securities) and partially offset by asset acquisition costs, net of cash acquired related to the Merger of \$3.3 million.

Our cash used in investing activities during the year ended December 31, 2021 totaled approximately \$54.9 million and was primarily due to net purchases of marketable securities (net of sales of marketable securities).

### Financing Activities

Our cash provided by financing activities during the year ended December 31, 2023 totaled \$0.4 million, consisting of proceeds from the issuance of shares through our ATM Agreement (as defined below) of \$0.3 million, option exercise proceeds of \$0.2 million partially offset by tax withholding-related payments of \$0.1 million on net share settlement equity awards to employees.

Our cash used in financing activities during the year ended December 31, 2022 totaled \$0.2 million, consisting primarily of tax withholding-related payments on net share settlement equity awards to employees.

Our cash provided by financing activities during the year ended December 31, 2021 primarily consisted of (i) net proceeds of \$23.1 million through the issuance of common shares and warrants in our January 2021 private placement, (ii) net proceeds of \$1.8 million in connection with warrant exercises, (iii) net proceeds of \$60.6 million through the issuance of common shares and warrants in both of our February 2021 registered direct offerings, which was partially offset by tax withholding-related payments on net share settlement equity awards to employees.

### Liquidity and Capital Requirements Outlook

To meet our short and long-term liquidity needs, we expect to use existing cash balances, marketable securities and a variety of other means. Other sources of liquidity could include additional potential issuances of debt or equity securities in public or private financings, partnerships and/or collaborations and/or sale of assets. Our history of operating losses and liquidity challenges may make it difficult for us to raise capital on acceptable terms or at all. The demand for the equity and debt of pharmaceutical companies like ours is dependent upon many factors, including the general state of the financial markets. During times of extreme market volatility, capital may not be available on favorable terms, if at all. Our inability to obtain such additional capital could materially and adversely affect our business operations. We will also continue to seek, as appropriate, grants for scientific and clinical studies from various governmental agencies and foundations, and other sources of non-dilutive funding. We believe that our cash on hand and marketable securities will enable us to fund operating expenses for at least the next 12 months following the issuance of our financial statements. Our future capital requirements are difficult to forecast and will depend on many factors, including the timing and nature of any other strategic transactions that we undertake; undertake and our ability to establish and maintain collaboration partnerships, in-license/out-license or other similar arrangements and the financial terms of such agreements.

On June 4, 2021, we entered into an At The Market Offering Agreement (the "ATM Agreement") with H.C. Wainwright & Co., LLC as sales agent, in connection with an "at the market offering" under which we from time to time may offer and sell shares of our common stock having an aggregate offering price of up to \$50.0 million. Subsequent to the filing of our Form 10-K on March 22, 2022, the aggregate market value of our outstanding common stock held by non-affiliates was approximately \$43.6 million. Pursuant to General Instruction I.B.6 of Form S-3, since the aggregate market value of our outstanding common

[Index](#)

stock held by non-affiliates was below \$75.0 million at the time of such Form 10-K filing, the aggregate amount of securities that we are permitted to offer and sell was reduced to \$17,698,943, which was equal to one-third of the aggregate market value of our common stock held by non-affiliates as of September 21, 2022. As of December 31, 2022 December 31, 2023, we had not issued any 64,394 shares of common stock under the ATM Agreement for net proceeds of \$270,774 under the ATM Agreement.

While we continue to seek capital through a number of means, there can be no assurance that additional financing will be available on acceptable terms, if at all, and our negotiating position in capital generating efforts may worsen as existing resources are used. Additional equity financing may be dilutive to our stockholders; debt financing, if available, may involve significant cash payment obligations and covenants that restrict our ability to operate as a business; our stock price may not

reach levels necessary to induce option or warrant exercises; and asset sales may not be possible on terms we consider acceptable. If we are unable to access capital necessary to meet our long-term liquidity needs, we may have to delay the expansion of our business or raise funds on terms that we currently consider unfavorable.

#### Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

#### Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and judgments that affect the amounts reported in the financial statements. We evaluate our estimates and assumptions on an ongoing basis. We base our estimates on historical experience and other assumptions believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

An accounting policy is considered to be critical if it is important to our financial condition and results of operations and if it requires management's most difficult, subjective and complex judgments in its application. For a summary of all of our significant accounting policies, see Note 2 to our Consolidated Financial Statements.

#### Merger with Cend Therapeutics

On September 15, 2022, we, then operating as Caladrius, Biosciences, Inc. ("Caladrius"), completed our acquisition of Cend (the "Merger"), the Merger in accordance with the terms of the Agreement and Plan of Merger and Reorganization (the "Merger Agreement"), dated as of April 26, 2022, by and among us, Cend and CS Cedar Merger Sub, Inc. ("Merger Sub"). Agreement. We concluded that the Merger was an asset acquisition, as substantially all of the fair value of the non-monetary assets acquired was concentrated in in-process research and development ("IPR&D"). &D. We determined that the cost to acquire the Cend assets was \$36.1 million, based on the fair value of the equity consideration issued, our initial investment, assumption of stock options and direct costs of the acquisition. The net assets acquired in connection with the Merger were recorded at their estimated fair values as of September 15, 2022, which was the date Merger was completed. Cend's assets (except for cash and working capital) were measured and recognized as an allocation of the transaction price based on their relative fair values as of the transaction date with any value associated with IPR&D with no alternative future use being expensed as reported in the consolidated statement of operations.

#### Share-Based Compensation

We expense all share-based payment awards to employees, directors, and consultants, including grants of stock options, warrants, and restricted stock, over the requisite service period based on the grant date fair value of the awards. Consultant awards are remeasured each reporting period through vesting. For awards with performance-based vesting criteria, we estimate the probability of achievement of the performance criteria and recognize compensation expense related to those awards expected to vest. We determine the fair value of option awards using the Black-Scholes option-pricing model which uses both historical and current market data to estimate fair value. This method incorporates various assumptions such as the risk-free interest rate, expected volatility, expected dividend yield and expected life of the options or warrants. The fair value of our restricted stock and restricted stock units is based on the closing market price of our common stock on the date of grant.

#### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

#### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements and notes thereto required to be filed under this Item are presented commencing on page 72 74 of this Annual Report.

### Lisata Therapeutics, Inc. and Subsidiaries

#### Table of Contents

Financial Statements:

Consolidated Balance Sheets at December 31, 2022 December 31, 2023 and 2021 2022	73
Consolidated Statements of Operations - Years Ended December 31, 2022 December 31, 2023 and 2021 2022	74
Consolidated Statements of Comprehensive Loss - Years Ended December 31, 2022 December 31, 2023 and 2021 2022	75
Consolidated Statements of Equity - Years Ended December 31, 2022 December 31, 2023 and 2021 2022	76
Consolidated Statements of Cash Flows - Years Ended December 31, 2022 December 31, 2023 and 2021 2022	77
Notes to Consolidated Financial Statements	70 79

[Index](#)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders of Lisata Therapeutics, Inc.

Opinion on the financial statements

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

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter matters

The critical Critical audit matter communicated below is a matter matters are matters arising from the current period audit of the financial statements that was were communicated or required to be communicated to the audit committee and that: (1) relates relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of We determined that there are no critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Determination of accounting acquirer and assessment of the accounting treatment

As described further in note 1 to the financial statements, the Company executed a Merger Agreement and acquired Cend Therapeutics, Inc. ("Cend") on September 15, 2022. We identified the determination of the accounting acquirer and assessment of the accounting treatment in the merger with Cend as a critical audit matter.

The principal considerations for our determination identified the determination of the accounting acquirer and assessment of the accounting treatment in the merger with Cend is a critical audit matter are that the merger was accounted for as an asset acquisition, with the Company being identified as the accounting acquirer. Evaluating the Company's accounting treatment of the merger required especially subjective auditor judgment. Specifically, a high degree of auditor judgment was required to evaluate the Company's determination of the accounting acquirer and assessment of the transaction as an asset acquisition.

Our audit procedures related to the determination of the accounting acquirer and assessment of the accounting treatment included the following, among others:

- review of management's accounting memorandum that documented the factors the Company considered in determining the accounting acquirer, including voting interests held by the former shareholder groups and the composition of the board of directors and senior management of the combined Company. In addition, we inspected the

[Index](#)

Company's Merger Agreement and assessed the terms in the agreement and compared them to the Company's accounting memorandum.



- We tested and consulted with our national office regarding the Company's determination of the accounting acquiror including the assessment of the voting interests of the various shareholder groups held in the Company post transaction and the composition of the board of directors and senior management of the combined entities.
- Additionally, we evaluated the composition and amounts of the assets acquired in the transaction and whether Cend contained processes in place to generate outputs in the assessment of the transaction as an asset acquisition.

matters.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2011.

New York, New York

March 30, 2023 February 29, 2024

[Index](#)

LISATA THERAPEUTICS, INC. AND SUBSIDIARIES					
CONSOLIDATED BALANCE SHEETS					
(In thousands, except share data)					
		December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
ASSETS	ASSETS				
Current Assets	Current Assets				
Cash and cash equivalents	Cash and cash equivalents	\$ 32,154	\$ 24,647		
Marketable securities	Marketable securities	37,072	70,323		
Prepaid and other current assets	Prepaid and other current assets	2,650	1,212		
Total current assets	Total current assets	71,876	96,182		
Property and equipment, net	Property and equipment, net	296	62		
Acquired license-intangible, net	Acquired license-intangible, net	334	—		
Other assets	Other assets	528	764		
Other assets					
Other assets					
Total assets	Total assets	\$ 73,034	\$ 97,008		
LIABILITIES, NON-CONTROLLING INTERESTS AND EQUITY					
LIABILITIES, NON-CONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY					
LIABILITIES	LIABILITIES				
Accounts payable	Accounts payable	\$ 2,655	\$ 1,934		
Accrued liabilities	Accrued liabilities	3,728	2,589		

Total current liabilities	Total current liabilities	6,383	4,523
Total current liabilities			
Total current liabilities			
Other long-term liabilities	Other long-term liabilities	327	485
Total liabilities	Total liabilities	6,710	5,008
Commitments and Contingencies (Note 14)	Commitments and Contingencies (Note 14)	Commitments and Contingencies (Note 14)	
Stockholders' Equity	Stockholders' Equity	Stockholders' Equity	
Preferred stock; authorized, 20,000,000 shares Series B convertible redeemable preferred stock liquidation value, 0.000067 share of common stock, \$0.01 par value; 825,000 shares designated; issued and outstanding, 10,000 shares at December 31, 2022 and December 31, 2021, respectively		—	—
Common stock, \$0.001 par value, authorized 33,333,333 shares; issued 7,866,799 and 3,986,719 shares, at December 31, 2022 and December 31, 2021, respectively; and outstanding, 7,866,061 and 3,985,981 shares, at December 31, 2022 and December 31, 2021, respectively		8	4
Common stock, \$0.001 par value, authorized 33,333,333 shares; issued 8,150,635 and 7,866,799 shares, at December 31, 2023 and December 31, 2022, respectively; and outstanding, 8,149,897 and 7,866,061 shares, at December 31, 2023 and December 31, 2022, respectively			
Common stock, \$0.001 par value, authorized 33,333,333 shares; issued 8,150,635 and 7,866,799 shares, at December 31, 2023 and December 31, 2022, respectively; and outstanding, 8,149,897 and 7,866,061 shares, at December 31, 2023 and December 31, 2022, respectively			
Common stock, \$0.001 par value, authorized 33,333,333 shares; issued 8,150,635 and 7,866,799 shares, at December 31, 2023 and December 31, 2022, respectively; and outstanding, 8,149,897 and 7,866,061 shares, at December 31, 2023 and December 31, 2022, respectively			
Additional paid-in capital	Additional paid-in capital	574,548	546,044
Treasury stock, at cost; 738 shares at December 31, 2022 and December 31, 2021 respectively		(708)	(708)

Treasury stock, at cost; 738 shares at December 31, 2023 and December 31, 2022 respectively			
Accumulated deficit	Accumulated deficit	(507,241)	(453,016)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(29)	(70)
Total Lisata Therapeutics, Inc. stockholders' equity	Total Lisata Therapeutics, Inc. stockholders' equity	66,578	92,254
Non-controlling interests	Non-controlling interests	(254)	(254)
Total equity	Total equity	66,324	92,000
Total liabilities, non-controlling interests and equity		\$ 73,034	\$ 97,008
Total liabilities, non-controlling interests and stockholders' equity			

See accompanying notes to consolidated financial statements.

[Index](#)

**LISATA THERAPEUTICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)

		Year Ended December 31,		Year Ended December 31,	
		2022	2021	2023	2022
Operating Expenses:	Operating Expenses:				
Research and development	Research and development				
Research and development	Research and development	\$ 13,067	\$ 17,576		
In-process research and development	In-process research and development	30,393	—		
General and administrative	General and administrative	14,141	11,474		
Operating expenses	Operating expenses	57,601	29,050		
Operating loss	Operating loss	(57,601)	(29,050)		

Operating loss			
Operating loss			
Other income	Other income		
(expense):	(expense):		
Other income (expense):			
Other income (expense):			
Investment income, net			
Investment income, net			
Investment income, net	Investment income, net	1,052	151
Other expense, net	Other expense, net	(155)	(75)
Total other income	Total other income	897	76
Net loss before benefit from income taxes and noncontrolling interests			
Net loss before benefit from income taxes and noncontrolling interests			
Net loss before benefit from income taxes and noncontrolling interests	Net loss before benefit from income taxes and noncontrolling interests	(56,704)	(28,974)
Benefit from income taxes	Benefit from income taxes	(2,479)	(1,508)
Net loss	Net loss	\$(54,225)	\$(27,466)
Less - net income (loss) attributable to noncontrolling interests	Less - net income (loss) attributable to noncontrolling interests	—	—
Net loss attributable to Lisata Therapeutics, Inc. common stockholders	Net loss attributable to Lisata Therapeutics, Inc. common stockholders	\$(54,225)	\$(27,466)
Net loss attributable to Lisata Therapeutics, Inc. common stockholders			
Net loss attributable to Lisata Therapeutics, Inc. common stockholders			
Basic and diluted loss per share:			
Basic and diluted loss per share:			
Basic and diluted loss per share:	Basic and diluted loss per share:		

Lisata	Lisata
Therapeutics,	Therapeutics,
Inc. common	Inc. common
stockholders	stockholders
	\$ (10.47) \$ (7.45)
Lisata Therapeutics, Inc. common	
stockholders	
Lisata Therapeutics, Inc. common	
stockholders	
Weighted average common	
shares outstanding:	
Weighted average common	
shares outstanding:	
Weighted	Weighted
average	average
common	common
shares	shares
outstanding:	outstanding:
Basic and	Basic and
diluted shares	diluted shares
	5,180 3,688
Basic and diluted shares	
Basic and diluted shares	

See accompanying notes to consolidated financial statements.

[Index](#)

LISATA THERAPEUTICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

		Year Ended December 31,		Year Ended December
		2022	2021	31,
Net loss	Net loss	\$ (54,225)	\$ (27,466)	
Net loss				
Net loss				
Other comprehensive income	Other comprehensive income			
(loss):	(loss):			
Available for sale securities - net unrealized gain (loss)		52	(57)	
Other comprehensive income (loss):				
Other comprehensive income (loss):				
Available for sale securities - net unrealized gain				
Available for sale securities - net unrealized gain				
Available for sale securities - net unrealized gain				
Cumulative translation adjustment arising during the period				
Cumulative translation adjustment arising during the period				
Cumulative translation	Cumulative translation			
adjustment arising during the	adjustment arising during the			
period	period	(11)	—	
Total other comprehensive	Total other comprehensive			
income (loss)	income (loss)	41	(57)	
Total other comprehensive income (loss)				
Total other comprehensive income (loss)				
Comprehensive loss				

Comprehensive loss			
Comprehensive loss	Comprehensive loss	(54,184)	(27,523)
Comprehensive income (loss) attributable to noncontrolling interests	Comprehensive income (loss) attributable to noncontrolling interests	—	—
Comprehensive income (loss) attributable to noncontrolling interests			
Comprehensive income (loss) attributable to noncontrolling interests			
Comprehensive loss attributable to Lisata Therapeutics, Inc. common stockholders	Comprehensive loss attributable to Lisata Therapeutics, Inc. common stockholders	\$ (54,184)	\$ (27,523)
Comprehensive loss attributable to Lisata Therapeutics, Inc. common stockholders			
Comprehensive loss attributable to Lisata Therapeutics, Inc. common stockholders			

See accompanying notes to consolidated financial statements.

[Index](#)

**LISATA THERAPEUTICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(In thousands)

	Common Stock		Additional Paid-in Capital		Accumulated Other Comprehensive Income (Loss)		Treasury Stock	Total Lisata Therapeutics, Inc. Stockholders' Equity		Non-Controlling Interest in Subsidiary	Total Equity
	Shares	Amount	Capital		Income (Loss)	Deficit		Equity			
<b>Balance at December 31, 2020</b>	1,292	\$ 1	\$458,766	\$	(13)	\$ (425,550)	\$ (708)	\$ 32,496	\$	(254)	\$32,242
<b>Balance at December 31, 2021</b>											
<b>Balance at December 31, 2021</b>											
<b>Balance at December 31, 2021</b>											
Net loss	Net loss	—	—	—	—	(27,466)	—	(27,466)	—	(27,466)	
Share-based compensation	35	—	1,757	—	—	—	—	1,757	—	1,757	
Net proceeds from issuance of common stock and warrants	2,659	3	85,497	—	—	—	—	85,500	—	85,500	
Proceeds from option exercises	—	—	24	—	—	—	—	24	—	24	
Unrealized loss on marketable securities	—	—	—	(57)	—	—	—	(57)	—	(57)	



Balance at December 31, 2021																
		3,986	\$	4	\$546,044	\$	(70)	\$	(453,016)	\$	(708)	\$	92,254	\$	(254)	\$92,000
Net loss																
Net loss	Net loss	—		—		—		—	(54,225)		—		(54,225)		—	(54,225)
Share-based compensation	Share-based compensation	97		—	2,367		—		—		—		2,367		—	2,367
Net proceeds from issuance of common stock	Net proceeds from issuance of common stock	11		—	43		—		—		—		43		—	43
Issuance of common stock in connection with Merger	Issuance of common stock in connection with Merger	3,773		4	26,094		—		—		—		26,098		—	26,098
Unrealized gain on marketable securities	Unrealized gain on marketable securities	—		—		—		52		—		—	52		—	52
Foreign currency translation adjustment	Foreign currency translation adjustment	—		—		—		(11)		—		—	(11)		—	(11)
Balance at December 31, 2022	Balance at December 31, 2022	7,867	\$	8	\$574,548	\$	(29)	\$	(507,241)	\$	(708)	\$	66,578	\$	(254)	\$66,324
Balance at December 31, 2022																
Balance at December 31, 2022																
Net loss																
Share-based compensation																
Net proceeds from issuance of common stock																
Proceeds from option exercises																
Proceeds from option exercises																
Proceeds from option exercises																
Unrealized gain on marketable securities																
Foreign currency translation adjustment																
Balance at December 31, 2023																
Balance at December 31, 2023																
Balance at December 31, 2023																

See accompanying notes to consolidated financial statements.

[Index](#)

**LISATA THERAPEUTICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	Year Ended December 31,		Year Ended December 31,
	2022	2021	
Cash flows from operating activities:	Cash flows from operating activities:		
Cash flows from operating activities:			
Cash flows from operating activities:			
Net loss			
Net loss			
Net loss	Net loss	\$ (54,225)	\$ (27,466)
Adjustments to reconcile net loss to net cash used in operating activities:	Adjustments to reconcile net loss to net cash used in operating activities:		
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to reconcile net loss to net cash used in operating activities:			
Equity-based compensation expense			
Equity-based compensation expense			
Equity-based compensation expense	Equity-based compensation expense	2,636	2,005
Depreciation and amortization	Depreciation and amortization	69	55
In process research and development expenses		30,393	—
Depreciation and amortization			
Depreciation and amortization			
Loss on disposal of fixed assets			
Loss on disposal of fixed assets			
Loss on disposal of fixed assets			
In-process research and development expenses			
In-process research and development expenses			
In-process research and development expenses			
Amortization/accretion on marketable securities			
Amortization/accretion on marketable securities			
Amortization/accretion on marketable securities	Amortization/accretion on marketable securities	788	2,514
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Changes in operating assets and liabilities:			
Prepaid and other current assets			
Prepaid and other current assets			
Prepaid and other current assets	Prepaid and other current assets	(845)	(453)
Other assets	Other assets	237	(150)
Other assets			

Other assets			
Accounts payable, accrued liabilities and other liabilities			
Accounts payable, accrued liabilities and other liabilities			
Accounts payable, accrued liabilities and other liabilities	Accounts payable, accrued liabilities and other liabilities	(223)	1,250
Net cash used in operating activities	Net cash used in operating activities	(21,170)	(22,245)
Net cash used in operating activities			
Net cash used in operating activities			
Cash flows from investing activities:			
Cash flows from investing activities:			
Cash flows from investing activities:	Cash flows from investing activities:		
Purchase of marketable securities	Purchase of marketable securities	(89,687)	(179,775)
Purchase of marketable securities			
Purchase of marketable securities			
Sales of marketable securities			
Sales of marketable securities			
Sales of marketable securities	Sales of marketable securities	122,203	124,939
Asset acquisition costs, net of cash acquired related to Merger	Asset acquisition costs, net of cash acquired related to Merger	(3,320)	—
Asset acquisition costs, net of cash acquired related to Merger			
Asset acquisition costs, net of cash acquired related to Merger			
Purchases of property and equipment	Purchases of property and equipment	(285)	(60)
Net cash provided by (used in) investing activities		28,911	(54,896)
Purchases of property and equipment			
Purchases of property and equipment			
Net cash provided by investing activities			
Net cash provided by investing activities			
Net cash provided by investing activities			
Cash flows from financing activities:			
Cash flows from financing activities:			
Cash flows from financing activities:	Cash flows from financing activities:		
Proceeds from exercise of options	Proceeds from exercise of options	—	24
Proceeds from exercise of options			
Proceeds from exercise of options			
Tax withholding payments on net share settlement equity awards	Tax withholding payments on net share settlement equity awards	(267)	(248)
Tax withholding payments on net share settlement equity awards			
Tax withholding payments on net share settlement equity awards			
Net proceeds from issuance of capital stock			
Net proceeds from issuance of capital stock			
Net proceeds from issuance of capital stock	Net proceeds from issuance of capital stock	43	85,500
Net cash (used in) provided by financing activities		(224)	85,276
Net cash provided by (used in) financing activities			
Net cash provided by (used in) financing activities			
Net cash provided by (used in) financing activities			
Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	(10)	—
Net increase in cash and cash equivalents		7,507	8,135
Effect of exchange rate changes on cash			

Effect of exchange rate changes on cash			
Net (decrease) increase in cash and cash equivalents			
Net (decrease) increase in cash and cash equivalents			
Net (decrease) increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year	24,647	16,512
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at end of year			
Cash and cash equivalents at end of year			
Cash and cash equivalents at end of year	Cash and cash equivalents at end of year	\$ 32,154	\$ 24,647
Supplemental Disclosure of Cash Flow Information:	Supplemental Disclosure of Cash Flow Information:		
Supplemental Disclosure of Cash Flow Information:			
Supplemental Disclosure of Cash Flow Information:			
Issuance of common stock in connection with Merger			
Issuance of common stock in connection with Merger			
Issuance of common stock in connection with Merger	Issuance of common stock in connection with Merger	\$ 23,580	\$ —
Incremental fair value of Cend's fully vested stock options assumed	Incremental fair value of Cend's fully vested stock options assumed	\$ 2,136	\$ —
Incremental fair value of Cend's fully vested stock options assumed			
Incremental fair value of Cend's fully vested stock options assumed			

See accompanying notes to consolidated financial statements.

[Index](#)

## LISATA THERAPEUTICS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 – The Business

#### Overview

Lisata Therapeutics, Inc. (together with its subsidiaries, the “Company”) is a clinical-stage pharmaceutical company dedicated to the discovery, development, and commercialization of innovative therapies for the treatment of solid tumors and other major diseases. The Company's lead investigational product candidate, LSTA1, (formerly known as CEND-1), is designed to activate a novel uptake pathway that allows co-administered or tethered (i.e., molecularly bound) anti-cancer drugs to target and penetrate solid tumors more effectively. LSTA1 actuates this active transport system in a tumor-specific manner, resulting in systemically co-administered anti-cancer drugs more efficiently penetrating and accumulating in the tumor, while normal tissues are not unlikely to be affected. LSTA1 also has the potential to modify the tumor microenvironment (“TME”), with the objective of thereby making tumors more susceptible to immunotherapies, immunotherapies and inhibiting the metastasis cascade (i.e., the spread of cancer to other parts of the body). The Company and its collaborators have amassed significant non-clinical data demonstrating enhanced delivery of a range of existing and emerging anti-cancer therapies, including chemotherapeutics, immunotherapies and RNA-based therapeutics. To date, LSTA1 has also demonstrated favorable safety, tolerability and activity in completed and ongoing clinical trials designed to enhance delivery of standard-of-care chemotherapy for pancreatic cancer. The Company is exploring the potential of LSTA1 to enable a variety of treatment modalities to treat a range of solid tumors more effectively. In addition, Currently, LSTA1, is the Company has subject of Phase 2a and 2b clinical development programs based on its autologous studies being conducted globally in a variety of solid tumor types, including metastatic pancreatic ductal adenocarcinoma (mPDAC), cholangiocarcinoma, head and neck cancer, appendiceal cancer, colon cancer and glioblastoma multiforme in combination with a variety of anti-cancer regimens.

The Company's legacy CD34+ cell therapy technology platform was the subject of several clinical trials targeting an array of diseases, among them, critical limb ischemia, coronary microvascular dysfunction, and diabetic kidney disease. Further development of such programs would require significantly larger studies and capital investment and thus, development by Lisata would only be continued if a strategic partner that are advancing toward their next can contribute the necessary capital for future development milestone while incurring no capital outlay, is identified.

The Company's leadership team has decades of collective biopharmaceutical and pharmaceutical product development experience across a variety of therapeutic categories and at all stages of development from preclinical through to product registration and launch. Its The Company's goal is to develop and commercialize products that address important unmet medical needs based on a broad and versatile portfolio of candidates. The Company's current development pipeline includes:

- LSTA1, the subject of Phase 1b/2a and 2b clinical studies being conducted globally in a variety of solid tumor types, including metastatic pancreatic ductal adenocarcinoma (mPDAC), in combination with a variety of anti-cancer regimens;

▪ HONEDRA® (LSTA12, formerly CLBS12), recipient of SAKIGAKE designation, pursuant to which early conditional approval in Japan for the treatment of critical limb ischemia ("CLI") and Buerger's disease is being sought based on the current results of a clinical trial executed in Japan. HONEDRA® was the recipient of orphan drug designation in March 2021 from the U.S. Food and Drug Administration ("FDA") for Buerger's disease; and

▪ LSTA201 (formerly, CLBS201), the subject of a recently completed study designed to assess the safety and efficacy of CD34+ cell therapy as a regenerative treatment for patients with chronic kidney disease related to type 2 diabetes (diabetic kidney disease or "DKD").needs.

#### **Merger with Cend Therapeutics, Inc. and Name Change**

On September 15, 2022, the Company, then operating as Caladrius Biosciences, Inc. ("Caladrius"), completed its acquisition of Cend Therapeutics, Inc. ("Cend"), a Delaware corporation (the "Merger"), in accordance with the terms of the Agreement and Plan of Merger and Reorganization (the "Merger Agreement"), dated as of April 26, 2022, by and among Caladrius, Cend and CS Cedar Merger Sub, Inc. ("Merger Sub").

Pursuant to the terms set forth in the Merger Agreement and effective September 15, 2022 (the "Effective Time"): (i) Merger Sub merged with and into Cend, with Cend surviving as a wholly owned subsidiary of Caladrius, (ii) Caladrius changed its name to Lisata Therapeutics, Inc., and (iii) Caladrius effected a 1:15 reverse stock split of its common stock ("Reverse Stock Split") prior to the Effective Time. At the Effective Time, each share of Cend's common stock outstanding immediately prior to the Effective Time was converted into the right to receive shares of Lisata's common stock based on an exchange ratio of 0.5338, after taking into account the Reverse Stock Split (the "Exchange Ratio"). In connection with the Merger close, the Company issued an aggregate of 3,772,768 shares of common stock, based on the Exchange Ratio, to holders of Cend, in exchange for all of the Cend capital stock outstanding immediately prior to the closing of the Merger.

Pursuant to the Merger Agreement, Lisata assumed all of the outstanding and unexercised options to purchase shares of Cend capital stock under the 2016 Equity Incentive Plan (the "Cend Plan"), and, in connection with the Merger, such options were converted into options to purchase shares of Lisata's common stock based on the Exchange Ratio. At the closing of the Merger at the Effective Time, the Company assumed Cend's stock options to purchase an aggregate of 1,227,776 shares of the Company's common stock.

[Index](#)

Caladrius was considered to be the accounting acquirer based on the terms of the Merger Agreement and certain factors including: (i) Caladrius owned approximately 52% of the Company's outstanding shares of common stock immediately following the close of the Merger; (ii) although both entities contributed to the new management team of Lisata, the Caladrius team had more provided a vast majority of the individuals on the management team and holds the chief executive officer ("CEO"), chief

[Index](#)

medical officer ("CMO") and other senior management roles; (iii) Caladrius paid a premium to acquire Cend's assets; and (iv) Caladrius was significantly larger than Cend regarding total assets, operations, and research and development activities. The Merger was accounted for as an asset acquisition as substantially all of the fair value is concentrated in in-process research and development ("IPR&D"). Cend's assets (except for cash and working capital) were measured and recognized as an allocation of the transaction price based on their relative fair values as of the transaction date with any value associated with IPR&D with no alternative future use being expensed as reported in the consolidated statement of operations. Operating results presented in the consolidated statements of operations and comprehensive loss prior to the Merger are solely related to Caladrius Biosciences, Inc. and subsidiaries.

#### **Coronavirus Considerations**

In December 2019, a novel strain of coronavirus (SARS-CoV-2), which causes COVID-19, was reported to have surfaced in China. In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic, and the world's economies began to experience pronounced effects. Despite the FDA approval of multiple COVID-19 vaccines in late 2020, there remains uncertainty around the extent and duration of disruption and any future related financial impact cannot reasonably be estimated at this time. In response to the COVID-19 pandemic, the Company implemented a universal work from home policy as well as stringent social distancing and other hygiene policies for employees when they must be in the office. The Company's clinical study of HONEDRA® in Japan experienced significant delays in enrollment due to the States of Emergency in effect in Japan for most of 2020, 2021 and 2022 covering Tokyo and other regions in response to an increased number of COVID-19 infections. With the Company's expectation that COVID-19 in Japan would continue to negatively impact clinical site operations and enrollment of patients in the HONEDRA® clinical trial, it elected to suspend trial enrollment, seek a development partner and consult with the Japanese regulatory authorities regarding the submission of patient data already accrued. Lisata's Phase 2b FREEDOM Trial of XOWNA® in the U.S. also experienced delays in enrolling patients as a result of COVID-19. While early enrollment proceeded to plan with the first patient treated in January 2021, the impact of the COVID-19 pandemic contributed to a general slowing of enrollment, including supply chain disruptions affecting the availability of qualified catheters used in the diagnosis of CMD and/or administration of XOWNA® as well as with a contrast agent typically used in many catheter laboratories. In May 2022, the Company announced that enrollment in the FREEDOM Trial was suspended and that it intended to conduct an interim analysis of the data from not less than the first 20 patients enrolled using the 6-month follow-up data to evaluate the efficacy and safety of XOWNA® in subjects with CMD. Following this analysis along with Key Opinion Leaders' input, the Company determined that execution of a redesigned FREEDOM-like trial would be the appropriate next step, but the cost of such a trial would be prohibitively expensive to undergo without a strategic partner. Accordingly, the Company's board of directors concluded that XOWNA® development will only be continued if a strategic partner that can contribute the necessary capital for a redesigned trial is identified and secured. There can be no assurance that we will be able to identify such a partner and enter into an agreement with such partner on acceptable terms or at all.

#### **Reverse Stock Split**

On September 14, 2022, in connection with the Merger, the Company implemented the Reverse Stock Split, as authorized at the annual meeting of stockholders on September 13, 2022. The Reverse Stock Split became effective on September 14, 2022 at 5:00 pm and the Company's common stock began trading on The Nasdaq Capital Market on a post-split basis at the open of business on September 15, 2022. As of September 14, 2022, every fifteen shares of the Company's issued and outstanding common stock (and such

shares held in treasury) were automatically converted into one share of common stock, without any change in the par value per share. In addition, proportionate adjustments were made to the per share exercise price and the number of shares issuable upon the exercise of all outstanding stock options, stock appreciation rights, convertible notes and warrants to purchase shares of common stock, the number of shares issuable upon the vesting of all restricted stock awards, and the number of shares of common stock reserved for issuance pursuant to the Company's equity incentive compensation plans. Any stockholder who would otherwise be entitled to a fractional share of common stock created as a result of the Reverse Stock Split received a cash payment equal to the product of such resulting fractional interest in one share of common stock multiplied by the closing trading price of the common stock on September 15, 2022. The Reverse Stock Split was effectuated in order to increase the per share trading price of **our the Company's** common stock to satisfy the \$1.00 minimum bid price requirement for continued listing on The Nasdaq Capital Market.

All share and per share amounts of common stock, options and warrants in the accompanying financial statements have been restated for all periods presented to give retroactive effect to the Reverse Stock Split. Accordingly, the consolidated

[Index](#)

statements of equity reflect the impact of the Reverse Stock Split by reclassifying from "common stock" to "additional paid-in capital" in an amount equal to the par value of the decreased shares resulting from the Reverse Stock Split.

### **Basis of Presentation**

The accompanying consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of expenses during the reporting period. The Company bases its estimates on historical experience and other assumptions believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company makes critical estimates and assumptions in determining stock-based awards values and the valuation of the Merger, which was accounted for as an asset acquisition as substantially all of the fair value is concentrated in in-process research and development ("IPR&D"). Accordingly, actual results could differ from those estimates and assumptions.

### **Principles of Consolidation**

The Consolidated Financial Statements include the accounts of Lisata Therapeutics, Inc. and its wholly owned and majority owned subsidiaries and affiliates. All intercompany activities have been eliminated in consolidation.

### **Foreign Currency Remeasurement**

The Company's reporting currency is the U.S. Dollar. The functional currency of Lisata Therapeutics Australia Pty Ltd. which is a foreign subsidiary of the Company is the Australian Dollar. The assets and liabilities of Lisata Therapeutics Australia Pty Ltd. are translated into U.S. Dollars at the exchange rates in effect at each balance sheet date, and the results of operations are translated using the average exchange rates prevailing throughout the reporting period. Adjustments resulting from translating foreign functional currency financial statements into U.S. Dollars are included in the foreign currency translation adjustment, a component of accumulated other comprehensive income (loss) in stockholders' equity.

[Index](#)

## **Note 2 – Summary of Significant Accounting Policies**

### **Cash and Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid, investments with maturities of ninety days or less when purchased.

### **Concentration of Risks**

The Company is subject to credit risk from its portfolio of cash, cash equivalents and marketable securities. Under its investment policy, the Company limits amounts invested in such securities by credit rating, maturity, industry group, investment type and issuer, except for securities issued by the U.S. government. Cash is held at major banks in the United States and may exceed federally insured limits. The goals of the Company's investment policy, in order of priority, are as follows: safety and preservation of principal and diversification of risk, liquidity of investments sufficient to meet cash flow requirements, and a competitive after-tax rate of return.

### **Marketable Securities**

The Company determines the appropriate classification of its marketable securities at the time of purchase and reevaluates such designation at each balance sheet date. All of the Company's marketable securities are considered as available-for-sale and carried at estimated fair values and reported in cash equivalents and marketable securities. Unrealized gains and losses on available-for-sale securities are excluded from net income and reported in accumulated other comprehensive income (loss) as a separate component of stockholders' equity. Other income (expense), net, includes interest, dividends, amortization of purchase premiums and discounts, realized gains and losses on sales of securities and other-than-temporary declines in the fair value of securities, if any. The cost of securities sold is based on the specific identification method. The Company regularly reviews all of its investments for other-than-temporary declines in fair value. The Company's review includes the consideration of the cause of the impairment, including the creditworthiness of the security issuers, the number of securities in an unrealized loss position, the severity and duration of the unrealized losses, whether the Company has the intent to sell the securities and whether it is more likely than not that it will be required to sell the securities before the recovery of their amortized cost basis. When the



Company determines that the decline in fair value of an investment is below its accounting basis and this decline is other-than-temporary, it reduces the carrying value of the security it holds and records a loss for the amount of such decline.

**Property and Equipment**

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. Repairs and maintenance expenditures that do not extend original asset lives are charged to expense as incurred. The estimated useful lives of property and equipment are as follows:

Furniture and fixtures	10 years
Computer equipment	3 years
Software	3 years
Leasehold improvements	Life of lease

**Long-lived Assets**

Long-lived assets consist of property and equipment. The assets are amortized on a **straight line straight-line** basis over their respective useful lives. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds the fair value of the asset. If other events or changes in circumstances indicate that the carrying amount of an asset that the Company expects to hold and use may not be recoverable, the Company will estimate the undiscounted future cash flows expected to result from the use of the asset and/or its eventual disposition, and recognize an impairment loss, if any. The impairment loss, if determined to be necessary, would be measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

**Share-Based Compensation**

The Company expenses all share-based payment awards to employees, directors, and consultants, including grants of stock options, warrants, and restricted stock, over the requisite service period based on the grant date fair value of the awards. Consultant awards are remeasured each reporting period through vesting. For awards with performance-based vesting criteria, the Company estimates the probability of achievement of the performance criteria and recognizes compensation expense related to those awards expected to vest. The Company determines the fair value of option awards using the Black-Scholes option-pricing model which uses both historical and current market data to estimate the fair value. This method incorporates various assumptions such as the risk-free interest rate, expected volatility, expected dividend yield and expected life of the options or

warrants. Stock based compensation expense also includes an estimate, which is made at the time of the grant, of the number of awards that are expected to be forfeited. The fair value of the Company's restricted stock and restricted stock units is based on the closing market price of the Company's common stock on the date of grant.

**Loss Per Share**

Basic loss per share is based on the weighted effect of all common shares issued and outstanding and is calculated by dividing net loss attributable to common stockholders by the weighted average shares outstanding during the period. Diluted loss per share is calculated by dividing net loss attributable to common stockholders by the weighted average number of common shares used in the basic loss per share calculation plus the number of common shares that would be issued assuming conversion of all potentially dilutive securities outstanding. Diluted loss per share is not presented as such potentially dilutive securities are anti-dilutive to losses incurred in all periods presented.

**Treasury Stock**

Treasury stock purchases are accounted for under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. Gains or losses on the subsequent reissuance of shares are credited or charged to additional **paid in paid-in** capital.

**Research and Development Costs**

Research and development ("R&D") expenses include salaries, benefits, and other headcount related costs, clinical trial and related clinical manufacturing costs, contract and other outside service fees including sponsored research agreements, and facilities and overhead costs. The Company expenses the costs associated with research and development activities when incurred.

To further drive the Company's **cell therapy product candidate** initiatives, the Company will continue targeting key governmental agencies, congressional committees and not-for-profit organizations to contribute funds for the Company's research and development programs. The Company accounts for such grants as a deduction to the related expense in research and development operating expenses when earned.

**In-process Research and Development Expense**

Upfront payments that relate to the acquisition of a new drug compound, as well as pre-commercial milestone payments, are immediately expensed as IPR&D in the period in which they are incurred, provided that the new drug compound did not also include processes or activities that would constitute a "business" as defined under U.S. GAAP, the drug has not achieved regulatory approval for marketing and, absent obtaining such approval, has no established alternative future use. The Company accounts for contingent consideration payable upon achievement of certain regulatory, development or sales milestones in such asset acquisitions when the underlying contingency is probable and

estimable. Milestone payments made to third parties subsequent to regulatory approval will be capitalized as intangible assets and amortized over the estimated remaining useful life of the related product.

#### **Intangible Asset**

The Company's intangible asset consists of a single asset, Cend's license agreement with Qilu Pharmaceutical, Co., Ltd. ("Qilu") acquired in the Merger, with a value of \$0.4 million. The intangible asset is stated at fair value and is amortized using the straight-line method over its estimated useful life of 5 years. Amortization expense was \$18 \$71 thousand and \$21 thousand for the three years ended December 31, 2023 and twelve months ended December 31, 2022, respectively. The intangible asset is reviewed for potential impairment when events or circumstances indicate that carrying amounts may not be recoverable. The projected amortization expense is \$71 thousand per year for the next five four years.

#### **Revenue Recognition**

The Company evaluates license and collaboration arrangements to determine whether units of account within the arrangement exhibit the characteristics of a vendor and customer relationship. For arrangements and units of account where a customer relationship exists, the Company applies the revenue recognition guidance. The Company recognizes revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To determine revenue recognition for contracts with customers the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies the performance obligations. At contract inception, the Company assesses the goods or services promised within each contract and assesses whether each promised good or service is distinct and determines those that are performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance

[Index](#)

obligation is satisfied. Taxes imposed by governmental authorities on the Company's revenue, such as sales taxes and withholding taxes, are excluded from net revenue.

If a license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenues from non-refundable, upfront fees allocated to the license when the license is transferred to the licensee and the licensee is able to use and benefit from the license. If licenses are bundled with other performance obligations, the Company would utilize judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue. There was no revenue recognized for the years ended December 31, 2022 December 31, 2023 and 2021 2022.

#### **Milestones**

At the inception of each arrangement that includes milestone payments (variable consideration), the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the Company or the Company's collaboration partner's control, such as regulatory approvals, are generally not considered probable of being achieved until those approvals are received. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the Company recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such milestones and any related constraint, and if necessary, adjusts the Company's estimate of the overall transaction price. Any such adjustments are allocated on a cumulative catch-up basis to satisfied and partially satisfied performance obligations, with the consideration allocated to an ongoing performance obligation being recognized over the period of performance. For the years ended December 31, 2022 December 31, 2023 and 2021 2022 the Company has not recognized revenue related to milestones.

[Index](#)

#### **Royalties**

For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and for which the license is deemed to be the predominant item to which the royalties relate, the Company recognizes revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). To date, the Company has not recognized any royalty revenue from any collaborative arrangement.

#### **Note 3 – Merger**

The Merger was accounted for as an asset acquisition as substantially all of the fair value was concentrated in IPR&D. Cend's assets (except for cash and working capital) were measured and recognized as an allocation of the transaction price based on their relative fair values as of the transaction date with any value associated with IPR&D being expensed. The fair value of total consideration was \$36.1 million. The following table is a summary of the purchase price calculation (in thousands except per share data).

Number of common shares of the combined company owned by Cend stockholders	3,772,768
Multiplied by the fair value per share of Lisata common stock on September 15, 2022	\$6.25
<b>Total</b>	<b>\$23,580</b>
Carrying value of Lisata's cost method investment in Cend	10,000
<b>Incremental fair value of Cend's fully vested stock options</b>	<b>2,136</b>
Lisata transaction costs	382
<b>Total purchase price</b>	<b>\$36,098</b>

The allocation of the purchase price was as follows (amounts in thousands):

[Index](#)

Cash and cash equivalents	\$7,062
Net working capital (excluding cash)	(1,690)
<b>Other liabilities</b>	<b>(22)</b>
Acquired in-process research and development	30,393
<b>License</b>	<b>355</b>
<b>Net assets acquired</b>	<b>\$36,098</b>

[Index](#)

#### Note 4 – Available-for-Sale Securities

The following table is a summary of available-for-sale securities recorded in cash and cash equivalents or **debt** marketable securities in the Company's Consolidated Balance Sheets (in thousands):

		December 31, 2022				December 31, 2021			
		Gross		Gross		Gross		Gross	
		Unrealized		Unrealized		Unrealized		Unrealized	
		Estimated		Estimated		Estimated		Estimated	
		Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value
		December 31, 2023				December 31, 2023			
		Gross		Gross		Gross		Gross	
		Unrealized		Unrealized		Unrealized		Unrealized	
		Estimated		Estimated		Estimated		Estimated	
		Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value
Corporate debt securities	Corporate debt securities	\$44,308	\$ —	\$ (17)	\$44,291	\$53,135	\$ —	\$ (65)	\$53,070
Commercial Paper	Commercial Paper	7,953	—	—	7,953	—	—	—	—
Money market funds	Money market funds	4,871	—	—	4,871	18,124	—	—	18,124
Municipal debt securities	Municipal debt securities	7,626	—	(1)	7,625	20,263	—	(5)	20,258
<b>Total</b>	<b>Total</b>	<b>\$64,758</b>	<b>\$ —</b>	<b>\$ (18)</b>	<b>\$64,740</b>	<b>\$91,522</b>	<b>\$ —</b>	<b>\$ (70)</b>	<b>\$91,452</b>

Estimated fair values of available-for-sale securities are generally based on prices obtained from commercial pricing services. The following table summarizes the classification of the available-for-sale debt securities on the Company's Consolidated Balance Sheets (in thousands):

	December 31, 2022	December 31, 2021
December 31, 2023	December 31, 2023	December 31, 2022

Cash and cash equivalents	Cash and cash equivalents	\$27,668	\$21,129
Marketable securities	Marketable securities	37,072	70,323
Total	Total	<u>\$64,740</u>	<u>\$91,452</u>

The following table summarizes the Company's portfolio of available-for-sale securities by contractual maturity (in thousands):

		December 31, 2022		December 31, 2021	
		Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
December 31, 2023		December 31, 2023		December 31, 2022	
Amortized Cost		Amortized Cost		Estimated Fair Value	
Less than one year		\$64,758	\$64,740	\$91,522	\$91,452
Greater than one year		—	—	—	—
Total	Total	<u>\$64,758</u>	<u>\$64,740</u>	<u>\$91,522</u>	<u>\$91,452</u>

[Index](#)

#### Note 5 – Property and Equipment

Property and equipment consisted of the following (in thousands):

		December 31,	
		2022	2021
December 31, 2023		December 31, 2022	
Furniture and fixtures		\$ 25	\$ 26
Computer equipment		589	314
Leasehold improvements		99	90
Property and equipment, gross		713	430
Accumulated depreciation		(417)	(368)
Property and equipment, net		<u>\$296</u>	<u>\$ 62</u>

The Company's results included depreciation expense of approximately \$0.1 million and \$0.1 million for the years ended **December 31, 2022** **December 31, 2023** and **2021**, **2022**, respectively.

[Index](#)

#### Note 6 – Income (Loss) Per Share

For the years ended **December 31, 2022** **December 31, 2023** and **2021, 2022**, the Company incurred net losses and therefore no common stock equivalents were utilized in the calculation of loss per share as they are anti-dilutive in the periods presented. At **December 31, 2022** **December 31, 2023** and **2021, 2022**, the Company excluded the following potentially dilutive securities (in thousands):

		December 31,		December 31,
		2022	2021	
Stock Options	Stock Options	1,391	142	
Stock Options				
Stock Options				
Warrants				
Warrants				
Warrants	Warrants	1,424	1,424	
Restricted Stock Units	Restricted Stock Units	48	40	
Restricted Stock Units				
Restricted Stock Units				

#### Note 7 – Fair Value Measurements

Fair value of financial assets and liabilities that are being measured and reported are defined as the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date (exit price). The Company is required to classify fair value measurements in one of the following categories:

Level 1 inputs are defined as quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs are defined as inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 inputs are defined as unobservable inputs for the assets or liabilities. Financial assets and liabilities are classified 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 requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

The Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022** were as follows (in thousands):

	December 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Marketable securities - available for sale	\$ —	\$ 37,072	\$ —	\$ 37,072	\$ —	\$ 70,323	\$ —	\$ 70,323
	\$ —	\$ 37,072	\$ —	\$ 37,072	\$ —	\$ 70,323	\$ —	\$ 70,323

[Index](#)

	December 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash equivalents	\$ 16,715	\$ —	\$ —	\$ 16,715	\$ 27,668	\$ —	\$ —	\$ 27,668
Marketable securities - available for sale	—	27,942	—	27,942	—	37,072	—	37,072
	\$ 16,715	\$ 27,942	\$ —	\$ 44,657	\$ 27,668	\$ 37,072	\$ —	\$ 64,740

The carrying values of cash, cash equivalents, accounts payable and accrued expenses approximate fair value at **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022**, due to the short maturity nature of these items.

[Index](#)

## Note 8 – Accrued Liabilities

Accrued liabilities were as follow (in thousands):

		December 31,	
		2022	2021
		December 31,	
		2023	2022
Salaries, employee benefits and related taxes	Salaries, employee benefits and related taxes	\$2,586	\$2,034
Operating lease liabilities - current	Operating lease liabilities - current	180	229
Clinical and R&D related liabilities	Clinical and R&D related liabilities	785	—
Accounting and consulting			
Other	Other	177	326
		\$3,728	\$2,589
	\$		

## Note 9 – Operating Leases

The Company adopted ASU No. 2016-02, Leases (Topic 842) on January 1, 2019 and recognized leases with duration greater than 12 months on the balance sheet using the modified retrospective approach. The Company has an operating leases lease for two offices with terms that expire one office which expires in 2023 and 2025, respectively, 2025. The Company estimates its incremental borrowing rate at lease commencement to determine the present value of lease payments as most of the Company's leases do not provide an implicit rate of return. The Company recognizes lease expense on a straight-line basis over the lease term. For lease agreements entered into or reassessed after the adoption of Topic 842, the Company elected to account for non-lease components associated with its leases and lease

[Index](#)

components as a single lease component. Each of the The Company's leases lease includes options an option for the Company to extend the lease term and/or sub-lease space in whole or in part.

Operating lease liabilities and right-of-use assets were recorded in the following captions of our the Company's balance sheet as follows (in thousands):

		December 31, 2022	December 31, 2021
Right-of Use Assets:			
		December 31,	
		2023	2022
Right-of-Use Assets:			
Other assets			
Other assets			



Other assets	Other assets	\$	487	\$	724
Total	Total				
Right-of-Use Asset	Right-of-Use Asset	\$	487	\$	724
Operating Lease Liabilities:	Operating Lease Liabilities:				
Operating Lease Liabilities:	Operating Lease Liabilities:				
Accrued liabilities	Accrued liabilities				
Accrued liabilities	Accrued liabilities	\$	180	\$	229
Other long-term liabilities	Other long-term liabilities		305		485
Total	Total				
Operating Lease Liabilities	Operating Lease Liabilities	\$	485	\$	714

As of **December 31, 2022** **December 31, 2023**, the weighted average remaining lease term for **our the Company's** operating leases was **1.50** **1.75** years, and the weighted average discount rate for **our its** operating leases was 9.625%. Future minimum lease payments under the lease agreements as of **December 31, 2022** **December 31, 2023** were as follows (in thousands):

Years ended	Years ended	Operating Leases	Years ended	Operating Leases
2023		\$ 217		
2024				
2024				
2024	2024	190		
2025	2025	143		
Total lease payments	Total lease payments	550		
Less: Amounts representing interest	Less: Amounts representing interest	(65)		
Present value of lease liabilities	Present value of lease liabilities	\$ 485		

#### **Note 10 – Stockholders' Equity**

##### **Reverse Stock Split**

On September 14, 2022, in connection with the Merger, the Company implemented the Reverse Stock Split, as described in Note 1. All share and per share amounts of common stock, options and warrants in the accompanying financial statements have

[Index](#)

been restated for all periods presented to give retroactive effect to the Reverse Stock Split. Accordingly, the consolidated statements of equity reflect the impact of the Reverse Stock Split by reclassifying from "common stock" to "additional paid-in capital" in an amount equal to the par value of the decreased shares resulting from the Reverse Stock Split.

## Equity Plans

The Company has used long-term incentive plans for the purpose of granting equity awards to employees of the Company, including officers, and nonemployees, including consultants and nonemployee members of the Company's board of directors (collectively, the "Participants"). The Participants may receive awards as determined by a committee of independent members of the Company's board of directors or, to the extent authorized by such committee with respect to certain Participants, a duly authorized employee (collectively, the "Committee"). The incentive plan currently used by the Company is the 2018 Equity Incentive Compensation Plan (the "2018 Plan"), as adopted by the stockholders of the Company in June 2018, and subsequently increased by the stockholders of the Company in June 2023 with 400,000 shares authorized for issuance thereunder and in September 2022 with 333,333 shares authorized for issuance thereunder and in June 2021 with 400,000 shares authorized for issuance thereunder and in June of 2020 with 166,667 shares authorized for issuance thereunder, plus any shares awarded under the 2015 Equity Compensation Plan (the "2015 Plan") or the Amended and Restated 2009 Equity Compensation Plan (the "2009 Plan") that are not issued due to their subsequent forfeiture, cancellation, or other settlement thereof. Concurrent with the adoption of the 2018 Plan, no future awards will occur under the 2015 Plan or the 2009 Plan. The awards that may be made under the 2018 Plan include: (a) incentive stock options and nonqualified stock options, (b) shares of restricted stock, (c) restricted stock units, and (d) other kinds of equity-based compensation awards. All stock options under the 2015 Plan and 2009 Plan were granted and the 2018 Plan are granted at the fair market value of the common stock at the grant date. Stock options vest either on the date of grant, ratably over a period determined at time of grant (typically over 3 years) or upon the accomplishment of specified business milestones, and generally expire 2, 3, or 10 years from the grant date depending on the

[Index](#)

status of the recipient as a nonemployee, employee or director of the Company. As of December 31, 2022, December 31, 2023, and 2021, 2022 there were 578,097, 593,141 shares and 372,377, 578,097 shares, respectively available for future grants under the 2018 Plan. No additional awards may be made under the 2015 Plan or the 2009 Plan.

The Company adopted an employee stock purchase plan effective January 1, 2013 and authorized 3,333 shares under the plan (the "2012 ESPP"). The plan has two six-month offering periods per year under which eligible employees may contribute up to 15% of their compensation toward the purchase of the Company's common stock per offering period (with a \$25,000 fair market value cap per calendar year). The employee's purchase price is equal to (i) 85% of the closing price of a share of the Company's common stock on the enrollment date of such offering period or (ii) 85% of the closing price of a share of the Company's common stock on the Exercise Date of such Offering Period, whichever is lower. In May 2017, the Company's stockholders approved an amendment and restatement to the 2012 ESPP (the "2017 ESPP") in order to effect an increase of authorized shares from 3,333 to 6,667. In June 2018, the Company's stockholders approved an amendment to the 2017 ESPP (the "Amended 2017 ESPP") in order to effect an increase of authorized shares from 6,667 to 33,333. In June 2023, the Company's stockholders approved an amendment to the Amended 2017 ESPP in order to effect an increase of authorized shares from 33,333 to 68,333.

During the year ended December 31, 2022, December 31, 2023, 10,695, 22,441 shares were issued under the Amended 2017 ESPP. At December 31, 2022, December 31, 2023 and 2021, 2022, the Company had 9,352, 21,911 shares and 20,038, 9,352 shares, respectively of the Company's common stock available for future grant in connection with this plan.

## Equity Issuances

### Purchase Agreement

In March 2019, the Company and Lincoln Park Capital Fund, LLC ("Lincoln Park") entered into a purchase agreement (the "Purchase Agreement") and a registration rights agreement (the "Registration Rights Agreement"), pursuant to which the Company has the right to sell to Lincoln Park shares of the Company's common stock having an aggregate value of up to \$26.0 million, subject to certain limitations and conditions set forth in the Purchase Agreement (the "Offering"). As consideration for entering into the Purchase Agreement, the Company issued to Lincoln Park an additional 12,101 shares of common stock as commitment shares.

Pursuant to the Purchase Agreement, upon commencement Lincoln Park purchased 16,667 shares of common stock, at a price of \$60.00 per share for a total gross purchase price of \$1.0 million (the "Initial Purchase") upon commencement. Thereafter, as often as every business day from and after one business day following the date of the Initial Purchase and over the 36-month term of the Purchase Agreement, the Company has the right, from time to time, at its sole discretion and subject to certain conditions, to direct Lincoln Park to purchase up to 6,667 shares of common stock, with such amount increasing as the closing sale price of the common stock increases; provided Lincoln Park's obligation under any single such purchase will not exceed \$2.5 million, unless the Company and Lincoln Park mutually agree to increase the maximum amount of such single purchase (each, a "Regular Purchase"). If the Company directs Lincoln Park to purchase the maximum number of shares of common stock it then may sell in a Regular Purchase, then in addition to such Regular Purchase, and subject to certain conditions and limitations in the Purchase Agreement, the Company may direct Lincoln Park in an "accelerated purchase" to purchase an additional amount of common stock that may not exceed the lesser of (i) 300% the number of shares purchased

[Index](#)

pursuant to the corresponding Regular Purchase or (ii) 30% of the total number of shares of the Company's common stock traded during a specified period on the applicable purchase date as set forth in the Purchase Agreement (each, an "Accelerated Purchase"). Under certain circumstances and in accordance with the Purchase Agreement, the Company may direct Lincoln Park to purchase shares in multiple accelerated purchases on the same trading day.

The Company controls the timing and amount of any sales of its common stock to Lincoln Park. There is no upper limit on the price per share that Lincoln Park must pay for its common stock under the Purchase Agreement, but in no event will shares be sold to Lincoln Park on a day the closing price is less than the floor price specified in the Purchase Agreement. In all instances, the Company may not sell shares of its common stock to Lincoln Park under the purchase agreement if it would result in Lincoln Park beneficially owning more than 9.99% of its common stock.

The Purchase Agreement does not limit the Company's ability to raise capital from other sources at the Company's sole discretion, except that (subject to certain exceptions) the Company may not enter into any Variable Rate Transaction (as defined in the Purchase Agreement, including the issuance of any floating conversion rate or variable priced equity-like securities) during the 36 months after the date of the Purchase Agreement. The Company has the right to terminate the Purchase Agreement at any time, at no cost to the Company.

As of December 31, 2022, the Company had not made any sales of common stock to Lincoln Park under the Purchase Agreement other than the Initial Purchase. The agreement expired on April 1, 2022.

At The Market Offering Agreement

On June 4, 2021, the Company entered into an At The Market Offering Agreement (the "ATM Agreement") with H.C. Wainwright & Co., LLC as sales agent, in connection with an "at the market offering" under which the Company from time to time may offer and sell shares of its common stock, having an aggregate offering price of up to \$50.0 million. Subsequent to the filing of our the Company's Form 10-K on March 22, 2022, the aggregate market value of our its outstanding common stock held by non-affiliates was approximately \$43.6 million. Pursuant to General Instruction I.B.6 of Form S-3, since the aggregate market value of our the Company's outstanding common stock held by non-affiliates was below \$75.0 million at the time of such Form 10-K filing, the aggregate amount of securities that we are the Company is permitted to offer and sell was reduced to \$17,698,943, which was equal to one-third of the aggregate market value of our the Company's common stock held by non-affiliates as of September 21, 2022. During the years twelve months ended December 31, 2022 and 2021, December 31, 2023, the Company had not issued any 64,394 shares of common stock under the ATM Agreement. Agreement for net proceeds of \$270,774. Since inception, the Company has issued 64,394 shares of common stock under the ATM Agreement for net proceeds of \$270,774.

[Index](#)

Common Stock

In connection with the Merger closing on September 15, 2022, the Company issued an aggregate of 3,772,768 shares of common stock, based on the Exchange Ratio, to holders of Cend, in exchange for all of the Cend capital stock outstanding immediately prior to the closing of the Merger.

Stock Options and Warrants

In connection with the Merger and after giving effect to the Reverse Stock Split, the Company assumed 1,227,776 options of Cend's outstanding from Cend. options. The options granted from under the Cend Plan are exercisable at various dates as determined upon grant and will expire no more than ten years from their original date of grant. The Cend Plan stock options generally vest over a four-year term. The following table summarizes the activity for stock options and warrants for the year ended December 31, 2022 December 31, 2023:

	Stock Options				Warrants			
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Thousands)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Thousands)
Outstanding at December 31, 2021	142,041	\$ 84.60	7.97	\$ —	1,423,774	\$ 42.57	4.37	\$ —

	Stock Options				Warrants			
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Thousands)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Thousands)
Outstanding at December 31, 2022								
Changes during the Year:	Changes during the Year:							
Changes during the Year:								
Changes during the Year:								
Granted	Granted	37,458	\$ 13.49		—	—		
Assumed through merger		1,227,776	\$ 3.77		—	—		
Granted								
Granted								
Exercised								

Exercised									
Exercised	Exercised	—	\$	—		—	—		
Forfeited	Forfeited	(5,844)	\$	16.68		—	—		
Forfeited									
Forfeited									
Expired	Expired	(10,079)	\$	192.41		—	—		
Outstanding at									
December 31, 2022		1,391,352	\$	10.83	7.03	\$	187.6	1,423,744	\$ 42.57 3.37 \$ —
Vested at December									
31, 2022 or expected									
to vest in the future		1,389,844	\$	10.83	7.03	\$	187.6	1,423,744	\$ 42.57 3.37 \$ —
Exercisable at									
December 31, 2022		1,145,342	\$	11.60	6.76	\$	187.6	1,423,744	\$ 42.57 3.37 \$ —
Expired									
Expired									
Outstanding at									
December 31, 2023									
Outstanding at									
December 31, 2023									
Outstanding at									
December 31, 2023									
Vested at									
December									
31, 2023 or									
expected to									
vest in the									
future									
Exercisable									
at									
December									
31, 2023									

**Restricted Stock**

During the years ended **December 31, 2022** **December 31, 2023** and **2021** **2022**, the Company issued restricted stock for services as follows (\$ in thousands, except share data):

		2022	2021
		2023	
		2023	
		2023	2022
Number of Restricted Stock Issued	Number of Restricted Stock Issued	70,740	40,863
Value of Restricted Stock Issued	Value of Restricted Stock Issued	\$973.4	\$877.7

The weighted average estimated fair value of restricted stock issued for services in the years ended **December 31, 2022** **December 31, 2023** and **2021** **2022** was **\$13.76** **\$3.00** and **\$21.48** **\$13.76** per share, respectively. The fair value of the restricted stock was determined using the Company's closing stock price on the date of issuance. The vesting terms of restricted stock issuances are generally between one to four years.

[Index](#)

The following is a summary of the changes in non-vested restricted stock for the year ended December 31, 2023:

	Restricted Stock Shares	Weighted Average Grant-Date Fair Value
Non-vested at December 31, 2022	56,209	\$ 16.55
Changes during the Year:		
Granted	159,950	\$ 3.00
Vested	(65,511)	\$ 9.03
Forfeited	(24,873)	\$ 3.28
Non-vested at December 31, 2023	125,775	\$ 5.86

#### Restricted Stock Units

During the years ended **December 31, 2022**, **December 31, 2023** and **2021**, 2022, the Company issued restricted stock units for services as follows (\$ in thousands, except share data):

	2022	2021
	2023	
	2023	
	2023	2022
Number of Restricted Stock Units Issued	Number of Restricted Stock Units Issued	
	111,170	30,549
Value of Restricted Stock Units Issued	Value of Restricted Stock Units Issued	
	\$1,385.5	\$728.6

The weighted average estimated fair value of restricted stock units issued for services in the years ended **December 31, 2022**, **December 31, 2023** and **2021** 2022 was **\$12.46** **\$3.00** and **\$23.85** **\$12.46** per share, respectively. The fair value of the restricted stock units was determined using the Company's closing stock price on the date of issuance. The vesting terms of restricted stock unit issuances are generally one year, or upon the achievement of performance-based milestones.

The following is a summary of the changes in non-vested restricted stock units for the year ended December 31, 2023:

	Restricted Stock Units	Weighted Average Grant-Date Fair Value
Non-vested at December 31, 2022	32,286	\$ 9.29
Changes during the Year:		
Granted	188,850	\$ 3.00
Vested	(29,486)	\$ 8.48
Forfeited	(78,850)	\$ 3.00
Non-vested at December 31, 2023	112,800	\$ 3.37

[Index](#)

#### Note 11 – Share-Based Compensation

##### Share-based Compensation

The Company utilizes share-based compensation in the form of stock options, restricted stock, and restricted stock units. The following table summarizes the components of share-based compensation expense for the years ended **December 31, 2022**, **December 31, 2023** and **2021** 2022 (\$ in thousands):

Year Ended December 31,
2022
2021





		2023	
		2023	
Total fair value of shares vested			
Total fair value of shares vested			
Total fair value of shares vested	Total fair value of shares vested	\$ 1,045	\$ 757
Weighted average estimated fair value of shares granted	Weighted average estimated fair value of shares granted	1.23	0.91
Weighted average estimated fair value of shares granted			
Weighted average estimated fair value of shares granted			

Valuation Assumptions

The fair value of stock options at the date of grant was estimated using the Black-Scholes option pricing model. The expected volatility is based upon historical volatility of the Company's stock. The expected term for the options is based upon observation of actual time elapsed between date of grant and exercise of options for all employees.

The range of assumptions made in calculating the fair values of stock options was as follows:

	Stock Options	
	Year Ended December 31,	
	2022	2021
Expected term - minimum (in years)	6	6
Expected term - maximum (in years)	6	6
Expected volatility - minimum	76%	79%
Expected volatility - maximum	78%	84%
Weighted Average volatility	76%	81%
Expected dividend yield	—	—
Risk-free interest rate - minimum	1.62%	0.63%
Risk-free interest rate - maximum	2.90%	1.16%

	Stock Options	
	Year Ended December 31,	
	2023	2022
Expected term - minimum (in years)	3	6
Expected term - maximum (in years)	6	6
Expected volatility - minimum	74%	76%
Expected volatility - maximum	77%	78%
Weighted Average volatility	75%	76%
Expected dividend yield	—	—
Risk-free interest rate - minimum	3.63%	1.62%
Risk-free interest rate - maximum	4.68%	2.90%

[Index](#)

Note 12 – Income Taxes

The provision (benefit) for income taxes is based on loss from operations before provision for income taxes and noncontrolling interests as follows (\$ in thousands):

	Years Ended December 31,
	Years Ended December 31,
	Years Ended December 31,
	Years Ended December 31,

Pre-tax book income	Pre-tax book income	2022	2021
United States	United States	\$ (56,175)	\$ (28,974)
United States			
United States			
Australia			
Australia			
Australia	Australia	(529)	—
Total	Total	\$ (56,704)	\$ (28,974)
Total			
Total			

The provision (benefit) from income taxes was as follows (\$ in thousands):

		Years Ended December 31,	
		2022	2021
		Years Ended December 31,	
		Years Ended December 31,	
		Years Ended December 31,	
		2023	
		2023	
		2023	
Current			
Current			
Current	Current		
U.S. Federal	U.S. Federal	\$ —	\$ —
U.S. Federal			
U.S. Federal			
State and local	State and local	—	—
State and local			
State and local			
		\$	
		\$	
		\$	
		\$ —	\$ —
Deferred			
Deferred			
Deferred	Deferred		
U.S. Federal	U.S. Federal	\$ —	\$ —
U.S. Federal			
U.S. Federal			
State and local	State and local	(2,479)	(1,508)
State and local			
State and local			
		\$	
		\$	
		\$	
		\$ (2,479)	\$ (1,508)
Total			
Total			
Total	Total		
U.S. Federal	U.S. Federal	\$ —	\$ —



Sale of New Jersey State NOLs			
Sale of New Jersey State NOLs			
Sale of New Jersey State NOLs	Sale of New Jersey State NOLs	(2,479)	(1,508)
Valuation allowance for deferred tax assets	Valuation allowance for deferred tax assets	(22,602)	(33,979)
Tax provision (benefit)	\$	(2,479)	\$ (1,508)
Valuation allowance for deferred tax assets			
Valuation allowance for deferred tax assets			
Tax benefit			
Tax benefit			
Tax benefit			

Deferred income taxes at **December 31, 2022** December 31, 2023 and **2021** 2022 consist of the following (\$ in thousands):

[Index](#)

	December 31,		December 31,	
	2023		2022	
Deferred Tax Assets:				
Accumulated net operating losses (tax effected)				
Accumulated net operating losses (tax effected)				
Accumulated net operating losses (tax effected)				
Lease liability				
Lease liability				
Lease liability				
Share-based compensation				
Intangibles				
Capitalized research and development				
	December 31,			
	2022	2021		
Deferred Tax Assets:				
Accumulated net operating losses (tax effected)	\$ 13,132	\$36,281		
Accumulated depreciation				
Right of use liability	136	201		
Share-based compensation	3,027	3,086		
Intangibles	944	97		
Capitalized Research and Development	5,018	—		
Accumulated depreciation				
Accumulated depreciation	14	26		
Accrued payroll	118	176		

Other	Other	579	526
Other			
Other			
Deferred tax assets	Deferred tax assets	22,968	40,393
Deferred Tax Liabilities:	Deferred Tax Liabilities:		
Right of use asset		\$ (137)	\$ (204)
Cash to Accrual		(99)	—
Deferred Tax Liabilities:			
Deferred Tax Liabilities:			
Right-of-use asset			
Right-of-use asset			
Right-of-use asset			
Cash to accrual			
Deferred tax liabilities	Deferred tax liabilities	(236)	(204)
Net deferred tax asset	Net deferred tax asset	22,732	40,189
Valuation allowance	Valuation allowance	(22,732)	(40,189)
Net deferred tax asset	Net deferred tax asset	\$ —	\$ —

In assessing the realizability of deferred tax assets, including the net operating loss carryforwards (NOLs), the Company assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize its existing deferred tax assets. Based on its assessment, the Company has provided a full valuation allowance against its net deferred tax assets as their future utilization remains uncertain at this time.

As of December 31, 2021, December 31, 2023 and 2022, the Company had approximately \$281 million of Federal NOLs available to offset future taxable income expiring from 2030 through 2036. The Company performed an analysis \$43.7 million and determined that they had an ownership change of greater than 50% over a 3-year testing period on January 25, 2021. As a result, \$168.8 million of the \$281 million of Federal NOLs will expire unutilized. The Company wrote off that portion of the deferred tax asset and reduced the corresponding valuation allowance resulting in \$112.3 million of remaining Federal NOLs. The write off of the deferred tax asset and the corresponding reduction in valuation allowance has no impact to the balance sheet or income statement. Losses incurred before the ownership change on January 25, 2021 will be subject to an annual limitation of \$173 thousand under Internal Revenue Code Section 382.

As of December 31, 2022 \$33.7 million, the Company had approximately \$34 million respectively, of Federal NOLs available to offset future taxable income expiring from 2030 through 2036. The Company performed an analysis and determined that they had an ownership change of greater than 50% on September 15, 2022. As a result of the ownership change, \$88.2 million of Federal NOLs will expire unutilized. The Company wrote off that portion of the deferred tax asset and reduced the corresponding valuation allowance resulting in \$34 \$34.0 million of remaining Federal NOLs. NOLs as of December 31, 2022. The write off/write-off of the deferred tax asset and the corresponding reduction in valuation allowance has no impact to the consolidated balance sheet or income statement. Losses incurred before the ownership change on September 15, 2022 will be subject to an annual limitation of zero while losses incurred after September 15, 2022 will not be subject to limitations.

As of December 31, 2022, Cend Therapeutics had approximately \$10.9 \$3.6 million of Federal NOLs available to offset future taxable income. The Company performed an analysis and determined that there was an ownership change of greater than 50% on September 15, 2022. As of September 15, 2022 Cend has approximately \$10.7 \$3.1 million of Federal and \$15 \$4.3 million of state NOLs. The state NOLs will expire from the 2036 through 2042 tax years. Using a fair market value of \$36.1 million and applying an applicable federal rate of 2.54% Cend will have an annual limitation of approximately \$917 thousand each year. The Federal NOL of \$106 \$459 thousand incurred in the post-acquisition period September 15, 2022 to December 31, 2022 is not subject to limitation, and does not expire. As of December 31, 2023 and 2022, Cend's wholly owned Australian subsidiary has had approximately \$2.4 million and \$1.8 million, respectively, of NOLs which will be carried forward and do not expire. There is a full valuation allowance against the NOLs.

[Index](#)

As of December 31, 2023, the Company had federal research and development credit carryforwards of \$0.5 million expiring from 2027 through 2034 if unutilized, and state research and development credit carryforwards of \$0.1 million, which carryforward indefinitely. Utilization of these credits may be subject to an annual limitation based on changes in ownership.

As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company had State NOLs available in New Jersey of \$35.5 million \$19.4 million and \$97.0 million \$35.5 million, respectively, California of \$10.0 million \$9.2 million and \$69.5 million \$9.2 million, respectively, and New York City of \$1.9 million and \$13.0 million, \$1.9 million, respectively, to offset future taxable income expiring from 2032 through 2042. In accordance with Section 382 of the Internal Revenue code, the 2043. The usage of the Company's NOLs is limited given the change in ownership. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period when those temporary differences become deductible.

The Company applies the FASB's provisions for uncertain tax positions. The Company utilizes the two-step process to determine the amount of recognized tax benefit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant taxing authority. The Company recognizes interest and penalties associated with certain tax positions as a component of income tax expense.

As of **December 31, 2022** **December 31, 2023** and **2021, 2022**, the Company's uncertain tax positions were \$344 thousand and **\$0, \$344 thousand**, respectively. **Due** **The uncertain tax positions are due** to the acquisition of Cend **the Company's uncertain tax positions increased by \$344 thousand** related to Federal and state credits and certain state NOLs. The Company will continue to evaluate its uncertain tax positions in future periods. The Company does not believe there will be any material changes in its unrecognized tax positions over the next year.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

		Years Ended December 31,	
		2022	2021
		Years Ended December 31,	
		Years Ended December 31,	
		Years Ended December 31,	
		2023	
		2023	
		2023	
Gross unrecognized tax benefit, beginning of period			
Gross unrecognized tax benefit, beginning of period			
Gross unrecognized tax benefit, beginning of period	Gross unrecognized tax benefit, beginning of period	\$ —	\$ —
Additions based on tax positions related to the current year	Additions based on tax positions related to the current year	—	—
Additions based on tax positions related to the current year			
Additions based on tax positions related to the current year			
Additions based on tax positions related to the prior years			
Additions based on tax positions related to the prior years			
Additions based on tax positions related to the prior years	Additions based on tax positions related to the prior years	344	—
Reductions due to lapse in statute of limitations and settlements	Reductions due to lapse in statute of limitations and settlements	—	—
Gross Unrecognized tax benefit, end of period		\$ 344	\$ —
Reductions due to lapse in statute of limitations and settlements			
Reductions due to lapse in statute of limitations and settlements			
Gross unrecognized tax benefit, end of period			
Gross unrecognized tax benefit, end of period			
Gross unrecognized tax benefit, end of period			

For years prior to **2019 2020** the federal statute of limitations is closed for assessing tax. The Company's state tax returns remain open to examination for a period of three to four years from the date of the tax return filing.

In **December 2021, September 2022**, the Company received preliminary approval from the New Jersey Economic Development Authority ("NJEDA") to participate in the Technology Business Tax Certificate Transfer Program (the "Program"). The Program permits qualified companies to sell a percentage of their New Jersey net operating losses ("NJ



NOLs") to unrelated profitable corporations. On February 22, 2022 April 5, 2023, the Company received final approval from NJEDA to sell \$27.5 \$25.9 million of its NJ NOLs, which were subsequently sold to a qualifying and approved buyer pursuant to the Program for net proceeds of \$2.3 \$2.2 million. The gross proceeds from the sale of the \$2.5 \$2.3 million NJ NOLs related tax benefits ("NJ NOL Tax Benefits"), have been recorded as a benefit from income taxes and the loss on sale of the NJ NOL Tax Benefits Benefits of \$0.1 million recorded in other income (expense) in the consolidated financial statements.

On August 16, 2022, the Inflation Reduction Act was signed into law. The Inflation Reduction Act includes various tax provisions, which are effective for tax years beginning on or after January 1, 2023. For tax years beginning after December 31, 2021, the Tax Cuts & Jobs Act of 2017 eliminated the option to deduct research and development expenditures as incurred and instead required taxpayers to capitalize and amortize them over five or 15 years beginning in 2022. Since the Company is in a net operating loss position, the capitalization of research and development costs did not have a material impact on the Company's results of operations for the year ended December 31, 2022 December 31, 2023. The Company will continue to monitor the possible future impact of changes in tax legislation.

#### **Note 13 – Australia Research and Development Tax Incentive**

The Company's Australian subsidiary, which conducts core research and development activities, is eligible to receive a 48.5% refundable tax incentive between 43.5% to 48.5% (depending upon the income tax rate) for qualified research and development activities. As of December 31, 2022, December 31, 2023 and 2022, the Company had \$1.0 million and \$0.7 million, was respectively, recorded as an income tax incentive receivable in prepaid and other current assets in the consolidated balance sheets, as the Company determined that the expenses met the eligibility criteria and the amounts claimed are expected to be received shortly after the related tax returns are filed. On September 4, 2023 the Company's Australian subsidiary received a \$0.6 million tax refund from the Australian Taxation Office related to the 2022 tax year.

[Index](#)

#### **Note 14 – Contingencies**

From time to time, the Company is subject to legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business. While the outcome of pending claims cannot be predicted with certainty, the Company does not

[Index](#)

believe that the outcome of any pending claims will have a material adverse effect on the Company's financial condition or operating results. The Company has elected to recognize expense for legal fees as incurred when the legal services are provided.

In May 2021, Cend received a written threat of litigation on behalf of a Chinese entity called Lingmed Limited ("Lingmed") claiming Lingmed was entitled to a success fee based on Cend's Collaboration and License Agreement with Qilu Pharmaceuticals. Cend responded by denying that Lingmed is entitled to a success fee under the terms of their agreement. In May 2022, Cend was served with a complaint filed by Lingmed in the San Diego County Superior Court, alleging claims for breach of contract, fraud and declaratory relief. Cend's response to the complaint was filed on June 6, 2022. Lingmed filed an answer to Cend's response on July 11, 2022. The court held At a case management conference on October 7, 2022, which resulted in a continuance until December 16, 2022. On December 16, 2022, the court continued the Case Management Conference until April 7, 2023 held on August 4, 2023, the Court set a trial date in the matter for August 2, 2024. The Company denies these allegations made by Lingmed and intends to vigorously defend against this claim. itself.

#### **Note 15 – Technology Transfer Agreement**

##### **Impilo Therapeutics**

In July 2023, the Company entered into a technology transfer agreement with Impilo Therapeutics, Inc. ("Impilo") under which the Company transferred its rights to its tumor penetrating nanocomplex (TPN) platform to Impilo. As consideration for the technology transfer, Impilo issued a total of 766,000 shares of its pre-seed preferred stock to the Company. On October 3, 2023 in connection with the Sanford Burnham Prebys license agreement (Note 16), Impilo cancelled the original stock certificate for 766,000 shares and reissued 574,500 shares of its pre-seed preferred stock to the Company.

#### **Note 16 – License Agreements**

##### **Sanford Burnham Prebys**

In December 2015, Cend entered into a license agreement with Sanford Burnham Prebys ("SBP") under which Cend was granted an exclusive, worldwide, royalty-bearing license to certain patent rights and know-how controlled by SBP related to the development of LSTA1. At the time the license agreement was entered into, Cend's founding shareholder now a Lisata board member, was an executive at SBP. The agreement provides the Company with the rights to grant and authorize sublicenses to use, sell, and otherwise exploit the patent rights. As consideration for the license, Cend issued a total of 382,030 shares of common stock, as adjusted for the Reverse Stock Split and Exchange Ratio. The Company is required to pay an annual license maintenance fee of \$10,000 increasing to \$20,000 on year seven of the agreement. The Company could also be required to make milestone payments to SBP upon completion of certain regulatory and commercial milestones. The aggregate potential milestone payments are approximately \$10.6 million. The Company has also agreed to pay SBP royalties of 4% of net sales of products sold by the Company, or through a sublicense, subject to certain reductions. Additionally, the Company is obligated to pay SBP 25% of any sublicensing income. income, which, pursuant to the technology transfer agreement with Impilo, resulted in SBP receiving 191,500 apportioned shares of the Company's pre-seed preferred stock in Impilo on October 3, 2023.

The agreement will expire upon the later of (i) the final abandonment of all pending patent applications within the licensed patents or (ii) the expiration of the last to expire patent within the licensed patents. The agreement may be terminated in its entirety by the Company at any time by giving SBP sixty days' prior written notice. The agreement may be terminated in its entirety by SBP if the Company, at any time, defaults in the payment of any sum when due and fails to make such payment within thirty days after receipt of written notice. The agreement may be terminated in its entirety by either SBP or the Company (i) in the event of an uncured material breach by the other party, or (ii) in the event the other party (a) files for, or is involuntarily petitioned with, bankruptcy (other than dissolution or winding up for the purposes of reconstruction or amalgamation), (b) makes an assignment of all or substantially all of its assets for the benefit of creditors, or (c) has a receiver or trustee appointed and is unable to secure a dismissal, stay or other suspension of such proceedings within thirty days. Upon termination of the agreement for any reason, all rights and obligations of the Company with respect to the patents and patent applications shall terminate and revert to SBP.

In October 2021, Cend entered into a license agreement with SBP under which Cend was granted an exclusive, royalty-bearing license to certain patent rights and know-how controlled by SBP. The agreement provides Cend with the rights to grant and authorize sublicenses to use, sell, and otherwise exploit the patent rights. The Company is required to pay an annual license maintenance fee of \$20,000, increasing to \$30,000 on year four of the agreement. Further, the Company could be required to make milestone payments to SBP upon completion of certain regulatory and commercial milestones. The aggregate potential milestone payments are approximately \$23.2 million. The Company is obligated to pay SBP royalties of 4% of net sales of products sold by the Company or through a sublicense, subject to certain reductions. Additionally, the Company is obligated to

[Index](#)

pay SBP varying sublicense fees, ranging from 10% to 25%, dependent on when the related milestones are reached.

The agreements will expire upon the later of (i) the final abandonment of all pending patent applications within the licensed patents or (ii) the expiration of the last to expire patent within the licensed patents. The agreements may be terminated in their entirety by the Company at any time by giving SBP sixty days' prior written notice. The agreements may be terminated in their entirety by SBP if the Company, at any time, defaults in the payment of any sum when due and fails to make such payment within thirty days after receipt of written notice. The agreements may be terminated in their entirety by SBP or the Company (i) in the event of an uncured material breach by the other party, or (ii) in the event the other party (a) files for, or is involuntarily petitioned with, bankruptcy (other than dissolution or winding up for the purposes of reconstruction or amalgamation) On September 14, 2023, (b) makes an assignment of all or substantially all of its assets for the benefit of creditors, or (c) has a receiver or trustee appointed and is unable to secure a dismissal, stay or other suspension of such proceedings within thirty days. Upon termination of the agreements for any reason, all rights and obligations of the Company with respect pursuant to the patents and patent applications shall terminate and revert technology transfer agreement with Impilo, the license was assigned in full to SBP, Impilo.

SBP owned 382,030 did not own shares of the Company's common stock as of December 31, 2022 and is a related party, December 31, 2023.

#### **University of California at San Diego**

In March 2021, Cend entered into a license agreement with the University of California at San Diego ("UCSD") under which Cend was granted an exclusive, royalty-bearing license to certain patent rights related to the development of nano-particles to modulate immune response. The agreement provides the Company with the rights to grant and authorize sublicenses to use, sell and otherwise exploit the patent rights. The Company could be required to make milestone payments to UCSD upon completion of certain regulatory and commercial milestones. The aggregate potential milestone payments are approximately

[Index](#)

\$1.2 \$1.2 million. The Company has also agreed to pay UCSD royalties of 1.5% of net sales of products sold by the Company or through a sublicense, subject to certain reductions. Additionally, the Company agreed to pay UCSD varying sublicense fees, ranging from 10% to 20%, dependent on when the related milestones are reached.

The agreement will expire upon the expiration of the longest-lived patent rights. The agreement may be terminated in its entirety by the Company at any time by giving UCSD ninety days' prior written notice. The agreement may be terminated in its entirety by UCSD if the Company, at any time, (i) fails to perform or violates any term of the agreement and fails to cure the default within sixty days. Upon termination of the agreement for any reason, UCSD may terminate a sublicensee but will allow the Company to assign any sublicenses to UCSD provided a) that the sublicensee is in good standing upon termination of the agreement with the Company; and b) the sublicensee is not currently involved in litigation as an adverse party to UCSD.

On August 2, 2023, pursuant to the technology transfer agreement with Impilo, the license was assigned in full to Impilo.

#### **Massachusetts Institute of Technology**

In October 2021, Cend entered into a license agreement with the Massachusetts Institute of Technology ("MIT") under which Cend was granted an exclusive, royalty-bearing license to certain patent rights related to the development of tissue specific delivery of interfering RNA. The agreement provides the Company with the rights to grant and authorize sublicenses to use, sell, and otherwise exploit the patent rights. As consideration for the license, Cend issued a total of 43,236 shares of common stock, as adjusted for the Reverse Stock Split and Exchange Ratio. The Company is required to pay an annual license maintenance fee of \$20,000, increasing to \$25,000 for year two and three of the agreement, increasing to \$50,000 on year four of the agreement and thereafter until the first commercial sale, and increasing to \$150,000 each year of the agreement after the first commercial sale. Further, the Company could be required to make milestone payments to MIT upon completion of certain regulatory and commercial milestones. The aggregate potential milestone payments are approximately \$5.0 million. The Company has also agreed to pay MIT royalties of 2% of net sales of products sold by the Company or through a sublicense, subject to certain reductions. Additionally, the Company is obligated to pay MIT varying sublicense fees, ranging from 3% to 20%, dependent depending on when the related milestones are reached. In connection with the close of the Merger, the Company was required to pay MIT a change of control fee of \$0.3 million.

The agreement will expire expires upon the expiration or abandonment of all valid claims. The agreement may be earlier terminated in its entirety by the Company at any time by giving MIT six months prior written notice. The agreement may also be terminated in its entirety by MIT if the Company, at any time, (i) defaults in the payment of any sum when due and fails to make such payment within thirty days after receipt of written notice, or (ii) commits a material breach of its obligations under the agreement (aside from item (i)) and fails to cure that breach within sixty days after receipt of written notice. Upon termination of the agreement for any reason, the rights and licenses granted to the Company shall terminate and revert to MIT. Upon termination of the agreement for any reason, MIT may terminate a sublicensee but will allow the Company to assign any sublicenses to MIT provided that the sublicensee is in good standing upon termination of the agreement with the Company.

On June 30, 2023, in accordance with the provisions of the license agreement, the Company provided notice to MIT that the license agreement would terminate effective December 30, 2023.

MIT owned 43,236 shares of the Company's common stock as of December 31, 2022 December 31, 2023.

#### **Note 16 17 – Research Collaboration and License Agreement**

##### **Exclusive License and Collaboration Agreement**

In February 2021, Cend entered into an Exclusive License and Collaboration Agreement (the "Qilu Agreement") in which Cend granted an exclusive license to Qilu for the development and commercialization of LSTA1 in the Territory (defined as the Greater Area of China including China, Macau, Hong Kong, and Taiwan). Under the terms of the agreement, Qilu is solely

[Index](#)

responsible for the development of LSTA1 in its Territory. In consideration for the license, Qilu made an upfront payment of \$10 \$10.0 million to Cend, which was recognized as revenue by Cend prior to the Merger. In addition, Cend received and recognized as revenue a \$5 \$5.0 million development milestone prior to the Merger. We are The Company is eligible to receive additional developmental and commercial milestone payments up to \$95 million \$96.0 million and \$125 \$125.0 million, respectively, tiered royalties on net sales ranging from 10% to 15%, and tiered sublicensing revenues ranging from 12% to 35%.

Unless terminated early, the Qilu Agreement will continue in effect until the expiration of all Qilu payment obligations. Either party may terminate the Qilu Agreement if an undisputed material breach by the other party is not cured within a defined period of time, or upon notice for insolvency-related events of the other party that are not discharged within a defined time period. Qilu may terminate the Qilu Agreement in its entirety, at any time with at least sixty days written notice. All right rights and obligations of Qilu with respect to such licensed patents and patent applications would terminate. terminate simultaneously.

#### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

[Index](#)

Not applicable.

#### **ITEM 9A. CONTROLS AND PROCEDURES.**

##### **Disclosure Controls and Procedures**

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer/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. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Controls and procedures can only provide reasonable, not absolute, assurance that the above objectives have been met.

As of December 31, 2022 December 31, 2023, we evaluated, with the participation of our management, including our Chief Executive Officer (who serves as both Principal Executive Officer and Principal Financial Officer), the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation, our Chief Executive Officer concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including the Chief Executive Officer, as appropriate to allow timely decisions regarding required disclosure.

##### **Internal Control Over Financial Reporting**

##### **Management's Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and our board of directors; and

[Index](#)

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions or because of declines in the degree of compliance with policies or procedures.

Management assessed the effectiveness of its internal control over financial reporting as of **December 31, 2022** **December 31, 2023**. In making this assessment, they used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework* (2013).

As of **December 31, 2022** **December 31, 2023**, based on management's assessment, our internal control over financial reporting was effective.

#### Changes in Internal Control over Financial Reporting

[Index](#)

There have been no changes in our internal control over financial reporting that occurred during the quarter ended **December 31, 2022** **December 31, 2023** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### ITEM 9B. OTHER INFORMATION.

Item 5.02 Departure **During the three months ended December 31, 2023, no director or officer of** **Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On March 28, 2023, our board of directors, in accordance with the recommendation of our Compensation Committee, adopted the Lisata Therapeutics, Inc. Clawback Policy (the "Clawback Policy"). The Clawback Policy requires the Company to seek recoupment **adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement,"** as each term is defined in Item 408(a) of certain incentive-based compensation received by (i) the Company's current and former executive officers, as determined by the board of directors in accordance with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC and any national securities exchange on which the Company's securities are listed, and (ii) such other employees who may from time to time be deemed subject to the Clawback Policy by the board of directors, in the event that the Company is required to prepare an accounting restatement that corrects an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

The foregoing description of the terms of the Clawback Policy does not purport to be complete and is qualified in its entirety by reference to the full text of the Clawback Policy, which is filed as Exhibit 10.24 to this Annual Report on Form 10-K. **Regulation S-K.**

#### ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

[Index](#)

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The response to this item is incorporated by reference from the discussion responsive thereto under the captions "Management and Corporate Governance Matters," **"Section 16(a) Beneficial Ownership Reporting Compliance,"** and "Code of Ethics" in **the** our Proxy Statement for the **2023** **2024** Annual Meeting of Stockholders.

The following table sets forth the name and position of each of our executive officers and directors as of **March 30, 2023** **February 29, 2024**.

Name	Position(s)
David J. Mazzo, Ph.D.	President and Chief Executive Officer and Class II Director
David Slack	President and Chief Business Officer and Class I Director
Kristen K. Buck, M.D.	Executive Vice President R&D and Chief Medical Officer
Gregory B. Brown, M.D.	Class II Director; Chairman of Board of Directors
Steven M. Klosk	Class III Director
Cynthia L. Flowers	Class I Director
Heidi Henson	Class II Director
Erkki Ruoslahti, M.D., Ph.D.	Class I Director
Mohammad Azab, MD, MBA	Class III Director

David J. Mazzo, Ph.D.

David J. Mazzo, Ph.D. was appointed as our President and Chief Executive Officer on March 28, 2017. Dr. Mazzo was previously appointed as our Chief Executive Officer and as a member of our board of directors on January 5, 2015. Dr. Mazzo brings to Lisata over 38 40 years of experience in the pharmaceutical industry. Prior to joining Lisata, Dr. Mazzo served from August 2008 to October 2014 as Chief Executive Officer and as a member of the board of directors of Regado Biosciences, Inc. (Nasdaq: RGDO), a biopharmaceutical company focused on the development of novel antithrombotic drug systems for acute and sub-acute cardiovascular indications. Prior to his leading Regado, from March 2007 to April 2008, Dr. Mazzo was President, Chief Executive Officer and a director of Aeterna Zentaris, Inc. (Nasdaq: AEZS), a publicly held international biopharmaceutical company. From 2003 until 2007 Dr. Mazzo served as President, Chief Executive Officer and director of Chugai Pharma USA, LLC, a biopharmaceutical company and U.S. subsidiary of Chugai Pharmaceutical Co., Ltd. of Japan and a member of the Roche Group. Prior to that, Dr. Mazzo has also held senior management and executive positions in research and development was Senior Vice President of Development Operations at the Schering-Plough Research Institute and was a director of the Essex Chimie European subsidiary at Schering-Plough Corporation, a publicly held pharmaceutical company that was subsequently acquired by Merck & Co., Inc.; Earlier in his career, Dr. Mazzo held senior management and executive positions in R&D at Hoechst Marion Roussel, Inc., the U.S. subsidiary of Hoechst AG, that was subsequently acquired by Sanofi, a multinational pharmaceuticals company; and Rhone-Poulenc Rorer, Inc., a subsidiary of Rhone-Poulenc SA, a French pharmaceuticals company, that was subsequently acquired by Hoechst AG. He previously served on the board of directors of publicly held Visioneering Technologies, Inc., a developer and seller of therapeutic contact lenses for myopia progression control from February 2020 to February 2024 during which time he was Chairman of the board; EyePoint Pharmaceuticals, Inc. (formerly known as pSivida Corp.), a biopharmaceutical company focused on treatments for diseases of the back of the eye, from October 2005 to June 2020 and was Chairman of the board from 2007 to 2018; Seneca Biopharmaceuticals, Inc. (Nasdaq: SNCA), a therapeutics development company focused on CNS applications that merged with Palisade BIO, from April 2019 to April 2021 and Avanir Pharmaceuticals, Inc., a pharmaceutical company working in the area of products for CNS diseases, from October 2005 through January 2015, a pharmaceutical company that was sold to Otsuka Holdings in 2015. He currently serves on the board of directors of VTI, Inc. (ASX: VTI), a developer and seller of therapeutic contact lenses, where he has served as Chairman of the board since February 2020 and Feldan Therapeutics, a private company developing technology for the intracellular delivery of therapeutic agents, where he has served on the board since January 2021, 2021 and as Chairman since October 2023.

Dr. Mazzo earned a B.A. in the Honors Program (Interdisciplinary Humanities) and a B.S. in Chemistry from Villanova University. In addition, Dr. Mazzo received his M.S. in chemistry and his Ph.D. degree in Analytical Chemistry from the University of Massachusetts, Amherst. He was also a research fellow at the Ecole Polytechnique Federale de Lausanne, Switzerland.

[Index](#)

David Slack

Mr. Slack was appointed as President and Chief Business Officer and as a member of our board of directors in September 2022, and prior to that served as a member of the Cend board of directors since December 3, 2019 and as its President and Chief Executive Officer since March 29, 2021. He is responsible for overseeing all Research and Development and operational activities, as well as overseeing fundraising, business development and M&A activity. Mr. Slack also currently serves as an Industry Advisor for non-profit pancreatic cancer patient advocacy organization, Trovanow, where he advises the organization with respect to prospective industry partnership and philanthropic fundraising. From March 2020 to March 2021, Mr. Slack was a Consultant for Cend. From January 2004 to March 2021, Mr. Slack served as a Principal of DS Lifescience Consulting. Also, from August 2016 to July 2020 he was the Chief Business Officer of Viracta Therapeutics, a publicly traded company, listed on Nasdaq. From 2000 to 2004, Mr. Slack served as Vice President of Business Development for Ionis Pharmaceuticals, Inc. a publicly traded company, listed on Nasdaq. From 1998-2000, Mr. Slack served as Director of Technology Alliances and Licensing at Rhone-Poulenc Rorer Pharmaceuticals and Aventis Pharmaceuticals, a publicly listed pharmaceutical company He received his Bachelor of Arts in Psychology and his Bachelor of Science in Molecular Biology from California State University Sacramento. Mr. Slack received his Masters of Business Administration in Business and Strategic Marketing from Monterey Institute of International Studies (now Middlebury Institute of International Studies).

Kristen K. Buck, M.D.

Dr. Kristen K. Buck joined Lisata in September 2021 as Executive Vice President of R&D and Chief Medical Officer ("CMO") of the Company. Prior to joining Lisata, Dr. Buck worked at ICON plc from March 2020 to July 2021, where she served as its CMO and represented the company's position on key scientific, ethical, and medical governance matters, provided guidance and oversight to the medical and scientific groups, and led the Drug Development Services group. Prior to that, Dr. Buck was Senior Vice President & Chief of Clinical Development at Optum Insights (part of the United Healthcare Group) from August 2018 to March 2020, where she led the clinical operations and regulatory groups within the Digital Research Network (DRN) clinical trial business. From January 2014 to July 2018, Dr. Buck held a position at Quintiles/QVIA as Vice President of Global Strategic Drug Development designing clinical development plans and protocols across all therapeutic areas for emerging biotech and large pharma.

Earlier in her career, Dr. Buck worked as a primary care physician and then later served as a medical officer in the FDA's Office of New Drugs Division of Gastrointestinal and Hematology Drug Products where she was responsible for reviewing efficacy and safety data for new drug indications, as well as post-marketing safety data for over 40 drugs. Dr.

Buck worked at AstraZeneca where she served as a Global Safety Physician and Global Study Physician. Her experience ranges over multiple therapeutic indications including cardiovascular/metabolic, rare diseases, gastrointestinal, neuroscience, oncology, immunology, and women's health.

Dr. Buck currently serves as a Senior Medical Advisor and member of the Scientific Advisory Board for global contract research organization; Biorasi Inc.

Dr. Buck is a board certified and licensed physician who received her medical degree from the Pennsylvania State University School of Medicine and completed her internship and residency in Internal Medicine at Abington Memorial Hospital before working in a private practice as a primary care physician.

Gregory B. Brown, M.D.

Gregory B. Brown, M.D. was appointed to our board of directors in October 2016 and was elected Chairman by our board of directors on February 16, 2017. Dr. Brown is currently Chief Executive Officer of Memgen, Inc., a development-stage biotechnology company. In 2007, Dr. Brown co-founded HealthCare Royalty Partners ("HCR Partners"), a healthcare-focused private asset management firm investing in biopharmaceutical and medical products, and developing and deploying innovative risk-mitigated investment strategies to deliver non-correlated cash flow. Dr. Brown served as Vice Chairman of HCR Partners until December 2022 and remains a member of the firm's SAB. Dr. Brown was educated as a transplantation immunologist and trained as a thoracic and vascular surgeon. He practiced thoracic and vascular surgery in a community setting where he also founded and led a health maintenance organization. He brings particular expertise in the scientific, technical, clinical and medical evaluation of products as well as in healthcare systems and payor/reimbursement dynamics. He has been involved in sourcing, performing due diligence on and closing more than \$1 billion of royalty financings.

Before co-founding HCR Partners, Dr. Brown was a partner at Paul Capital Partners where he co-managed that firm's royalty investments as a member of the royalty management committee. Prior to beginning his principal investment career in 2003, Dr. Brown was co-head of investment banking and head of healthcare at Adams, Harkness & Hill (now Canaccord Genuity) and a ranked biotechnology research analyst at Vector Securities International. Dr. Brown holds a B.A. from Yale, an M.D. from SUNY Upstate Medical Center and an M.B.A. from Harvard Business School. He currently serves on the boards of FAST Biomedical Adimab, LLC since January 2020, 2023, Memgen, Inc. Inc since October 2018, and Aquestive Therapeutics Inc. since 2017. He previously served on the boards of FAST Biomedical, Cambrex Corporation, Faron Pharmaceuticals Oy, Invuity, Inc., and Vanderbilt Clinical S.a.r.l.

[Index](#)

Steven M. Klosk

Steven M. Klosk joined our board of directors in 2014. He is a senior executive with extensive management experience in the life sciences industry. He served as a Director at Cambrex Corporation (NYSE:CBM) from May 2008 through December 2019, until it was acquired by Permira and then as Director from December 2019 until June 2020. Cambrex is one of the leading providers of active pharmaceutical ingredients, advanced intermediates and finished dosage form products to the branded and generic pharmaceutical markets, where he served as President and Chief Executive Officer from May 2008 through June 2020. In that role he was responsible for all aspects of Cambrex's global business with manufacturing and R&D facilities in the United States, Sweden, Italy, Estonia, Canada, Scotland, and Germany.

In addition, he has served on the board of directors of Recipharm, a leading pharmaceutical contract development & manufacturing organization since March 2021 and Golden Arrow Merger Corp. since March 2021. In addition, since 2021 he has served on the board of directors of Formulated Solutions, a topicalsCDMO topicals CDMO where he is the chairman of the board; BioIVT, a leading supplier of biologics specimens for biotech research; BIOVECTRA, a leading small molecule and biologics CDMO; and NJ Bio, a leading antibody drug conjugate contract research organization.

[Index](#)

Mr. Klosk held other executive positions at Cambrex Corporation, including President, Executive Vice President & COO as well as President, Pharma Business Unit (2007-2008) where he had full P&L and balance sheet responsibility for four operating units in North America and Europe. Prior to this he was Executive Vice President & COO Cambrex Pharma & Biopharmaceuticals Business Unit (2003-2007) where he was responsible for managing a highly profitable global business with six operating units in North America and Europe. Earlier in his career Mr. Klosk served as Vice President, Administration for The Genlyte Group, Inc., a publicly traded producer of lighting fixtures. Mr. Klosk earned a B.S. from Cornell University and a J.D. from New York Law School.

Cynthia L. Flowers

Ms. Flowers was appointed to our board of directors in November 2018. She is the owner currently CEO of EIR Advisory LLC, a life sciences advisory and strategic investment firm. OMEZA Holdings, Inc., an advanced wound care company. From February 2014 through November 2017, Ms. Flowers was President and Chief Executive Officer of Ipsen North America, where she led the transformation of the company as it became the highest-growth subsidiary worldwide. Prior to joining Ipsen, she served as President of Eisai Pharmaceuticals, where she oversaw commercial operations, medical affairs and services, manufacturing, alliance management and other functions. She has also held general management roles, both domestically and internationally, at Amgen Inc. and Johnson & Johnson. Ms. Flowers began her career as an oncology/critical care nurse.

Ms. Flowers currently serves on the board of Hikma Pharmaceuticals PLC, a multigenerational generics company and G1 Therapeutics Inc., a biotechnology clinical development company. She has held positions on numerous corporate and non-profit boards, including Nanoform Finland OY, a nanoparticle manufacturing company, Kadmon Group, Inc., a clinical stage biopharmaceutical company, the Women's Leadership Advisory Board for the John F. Kennedy School of Government at Harvard University and the board of directors for the Sarah Cannon Oncology Research Institute. She currently serves as a Wharton Business School Leadership Advisor. Ms. Flowers holds an M.B.A. from the Wharton School of the University of Pennsylvania and a B.S.N. from the University of Delaware.

Heidi Henson

Ms. Henson was appointed to our board of directors the Lisata Board in September 2022 and before that served serves as a member the Chairman of the Cend board Audit Committee. Ms. Henson possesses two decades of directors since 2019. Since 2021, she has served as the Chief Financial Officers of Pardes Biosciences, Inc., a publicly traded company listed on Nasdaq under the symbol "PRDS", where she is responsible for building out the company's infrastructure financial operations experience with both public and implementing processes and procedures relating to being a public company. She also concurrently private companies. In addition, Ms. Henson currently serves on the board of directors of PepGen Inc. (Nasdaq: PEPG). From 2012-2012 she and Perspective Therapeutics.



Ms. Henson previously served on the board as Chief Financial Officer of the San Diego Children's Choir, and from 2010 to 2013 she served as the board as Treasurer of the San Diego Children's Choir Parent Association. From 2020 to 2021 at Pardes Biosciences where she was a consultant for Pardes. From 2019-2020 Ms. Henson instrumental in completing their tender offer transaction, as well as their de-SPAC transaction. Prior to Pardes, she served as the Chief Financial Officer of Imbria Pharmaceuticals, Inc. and from 2018 to 2019 she was the Chief Financial Officer and Chief Compliance Officers of Respivot Sciences, Inc. where she was responsible for the implementation and monitoring of the compliance program. From 2014 to 2018, she served as the Chief Financial Officers of Kura Oncology, Inc. a publicly traded company listed on Nasdaq under the symbol "KURA", where she led the private placement, reverse merger, and up-listing of the company to Nasdaq. From 2012 to 2018, she was the Chief Financial Officer for Wellspring Biosciences, LLC and its their parent company, Araxes Pharma, LLC. From 2007 to 2012, Pharma.

Ms. Henson was the Vice President of Finance for Intellikine, Inc. From 2005 to 2011, she worked as holds a consultant for various pharmaceutical industry clients, and she would assist with SEC reporting, implementation of financial processes and controls and implementation of SOX 404 compliance plans and documentation. From 2004 to 2005, she was the Controller for La Jolla Pharmaceutical Company, listed on Nasdaq under "LJPC". Prior to 2005 she was a Director, Finance at Anadys Pharmaceutical, Inc. (Nasdaq: ANDS), held several positions at Fair Isaac & Co, Inc (Nasdaq: FICO), and was a financial analyst at Alaris Medical Systems, Inc. and senior auditor from

[Index](#)

PricewaterhouseCoopers, LLP. Ms. Henson received her Bachelors of Accountancy BS in Accounting from the University of San Diego and is a member of the Association of Bioscience Financial Officers.

**Erkki Ruoslahti, M.D., Ph.D.**

Dr. Ruoslahti was appointed to our board of directors Certified Public Accountant (currently inactive) in September 2022, and prior to that he served as a member of the Cend board of directors since 2015 and as its Founder, President and Chief Executive Officer from 2015 to 2020. In 2020, Dr. Ruoslahti became a Consultant for Cend. He has over 30 years of experience in biotech that includes founding Impilo Therapeutics, Inc. where he served as a Director until about September 2020 when it was acquired by Cend. Most significantly, from January 1976 to September 2020 Dr. Ruoslahti has served as Researcher, Scientific Director, President, Chief Executive Officer of Sanford Burnham Prebys Medical Discovery Institute where he took the once fledgling 50-person research organization to a world-renowned research institution. When he stepped down as Chief Executive Officer, the institute had 500 employees and was ranked number one among all research organizations in world in the number of citations its publications received in the cell/molecular biology literature. The core technology from Cend originates from his laboratory. Currently, Dr. Ruoslahti has an informal emeritus relationship with the institute. From 2005 to 2008 he served as a Director for Advances Technologies, Inc. a publicly traded company listed on Nasdaq. From 2000 to 2002, he co-founded was a Director of Targeted Molecules, Inc. and from 1993 to 1996 he served as a Director of Canji and from 1987 to 1995, he co-founded and served as a director of Telios Pharmaceuticals, Inc. a publicly traded company on Nasdaq. Mr. Ruoslahti received his M.D., and Ph.D. from the University of Helsinki, Helsinki Finland. From 1968 to 1970 he was a Postdoctoral fellow at CalTech. Dr. Ruoslahti is a member of the U.S. National Academy of Sciences, California.

**Mohammad Azab, MD, MBA**

Mohammad Azab, M.D., MSc, MBA was appointed to our board of directors in September 2022. Dr. Azab is a leader in clinical and regulatory development of biopharmaceutical drugs with particular expertise in oncology drug development. In July 2009, Dr. Azab joined Astex Pharmaceuticals, Inc. ("Astex"), a pharmaceutical company focused on the discovery and development of drugs in oncology and other areas, as its Chief Medical Officer. Dr. Azab served as President and Chief Medical Officer of Astex from January 2014 to November 2020, and has served as the chair of its board of directors from November 2020 to May 1, 2022. Since January 2021, Dr. Azab has served on the board of directors of DURECT Corporation (Nasdaq: DRRX), a biopharmaceutical company committed to transforming the treatment of acute organ injury and chronic liver diseases. Additionally, Dr. Azab has served on the board of directors of Xenon Pharmaceuticals Inc. (Nasdaq: XENE), a biopharmaceutical company delivering innovative medicines to patients with neurological disorders, since January 2003. Previously, Dr. Azab served as President and Chief Executive Officer of Intradigm Corporation, a developer of siRNA cancer therapeutics. Prior to this, Dr. Azab served as Executive Vice President of Research and Development and Chief Medical Officer of QLT Inc. and in several leadership positions at AstraZeneca plc in the United Kingdom and Sanofi in France. Dr. Azab holds an MBA from the Richard Ivey School of Business, University of Western Ontario, and an MB ChB from Cairo University. He received post-graduate training and degrees in oncology research from the University of Paris-Sud and in biostatistics from the University of Pierre et Marie Curie in Paris, France.

#### ITEM 11. EXECUTIVE COMPENSATION

The response to this item is incorporated by reference from the discussion responsive thereto under the captions "Executive Compensation" and "Lisata Director Compensation" in our Proxy Statement for the 2023/2024 Annual Meeting of Stockholders. The section entitled "Pay Versus Performance" in our 2024 Proxy Statement is not incorporated by reference herein.

[Index](#)

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Security Ownership of Management and Certain Beneficial Owners" and "Equity Compensation Plan Information" in our Proxy Statement for the 2023/2024 Annual Meeting of Stockholders.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The response to this item is incorporated by reference from the discussion responsive thereto under the captions "Certain Relationships and Related Party Transactions" and "Management and Corporate Governance Matters" in our Proxy Statement for the 2023/2024 Annual Meeting of Stockholders.

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Accounting Fees and Other Accounting Matters" in our Proxy Statement for the 2023 2024 Annual Meeting of Stockholders.

[Index](#)

### PART IV

#### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

The following documents are being filed as part of this Annual Report:

##### (a)(1) FINANCIAL STATEMENTS:

Reference is made to the Index to Financial Statements on Page 70 of this Annual Report.

All other schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Financial Statements or Notes thereto.

[Index](#)

##### (a)(3) EXHIBITS:

The following is a list of exhibits filed (or furnished, where specified) as part of this Annual Report on Form 10-K. Exhibits that were previously filed are described below and are incorporated by reference. For exhibits incorporated by reference, the location of the exhibit in the previous filing is indicated.

Exhibit	Description
<a href="#">3.1</a>	Certificate of Amendment (Reverse Stock Split) to the Amended and Restated Certificate of Incorporation, dated September 14, 2022 (filed as Exhibit 3.1 to the Company's Current Report on 8-K, filed with the SEC on September 15, 2022).
<a href="#">3.2</a>	Certificate of Amendment (Name Change) to the Amended and Restated Certificate of Incorporation, dated September 15, 2022 (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the SEC on September 15, 2022).
<a href="#">3.3</a>	Amended and Restated Certificate of Incorporation of Lisata Therapeutics, Inc., as amended, effective July 27, 2016 (filed as Exhibit 3.1 to the Company's on Form 10-Q for the quarter ended June 30, 2016, filed with the SEC on August 9, 2016).
<a href="#">3.4</a>	Amended and Restated By-Laws of the Lisata Therapeutics, Inc. as amended, effective as of July 27, 2016 (filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed with the SEC on August 9, 2016).
<a href="#">3.5</a>	Amendments to Amended and Restated Bylaws of Lisata Therapeutics, Inc., effective as of September 18, 2017 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on September 21, 2017).
<a href="#">4.1</a>	Description of Capital <b>Stock</b> . <b>Stock</b> (filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K, for the year ended December 31, 2019, filed with the SEC on March 5, 2020).
<a href="#">4.2</a>	Form of Warrant (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 24, 2020).
<a href="#">4.3</a>	Form of Warrant (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 26, 2020).
<a href="#">4.4</a>	Form of Warrant (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 10, 2020).
<a href="#">4.5</a>	Form of Warrant (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on January 25, 2021).
<a href="#">10.1</a> <a href="#">10.1</a> +	Director Compensation Policy, dated April 21, 2021, (filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 30, 2023).
<a href="#">10.2</a>	<b>Lisata Therapeutics, Inc. 2018 Equity Incentive Compensation Plan, as amended, effective as of September 15, 2022.</b>
<a href="#">10.3</a> +	2018 Equity Incentive Compensation Plan, effective June 20, 2018, as amended on June 18, 2020, June 16, 2021, September 15, 2022 and further amended on June 16, 2021 June 14, 2023.
<a href="#">10.4</a> <a href="#">10.3</a> +	2015 Equity Incentive Compensation Plan, effective July 15, 2015, (filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 30, 2023).
<a href="#">10.5</a> <a href="#">10.4</a> +	Amended & Restated 2009 Equity Compensation Plan, effective October 4, 2012, (filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 30, 2023).
<a href="#">10.6</a> <a href="#">10.5</a> +	2017 Employee Stock Purchase Plan, effective as of March 28, 2017, as amended (incorporated by reference to Appendix B of the Company's definitive proxy statement on Schedule 14A, filed with the Securities June 20, 2018 and Exchange Commission on April 24, 2018).
<a href="#">10.7</a> <a href="#">10.6</a> +	Form of Indemnification Agreement between the Company and each of its directors and officers (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on September 15, 2022).

[Index](#)

June  
14,  
2023.

[Index](#)

<a href="#">10.8</a> <sup>+</sup>	Employment Agreement, dated as of January 5, 2015 and effective on January 5, 2015, by and between the Company and David J. Mazzo, Ph.D. (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 5, 2015).
<a href="#">10.9</a> <sup>+</sup>	Amendment, dated as of January 16, 2015, to Employment Agreement, dated as of January 5, 2015 and effective on January 5, 2015, by and between the Company and David J. Mazzo, Ph.D. (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 16, 2015).
<a href="#">10.10</a> <sup>+</sup>	Amendment to Employment Agreement, dated as of July 25, 2016, by and between the Company and David J. Mazzo, PhD (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed with the SEC on August 9, 2016).
<a href="#">10.11</a> <sup>+</sup>	Amendment to Employment Agreement with David J. Mazzo, effective September 18, 2017 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 21, 2017).
<a href="#">10.12</a> <sup>+</sup>	Amendment to Employment Agreement with David J. Mazzo, dated December 6, 2018 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 7, 2018).
<a href="#">10.13</a> <a href="#">10.7</a> <sup>+</sup>	Amended and Restated Employment Agreement with David J. Mazzo, dated March 19, 2021 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 19, 2021).
<a href="#">10.14</a> <a href="#">10.8</a> <sup>+</sup>	Employment Severance Agreement dated as of September 15, 2022 by and between Lisata Therapeutics, Inc. and with David Slack, filed dated May 1, 2023 (filed as Exhibit 10.1 to the Company's Current Quarterly Report on Form 8-K, 10-Q for the quarter ended June 30, 2023, filed with the SEC on September 15, 2022 August 14, 2023).
<a href="#">10.15</a> <a href="#">10.9</a>	Form of Purchase Agreement, dated April 23, 2020, by and between Caladrius Biosciences, Inc. and each purchaser identified on the signature pages thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 24, 2020).
<a href="#">10.16</a> <a href="#">10.10</a>	Placement Agent Agreement, dated November 5, 2019, as subsequently amended on each of March 11, 2020, April 23, 2020 and May 25, 2020, by and between Caladrius Biosciences, Inc. and H.C. Wainwright & Co., LLC (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on May 26, 2020).
<a href="#">10.17</a> <a href="#">10.11</a>	Form of Purchase Agreement, dated May 25, 2020, by and between Caladrius Biosciences, Inc. and each purchaser identified on the signature pages thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 26, 2020).
<a href="#">10.18</a> <a href="#">10.12</a>	Form of Purchase Agreement, dated July 10, 2020, by and between Caladrius Biosciences, Inc. and each purchaser identified on the signature pages thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 10, 2020).
<a href="#">10.19</a> <a href="#">10.13</a>	Form of Registration Rights Agreement, dated July 10, 2020, by and between Caladrius Biosciences, Inc. and each purchaser identified on the signature pages thereto (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on July 10, 2020).
<a href="#">10.20</a> <a href="#">10.14</a>	Form of Purchase Agreement, dated January 21, 2021, by and between Caladrius Biosciences, Inc. and certain Investors, as defined therein (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on January 25, 2021).
<a href="#">10.21</a> <a href="#">10.15</a>	Form of Registration Rights Agreement, dated January 21, 2021, by and between Caladrius Biosciences, Inc. and each purchaser identified on the signature pages thereto (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on January 25, 2021).
<a href="#">10.22</a> <a href="#">10.16</a>	Form of Institutional Securities Purchase Agreement, by and between Caladrius Biosciences, Inc. and each purchaser identified on the signature pages thereto (incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K filed on February 16, 2021).

[Index](#)

<a href="#">10.23</a> <a href="#">10.17</a>	Form of Institutional Additional Securities Purchase Agreement, by and between Caladrius Biosciences, Inc. and each purchaser identified on the signature pages thereto (incorporated by reference to Exhibit 10.2 of the Registrant's Form 8-K filed on February 16, 2021).
<a href="#">10.24</a> <a href="#">10.18</a>	Placement Agent Agreement, dated February 11, 2021, by and between Caladrius Biosciences, Inc. and H.C. Wainwright & Co., LLC (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on February 16, 2021).
<a href="#">10.25</a> †	Lisata Therapeutics, Inc. Clawback Policy, effective as of March 28, 2023.
<a href="#">14.1</a>	Code of Ethics for Senior Financial Officers, effective as of November 7, 2022, (filed as Exhibit 14.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 30, 2023).
<a href="#">19.1</a>	Insider Trading Policy, effective as of October 30, 2015.
<a href="#">97</a>	Incentive Recoupment Policy, effective as of March 28, 2023.
<a href="#">21.1</a>	† Subsidiaries of Lisata Therapeutics, Inc.
<a href="#">23.1</a>	† Consent of Grant Thornton LLP.

## [Index](#)

<a href="#">31.1</a>	† Certification of Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<a href="#">32</a> †	Certification of Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant Section 302 of the Sarbanes-Oxley Act of 2002.

101.INS	† XBRL Instance Document
101.SCH	† XBRL Taxonomy Extension Schema
101.CAL	† XBRL Taxonomy Extension Calculation Linkbase
101.DEF	† XBRL Taxonomy Extension Definition Linkbase
101.LAB	† XBRL Taxonomy Extension Label Linkbase
101.PRE	† XBRL Taxonomy Extension Presentation Linkbase

+	Management contract or compensatory plan, contract or arrangement required to be filed as an exhibit to this Form 10-K pursuant to Item 15(b) of Form 10-K.
†	Filed herewith.
††	Furnished herewith.

## ITEM 16. FORM 10-K SUMMARY

None.

## [Index](#)

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Basking Ridge (Bernards Township), State of New Jersey, on [March 30, 2023](#) [February 29, 2024](#).

**LISATA THERAPEUTICS, INC.**

By: /s/ David J. Mazzo, PhD

Name: David J. Mazzo  
Title: Chief Executive Officer  
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ David J. Mazzo</u> David J. Mazzo, PhD	Director and Chief Executive Officer (Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)	March 30, 2023 February 29, 2024
<u>/s/ David Slack</u> David Slack, MDA	Director and Chief Business Officer	March 30, 2023
<u>/s/ Gregory B. Brown</u> Gregory B. Brown, MD	Chairman of the Board of Directors	March 30, 2023 February 29, 2024
<u>/s/ Mohammad Azab</u> Mohamad Azab, MD, MBA	Director	March 30, 2023 February 29, 2024
<u>/s/ Cynthia L. Flowers</u> Cynthia L. Flowers, MBA	Director	March 30, 2023 February 29, 2024
<u>/s/ Heidi Henson</u> Heidi Henson	Director	March 30, 2023 February 29, 2024
<u>/s/ Steven M. Klosk</u> Steven M. Klosk, JD	Director	March 30, 2023
<u>/s/ Erkki Ruoslahti</u> Erkki Ruoslahti, MD, PhD	Director	March 30, 2023 February 29, 2024

106

**Exhibit 10.1**

**Amended and Restated Board of Directors Compensation Policy**

On April 21, 2021 the Board of Directors of Lisata Therapeutics, Inc. (the "Company") adopted the Amended and Restated Board of Directors Compensation Policy (the "Board of Directors Compensation Policy") for all non-employee Board members, providing that:

- each Board member shall be authorized to receive an annual cash compensation retainer of \$40,000 for his or her service as a Board member;
- the Lead Director shall be authorized to receive an additional annual cash compensation retainer of \$10,000 for his or her service as the Lead Director;
- the Non-executive Chair shall be authorized to receive an additional annual cash compensation retainer of \$30,000 for his or her service as the Non-executive Chair;
- each member of the Company's Audit Committee shall be entitled to receive annual cash compensation of \$8,000 for his or her service on such committee;
- each member of the Company's Compensation Committee shall be entitled to receive annual cash compensation of \$6,000 for his or her service on such committee;

- each member of the Company's Nominating and Governance Committee shall be entitled to receive annual cash compensation of \$4,500 for his or her service on such committee;
- each member of the Company's Science and Technology Committee shall be entitled to receive annual cash compensation of \$4,500 for his or her service on such committee;
- the Audit Committee Chair shall be authorized to receive annual cash compensation of \$18,000 for his or her service as the Chair;
- the Compensation Committee Chair shall be authorized to receive annual cash compensation of \$12,000 for his or her service as the Chair;
- the Nominating and Governance Committee Chair shall be authorized to receive annual cash compensation of \$9,000 for his or her service as the Chair;
- the Science and Technology Committee Chair shall be authorized to receive annual cash compensation of \$9,000 for his or her service as the Chair;
- each member of the Board shall receive annually on the second Monday in January a grant of restricted stock with a Black Scholes value of \$60,000 with the number of shares to be issued on the grant date calculated based on the grant date fair value with annual vesting at one year from the grant date; and

- each newly appointed Board member shall receive an initial grant of restricted stock with a Black Scholes value of two times (2x) the value of the annual restricted stock grant to Board members with the number of shares to be issued on the grant date calculated based on the grant date fair value with one-third vesting annually on each of the first, second and third anniversaries of the grant date.



slide1



1 LISATA THERAPEUTICS, INC. 2018 EQUITY INCENTIVE COMPENSATION PLAN, AS AMENDED Effective as of September 15, 2022 1. Purposes of the Plan. The purposes of this Lisata Therapeutics, Inc. (f/k/a Caladrius Biosciences, Inc.) 2018 Equity Incentive Compensation Plan (the "Plan") are: to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to Employees, Directors and Consultants, and to promote the success of the Company and any Parent or Subsidiary. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Restricted Stock, Restricted Stock Units, Deferred Share Units, Unrestricted Shares and Stock Appreciation Rights may also be granted under the Plan. 2. Definitions. As used herein, the following definitions shall apply: "Administrator" means a Committee which has been delegated the responsibility of administering the Plan in accordance with Section 4 of the Plan or, if there is no such Committee, the Board. "Applicable Laws" means the requirements relating to the administration of equity compensation plans under the applicable corporate and securities laws of any of the states in the United States, U.S. federal securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan. "Award" means the grant of an Option, Restricted Stock, Restricted Stock Units, Deferred Share Units, a Stock Appreciation Right and/or the grant of Unrestricted Shares. "Board" means the Board of Directors of the Company. "Cause", with respect to any Service Provider, means (unless otherwise determined by the Administrator) such Service Provider's (i) conviction of, or plea of nolo contendere to, a felony or crime involving moral turpitude; (ii) fraud on or misappropriation of any funds or property of the Company; (iii) personal dishonesty, willful misconduct, willful violation of any law, rule or regulation (other than minor traffic violations or similar offenses) or breach of fiduciary duty which involves personal profit; (iv) willful misconduct in connection with the Service Provider's duties; (v) chronic use of alcohol, drugs or other similar substances which affects the Service Provider's work performance; or (vi) material breach of any provision of any employment, non-disclosure, non-competition, non-solicitation or other similar agreement executed by the Service Provider for the benefit of the Company, all as reasonably determined by the Administrator, which determination will be conclusive. Notwithstanding the foregoing, if a Service Provider and the Company (or any of its Subsidiaries or affiliates) have entered into an employment agreement, consulting agreement, advisory agreement or other similar agreement that specifically defines "cause," then with respect to such Service Provider, "Cause" shall have the meaning defined in that employment agreement, consulting agreement, advisory agreement or other agreement. "Code" means the Internal Revenue Code of 1986, as amended. "Committee" means a committee of Directors appointed by the Board in accordance with Section 4 of the Plan. "Common Stock" means the common stock, par value \$0.001 per share, of the Company. "Company" means Lisata Therapeutics, Inc. (f/k/a Caladrius Biosciences, Inc.), a Delaware corporation. "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity, other than an Employee or a Director. "Deferred Share Unit" (or "DSU") has the meaning set forth in Section 12 of the Plan. "Director" means a member of the Board. "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code. "Employee" means any person, including officers and Directors, serving as an employee of the Company or any Parent or Subsidiary. An individual shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary or any successor. For purposes of an Option initially granted as an Incentive Stock Option, if a leave



2. of absence of more than three months precludes such Option from being treated as an Incentive Stock Option under the Code, such Option thereafter shall be treated as a Nonstatutory Stock Option for purposes of this Plan. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company. "Exchange Act" means the Securities Exchange Act of 1934, as amended. "Fair Market Value" means, as of any date, the value of Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange or a national market system, including without limitation the NYSE Amex, Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, or any successor to any of them, the Fair Market Value of a Share of Common Stock shall be the closing sales price of a Share of Common Stock as quoted on such exchange or system for such date (or the most recent trading day preceding such date if there were no trades on such date), as reported in The Wall Street Journal or such other source as the Administrator deems reliable, including without limitation, Yahoo! Finance; (ii) if the Common Stock is regularly quoted by a recognized securities dealer but is not listed in the manner contemplated by clause (i) above, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock for such date (or the most recent trading day preceding such date if there were no trades on such date), as reported in The Wall Street Journal or such other source as the Administrator deems reliable, including without limitation Yahoo! Finance; or (iii) if neither clause (i) above nor clause (ii) above applies, the Fair Market Value shall be determined in good faith by the Administrator based on the reasonable application of a reasonable valuation method. "Grant Agreement" means an agreement between the Company and a Participant evidencing the terms and conditions of an individual Option or Stock Appreciation Right grant. Each Grant Agreement shall be subject to the terms and conditions of the Plan. "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder. "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option. "Notice of Grant" means a written or electronic notice evidencing certain terms and conditions of an individual Option grant, Stock Award grant or grant of Unrestricted Shares or Stock Appreciation Rights. The Notice of Grant applicable to Awards shall be part of the Grant Agreement or Stock Award Agreement, as applicable. "Option" means a stock option granted pursuant to the Plan. "Optioned Stock" means the Common Stock subject to an Option. "Optionee" means the holder of an outstanding Option granted under the Plan. "Parent" means a "parent corporation" of the Company (or, for purposes of Section 16(b) of the Plan, a successor to the Company), whether now or hereafter existing, as defined in Section 424(e) of the Code. "Participant" shall mean any Service Provider who holds an Option, Restricted Stock, a Restricted Stock Units, Deferred Share Units, Unrestricted Shares or a Stock Appreciation Right granted or issued pursuant to the Plan. "Restricted Stock" means an Award of Shares pursuant to Section 11 of the Plan. "Restricted Stock Unit" means an Award of Shares pursuant to Section 12 of the Plan. "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to such Rule 16b-3, as such rule is in effect when discretion is being exercised with respect to the Plan. "Section 16(b)" means Section 16(b) of the Exchange Act. "Service Provider" means an Employee, Director or Consultant. "Share" means a share of the Common Stock, as adjusted in accordance with Section 16 of the Plan. "Stock Appreciation Right" means a right awarded pursuant to Section 14 of the Plan.



slide3

3 "Stock Award" means an Award of Restricted Stock pursuant to Section 11 of the Plan, an Award of Restricted Stock Units (including Deferred Share Units) pursuant to Section 12 of the Plan and an Award of Unrestricted Shares pursuant to Section 13 of the Plan. "Stock Award Agreement" means an agreement, approved by the Administrator, providing the terms and conditions of a Stock Award. "Stock Award Shares" means Shares subject to a Stock Award. "Stock Awardee" means the holder of an outstanding Stock Award granted under the Plan. "Subsidiary" means a "subsidiary corporation" of the Company (or, for purposes of Section 16(b) of the Plan, a successor to the Company), whether now or hereafter existing, as defined in Section 424(f) of the Code. "Unrestricted Shares" means a grant of Shares made on an unrestricted basis pursuant to Section 13 of the Plan. 3. Stock Subject to the Plan. Subject to adjustment pursuant to the provisions of Section 16(a) of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 900,000 Shares, all of which may be issued in respect of Incentive Stock Options. In addition there shall be added to the reserve any Shares that are subject to awards under the Company's Amended and Restated 2009 Equity Compensation Plan and 2015 Equity Compensation Plan, as amended, and not thereafter issued under such plan due to a forfeiture, cancellation, or other settlement thereof up to a maximum of 27,126 shares, all of which may be issued in respect of Incentive Stock Options. The maximum number of Shares subject to Options and Stock Appreciation Rights which may be issued to any Participant under the Plan during the term of the Plan is fifty percent (50%) of the number of Shares determined from time to time pursuant to the first sentence of this Section. If an Option or Stock Appreciation Right expires or becomes unexercisable without having been exercised in full or is canceled or terminated, or if any Shares of Restricted Stock or Shares underlying any other type of Stock Award are forfeited or reacquired by the Company or results in any Shares not being issued even if used to satisfy the exercise price or a tax withholding obligation, the Shares that were subject thereto shall be added back to the Shares available for issuance under the Plan. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan. Notwithstanding anything to the contrary herein, the maximum number of Shares that may be subject to Awards granted to any non-Employee Director in any calendar year under the Plan shall not exceed an aggregate grant date fair value of \$60,000, except that the foregoing limitation shall not apply to awards made (i) pursuant to an election by a non-Employee Director to receive the Award in lieu of cash for all or a portion of cash fees to be received for service on the Board or any Committee thereof or (ii) in connection with a non-Employee Director initially joining the Board. 4. Administration of the Plan. (a) Appointment. The Plan shall be administered by a Committee to be appointed by the Board, which Committee shall consist of not less than two members of the Board and shall be comprised solely of members of the Board who qualify as both non-employee directors as defined in Rule 16b-3(b)(3) of the Exchange Act. The Board shall have the power to add or remove members of the Committee, from time to time, and to fill vacancies thereon arising, by resignation, death, removal, or otherwise. Meetings shall be held at such times and places as shall be determined by the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the vote of a majority of those members present at any meeting shall decide any question brought before that meeting. (b) Powers of the Administrator. The Administrator shall have the authority, in its discretion: (i) to determine the Fair Market Value of Shares; (ii) to select the Service Providers to whom Awards may be granted hereunder; (iii) to determine the number of Shares of Common Stock to be covered by each Award granted hereunder; (iv) to approve forms of agreement for use under the Plan, including but not limited to Grant Agreements and Stock Award Agreements.



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4 (v) to determine the terms and conditions, not inconsistent with the terms of the Plan or of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options and Stock Appreciation Rights may be exercised (which may be based on performance criteria), any vesting, acceleration or waiver of forfeiture provisions, and any restriction or limitation regarding any Option, Stock Appreciation Right or Stock Award, or the Shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine; (vi) to construe and interpret the terms of the Plan, Awards granted pursuant to the Plan and agreements entered into pursuant to the Plan; (vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws. Without limiting the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding the conversion of local currency, taxes, withholding procedures, escrow accounts, sub-plans, and handling of stock certificates, making of book entries, and/or settlement of Awards in cash in lieu of Shares, in all of the foregoing instances in ways that may vary with the customs and requirements of Applicable Laws and other considerations of particular countries or jurisdictions thereof; (viii) to modify or amend each Award (subject to Section 19(c) of the Plan) in any manner that would be allowed for a new Award under the Plan, including the discretionary authority to accelerate the vesting of any Stock Award, to extend, subject to the terms of the Plan, the post-termination exercisability period of Options or Stock Appreciation Rights longer than is otherwise provided for in a Grant Agreement, and to accelerate the time at which any outstanding Option or Stock Appreciation Right may be exercised, provided however that, except as approved by the Company's stockholders, for any period during which the Company is subject to the reporting requirements of the Exchange Act, the Administrator may not cancel an outstanding Option or SAR whose exercise price is greater than Fair Market Value at the time of cancellation for the purpose of reissuing the Option or SAR to the Participant at a lower exercise price, granting a replacement award of a different type, or otherwise allowing for a "repricing" within the meaning of either the federal securities laws applicable to proxy statement disclosures or other applicable governance standards; (ix) to allow grantees to satisfy withholding tax obligations by having the Company withhold from the Shares to be issued upon exercise of an Option or Stock Appreciation Right, upon vesting of a Stock Award or upon the grant of Unrestricted Shares that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All determinations to have Shares withheld for this purpose shall be made by the Administrator in its discretion; (x) to reduce the exercise price of any Option or Stock Appreciation Right, provided such reduction receives shareholder approval in accordance with Applicable Law; (xi) to authorize any person to execute on behalf of the Company any agreement entered into pursuant to the Plan and any instrument required to effect the grant of an Award previously granted by the Administrator; (xii) to correct any defect, omission or inconsistency in this Plan or any Grant or Stock Award Agreement, in the manner and to the extent deemed necessary or expedient to make this Plan or an Award fully effective; (xiii) to settle all controversies regarding this Plan and Awards granted hereunder; (xiv) to the extent consistent with the purposes of this Plan and without amending this Plan, to cancel or waive the Company's rights with respect to any Awards, to adjust or to modify Grant and/or Stock Award Agreements for changes in Applicable Laws, and to recognize differences in foreign law, tax policies or customs; (xv) to require, as a condition precedent to the grant, vesting, exercise, settlement and/or issuance of Shares pursuant to any Award, that a Participant agree to execute a general release of claims (in any form that the Administrator may require, in its sole and absolute discretion, which form may include any other provisions, e.g., confidentiality and restrictions on competition, that are found in general claims release agreements that the Company utilizes or expects to utilize); (xvi) in the event that the Company establishes, for itself or through using the services of a third party, an automated system for the documentation, granting, settlement, or exercise of Awards, such as a system using an



slide5



5 internet website or interactive voice response, to implement paperless documentation, granting, settlement, or exercise of Awards by Participants, to permit or to unilaterally require the future use of such an automated system (for all Awards, whenever granted); and (xvii) to make all other determinations deemed necessary or advisable for administering the Plan. (c) Action by Administrator. Unless otherwise established by the Board or in any charter of the Committee or the Administrator, or by the terms of this Plan, a majority of the members of the Administrator shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by an officer or other Employee of the Company or any of its Subsidiaries affiliates, the Company's independent certified public accountants or independent registered public accounting firm, or any executive compensation Consultant or other professional retained by the Administrator or the Company to assist in the administration of this Plan. Effect (d) of Administrator's Decision. The Administrator's decisions, determinations findings of fact, and interpretations shall be final and binding on all holders of Awards. The validity of any such decisions, determinations, findings of fact, or interpretations shall not be given de novo review if challenged in court, by arbitration or in any other forum, and shall be upheld unless clearly and convincingly shown to have been made in bad faith or materially affected by fraud. None of the Board, the Committee or the Administrator, nor any member or delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and each of the foregoing shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including without limitation reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors' and officers' liability insurance coverage which may be in effect from time to time. (e) Delegation of Grant Authority. Notwithstanding any other provision in the Plan, the Board may, to the full extent allowable under Applicable Laws, authorize the Company's Chief Executive Officer or another executive officer of the Company or a committee of such officers ("Authorized Officers") to grant Awards under the Plan; provided, however, that in no event shall the Authorized Officers be permitted to grant Awards to (i) any Director, (ii) any person who is identified by the Company as an executive officer of the Company or who is subject to the restrictions imposed under Section 16 of the Exchange Act, (iii) any person who is not an employee of the Company or any Subsidiary, or (iv) such other person or persons as may be designated from time to time by the Board. If such authority is provided by the Board, the Board shall establish and adopt written guidelines setting forth the maximum number of shares for which the Authorized Officers may grant Awards to any individual during a specified period of time and such other terms and conditions as the Board deems appropriate for such grants. Such guidelines may be amended by the Board prospectively at any time. Subject to the foregoing, the Authorized Officers shall have the same authority as the Administrator under this Section 4 with respect to the grant of Awards under the Plan. (f) Claims Limitations Period. Any Participant who believes he or she is being denied any benefit or right under this Plan or under any Award may file a written claim with the Administrator. Any claim must be delivered to the Administrator (care of the Company's President and Chief Financial Officer) within forty-five (45) days of the specific event giving rise to the claim. Untimely claims will not be processed and shall be deemed denied. The Administrator, or its designee, will notify the Participant of its decision in writing as soon as administratively practicable. Claims not responded to by the Administrator in writing within one hundred and twenty (120) days of the date the written claim is delivered to the Administrator shall be deemed denied. No lawsuit relating to this Plan or any Award(s) may be filed before a written claim is filed with the Administrator and is denied or deemed denied, and any lawsuit must be filed within one year of such denial or deemed denial or be forever barred. (g) Expenses. The expenses of administering this Plan (including the settlement of Awards) shall be borne by the Company. 5. Eligibility. Nonstatutory Stock Options, Stock Awards and Stock Appreciation Rights may be granted to Service Providers. Incentive Stock Options may be granted only to Employees. Notwithstanding anything contained herein to the contrary, an Award may be granted to a person who is not then a Service Provider; provided, however,



slide6



5 that the grant of such Award shall be conditioned upon such person becoming a Service Provider at or prior to the time of the execution of the agreement evidencing such Award. 6. Limitations. (a) Each Option shall be designated in the Grant Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, if a single Employee becomes eligible in any given year to exercise Incentive Stock Options for Shares having a Fair Market Value in excess of \$100,000, those Options representing the excess shall be treated as Nonstatutory Stock Options. In the previous sentence, "Incentive Stock Options" include Incentive Stock Options granted under any plan of the Company or any Parent or any Subsidiary. For the purpose of deciding which Options apply to Shares that "exceed" the \$100,000 limit, Incentive Stock Options shall be taken into account in the same order as granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted. (b) Neither the Plan nor any Award nor any agreement entered into pursuant to the Plan shall confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor shall they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause. 7. Term of the Plan. The Plan shall continue in effect until April 23, 2028 unless terminated earlier under Section 19 of the Plan. 8. Term of Options. Unless otherwise provided in the applicable Grant Agreement, the term of each Option granted to anyone other than a Consultant shall be ten (10) years from the date of grant and the term of each Option granted to any Consultant shall be three (3) years from the date of grant. In the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the applicable Grant Agreement. However, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, owns, directly or indirectly, stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the applicable Grant Agreement. 9. Option Exercise Price; Exercisability. (a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator, subject to the following: (i) In the case of an Incentive Stock Option (1) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant, or (2) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant. (ii) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant, as determined by the Administrator in good faith. (b) Exercise Period and Conditions. At the time that an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions that must be satisfied before the Option may be exercised. (c) Prohibition on Repricing. Except as otherwise provided in Section 16, but notwithstanding any other provision of the Plan, without the prior approval of the shareholders of the Company: (i) the exercise price of an Option or Stock Appreciation Right may not be reduced, directly or indirectly, (ii) no Option or Stock Appreciation Right may be cancelled in exchange for cash, other Awards, or Options or Stock Appreciation Rights with an exercise price that is less than the exercise price of the original Option or Stock Appreciation Right, or otherwise, and (iii) the Company may not repurchase an Option or Stock Appreciation Right for value (in cash, substitutions,



slide7

7 cash buyouts, or otherwise) from a Participant if the current Fair Market Value of the Shares underlying the Option or Stock Appreciation Right is lower than its exercise price per Share. 10. Exercise of Options; Consideration. (a) Procedure for Exercise; Rights as a Shareholder. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Grant Agreement. Unless the Administrator provides otherwise, vesting of Options granted hereunder shall be tolled during any unpaid leave of absence. An Option may not be exercised for a fraction of a Share. An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Grant Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Grant Agreement and Section 10(f) of the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 16 of the Plan. Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised. (b) Termination of Relationship as a Service Provider. Unless otherwise specified in the Grant Agreement or provided by the Administrator, if an Optionee ceases to be a Service Provider, other than as a result of (x) the Optionee's death or Disability, or (y) termination of such Optionee's employment or relationship with the Company with Cause, the Optionee may exercise his or her Option for up to ninety (90) days following the date on which the Optionee ceases to be a Service Provider to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Grant Agreement). If, on the date that the Optionee ceases to be a Service Provider, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after the date that the Optionee ceases to be a Service Provider the Optionee does not exercise his or her Option in full within the time set forth herein or the Grant Agreement, as applicable, the unexercised portion of the Option shall terminate, and the Shares covered by such unexercised portion of the Option shall revert to the Plan. Notwithstanding the foregoing, if there is a blackout period under the Company's insider trading policy or Applicable Law (or an Administrator-imposed blackout period) that prohibits the buying or selling of Shares during any part of the ten-day period before the expiration of any Option based on the termination of a Participant's employment for any reason other than Cause, the period for exercising the Option shall be extended until the earlier of ten days beyond when such blackout period ends and the expiration date of its original term as set forth in the applicable Grant Agreement. An Optionee who changes his or her status as a Service Provider (e.g., from being an Employee to being a Consultant) shall not be deemed to have ceased being a Service Provider for purposes of this Section 10(b), nor shall a transfer of employment among the Company and any Subsidiary be considered a termination of employment; however, if an Optionee holding Incentive Stock Options ceases being an Employee but continues as a Service Provider, such Incentive Stock Options shall be deemed to be Nonstatutory Stock Options three months after the date of such cessation. (c) Disability of an Optionee. Unless otherwise specified in the Grant Agreement, if an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option, to the extent the Option is vested on the date that the Optionee ceases to be a Service Provider, up until the one-year anniversary of the date on which the Optionee ceases to be a Service Provider (but in no event later than the expiration of the term of such Option as set forth in the Grant Agreement). If, on the date that the Optionee ceases to be a Service Provider, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after the Optionee ceases to be a Service Provider, the Optionee does not exercise his or her Option in full within the time set forth herein or the Grant Agreement, as applicable, the unexercised portion of the Option shall terminate, and the Shares covered by such unexercised portion of the Option shall revert to the Plan. (d) Death of an Optionee. Unless otherwise specified in the Grant Agreement, if an Optionee dies while a Service Provider, the Option may be exercised, to the extent that the Option is vested on the date of death, by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance up until the



slide8



8 one-year anniversary of the Optionee's death (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If the Option is not so exercised in full within the time set forth herein or the Grant Agreement, as applicable, the unexercised portion of the Option shall terminate, and the Shares covered by the unexercised portion of such Option shall revert to the Plan. (e) Termination for Cause or Voluntary Termination. If a Service Provider's relationship with the Company is terminated for Cause (or the Service Provider resigns or is terminated at a time when the Company had Cause for such termination), then, unless otherwise provided in such Service Provider's Grant Agreement or by the Administrator, such Service Provider shall have no right to exercise any of such Service Provider's Options at any time on or after the effective date of such termination. (f) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (i) cash; (ii) check; (iii) other Shares which (A) in the case of Shares acquired upon exercise of an option at a time when the Company is subject to Section 16(b) of the Exchange Act, have been owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised; (iv) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan; (v) a reduction in the number of Shares otherwise issuable by a number of Shares having a Fair Market Value equal to the exercise price of the Option being exercised; (vi) any combination of the foregoing methods of payment; or (vii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws. Notwithstanding any other provision of this Plan to the contrary, no Participant who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under this Plan, or continue any extension of credit with respect to such payment with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act. (g) Non-Exempt Employees. If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any Shares until at least six (6) months following the Grant Date of the Option or Stock Appreciation Right (although the Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or becomes Disabled, or (ii) upon a Change in Control in which such Option or Stock Appreciation Right is not assumed, continued or substituted, the vested portion of any Options and SARs may be exercised earlier than six months following the Grant Date. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or Stock Appreciation Right will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Award will be exempt from the employee's regular rate of pay, the provisions of this Section will apply to all Awards and are hereby incorporated by reference into such applicable Award Agreements. 11. Stock Awards. The Administrator may, in its sole discretion, grant (or sell at par value or such higher purchase price as it determines) Shares to any Service Provider subject to such terms and conditions as the Administrator sets forth in a Stock Award Agreement evidencing such grant. Stock Awards may be granted or sold in respect of past services or other valid consideration or in lieu of any cash compensation otherwise payable to such individual. The grant of Stock Awards under this Section 11 shall be subject to the following provisions:



slide9

9. (a) At the time a Stock Award under this Section 11 is made, the Administrator shall establish a vesting period (the "Restricted Period") applicable to the Stock Award Shares subject to such Stock Award. The Administrator may, in its sole discretion, at the time a grant is made, prescribe restrictions in addition to the expiration of the Restricted Period, including the satisfaction of corporate or individual performance objectives. None of the Stock Award Shares may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the Restricted Period applicable to such Stock Award Shares or prior to the satisfaction of any other restrictions prescribed by the Administrator with respect to such Stock Award Shares. (b) The Company shall issue, in the name of each Service Provider to whom Stock Award Shares have been granted, stock certificates representing the total number of Stock Award Shares granted to such person, as soon as reasonably practicable after the grant. The Company, at the direction of the Administrator, shall hold such certificates, properly endorsed for transfer, for the Stock Awardee's benefit until such time as the Stock Award Shares are forfeited to the Company, or the restrictions lapse. (c) Unless otherwise provided by the Administrator, holders of Stock Award Shares shall have the right to vote such Shares and cash dividends may accrue with respect to such Shares but shall not be paid prior to the time, and may be paid only to the extent that the Restricted Period applicable to the Stock Award Shares subject to such Stock Award have lapsed or the corporate or individual performance objectives have been achieved. All distributions, if any, received by a Stock Awardee with respect to Stock Award Shares as a result of any stock split, stock distribution, combination of shares, or other similar transaction shall be subject to the restrictions of this Section 11. (d) Unless otherwise provided by the Stock Award Agreement or determined by the Administrator in its sole discretion, any unvested Stock Award Shares granted to a Service Provider pursuant to the Plan shall be forfeited if the Stock Awardee's employment or service with the Company or its Subsidiaries terminates for any reason prior to the expiration or termination of the applicable vesting period and/or the achievement of such other vesting conditions applicable to the Award. (e) Upon the expiration or termination of the Restricted Period and the satisfaction of any other conditions prescribed by the Administrator, the restrictions applicable to the Stock Award Shares shall lapse and, at the Stock Awardee's request, a stock certificate for the number of Stock Award Shares with respect to which the restrictions have lapsed shall be delivered, free of all such restrictions, to the Stock Awardee or his beneficiary or estate, as the case may be. 12. Restricted Stock Units. The Administrator may, in its sole discretion, grant Restricted Stock Units to a Service Provider subject to such terms and conditions as the Administrator sets forth in a Stock Award Agreement evidencing such grant. "Restricted Stock Units" are Awards denominated in units evidencing the right to receive Shares, which may vest over such period of time and/or upon satisfaction of such performance criteria or objectives as is determined by the Administrator at the time of grant and set forth in the applicable Stock Award Agreement, without payment of any amounts by the Stock Awardee thereof (except to the extent required by law). Prior to delivery of Shares with respect to an award of Restricted Stock Units, the Stock Awardee shall have no rights as a shareholder of the Company. Upon satisfaction and/or achievement of the applicable vesting requirements relating to an Award of Restricted Stock Units, the Stock Awardee shall be entitled to receive a number of Shares that are equal to the number of Restricted Stock Units that became vested. To the extent, if any, set forth in the applicable Stock Award Agreement, cash dividend equivalents may be accumulated and paid at the end of, the applicable vesting period or achievement of the performance conditions only to the extent that the Stock Awardee receives the Shares issuable pursuant to the Restricted Stock Units. Unless otherwise provided by the Stock Award Agreement or determined by the Administrator in its sole discretion, any Restricted Stock Units granted to a Service Provider pursuant to the Plan shall be forfeited if the Stock Awardee's employment or service with the Company or its Subsidiaries terminates for any reason prior to the expiration or termination of the applicable vesting period and/or the achievement of such other vesting conditions applicable to the Restricted Stock Units. Notwithstanding the foregoing provisions for the settlement of Restricted Stock Units at the time of vesting, the Administrator may pursuant to Stock Award Agreements permit Stock Awardees who are Directors or members of a select group of management or "highly compensated employees" (within the meaning of ERISA) to irrevocably elect, on a form provided by and acceptable to the Administrator (the "Election Form"), to forego the receipt of cash.



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10 or other compensation (including the Shares deliverable pursuant to any Restricted Stock Unit Award) and in lieu thereof to have the Company credit to an internal Plan account a number of Deferred Share Units having a Fair Market Value equal to the Shares and other compensation deferred. These credits will be made at the end of each calendar year (or other period determined by the Administrator) during which compensation is deferred. A Participant's Election Form will in no event be effective with respect to any compensation that the Participant earns before the date on which the Election Form takes effect. For any Participant who is subject to U.S. income taxation, the Administrator shall only authorize deferral elections under this Section pursuant to written procedures, and using written Election Forms, that satisfy the requirements of Code Section 409A. In all cases, DSUs shall be subject to the following terms and conditions:

(a) Vesting. Unless a Stock Award Agreement expressly provides otherwise, each Participant shall be 100% vested at all times in any Shares subject to DSUs. (b) Issuances of Shares. Unless a Stock Award Agreement expressly provides otherwise, the Company shall settle a Participant's DSUs by delivering one Share for each DSU, in five substantially equal annual installments that are issued before the last day of each of the five calendar years that end after the date on which the Participant's Continuous Service ends for any reason, subject to: (i) the Participant's right to elect a different form of distribution, only on a form provided by and acceptable to the Administrator, that permits the Participant to select any combination of a lump sum and annual installments that are triggered by, and completed within ten years following, the last day of the Participant's Continuous Service; and (ii) the Company's acceptance of the Participant's distribution election form executed at the time the Participant elects to defer the receipt of cash or other compensation pursuant to this Section; provided that the Participant may change a distribution election through any subsequent election that (A) the Participant delivers to the Company at least one year before the date on which distributions are otherwise scheduled to commence pursuant to the Participant's initial distribution election, and (B) defers the commencement of distributions by at least five years from the originally scheduled distribution commencement date. Fractional shares shall not be issued, and instead shall be paid out in cash. (c) Termination of Service. For purposes of this Section, a Participant's employment shall be considered to have terminated only when the Participant incurs a "separation from service" within the meaning of Treasury Regulations Section 1.409A-1(b). A Participant shall be considered to have experienced a Separation from Service when the facts and circumstances indicate that either (i) no further services will be performed for the Company or any of its Subsidiaries or affiliates after a certain date, or (ii) the level of bona fide services the Participant will perform after such date (whether as an Employee, Director or Consultant) are reasonably expected to permanently decrease to no more than 50% of the average level of bona fide services performed by such Participant (whether as an Employee, Director or Consultant) over the immediately preceding 36-month period (or full period of services to the Company and its Subsidiaries and affiliates if the Participant has been providing such services for less than 36 months). 13. Unrestricted Shares. The Administrator may grant Unrestricted Shares in accordance with the following provisions: (a) The Administrator may cause the Company to grant Unrestricted Shares to Service Providers at such time or times, in such amounts and for such reasons as the Administrator, in its sole discretion, shall determine. No payment shall be required for Unrestricted Shares. (b) The Company shall issue, in the name of each Service Provider to whom Unrestricted Shares have been granted, stock certificates representing the total number of Unrestricted Shares granted to such individual, and shall deliver such certificates to such Service Provider as soon as reasonably practicable after the date of grant or on such later date as the Administrator shall determine at the time of grant. 14. Stock Appreciation Rights. A Stock Appreciation Right may be granted by the Administrator either alone, in addition to, or in tandem with other Awards granted under the Plan. Each Stock Appreciation Right granted under the Plan shall be subject to the following terms and conditions: (a) Each Stock Appreciation Right shall relate to such number of Shares as shall be determined by the Administrator.





11. (b) The date of grant of a Stock Appreciation Right shall be the date specified by the Administrator, provided that that date shall not be before the date on which the Stock Appreciation Right is actually granted and shall not be prior to the date on which the recipient commences providing services as a Service Provider. The term of each Stock Appreciation Right shall be determined by the Administrator, but shall not exceed ten years from the date of grant. Each Stock Appreciation Right shall become exercisable at such time or times and in such amount or amounts during its term as shall be determined by the Administrator. Unless otherwise specified by the Administrator, once a Stock Appreciation Right becomes exercisable, whether in full or in part, it shall remain so exercisable until its expiration, forfeiture, termination or cancellation. Notwithstanding the foregoing, if there is a blackout period under the Company's insider trading policy or Applicable Law (or an Administrator-imposed blackout period) that prohibits the buying or selling of Shares during any part of the ten-day period before the expiration of any Stock Appreciation Right based on the termination of a Participant's employment without Cause, the period for exercising the Stock Appreciation Right shall be extended until the earlier of ten days beyond when such blackout period ends and the expiration date of its original term as set forth in the applicable Grant Agreement. (c) A Stock Appreciation Right may be exercised, in whole or in part, by giving written notice to the Administrator. As soon as practicable after receipt of the written notice, the Company shall deliver to the person exercising the Stock Appreciation Right stock certificates for the Shares to which that person is entitled under Section 14(d) hereof, subject however to prior satisfaction of applicable withholding requirements in accordance with any method consistent with those set forth in Section 10(f) above. (d) A Stock Appreciation Right shall be exercisable for Shares only. The number of Shares issuable upon the exercise of the Stock Appreciation Right shall be determined by dividing: (i) the number of Shares for which the Stock Appreciation Right is exercised multiplied by the amount of the appreciation per Share (for this purpose, the "appreciation per Share" shall be the amount by which the Fair Market Value of a Share on the exercise date exceeds (x) in the case of a Stock Appreciation Right granted in tandem with an Option, the exercise price or (y) in the case of a Stock Appreciation Right granted alone without reference to an Option, the Fair Market Value of a Share on the Award Date of the Stock Appreciation Right); by (ii) the Fair Market Value of a Share on the exercise date. 15. Non-Transferability. Awards other than Unrestricted Shares shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as approved by the Administrator in its discretion and set forth in the applicable Agreement provided that no Award may be transferred by a Participant for value. Notwithstanding the foregoing, an ISO transferred except in compliance with clause (i) above shall no longer qualify as an ISO. If the Administrator makes an Option or Stock Appreciation Right transferable, such Option or Stock Appreciation Right shall contain such additional terms and conditions as the Administrator deems appropriate. Notwithstanding the foregoing, the Administrator, in its sole discretion, may provide in the Grant Agreement regarding a given Option that the Optionee may transfer, without consideration for the transfer, his or her Nonstatutory Stock Options to members of his or her immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Option. 16. Adjustments Upon Changes in Capitalization; Change in Control Provisions. (a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of any Awards, as well as the price per Share covered by each such outstanding Option or Stock Appreciation Right and the share limitations set forth in Section 3, shall be proportionately and equitably adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Award hereunder. Except as expressly provided herein, the issuance by the Company of shares of stock of any class, or securities convertible into



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12 shares of stock of any class, for cash or property, or for labor or services either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into sub-shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares then subject to Awards (or the price of Shares then subject to outstanding Options and Stock Appreciation Rights). (i) Change in Control Provisions. (ii) Benefits. In the event of a Change in Control of the Company (as defined below) and either (i) the failure of the Company's successor to assume a Participant's Awards or (ii) such assumption of Awards followed by the Participant's termination without Cause on or within the one-year period following the Change in Control, then, except as otherwise provided by the Administrator in a Participant's Grant or Stock Award Agreement, the Participant shall be entitled to the following benefits: (a) All outstanding Options and Stock Appreciation Rights of such Participant, if any, granted prior to the Change in Control shall be fully vested and immediately exercisable in their entirety upon such Change in Control (or upon later termination of the Participant's employment without Cause, if applicable). (b) All unvested Stock Awards, performance-based Awards, and other Awards shall become fully vested, including without limitation, the following: (i) the restrictions to which any Stock Award granted prior to the Change in Control are subject shall lapse as if the applicable Restriction Period had ended upon such Change in Control (or upon later termination of the Participant's employment without Cause, if applicable), and the conditions required for vesting of any unvested performance-based Awards shall be deemed to be satisfied, at their maximum performance level, upon such Change in Control (or upon later termination of the Participant's employment without Cause, if applicable). (iii) Change in Control. A "Change in Control" shall mean the occurrence of any of the following: (a) any person (as defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d) and 14(d) thereof), excluding the Company, any subsidiary of the Company and any employee benefit plan sponsored or maintained by the Company or any subsidiary of the Company (including any trustee of any such plan acting in his capacity as trustee), becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing thirty percent (30%) of the total combined voting power of the Company's then outstanding securities; (b) the merger, consolidation or other business combination of the Company (a "Transaction"), other than (A) a Transaction involving only the Company and one or more of its subsidiaries, or (B) a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction continue to have a majority of the voting power in the resulting entity and no person (other than those covered by the exceptions in (1) above) becomes the beneficial owner of securities of the resulting entity representing more than twenty-five percent (25%) of the voting power in the resulting entity; (c) during any period of two (2) consecutive years beginning on or after the date of the approval of this Plan by the shareholders (the "Effective Date"), the persons who were members of the Board immediately before the beginning of such period (the "Incumbent Directors") ceasing (for any reason other than death) to constitute at least a majority of the Board or the board of directors of any successor to the Company, provided that, any director who was not a director as of the Effective Date shall be deemed to be an Incumbent Director if such director was elected to the board of directors by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors either actually or by prior operation of the foregoing unless such election, recommendation or approval occurs as a result of an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act or any successor provision) or other actual or threatened solicitation of proxies or contests by or on behalf of a person other than a member of the Board; or (d) the approval by the shareholders of the Company of any plan of complete liquidation of the Company or an agreement for the sale of all or substantially all of the Company's assets other than the sale of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, at least fifty percent (50%) or more of the combined voting power of the outstanding voting securities of the Company at the time of such sale. 17. Substitute Options. In the event that the Company, directly or indirectly, acquires another entity, the Board may authorize the issuance of stock options ("Substitute Options") to the individuals performing services for



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13. the acquired entity in substitution of stock options previously granted to those individuals in connection with their performance of services for such entity upon such terms and conditions as the Board shall determine, taking into account the conditions of Code Section 424(a), as from time to time amended or superseded, in the case of a Substitute Option that is intended to be an Incentive Stock Option. Shares of capital stock underlying Substitute Stock Options shall not constitute Shares issued pursuant to the Plan for any purpose. 18. Date of Grant. The date of grant of an Award shall be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Participant within a reasonable time after the date of such grant. 19. Amendment and Termination of the Plan. (a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan. (b) Shareholder Approval. The Company shall obtain shareholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws. (c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall materially impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination. 20. Conditions Upon Issuance of Shares. (a) Legal Compliance. Shares shall not be issued in connection with the grant or vesting of any Stock Award or Unrestricted Share or the exercise of any Option or Stock Appreciation Right unless such grant or the exercise of such Option or Stock Appreciation Right and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance. (b) Investment Representations. As a condition to the grant of any Stock Award or the exercise of any Option or Stock Appreciation Right, the Company may require the person receiving such Award or exercising such Option or Stock Appreciation Right to represent and warrant at the time of any such exercise or grant that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required. (c) Additional Conditions. The Administrator shall have the authority to condition the grant of any Award in such other manner that the Administrator determines to be appropriate, provided that such condition is not inconsistent with the terms of the Plan. (d) Trading Policy Restrictions. Option and or Stock Appreciation Right exercises and Shares issued in connection with any Stock Awards under the Plan shall be subject to the terms and conditions of any insider trading policy established by the Company or the Administrator. 21. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained. 22. Withholding; Notice of Sale. The Company shall be entitled to withhold from any amounts payable to an Employee or other Service Provider any amounts which the Company determines, in its discretion, are required to be withheld under any Applicable Law as a result of any action taken by a holder of an Award. Furthermore, prior to the delivery of any Shares in connection with any Award, the Company shall be entitled to require as a condition of delivery that the Participant shall pay or make adequate provision acceptable to the Company for the satisfaction of the statutory minimum prescribed amount of federal and state income tax and other withholding obligations of the Company, including, if permitted by the Administrator, by having the Company withhold from the number of Shares otherwise deliverable in connection with the Award, a number of Shares having a Fair Market Value equal to an amount sufficient to satisfy such tax withholding obligations. 23. Recoupment of Awards.



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14. (a) Unless otherwise specifically provided in a Grant or Stock Award Agreement, and to the extent permitted by Applicable Law, the Administrator may, in its sole and absolute discretion, without obtaining the approval or consent of the Company's shareholders or of any Participant, require that any Participant forfeit or reimburse the Company for all or any portion of any previously-settled Awards granted under this Plan ("Reimbursement"), if and to the extent: (i) the granting, vesting or payment of such Award was predicated upon the achievement of certain financial results that were subsequently the subject of a material financial restatement; (ii) in the Administrator's view the Participant either benefited from a calculation that later proves to be materially inaccurate, or engaged in fraud or misconduct that caused or partially caused the need for a material financial restatement by the Company or any of its Subsidiaries and affiliates; and (iii) a lower granting, vesting, or payment of such Award would have occurred based upon the conduct described in subsection (i) above. In each instance, the Administrator may, to the extent practicable and allowable or required under Applicable Law, require forfeiture or Reimbursement of any such Award granted to a Participant; provided that the Company will not seek forfeiture or Reimbursement of any such Awards that were paid or vested more than three years prior to the first date of the applicable restatement period. (b) Notwithstanding any other provision of this Plan, all Awards will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any securities exchange, trading market or automated quotation system on which the Company's securities are listed, quoted or traded or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, including but not limited to Section 10D of the Exchange Act, or any other Applicable Law. In addition, the Administrator, in its sole and absolute discretion, may impose such other clawback, recovery or recoupment provisions in a Grant or Stock Award Agreement as the Administrator determines is necessary, advisable or appropriate, including but not limited to a reacquisition right in respect of previously acquired Shares or other cash or property upon the occurrence of a termination for Cause and/or violation of any post-employment covenants, including but not limited to ones relating to noncompetition, nonsolicitation, and trade secrets. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company or any of its Subsidiaries or affiliates. 24. Data Privacy. As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section by and among, as applicable, the Company and its Subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing this Plan and Awards and the Participant's participation in this Plan. In furtherance of such implementation, administration, and management, the Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including, but not limited to, the Participant's name, home address, telephone number, date of birth, social insurance or security number or other identification number, salary, nationality, job title(s), information regarding any securities of the Company or any of its Subsidiaries or affiliates, and details of all Awards (the "Personal Data"). In addition to transferring the Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of this Plan and Awards and the Participant's participation in this Plan, the Company and its Subsidiaries and affiliates may each transfer the Personal Data to any third parties assisting the Company in the implementation, administration and management of this Plan and Awards and the Participant's participation in this Plan. Recipients of the Personal Data may be located in the Participant's country or elsewhere, and the Participant's country and any given recipient's country may have different data privacy laws and protections. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of assisting the Company in the implementation, administration and management of this Plan and Awards and the Participant's participation in this Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of capital stock of the Company. The Personal Data related to a Participant will be held only as long as is necessary to implement, administer and manage this Plan and Awards and the Participant's participation in this Plan. A Participant may, at any time, view the Personal Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Personal Data with respect to such Participant, recommend any necessary corrections to the Personal Data with respect to the Participant, or refuse or withdraw the



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15 consents herein in writing, in any case without cost, by contacting the Participant's local human resources representative. The Company may cancel the Participant's eligibility to participate in this Plan, and in the Administrator's sole and absolute discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative. 25. Relationship to other Benefits. No Award, Share issuance, or other payment pursuant to this Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any of its Subsidiaries except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder. 26. Section 409A. If a Participant is a "specified employee" as defined in Section 409A of the Code (and as applied according to procedures of the Company) as of his or her "separation from service" within the meaning of Treasury Regulations Section 1.409A-1(h) to the extent any payment under this Plan or pursuant to the grant of Restricted Stock Units or DSUs constitutes deferred compensation (after taking into account any applicable exemptions from Section 409A of the Code), and to the extent required by Section 409A of the Code, no payments due under this Plan or pursuant to such Award may be made until the earlier of: (i) the first day of the seventh month following the Participant's separation from service, or (ii) the Participant's date of death, provided, however, that any payments delayed during this six-month period shall be paid in the aggregate in a lump sum, without interest, on the first day of the seventh month following the Participant's separation from service. The Administrator shall administer the Plan with a view toward ensuring that all Restricted Stock Units and DSUs issued under the Plan that are subject to Section 409A of the Code comply with the requirements thereof and that Options and Stock Appreciation Rights under the Plan be exempt from the requirements of Section 409A of the Code, but neither the Administrator nor any member of the Board, nor the Company nor any other person acting hereunder on behalf of the Company, the Administrator or the Board shall be liable to a Participant by reason of the acceleration of any income, or the imposition of any additional tax or penalty, with respect to an Award, whether by reason of a failure to satisfy the requirements of Section 409A of the Code or otherwise. 27. Governing Law. This Plan shall be governed by the laws of the State of Delaware, without regard to conflict of law principles.



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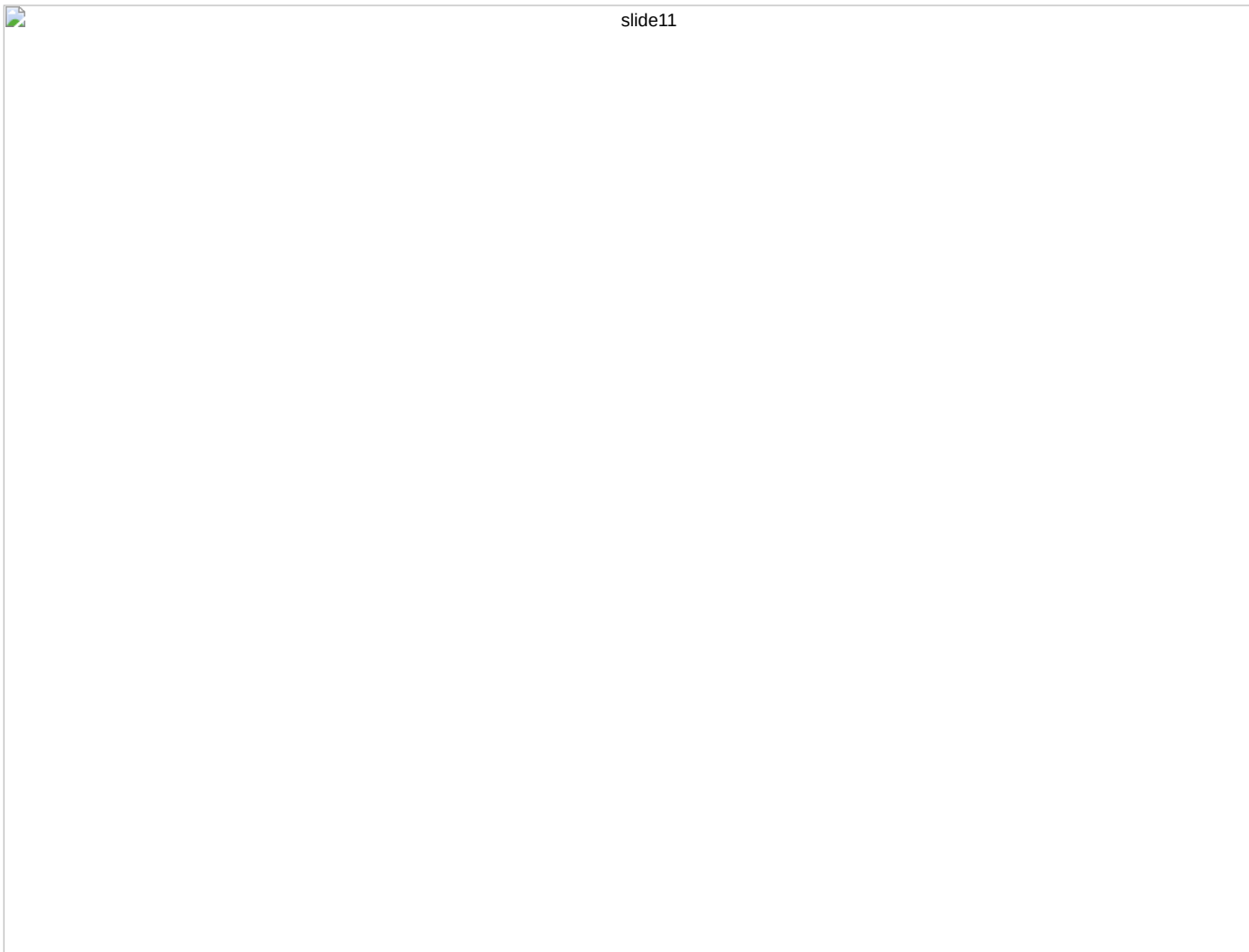




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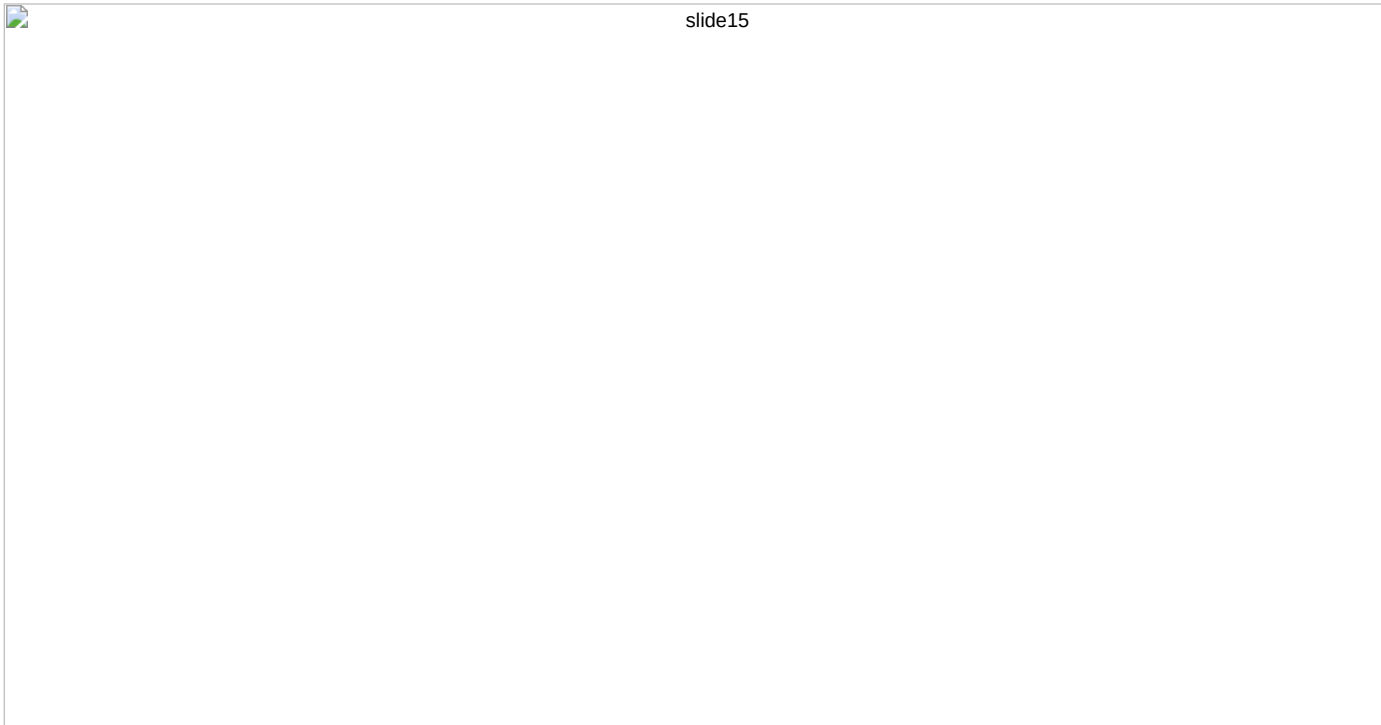




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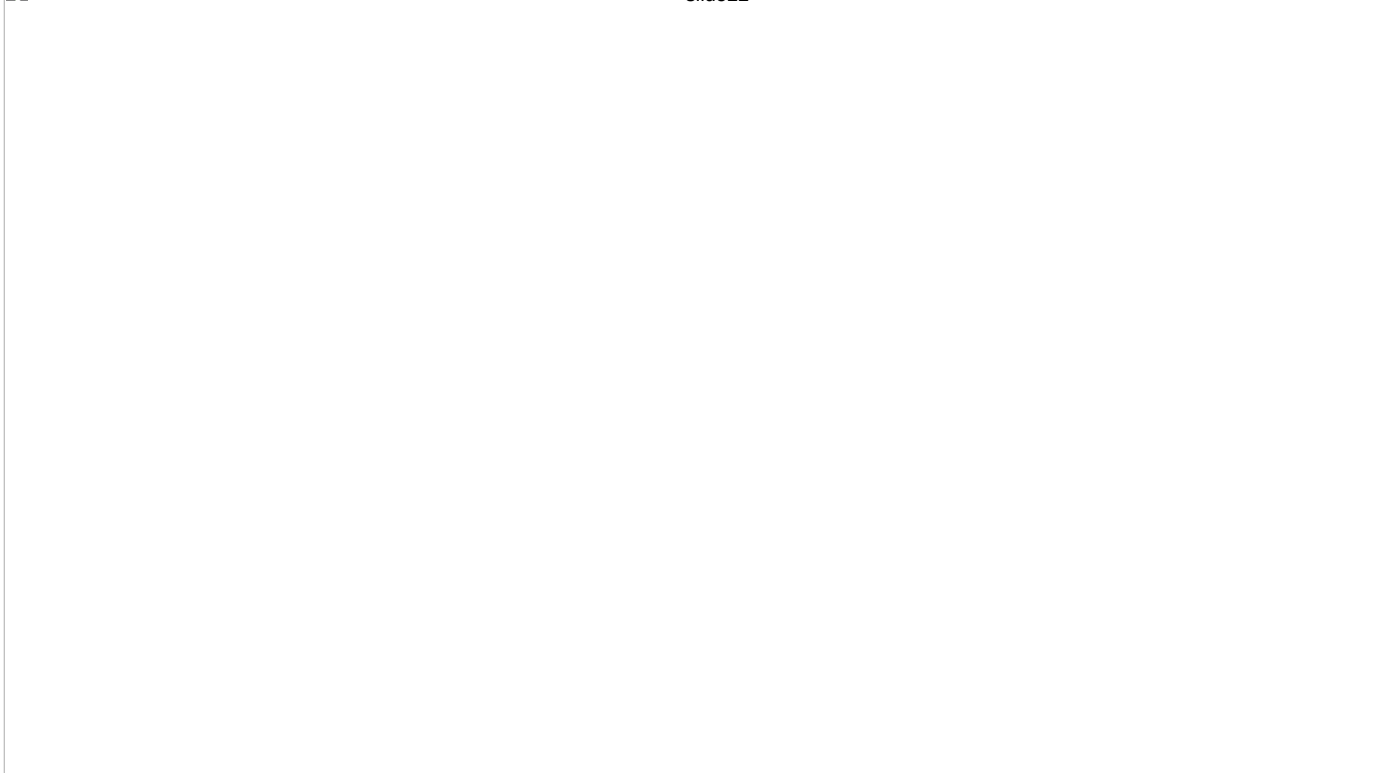


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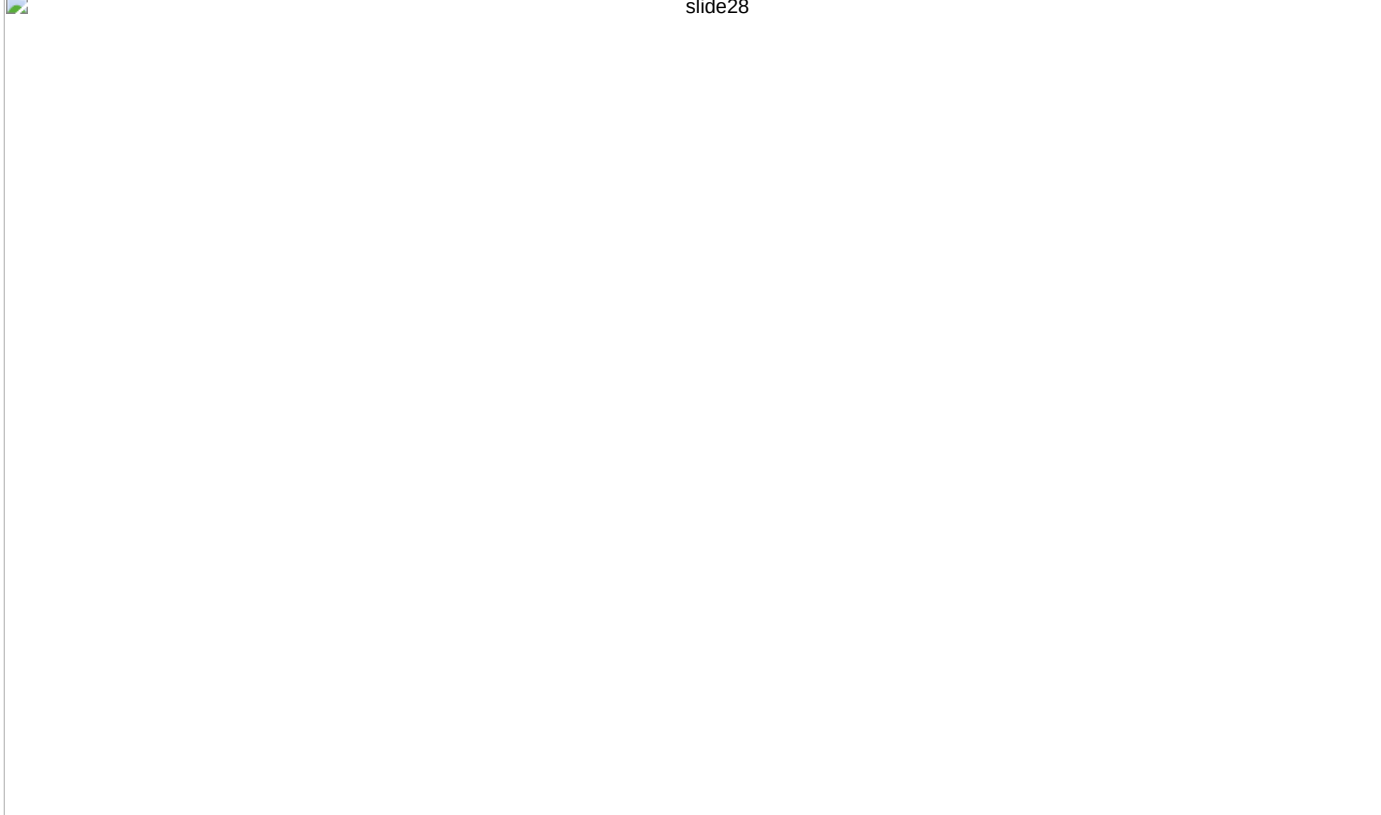


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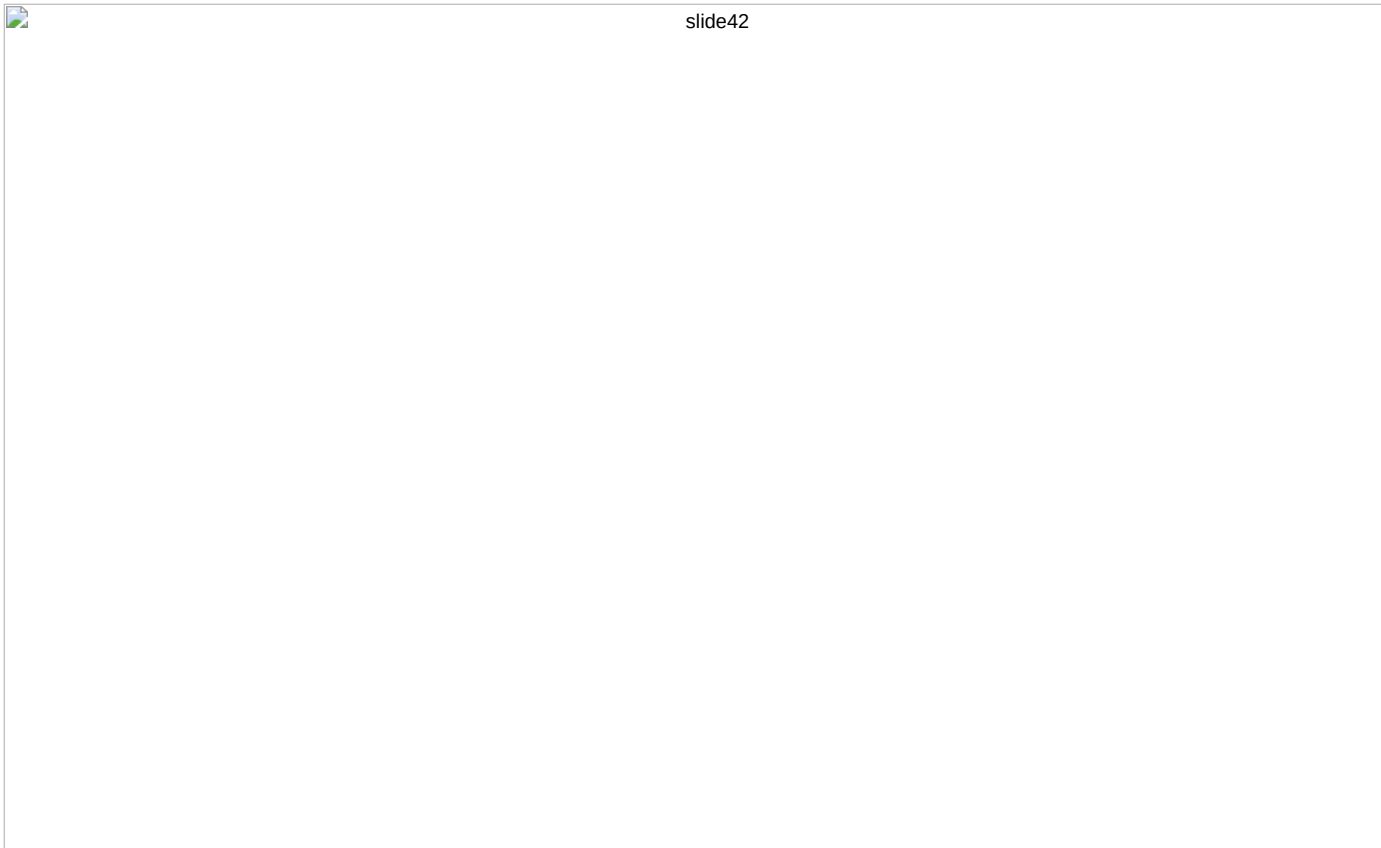




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A-1 CALADRIUS BIOSCIENCES, L		USATA THERAPEUTICS,		2015	2018	INCENTIVE		AS AMENDED	July 15, 2015		
		September 15, 2022		Lisata Therapeutics, Inc. (f/k/a		2015	2018	Incentive	subject to shareholder		
approval at the 2015 annual meeting of shareholders on July 14, 2015											
Restricted		Awards, Restricted Stock Units, Deferred Share Units,		This Plan is not intended to affect and shall not affect any stock							
options, equity-based compensation, or other benefits that the Company or any of its Subsidiaries or affiliates may have provided, or may separately provide in the future, pursuant to any agreement, plan, or program that is independent of this Plan. Notwithstanding the foregoing, effective upon shareholder approval of this Plan: (i) no further awards shall be granted under the Company's Amended and Restated 2009 Equity Compensation Plan, and (ii) there shall be added											
to the reserve of Shares that are authorized for Awards pursuant to Section 3 below any Shares that are both subject to awards under such 2009 plan at the time of shareholder approval of this Plan and not thereafter issued under the											
2009 plan due to a forfeiture, cancellation, or other settlement thereof.											
		the grant of		a Stock Award, a		Unit, a Restricted Stock Units		Unit, Units			
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non-solicitation non-solicitation

Isata Therapeutics, Inc. (f/k/a

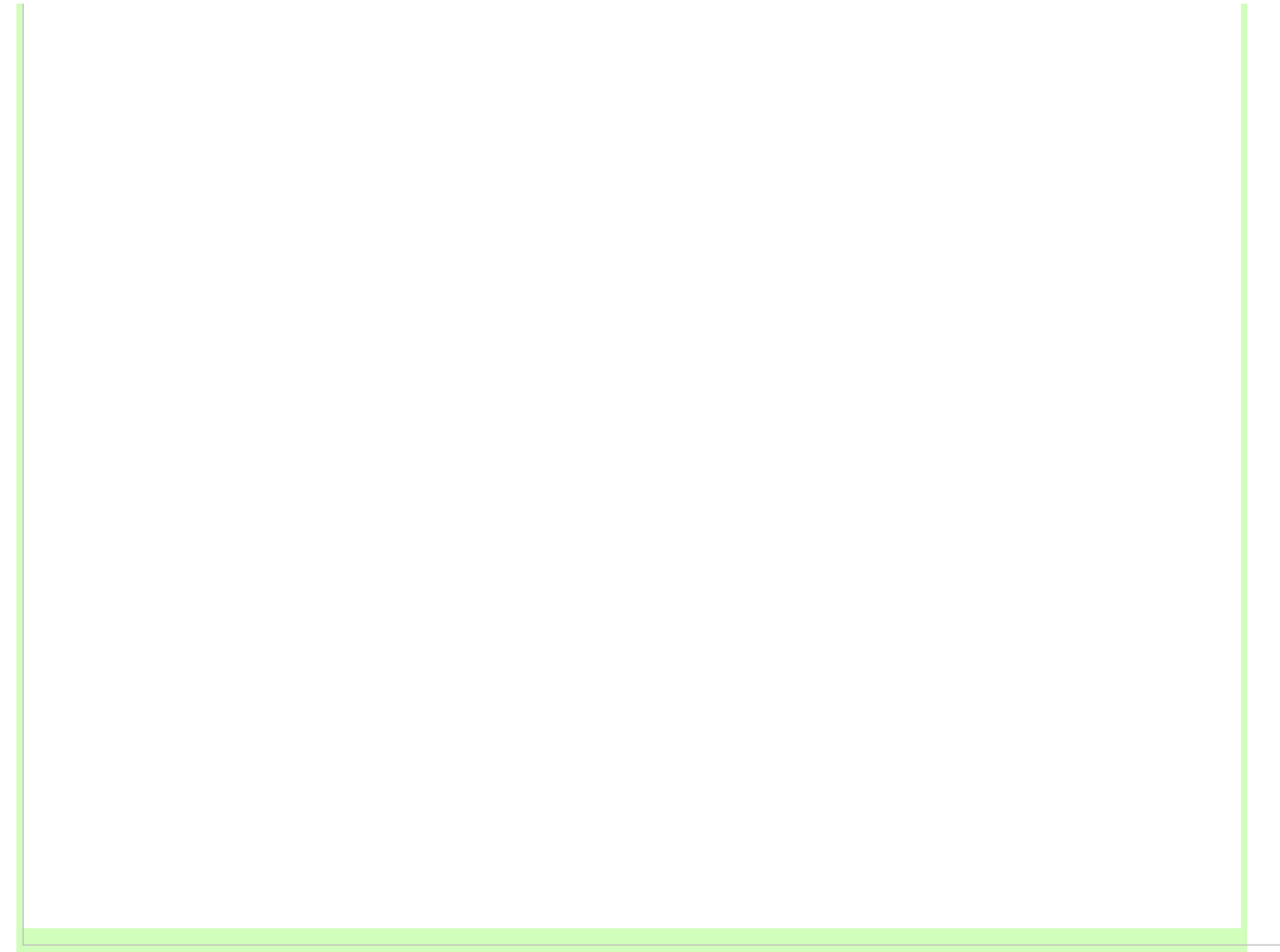
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Amendment #3



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director's director's



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SharesRestricted Stockor awardAwardof the Plan and an Award of

Unrestricted Shares pursuant to Section 13

4,400,000300,000

The foregoing reserve of Shares will automatically increase on January 1st of each year, for ten years, commencing on January 1, 2016, in an amount equal In addition there shall be added, lesser reserve any Shares that are subject to awards under the Company's Amended and Restated 2009 Equity Compensation Plan and 2015 Equity Compensation Plan, as amended, and not thereafter issued under such plan due to a forfeiture, cancellation, or other settlement thereof up to a maximum (i) four percent (4%) 27,126 shares, all the total number of Shares of Common Stock outstanding on December 31st of the preceding calendar year, and (ii) such number of Shares (if any) as the Administrator may earlier designate in writing; provided that the annual increase in the number of Shares Options shall not exceed four percent (4%) of the fixed number of Shares determined under the first sentence of this Section. The Shares issued under the Plan may be authorized but unissued, or reacquired, shares of Common Stock, Options


any other type of

or results in any Shares not being issued even if used to satisfy the exercise price or a tax withholding obligation

under the Plan

involve Awards having a exceed an aggregate grant date market value exceeding

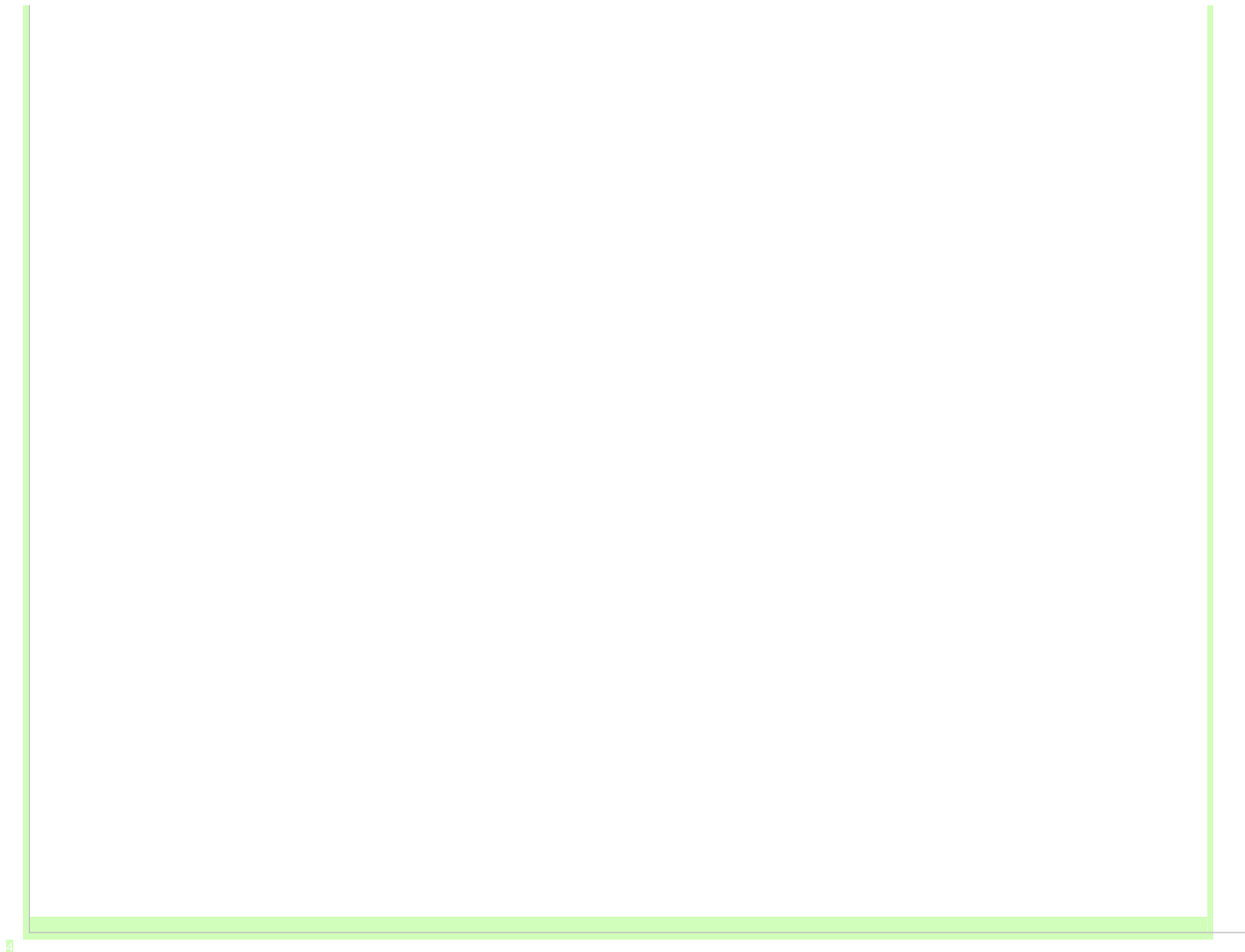
U.S. \$200,000, with such dollar limit being (i) adjusted from time to time to reflect changes in peer group practices, and (ii) applied to the sum of the fair market such Awards of \$60,000, except that Grant Date (as determined in foregoing limitation shall not apply to awards made (i) pursuant to an election by manner consistent with that used for non-Employee compensation for proxy statement disclosure purposes in the year in which to receive occurs) and in lieu of cash for other or a portion of compensation that the non-Employee Director receives fees to be received routine services service during such



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## Unrestricted Shares and/or Stock Appreciation Rights





pursuant to Section 21 below, and to determine associated Performance Goals; (vii) to

establish and administer Performance-based Grants when desired



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withheld, provided that withholding is calculated at the minimum statutory

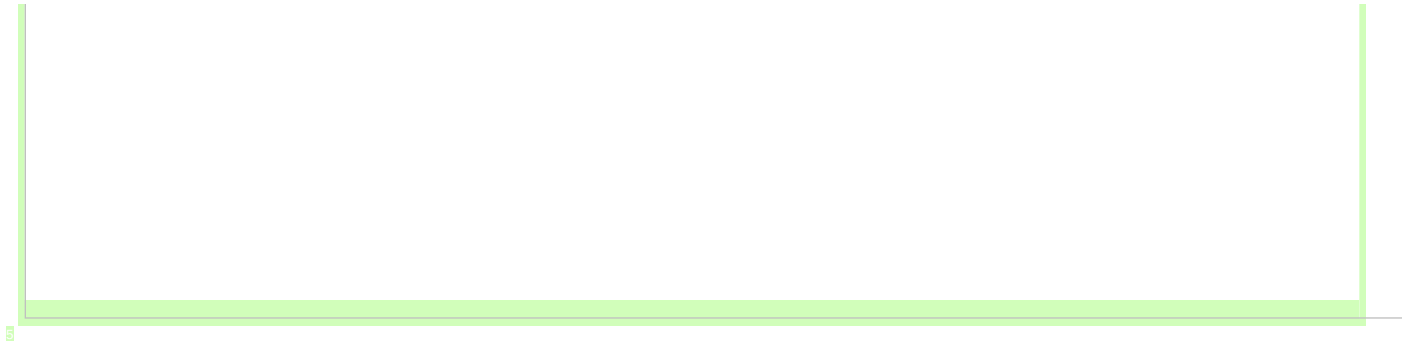








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Awards and Restricted Stock Awards Effect Effect Administrator's Administrator's Administrator's Administrator's  
attorneys attorneys



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Unrestricted Shares



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End

Participant's Participant's

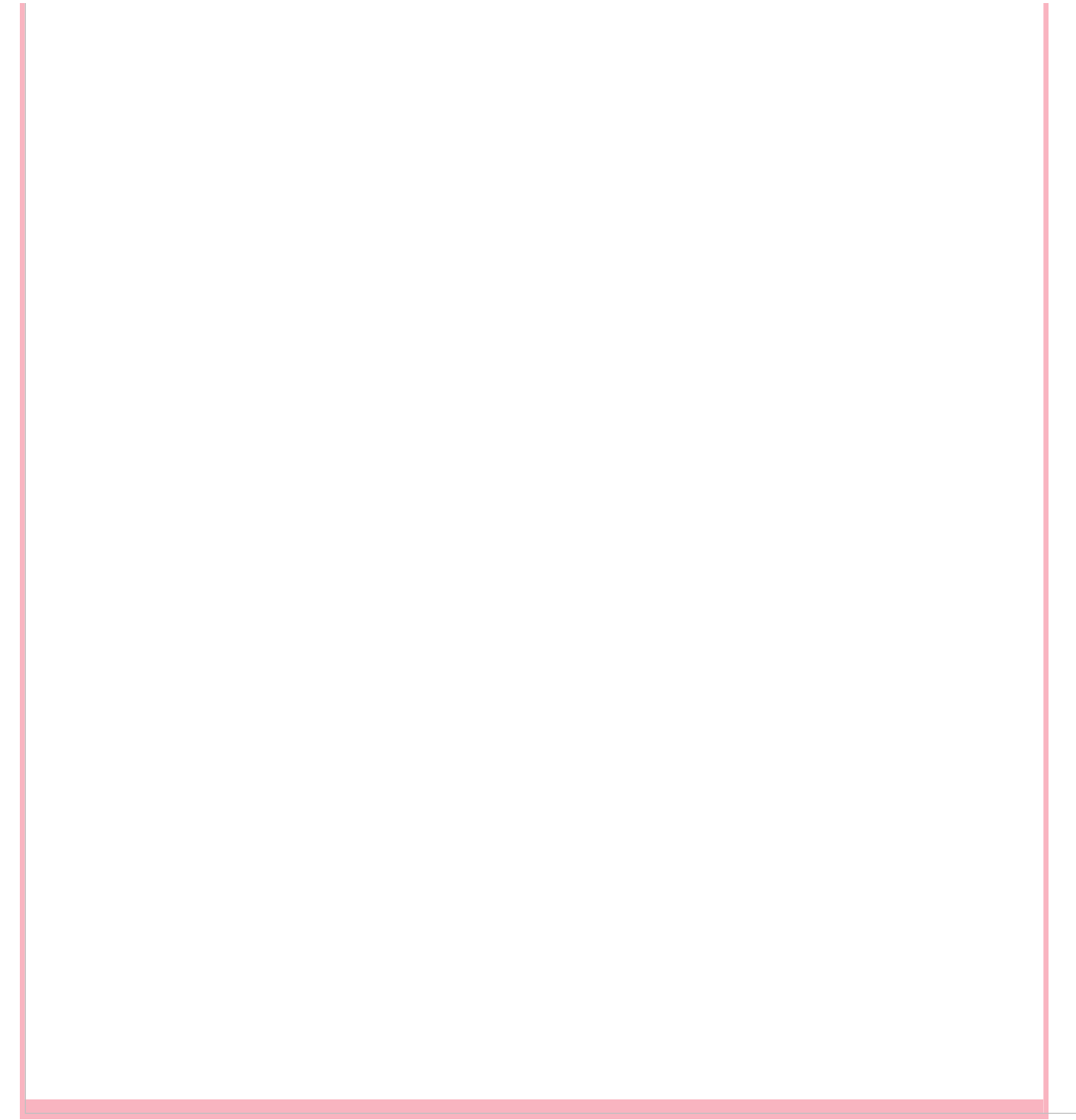
Subject to Section 22 of the The  
years until April 23, 2028

Participant's Participant's  
the Plan shall become effective upon its adoption by the Board. It

Company's Company's  
for a term of ten (10)



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shareowners shareholders

or base



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Optionee's Optionee's

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Optionee's Optionee's



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Optionee's Optionee's



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Optionee's Optionee's

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Plan, or continue any extension of credit with respect to such payment with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act. (g) Non-Exempt Employees. If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any Shares until at least six (6) months following the Grant Date of the Option or Stock Appreciation Right (although the Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or becomes Disabled, or (ii) upon a Change in Control in which such Option or Stock Appreciation Right is not assumed, continued or substituted, the vested portion of any Options and SARs may be exercised earlier than six months following the Grant Date. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or Stock Appreciation Right will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Award will be exempt from the employee's regular rate of pay, the provisions of this Section will apply to all Awards and are hereby incorporated by reference into such applicable Award Agreements. 11. Stock Awards. The Administrator may, in its sole discretion, grant (or sell at par value or such higher purchase price as it determines) Shares to any Service Provider subject to such terms and conditions as the Administrator sets forth in a Stock Award Agreement evidencing such grant. Stock Awards may be granted or sold in respect of past services or other valid consideration or in lieu of any cash compensation otherwise payable to such individual. The grant of Stock Awards under this Section 11 shall be subject to the following provisions:



slide63



A-12 9 (a) At the time a Stock Award under this Section 11 is made, the Administrator shall establish a vesting period (the "Restricted Period") applicable to the Stock Award Shares subject to such Stock Award. The Administrator may, in its sole discretion, at the time a grant is made, prescribe restrictions in addition to the expiration of the Restricted Period, including the satisfaction of corporate or individual performance objectives. None of the Stock Award Shares may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the Restricted Period applicable to such Stock Award Shares or prior to the satisfaction of any other restrictions prescribed by the Administrator with respect to such Stock Award Shares. (b) The Company shall issue, in the name of each Service Provider to whom Stock Award Shares have been granted, stock certificates representing the total number of Stock Award Shares granted to such person, as soon as reasonably practicable after the grant. The Company, at the direction of the Administrator, shall hold such certificates, properly endorsed for transfer, for the Stock Awardee's benefit until such time as the Stock Award Shares are forfeited to the Company, or the restrictions lapse. (c) Unless otherwise provided by the Administrator, holders of Stock Award Shares shall have the right to vote such Shares and cash dividends may accrue with respect to such Shares but shall not be paid prior to the time, and may be paid only to the extent that the Restricted Period applicable to the Stock Award Shares subject to such Stock Award have lapsed or the corporate or individual performance objectives have been achieved. All distributions, if any, received by a Stock Awardee with respect to Stock Award Shares as a result of any stock split, stock distribution, combination of shares, or other similar transaction shall be subject to the restrictions of this Section 11. (d) Unless otherwise provided by the Stock Award Agreement or determined by the Administrator in its sole discretion, any unvested Stock Award Shares granted to a Service Provider pursuant to the Plan shall be forfeited if the Stock Awardee's employment or service with the Company or its Subsidiaries terminates for any reason prior to the expiration or termination of the applicable vesting period and/or the achievement of such other vesting conditions applicable to the Award. (e) Upon the expiration or termination of the Restricted Period and the satisfaction of any other conditions prescribed by the Administrator, the restrictions applicable to the Stock Award Shares shall lapse and, at the Stock Awardee's request, a stock certificate for the number of Stock Award Shares with respect to which the restrictions have lapsed shall be delivered, free of all such restrictions, to the Stock Awardee or his beneficiary or estate, as the case may be. 12. Restricted Stock Units. The Administrator may, in its sole discretion, grant Restricted Stock Units to a Service Provider subject to such terms and conditions as the Administrator sets forth in a Stock Award Agreement evidencing such grant. "Restricted Stock Units" are Awards denominated in units evidencing the right to receive Shares, which may vest over such period of time and/or upon satisfaction of such performance criteria or objectives as is determined by the Administrator at the time of grant and set forth in the applicable Stock Award Agreement, without payment of any amounts by the Stock Awardee thereof (except to the extent required by law). Prior to delivery of Shares with respect to an award of Restricted Stock Units, the Stock Awardee shall have no rights as a shareholder of the Company. Upon satisfaction and/or achievement of the applicable vesting requirements relating to an Award of Restricted Stock Units, the Stock Awardee shall be entitled to receive a number of Shares that are equal to the number of Restricted Stock Units that became vested. To the extent, if any, set forth in the applicable Stock Award Agreement, cash dividend equivalents may be accumulated and paid at the end of, the applicable vesting period or achievement of the performance conditions only to the extent that the Stock Awardee receives the Shares issuable pursuant to the Restricted Stock Units. Unless otherwise provided by the Stock Award Agreement or determined by the Administrator in its sole discretion, any Restricted Stock Units granted to a Service Provider pursuant to the Plan shall be forfeited if the Stock Awardee's employment or service with the Company or its Subsidiaries terminates for any reason prior to the expiration or termination of the applicable vesting period and/or the achievement of such other vesting conditions applicable to the Restricted Stock Units. Notwithstanding the foregoing provisions for the settlement of Restricted Stock Units at the time of vesting, the Administrator may pursuant to Stock Award Agreements permit Stock Awardees who are Directors or members of a select group of management or "highly compensated employees" (within the meaning of ERISA) to irrevocably elect, on a form provided by and acceptable to the Administrator (the "Election Form"), to forego the receipt of cash.



slide64

10 or other compensation (including the Shares deliverable pursuant to any Restricted Stock Unit Award) and in lieu thereof to have the Company credit to an internal Plan account a number of Deferred Share Units having a Fair Market Value equal to the Shares and other compensation deferred. These credits will be made at the end of each calendar year (or other period determined by the Administrator) during which compensation is deferred. A Participant's Election Form will in no event be effective with respect to any compensation that the Participant earns before the date on which the Election Form takes effect. For any Participant who is subject to U.S. income taxation, the Administrator shall only authorize deferral elections under this Section pursuant to written procedures, and using written Election Forms, that satisfy the requirements of Code Section 409A. In all cases, DSUs shall be subject to the following terms and conditions:

(a) Vesting. Unless a Stock Award Agreement expressly provides otherwise, each Participant shall be 100% vested at all times in any Shares subject to DSUs. (b) Issuances of Shares. Unless a Stock Award Agreement expressly provides otherwise, the Company shall settle a Participant's DSUs by delivering one Share for each DSU, in five substantially equal annual installments that are issued before the last day of each of the five calendar years that end after the date on which the Participant's Continuous Service ends for any reason, subject to: (i) the Participant's right to elect a different form of distribution, only on a form provided by and acceptable to the Administrator, that permits the Participant to select any combination of a lump sum and annual installments that are triggered by, and completed within ten years following, the last day of the Participant's Continuous Service; and (ii) the Company's acceptance of the Participant's distribution election form executed at the time the Participant elects to defer the receipt of cash or other compensation pursuant to this Section; provided that the Participant may change a distribution election through any subsequent election that (A) the Participant delivers to the Company at least one year before the date on which distributions are otherwise scheduled to commence pursuant to the Participant's initial distribution election, and (B) defers the commencement of distributions by at least five years from the originally scheduled distribution commencement date. Fractional shares shall not be issued, and instead shall be paid out in cash. (c) Termination of Service. For purposes of this Section, a Participant's employment shall be considered to have terminated only when the Participant incurs a "separation from service" within the meaning of Treasury Regulations Section 1.409A-1(b). A Participant shall be considered to have experienced a Separation from Service when the facts and circumstances indicate that either (i) no further services will be performed for the Company or any of its Subsidiaries or affiliates after a certain date, or (ii) the level of bona fide services the Participant will perform after such date (whether as an Employee, Director or Consultant) are reasonably expected to permanently decrease to no more than 50% of the average level of bona fide services performed by such Participant (whether as an Employee, Director or Consultant) over the immediately preceding 36-month period (or full period of services to the Company and its Subsidiaries and affiliates if the Participant has been providing such services for less than 36 months). 13. Unrestricted Shares. The Administrator may grant Unrestricted Shares in accordance with the following provisions: (a) The Administrator may cause the Company to grant Unrestricted Shares to Service Providers at such time or times, in such amounts and for such reasons as the Administrator, in its sole discretion, shall determine. No payment shall be required for Unrestricted Shares. (b) The Company shall issue, in the name of each Service Provider to whom Unrestricted Shares have been granted, stock certificates representing the total number of Unrestricted Shares granted to such individual, and shall deliver such certificates to such Service Provider as soon as reasonably practicable after the date of grant or on such later date as the Administrator shall determine at the time of grant. 14. Stock Appreciation Rights. A Stock Appreciation Right may be granted by the Administrator either alone, in addition to, or in tandem with other Awards granted under the Plan. Each Stock Appreciation Right granted under the Plan shall be subject to the following terms and conditions: (a) Each Stock Appreciation Right shall relate to such number of Shares as shall be determined by the Administrator.



slide65

11. (b) The date of grant of a Stock Appreciation Right shall be the date specified by the Administrator, provided that that date shall not be before the date on which the Stock Appreciation Right is actually granted and shall not be prior to the date on which the recipient commences providing services as a Service Provider. The term of each Stock Appreciation Right shall be determined by the Administrator, but shall not exceed ten years from the date of grant. Each Stock Appreciation Right shall become exercisable at such time or times and in such amount or amounts during its term as shall be determined by the Administrator. Unless otherwise specified by the Administrator, once a Stock Appreciation Right becomes exercisable, whether in full or in part, it shall remain so exercisable until its expiration, forfeiture, termination or cancellation. Notwithstanding the foregoing, if there is a blackout period under the Company's insider trading policy or Applicable Law (or an Administrator-imposed blackout period) that prohibits the buying or selling of Shares during any part of the ten-day period before the expiration of any Stock Appreciation Right based on the termination of a Participant's employment without Cause, the period for exercising the Stock Appreciation Right shall be extended until the earlier of ten days beyond when such blackout period ends and the expiration date of its original term as set forth in the applicable Grant Agreement. (c) A Stock Appreciation Right may be exercised, in whole or in part, by giving written notice to the Administrator. As soon as practicable after receipt of the written notice, the Company shall deliver to the person exercising the Stock Appreciation Right stock certificates for the Shares to which that person is entitled under Section 14(d) hereof, subject however to prior satisfaction of applicable withholding requirements in accordance with any method consistent with those set forth in Section 10(f) above. (d) A Stock Appreciation Right shall be exercisable for Shares only. The number of Shares issuable upon the exercise of the Stock Appreciation Right shall be determined by dividing: (i) the number of Shares for which the Stock Appreciation Right is exercised multiplied by the amount of the appreciation per Share (for this purpose, the "appreciation per Share" shall be the amount by which the Fair Market Value of a Share on the exercise date exceeds (x) in the case of a Stock Appreciation Right granted in tandem with an Option, the exercise price or (y) in the case of a Stock Appreciation Right granted alone without reference to an Option, the Fair Market Value of a Share on the Award Date of the Stock Appreciation Right); by (ii) the Fair Market Value of a Share on the exercise date. 15. Non-Transferability. Awards other than Unrestricted Shares shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as approved by the Administrator in its discretion and set forth in the applicable Agreement provided that no Award may be transferred by a Participant for value. Notwithstanding the foregoing, an ISO transferred except in compliance with clause (i) above shall no longer qualify as an ISO. If the Administrator makes an Option or Stock Appreciation Right transferable, such Option or Stock Appreciation Right shall contain such additional terms and conditions as the Administrator deems appropriate. Notwithstanding the foregoing, the Administrator, in its sole discretion, may provide in the Grant Agreement regarding a given Option that the Optionee may transfer, without consideration for the transfer, his or her Nonstatutory Stock Options to members of his or her immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Option. 16. Adjustments Upon Changes in Capitalization; Change in Control Provisions. (a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of any Awards, as well as the price per Share covered by each such outstanding Option or Stock Appreciation Right and the share limitations set forth in Section 3, shall be proportionately and equitably adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Award hereunder. Except as expressly provided herein, the issuance by the Company of shares of stock of any class, or securities convertible into



slide66



12 shares of stock of any class, for cash or property, or for labor or services either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into sub-shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares then subject to Awards (or the price of Shares then subject to outstanding Options and Stock Appreciation Rights). (i) Change in Control Provisions. (ii) Benefits. In the event of a Change in Control of the Company (as defined below) and either (i) the failure of the Company's successor to assume a Participant's Awards or (ii) such assumption of Awards followed by the Participant's termination without Cause on or within the one-year period following the Change in Control, then, except as otherwise provided by the Administrator in a Participant's Grant or Stock Award Agreement, the Participant shall be entitled to the following benefits: (a) All outstanding Options and Stock Appreciation Rights of such Participant, if any, granted prior to the Change in Control shall be fully vested and immediately exercisable in their entirety upon such Change in Control (or upon later termination of the Participant's employment without Cause, if applicable). (b) All unvested Stock Awards, performance-based Awards, and other Awards shall become fully vested, including without limitation, the following: (i) the restrictions to which any Stock Award granted prior to the Change in Control are subject shall lapse as if the applicable Restriction Period had ended upon such Change in Control (or upon later termination of the Participant's employment without Cause, if applicable), and the conditions required for vesting of any unvested performance-based Awards shall be deemed to be satisfied, at their maximum performance level, upon such Change in Control (or upon later termination of the Participant's employment without Cause, if applicable). (iii) Change in Control. A "Change in Control" shall mean the occurrence of any of the following: (a) any person (as defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d) and 14(d) thereof), excluding the Company, any subsidiary of the Company and any employee benefit plan sponsored or maintained by the Company or any subsidiary of the Company (including any trustee of any such plan acting in his capacity as trustee), becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing thirty percent (30%) of the total combined voting power of the Company's then outstanding securities; (b) the merger, consolidation or other business combination of the Company (a "Transaction"), other than (A) a Transaction involving only the Company and one or more of its subsidiaries, or (B) a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction continue to have a majority of the voting power in the resulting entity and no person (other than those covered by the exceptions in (1) above) becomes the beneficial owner of securities of the resulting entity representing more than twenty-five percent (25%) of the voting power in the resulting entity; (c) during any period of two (2) consecutive years beginning on or after the date of the approval of this Plan by the shareholders (the "Effective Date"), the persons who were members of the Board immediately before the beginning of such period (the "Incumbent Directors") ceasing (for any reason other than death) to constitute at least a majority of the Board or the board of directors of any successor to the Company, provided that, any director who was not a director as of the Effective Date shall be deemed to be an Incumbent Director if such director was elected to the board of directors by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors either actually or by prior operation of the foregoing unless such election, recommendation or approval occurs as a result of an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act or any successor provision) or other actual or threatened solicitation of proxies or contests by or on behalf of a person other than a member of the Board; or (d) the approval by the shareholders of the Company of any plan of complete liquidation of the Company or an agreement for the sale of all or substantially all of the Company's assets other than the sale of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, at least fifty percent (50%) or more of the combined voting power of the outstanding voting securities of the Company at the time of such sale. 17. Substitute Options. In the event that the Company, directly or indirectly, acquires another entity, the Board may authorize the issuance of stock options ("Substitute Options") to the individuals performing services for



slide67

13. the acquired entity in substitution of stock options previously granted to those individuals in connection with their performance of services for such entity upon such terms and conditions as the Board shall determine, taking into account the conditions of Code Section 424(a), as from time to time amended or superseded, in the case of a Substitute Option that is intended to be an Incentive Stock Option. Shares of capital stock underlying Substitute Stock Options shall not constitute Shares issued pursuant to the Plan for any purpose. 18. Date of Grant. The date of grant of an Award shall be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Participant within a reasonable time after the date of such grant. 19. Amendment and Termination of the Plan. (a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan. (b) Shareholder Approval. The Company shall obtain shareholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws. (c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall materially impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination. 20. Conditions Upon Issuance of Shares. (a) Legal Compliance. Shares shall not be issued in connection with the grant or vesting of any Stock Award or Unrestricted Share or the exercise of any Option or Stock Appreciation Right unless such grant or the exercise of such Option or Stock Appreciation Right and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance. (b) Investment Representations. As a condition to the grant of any Stock Award or the exercise of any Option or Stock Appreciation Right, the Company may require the person receiving such Award or exercising such Option or Stock Appreciation Right to represent and warrant at the time of any such exercise or grant that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required. (c) Additional Conditions. The Administrator shall have the authority to condition the grant of any Award in such other manner that the Administrator determines to be appropriate, provided that such condition is not inconsistent with the terms of the Plan. (d) Trading Policy Restrictions. Option and or Stock Appreciation Right exercises and Shares issued in connection with any Stock Awards under the Plan shall be subject to the terms and conditions of any insider trading policy established by the Company or the Administrator. 21. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained. 22. Withholding; Notice of Sale. The Company shall be entitled to withhold from any amounts payable to an Employee or other Service Provider any amounts which the Company determines, in its discretion, are required to be withheld under any Applicable Law as a result of any action taken by a holder of an Award. Furthermore, prior to the delivery of any Shares in connection with any Award, the Company shall be entitled to require as a condition of delivery that the Participant shall pay or make adequate provision acceptable to the Company for the satisfaction of the statutory minimum prescribed amount of federal and state income tax and other withholding obligations of the Company, including, if permitted by the Administrator, by having the Company withhold from the number of Shares otherwise deliverable in connection with the Award, a number of Shares having a Fair Market Value equal to an amount sufficient to satisfy such tax withholding obligations. 23. Recoupment of Awards.



slide68

14 (a) Unless otherwise specifically provided in a Grant or Stock Award Agreement, and to the extent permitted by Applicable Law, the Administrator may, in its sole and absolute discretion, without obtaining the approval or consent of the Company's shareholders or of any Participant, require that any Participant forfeit or reimburse the Company for all or any portion of any previously-settled Awards granted under this Plan ("Reimbursement"), if and to the extent: (i) the granting, vesting or payment of such Award was predicated upon the achievement of certain financial results that were subsequently the subject of a material financial restatement; (ii) in the Administrator's view the Participant either benefited from a calculation that later proves to be materially inaccurate, or engaged in fraud or misconduct that caused or partially caused the need for a material financial restatement by the Company or any of its Subsidiaries and affiliates; and (iii) a lower granting, vesting, or payment of such Award would have occurred based upon the conduct described in subsection (i) above. In each instance, the Administrator may, to the extent practicable and allowable or required under Applicable Law, require forfeiture or Reimbursement of any such Award granted to a Participant, provided that the Company will not seek forfeiture or Reimbursement of any such Awards that were paid or vested more than three years prior to the first date of the applicable restatement period. (b) Notwithstanding any other provision of this Plan, all Awards will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any securities exchange, trading market or automated quotation system on which the Company's securities are listed, quoted or traded or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, including but not limited to Section 10D of the Exchange Act, or any other Applicable Law. In addition, the Administrator, in its sole and absolute discretion, may impose such other clawback, recovery or recoupment provisions in a Grant or Stock Award Agreement as the Administrator determines is necessary, advisable or appropriate, including but not limited to a reacquisition right in respect of previously acquired Shares or other cash or property upon the occurrence of a termination for Cause and/or violation of any post-employment covenants, including but not limited to ones relating to noncompetition, nonsolicitation, and trade secrets. No recovery or compensation under such a clawback policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company or any of its Subsidiaries or affiliates. 24 Data Privacy. As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section by and among, as applicable, the Company and its Subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing this Plan and Awards and the Participant's participation in this Plan. In furtherance of such implementation, administration, and management, the Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including, but not limited to, the Participant's name, home address, telephone number, date of birth, social insurance or security number or other identification number, salary, nationality, job title(s), information regarding any securities of the Company or any of its Subsidiaries or affiliates, and details of all Awards (the "Personal Data"). In addition to transferring the Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of this Plan and Awards and the Participant's participation in this Plan, the Company and its Subsidiaries and affiliates may each transfer the Personal Data to any third parties assisting the Company in the implementation, administration and management of this Plan and Awards and the Participant's participation in this Plan. Recipients of the Personal Data may be located in the Participant's country or elsewhere, and the Participant's country and any given recipient's country may have different data privacy laws and protections. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of assisting the Company in the implementation, administration and management of this Plan and Awards and the Participant's participation in this Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of capital stock of the Company. The Personal Data related to a Participant will be held only as long as is necessary to implement, administer and manage this Plan and Awards and the Participant's



slide69

15 consents herein in writing, in any case without cost, by contacting the Participant's local human resources representative. The Company may cancel the Participant's eligibility to participate in this Plan, and in the Administrator's sole and absolute discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative. 25. Relationship to other Benefits. No Award, Share issuance, or other payment pursuant to this Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any of its Subsidiaries except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder. 26. Section 409A. If a Participant is a "specified employee" as defined in Section 409A of the Code (and as applied according to procedures of the Company) as of his or her "separation from service" within the meaning of Treasury Regulations Section 1.409A-1(h) to the extent any payment under this Plan or pursuant to the grant of Restricted Stock Units or DSUs constitutes deferred compensation (after taking into account any applicable exemptions from Section 409A of the Code), and to the extent required by Section 409A of the Code, no payments due under this Plan or pursuant to such Award may be made until the earlier of: (i) the first day of the seventh month following the Participant's separation from service, or (ii) the Participant's date of death; provided, however, that any payments delayed during this six-month period shall be paid in the aggregate in a lump sum, without interest, on the first day of the seventh month following the Participant's separation from service. The Administrator shall administer the Plan with a view toward ensuring that all Restricted Stock Units and DSUs issued under the Plan that are subject to Section 409A of the Code comply with the requirements thereof and that Options and Stock Appreciation Rights under the Plan be exempt from the requirements of Section 409A of the Code, but neither the Administrator nor any member of the Board, nor the Company nor any other person acting hereunder on behalf of the Company, the Administrator or the Board shall be liable to a Participant by reason of the acceleration of any income, or the imposition of any additional tax or penalty, with respect to an Award, whether by reason of a failure to satisfy the requirements of Section 409A of the Code or otherwise. 27. Governing Law. This Plan shall be governed by the laws of the State of Delaware, without regard to conflict of law principles.



slide70

1. LISATA BIOSCIENCES, INC. 2018 EQUITY INCENTIVE COMPENSATION PLAN, AS AMENDED Effective as of June 14, 2023 1. Purposes of the Plan. The purposes of this Lisata Therapeutics, Inc. (f/k/a Caladrius Biosciences, Inc.) 2018 Equity Incentive Compensation Plan (the "Plan") are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to Employees, Directors and Consultants, and to promote the success of the Company and any Parent or Subsidiary. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Restricted Stock, Restricted Stock Units, Deferred Share Units, Unrestricted Shares and Stock Appreciation Rights may also be granted under the Plan. 2. Definitions. As used herein, the following definitions shall apply: "Administrator" means a Committee which has been delegated the responsibility of administering the Plan in accordance with Section 4 of the Plan or, if there is no such Committee, the Board. "Applicable Laws" means the requirements relating to the administration of equity compensation plans under the applicable corporate and securities laws of any of the states in the United States, U.S. federal securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan. "Award" means the grant of an Option, Restricted Stock, Restricted Stock Units, Deferred Share Units, a Stock Appreciation Right and/or the grant of Unrestricted Shares. "Board" means the Board of Directors of the Company. "Cause", with respect to any Service Provider, means (unless otherwise determined by the Administrator) such Service Provider's (i) conviction of, or plea of nolo contendere to, a felony or crime involving moral turpitude; (ii) fraud on or misappropriation of any funds or property of the Company; (iii) personal dishonesty, willful misconduct, willful violation of any law, rule or regulation (other than minor traffic violations or similar offenses) or breach of fiduciary duty which involves personal profit; (iv) willful misconduct in connection with the Service Provider's duties; (v) chronic use of alcohol, drugs or other similar substances which affects the Service Provider's work performance; or (vi) material breach of any provision of any employment non-disclosure, non-competition, non-solicitation or other similar agreement executed by the Service Provider for the benefit of the Company, all as reasonably determined by the Administrator, which determination will be conclusive. Notwithstanding the foregoing, if a Service Provider and the Company (or any of its Subsidiaries or affiliates) have entered into an employment agreement, consulting agreement, advisory agreement or other similar agreement that specifically defines "cause," then with respect to such Service Provider, "Cause" shall have the meaning defined in that employment agreement, consulting agreement, advisory agreement or other agreement. "Code" means the Internal Revenue Code of 1986, as amended. "Committee" means a committee of Directors appointed by the Board in accordance with Section 4 of the Plan. "Common Stock" means the common stock, par value \$.001 per share, of the Company. "Company" means Lisata Therapeutics, Inc. (f/k/a Caladrius Biosciences, Inc.), a Delaware corporation. "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity, other than an Employee or a Director. "Deferred Share Unit" (or "DSU") has the meaning set forth in Section 12 of the Plan. Amendment #4



slide71

2. "Director" means a member of the Board. "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code. "Employee" means any person, including officers and Directors, serving as an employee of the Company or any Parent or Subsidiary. An individual shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary or any successor. For purposes of an Option initially granted as an Incentive Stock Option, if a leave of absence of more than three months precludes such Option from being treated as an Incentive Stock Option under the Code, such Option thereafter shall be treated as a Nonstatutory Stock Option for purposes of this Plan. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company. "Exchange Act" means the Securities Exchange Act of 1934, as amended. "Fair Market Value" means, as of any date, the value of Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange or a national market system, including without limitation the NYSE Amex, Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, or any successor to any of them, the Fair Market Value of a Share of Common Stock shall be the closing sales price of a Share of Common Stock as quoted on such exchange or system for such date (or the most recent trading day preceding such date if there were no trades on such date), as reported in The Wall Street Journal or such other source as the Administrator deems reliable, including without limitation, Yahoo! Finance; (ii) if the Common Stock is regularly quoted by a recognized securities dealer but is not listed in the manner contemplated by clause (i) above, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock for such date (or the most recent trading day preceding such date if there were no trades on such date), as reported in The Wall Street Journal or such other source as the Administrator deems reliable, including without limitation Yahoo! Finance; or (iii) if neither clause (i) above nor clause (ii) above applies, the Fair Market Value shall be determined in good faith by the Administrator based on the reasonable application of a reasonable valuation method. "Grant Agreement" means an agreement between the Company and a Participant evidencing the terms and conditions of an individual Option or Stock Appreciation Right grant. Each Grant Agreement shall be subject to the terms and conditions of the Plan. "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder. "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option. "Notice of Grant" means a written or electronic notice evidencing certain terms and conditions of an individual Option grant, Stock Award grant or grant of Unrestricted Shares or Stock Appreciation Rights. The Notice of Grant applicable to Awards shall be part of the Grant Agreement or Stock Award Agreement, as applicable. "Option" means a stock option granted pursuant to the Plan. "Optioned Stock" means the Common Stock subject to an Option. "Optionee" means the holder of an outstanding Option granted under the Plan. "Parent" means a "parent corporation" of the Company (or, for purposes of Section 16(b) of the Plan, a successor to the Company), whether now or hereafter existing, as defined in Section 424(e) of the Code. "Participant" shall mean any Service Provider who holds an Option, Restricted Stock, a Restricted Stock Units, Deferred Share Units, Unrestricted Shares or a Stock Appreciation Right granted or issued pursuant to the Plan. "Restricted Stock" means an Award of Shares pursuant to Section 11 of the Plan.



slide72





(including Deferred Share Units) pursuant to Section 12 of the Plan and an Award of Unrestricted Shares pursuant to Section 13 of the Plan. "Stock Award Agreement" means an agreement, approved by the Administrator, providing the terms and conditions of a Stock Award. "Stock Award Shares" means Shares subject to a Stock Award. "Stock Awardee" means the holder of an outstanding Stock Award granted under the Plan. "Subsidiary" means a "subsidiary corporation" of the Company (or, for purposes of Section 16(b) of the Plan, a successor to the Company), whether now or hereafter existing, as defined in Section 424(f) of the Code. "Unrestricted Shares" means a grant of Shares made on an unrestricted basis pursuant to Section 13 of the Plan. 3. Stock Subject to the Plan. Subject to adjustment pursuant to the provisions of Section 16(a) of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 1,300,000 Shares, all of which may be issued in respect of Incentive Stock Options. In addition there shall be added to the reserve any Shares that are subject to awards under the Company's Amended and Restated 2006 Equity Compensation Plan and 2015 Equity Compensation Plan, as amended, and not thereafter issued under such plan due to a forfeiture, cancellation, or other settlement thereof up to a maximum of 27,126 shares, all of which may be issued in respect of Incentive Stock Options. The maximum number of Shares subject to Options and Stock Appreciation Rights which may be issued to any Participant under the Plan during the term of the Plan is fifty percent (50%) of the number of Shares determined from time to time pursuant to the first sentence of this Section. If an Option or Stock Appreciation Right expires or becomes unexercisable without having been exercised in full or is canceled or terminated, or if any Shares of Restricted Stock or Shares underlying any other type of Stock Award are forfeited or reacquired by the Company or results in any Shares not being issued even if used to satisfy the exercise price or a tax withholding obligation, the Shares that were subject thereto shall be added back to the Shares available for issuance under the Plan. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan. Notwithstanding anything to the contrary herein, the maximum number of Shares that may be subject to Awards granted to any non-Employee Director in any calendar year under the Plan shall not exceed an aggregate grant date fair value of \$60,000, except that the foregoing limitation shall not apply to awards made (i) pursuant to an election by a non-Employee Director to receive the Award in lieu of cash for all or a portion of cash fees to be received for service on the Board or any Committee thereof or (ii) in connection with a non-Employee Director initially joining the Board. 4. Administration of the Plan. (a) Appointment. The Plan shall be administered by a Committee to be appointed by the Board, which Committee shall consist of not less than two members of the Board and shall be comprised solely of members of the Board who qualify as both non-employee directors as defined in Rule 16b-3(b)(3) of the Exchange Act. The Board shall have the power to add or remove members of the Committee, from time to time, and to fill vacancies thereon arising by resignation, death, removal, or otherwise. Meetings shall be held at such times and places as shall be determined by the Committee. A majority of the members



slide73

4 of the Committee shall constitute a quorum for the transaction of business, and the vote of a majority of those members present at any meeting shall decide any question brought before that meeting; (b) Powers of the Administrator. The Administrator shall have the authority, in its discretion: (i) to determine the Fair Market Value of Shares; (ii) to select the Service Providers to whom Awards may be granted hereunder; (iii) to determine the number of shares of Common Stock to be covered by each Award granted hereunder; (iv) to approve forms of agreement for use under the Plan, including but not limited to Grant Agreements and Stock Award Agreements; (v) to determine the terms and conditions, not inconsistent with the terms of the Plan or of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options and Stock Appreciation Rights may be exercised (which may be based on performance criteria), any vesting, acceleration or waiver of forfeiture provisions, and any restriction or limitation regarding any Option, Stock Appreciation Right or Stock Award, or the Shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine; (vi) to construe and interpret the terms of the Plan, Awards granted pursuant to the Plan and agreements entered into pursuant to the Plan; (vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws. Without limiting the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding the conversion of local currency, taxes, withholding procedures, escrow accounts, sub-plans, and handling of stock certificates, making of book entries, and/or settlement of Awards in cash in lieu of Shares, in all of the foregoing instances in ways that may vary with the customs and requirements of Applicable Laws and other considerations of particular countries or jurisdictions thereof; (viii) to modify or amend each Award (subject to Section 19(c) of the Plan) in any manner that would be allowed for a new Award under the Plan, including the discretionary authority to accelerate the vesting of any Stock Award, to extend, subject to the terms of the Plan, the post-termination exercisability period of Options or Stock Appreciation Rights longer than is otherwise provided for in a Grant Agreement, and to accelerate the time at which any outstanding Option or Stock Appreciation Right may be exercised; provided, however, that, except as approved by the Company's stockholders, for any period during which the Company is subject to the reporting requirements of the Exchange Act, the Administrator may not cancel an outstanding Option or SAR whose exercise price is greater than Fair Market Value at the time of cancellation for the purpose of reissuing the Option or SAR to the Participant at a lower exercise price, granting a replacement award of a different type, or otherwise allowing for a "repricing" within the meaning of either the federal securities laws applicable to proxy statement disclosures or other applicable governance standards; (ix) to allow grantees to satisfy withholding tax obligations by having the Company withhold from the Shares to be issued upon exercise of an Option or Stock Appreciation Right, upon vesting of a Stock Award or upon the grant of Unrestricted Shares that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All determinations to have Shares withheld for this purpose shall be made by the Administrator in its discretion; (x) to reduce the exercise price of any Option or Stock Appreciation Right, provided such reduction receives shareholder approval in accordance with Applicable Law.



slide74

5 (xi) to authorize any person to execute on behalf of the Company any agreement entered into pursuant to the Plan and any instrument required to effect the grant of an Award previously granted by the Administrator; (xii) to correct any defect, omission or inconsistency in this Plan or any Grant or Stock Award Agreement, in the manner and to the extent deemed necessary or expedient to make this Plan or an Award fully effective; (xiii) to settle all controversies regarding this Plan and Awards granted hereunder; (xiv) to the extent consistent with the purposes of this Plan and without amending this Plan, to cancel or waive the Company's rights with respect to any Awards, to adjust or to modify Grant and/or Stock Award Agreements for changes in Applicable Laws, and to recognize differences in foreign law, tax policies or customs; (xv) to require, as a condition precedent to the grant, vesting, exercise, settlement and/or issuance of Shares pursuant to any Award, that a Participant agree to execute a general release of claims (in any form that the Administrator may require, in its sole and absolute discretion, which form may include any other provisions, e.g., confidentiality and restrictions on competition, that are found in general claims release agreements that the Company utilizes or expects to utilize); (xvi) in the event that the Company establishes, for itself or through using the services of a third party, an automated system for the documentation, granting, settlement, or exercise of Awards, such as a system using an Internet website or interactive voice response, to implement paperless documentation, granting, settlement, or exercise of Awards by Participants, to permit or to unilaterally require the future use of such an automated system (for all Awards, whenever granted); and (xvii) to make all other determinations deemed necessary or advisable for administering the Plan. (c) Action by Administrator. Unless otherwise established by the Board or in any charter of the Committee or the Administrator, or by the terms of this Plan, a majority of the members of the Administrator shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by an officer or other Employee of the Company or any of its Subsidiaries affiliates, the Company's independent certified public accountants or independent registered public accounting firm, or any executive compensation Consultant or other professional retained by the Administrator or the Company to assist in the administration of this Plan. Effect (d) of Administrator's Decision. The Administrator's decisions, determinations findings of fact, and interpretations shall be final and binding on all holders of Awards. The validity of any such decisions, determinations, findings of fact, or interpretations shall not be given de novo review if challenged in court, by arbitration or in any other forum, and shall be upheld unless clearly and convincingly shown to have been made in bad faith or materially affected by fraud. None of the Board, the Committee or the Administrator, nor any member or delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and each of the foregoing shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including without limitation reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors' and officers' liability insurance coverage which may be in effect from time to time. (e) Delegation of Grant Authority. Notwithstanding any other provision in the Plan, the Board may, to the full extent allowable under Applicable Laws, authorize the Company's Chief Executive Officer or another executive officer of the Company or a committee of such officers ("Authorized Officers") to grant Awards under the



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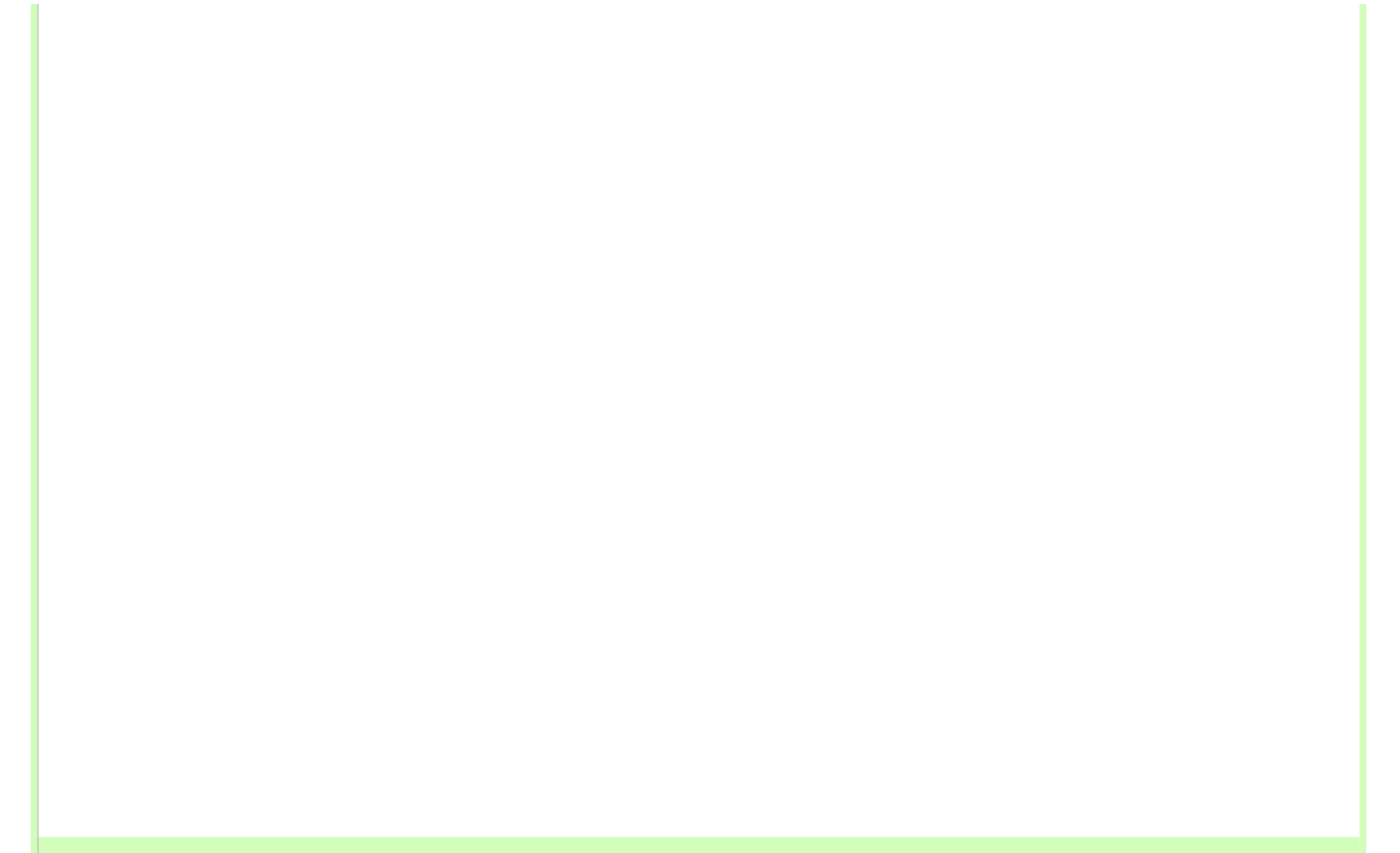
6 Plan; provided, however, that in no event shall the Authorized Officers be permitted to grant Awards to (i) any Director, (ii) any person who is identified by the Company as an executive officer of the Company or who is subject to the restrictions imposed under Section 16 of the Exchange Act, (iii) any person who is not an employee of the Company or any Subsidiary, or (iv) such other person or persons as may be designated from time to time by the Board. If such authority is provided by the Board, the Board shall establish and adopt written guidelines setting forth the maximum number of shares for which the Authorized Officers may grant Awards to any individual during a specified period of time and such other terms and conditions as the Board deems appropriate for such grants. Such guidelines may be amended by the Board prospectively at any time. Subject to the foregoing, the Authorized Officers shall have the same authority as the Administrator under this Section 4 with respect to the grant of Awards under the Plan. (f) Claims Limitations Period. Any Participant who believes he or she is being denied any benefit or right under this Plan or under any Award may file a written claim with the Administrator. Any claim must be delivered to the Administrator (care of the Company's President and Chief Financial Officer) within forty-five (45) days of the specific event giving rise to the claim. Untimely claims will not be processed and shall be deemed denied. The Administrator, or its designee, will notify the Participant of its decision in writing as soon as administratively practicable. Claims not responded to by the Administrator in writing within one hundred and twenty (120) days of the date the written claim is delivered to the Administrator shall be deemed denied. No lawsuit relating to this Plan or any Award(s) may be filed before a written claim is filed with the Administrator and is denied or deemed denied, and any lawsuit must be filed within one year of such denial or deemed denial or be forever barred. (g) Expenses. The expenses of administering this Plan (including the settlement of Awards) shall be borne by the Company. 5. Eligibility. Nonstatutory Stock Options, Stock Awards and Stock Appreciation Rights may be granted to Service Providers. Incentive Stock Options may be granted only to Employees. Notwithstanding anything contained herein to the contrary, an Award may be granted to a person who is not then a Service Provider; provided, however, that the grant of such Award shall be conditioned upon such person becoming a

Service Provider at or prior to the time of the execution of the agreement evidencing such Award. 6. Limitations. (a) Each Option shall be designated in the Grant Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, if a single Employee becomes eligible in any given year to exercise Incentive Stock Options for Shares having a Fair Market Value in excess of \$100,000, those Options representing the excess shall be treated as Nonstatutory Stock Options. In the previous sentence, "Incentive Stock Options" include Incentive Stock Options granted under any plan of the Company or any Parent or any Subsidiary. For the purpose of deciding which Options apply to Shares that "exceed" the \$100,000 limit, Incentive Stock Options shall be taken into account in the same order as granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted. (b) Neither the Plan nor any Award nor any agreement entered into pursuant to the Plan shall confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor shall they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause. 7. Term of the Plan. The Plan shall continue in effect until April 23, 2028 unless terminated earlier under Section 19 of the Plan. 8. Term of Options. Unless otherwise provided in the applicable Grant Agreement, the term of each Option granted to anyone other than a Consultant shall be ten (10) years from the date of grant and the term of each Option granted to any Consultant shall be three (3) years from the date of grant. In the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the applicable Grant Agreement. However, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, owns, directly or indirectly, stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the



slide76





8 decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised. (b) Termination of Relationship as a Service Provider. Unless otherwise specified in the Grant Agreement or provided by the Administrator, if an Optionee ceases to be a Service Provider, other than as a result of (x) the Optionee's death or Disability, or (y) termination of such Optionee's employment or relationship with the Company with Cause, the Optionee may exercise his or her Option for up to ninety (90) days following the date on which the Optionee ceases to be a Service Provider to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Grant Agreement). If, on the date that the Optionee ceases to be a Service Provider, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after the date that the Optionee ceases to be a Service Provider the Optionee does not exercise his or her Option in full within the time set forth herein or the Grant Agreement, as applicable, the unexercised portion of the Option shall terminate, and the Shares covered by such unexercised portion of the Option shall revert to the Plan. Notwithstanding the foregoing, if there is a blackout period under the Company's insider trading policy or Applicable Law (or an Administrator-imposed blackout period) that prohibits the buying or selling of Shares during any part of the ten-day period before the expiration of any Option based on the termination of a Participant's employment for any reason other than Cause, the period for exercising the Option shall be extended until the earlier of ten days beyond when such blackout period ends and the expiration date of its original term as set forth in the applicable Grant Agreement. An Optionee who changes his or her status as a Service Provider (e.g., from being an Employee to being a Consultant) shall not be deemed to have ceased being a Service Provider for purposes of this Section 10(b), nor shall a transfer of employment among the Company and any Subsidiary be considered a termination of employment; however, if an Optionee holding Incentive Stock Options ceases being an Employee but continues as a Service Provider, such Incentive Stock Options shall be deemed to be Nonstatutory Stock Options three months after the date of such cessation. (c) Disability of an Optionee. Unless otherwise specified in the Grant Agreement, if an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option, to the extent the Option is vested on the date that the Optionee ceases to be a Service Provider, up until the one-year anniversary of the date on which the Optionee ceases to be a Service Provider (but in no event later than the expiration of the term of such Option as set forth in the Grant Agreement). If, on the date that the Optionee ceases to be a Service Provider, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after the Optionee ceases to be a Service Provider, the Optionee does not exercise his or her Option in full within the time set forth herein or the Grant Agreement, as applicable, the unexercised portion of the Option shall terminate, and the Shares covered by such unexercised portion of the Option shall revert to the Plan. (d) Death of an Optionee. Unless otherwise specified in the Grant Agreement, if an Optionee dies while a Service Provider, the Option may be exercised, to the extent that the Option is vested on the date of death, by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance up until the one-year anniversary of the Optionee's death (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If the Option is not so exercised in full within the time set forth herein or the Grant Agreement, as applicable, the unexercised portion of the Option shall terminate, and the Shares covered by the unexercised portion of such Option shall revert to the Plan. (e) Termination for Cause or Voluntary Termination. If a Service Provider's relationship with the Company is terminated for Cause (or the Service Provider resigns or is terminated at a time when the Company had Cause for such termination), then, unless otherwise provided in such Service Provider's Grant Agreement or by the Administrator, such Service Provider shall have no right to exercise any of such Service Provider's Options at any time on or after the effective date of such termination. (f) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the



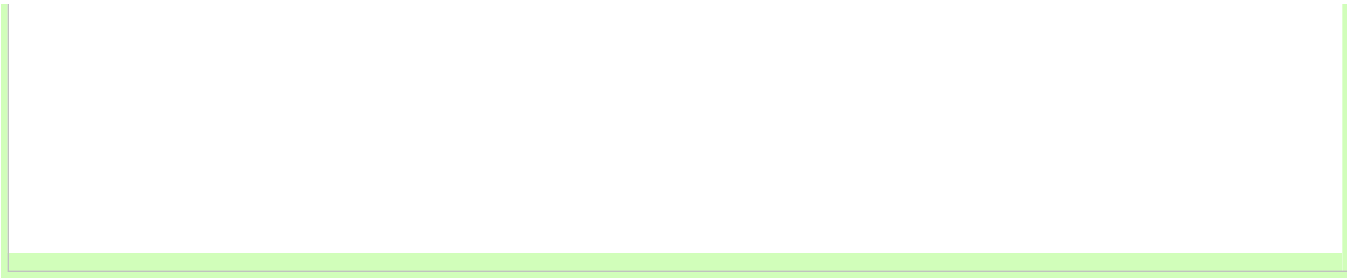
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9 Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (i) cash; (ii) check; (iii) other Shares which (A) in the case of Shares acquired upon exercise of an option at a time when the Company is subject to Section 16(b) of the Exchange Act, have been owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised; (iv) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan; (v) a reduction in the number of Shares otherwise issuable by a number of Shares having a Fair Market Value equal to the exercise price of the Option being exercised; (vi) any combination of the foregoing methods of payment; or (vii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws. Notwithstanding any other provision of this Plan to the contrary, no Participant who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under this





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Awardee's Awardee's

have the right to receive any

may

accrue

Shares. Shares but shall not be paid prior to the time, and may be paid only to the extent that the Restricted Period applicable to the Stock Award Shares subject to such Stock Award have lapsed or the corporate or individual performance objectives have been achieved.

Awardee's Awardee's

or



slide13



A-13

Awardee's Awardee's

Restricted Stock Units, as determined by or achievement of Administrator performance conditions only to the extent that the Stock Awardee receives the Shares issuable pursuant to the paid during, or may be  
Awardee's Awardee's  
award Restricted Stock Units.  
Administrator Administrator  
deferred share units ("DSUs") Deferred Share Units



slide80



11 (c) (b)



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A-14

Section. Section.

(d) (c)

Date (i.e., the

grant grant

Stock Appreciation Right is actually

Award



A-15 Stock Appreciation Right is actually granted. The Award Date of a Stock Appreciation Right **1.2** granted and

Agreement Agreement.

Unless determined otherwise Awards other than Unrestricted Shares shall not be transferable Administrator, an Option or  
Stock Appreciation Right may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner Participant (i) and distribution Distribution (i) as approved by the  
Administrator in its discretion set forth in the applicable Agreement provided that no Award exercised, during transferred by a Participant for value. Notwithstanding lifetime of the Optionee, only by the Optionee, foregoing  
an ISO transferred except in compliance with clause (i) above shall no longer qualify as an ISO.

During the period when Shares of Restricted Stock and Stock Award Shares  
are restricted (by virtue of vesting schedules or otherwise), such Shares may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution.



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A-16

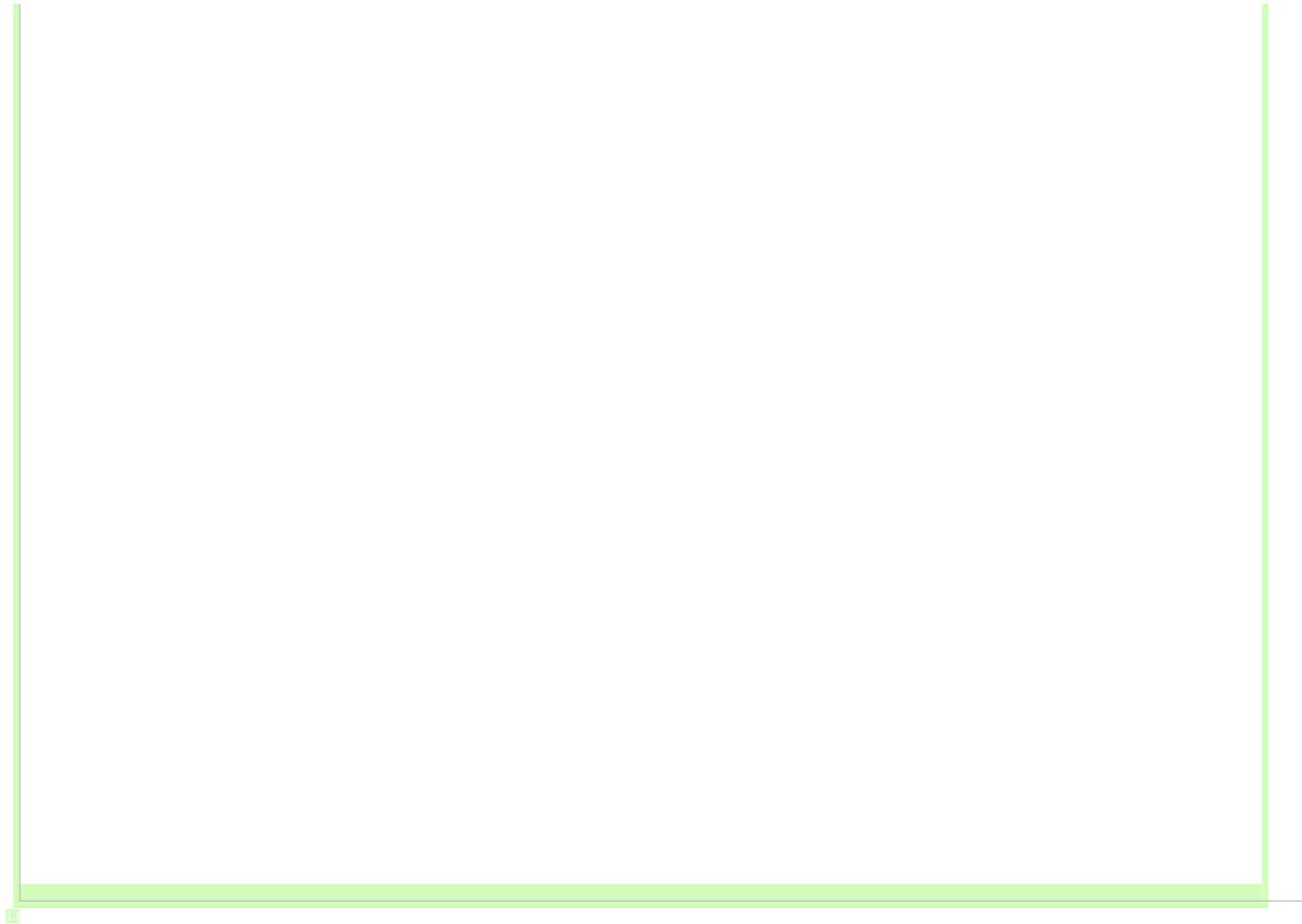
the number of Shares of Restricted Stock outstanding

and the share limitations set forth in Section 3.



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sub-shares sub-shares

(b) (1)

(b) (1)

(1) (a)

(2) (b)

(b)

(b) (1)

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A-17

Company's Company's

(2) (b)

(3) (c)

Amended and Restated

(i.e., October 5, 2012)



slide83



Option, Stock Appreciation Right, Stock

Option, Stock Appreciation Right, Stock  
or Unrestricted Share

or Unrestricted Share

grantee Participant



slide18

A-18

Administrator's Administrator's

grantee Participant

grantee Participant

or vesting

or Unrestricted Share



slide84

15

other Shares issued in connection with any Stock

Performance Goals. The Administrator, in its discretion, shall in the case of Awards (including, in particular, Awards other than Options and Stock Appreciation Rights) intended to qualify for an exception from the limitation imposed by Section 162(m) of the Code ("Performance-Based Grants") (i) establish one or more performance goals ("Performance Goals") as a precondition to the issuance or vesting of Awards, and (ii) provide, in connection with the establishment of the Performance Goals, for predetermined Awards to those Participants (who continue to meet all applicable eligibility requirements) with respect to whom the applicable Performance Goals are satisfied. The Performance Goals shall be based upon the criteria set forth in Exhibit A hereto which is hereby incorporated herein by reference as though set forth in full. The Performance Goals shall be established in a timely fashion such that they are considered preestablished for purposes of the rules governing performance-based compensation under Section 162(m) of the Code. Prior to the grant (or vesting, if applicable) of a Stock Award intended to qualify for an exception from the limitation imposed by Section 162(m) of the Code, the Administrator shall have (i) certified that any applicable Performance Goals, and other material terms



slide19

A-19 of the Stock Award, have been satisfied, and (ii) determined, for Such Stock Awards made after the first shareholder meeting that occurs in the year 2020, that the material terms of the Performance Goals have been disclosed to and reapproved by the Company's shareholders no later than the date of such meeting. In determining the actual size of an individual Award based on a Performance-based Grant, the associated Award Agreement may authorize the Administrator to reduce or eliminate the amount of the Award earned through the use of "Negative Discretion" (as defined herein) if, in its sole judgment, such reduction or elimination is appropriate. Performance Goals which do not satisfy the foregoing provisions of this Section 21 may be established by the Administrator with respect to Awards not intended to qualify for an exception from the limitations imposed by Section 162(m) of the Code. For purposes of this Section, "Negative Discretion" means the discretion of the Administrator to eliminate or reduce the size of an Award, provided that the exercise of such discretion would not cause the Performance Compensation Award to fail to qualify as "performance-based compensation" under Code Section 162(m). By way of example and not by way of limitation, in no event shall any discretionary authority granted to the Administrator by the Plan including, but not limited to, Negative Discretion, be used to grant or provide payment in respect of a Performance-based Grant if the applicable Performance Goals have not been attained. In no event shall Negative Discretion be exercised by the Administrator with respect to any Option or SAR, unless the associated Grant Agreement expressly provides for such. 22

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23. Shareholder Approval. The Plan shall be subject to approval by the shareholders of the Company within twelve (12) months after the date the Plan is adopted. Such shareholder approval shall be obtained in the manner and to the degree required under Applicable Laws. Notwithstanding any provision in the Plan to the contrary, any exercise of an Option or Stock Appreciation Right granted before the Company has obtained shareholder approval of the Plan in accordance with this Section 23 shall be conditioned upon obtaining such shareholder approval of the Plan in accordance with this Section 23. 24. 22

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28. 26. Section 409A. If a Participant is a "specified employee" as defined in Section 409A of the Code (and as applied according to procedures of the Company) as of his or her "separation from service" within the meaning of Treasury Regulations Section 1.409A-1(h) to the extent any payment under this Plan or pursuant to the grant of Restricted Stock Units or DSUs constitutes deferred compensation (after taking into account any applicable exemptions from Section 409A of the Code), and to the extent required by Section 409A of the Code, no payments due under this Plan or pursuant to such Award may be made until the earlier of: (i) the first day of the seventh month following the Participant's separation from service, or (ii) the Participant's date of death; provided, however, that any payments delayed during this six-month period shall be paid in the aggregate in a lump sum, without interest, on the first day of the seventh month following the Participant's separation from service. The Administrator shall administer the Plan with a view toward ensuring that all Restricted Stock Units and DSUs issued under the Plan that are subject to Section 409A of the Code comply with the requirements thereof and that Options and Stock Appreciation Rights under the Plan be exempt from the requirements of Section 409A of the Code, but neither the Administrator nor any member of the Board, nor the Company nor any other person acting hereunder on behalf of the Company, the Administrator or the Board shall be liable to a Participant by reason of the acceleration of any income, or the imposition of any additional tax or penalty, with respect to an Award, whether by reason of a failure to satisfy the requirements of Section 409A of the Code or otherwise. 27.



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A-22 EXHIBIT A PERFORMANCE CRITERIA Performance Based Grants intended to qualify as "performance based" compensation under Section 162(m) of the Code, may be payable upon the attainment of objective performance goals that are established by the Administrator and relate to one or more Performance Criteria, in each case on specified date or over any period, up to 10 years, as determined by the Administrator. Performance Criteria may be based on the achievement of the specified levels of performance under one or more of the measures set out below relative to the performance of one or more other corporations or indices. "Performance Criteria" means the following business criteria (or any combination thereof) with respect to one or more of the Company, any Subsidiary or any division or operating unit thereof: • pre-tax income, • after-tax income, • net income (meaning net income as reflected in the Company's financial reports for the applicable period, on an aggregate, diluted and/or per share basis, or economic net income), • operating income or profit, • cash flow, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital, • earnings per share (basic or diluted), • return on equity, • returns on sales or revenues, • return on invested capital or assets (gross or net), • cash, funds or earnings available for distribution, • appreciation in the fair market value of the Common Stock, • operating expenses, • implementation or completion of critical projects or processes, • return on investment, • total return to shareholders (meaning the aggregate Common Stock price appreciation and dividends paid (assuming full reinvestment of dividends) during the applicable period), • net earnings growth, • stock appreciation (meaning an increase in the price or value of the Common Stock after the date of grant of an Award and during the applicable period), • related return ratios, • increase in revenues, • net earnings, • changes (or the absence of changes) in the per share or aggregate market price of the Company's Common Stock, • number of securities sold, • earnings before or after any one or more of the following items: interest, taxes, depreciation or amortization, as reflected in the Company's financial reports for the applicable period, • total revenue growth (meaning the increase in total revenues after the date of grant of an Award and during the applicable period, as reflected in the Company's financial reports for the applicable period), • economic value created, • operating margin or profit margin, • Share price or total shareholder return, • cost targets, reductions and savings, productivity and efficiencies, • strategic business criteria, consisting of one or more objectives based on meeting objectively determinable specified market penetration, geographic business expansion, investor satisfaction



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A-23 employee satisfaction, human resources management, supervision of litigation, information technology, and goals relating to acquisitions, divestitures, joint ventures and similar transactions, and budget comparisons, • objectively determinable personal professional objectives, including any of the foregoing performance goals, the implementation of policies and plans, the negotiation of transactions, the development of long term business goals, formation of joint ventures, research or development collaborations, and the completion of other corporate transactions, and • any combination of, or a specified increase or improvement in, any of the foregoing. Where applicable, the Performance Goals may be expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Company, a Subsidiary or affiliate or a division or strategic business unit of the Company, or may be applied to the performance of the Company relative to a market index, a group of other companies or a combination thereof, all as determined by the Administrator. The Performance Goals may include a threshold level of performance below which no payment shall be made (or no vesting shall occur), levels of performance at which specified payments shall be made (or specified vesting shall occur), and a maximum level of performance above which no additional payment shall be made (or at which full vesting shall occur). Except as otherwise expressly provided in a Grant or Stock Award Agreement, all financial terms are used as defined under Generally Accepted Accounting Principles ("GAAP") and all determinations shall be made in accordance with GAAP, as applied by the Company in the preparation of its periodic reports to shareholders. To the extent permitted by Section 162(m) of the Code, unless the Administrator provides otherwise at the time of establishing the performance goals, for each fiscal year of the Company, the Administrator shall make equitable adjustments to the

Performance Goals in recognition of unusual or non-recurring events affecting the Company or any Subsidiary or affiliate or the financial statements of the Company or any Subsidiary or affiliate and shall provide for objectively determinable adjustments, as determined in accordance with GAAP, to any of the Performance Criteria described above for one or more of the items of gain, loss, profit or expense: (A) determined to be extraordinary or unusual in nature or infrequent in occurrence, (B) related to the disposal of a segment of a business, (C) related to a change in accounting principle under GAAP or a change in applicable laws or regulations, (D) related to discontinued operations that do not qualify as a segment of a business under GAAP, and (E) attributable to the business operations of any entity acquired by the Company during the fiscal year. LEGAL US E # 114463178.6

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the foregoing, if a Service Provider and the Company (or any of its Affiliates) have entered into an employment agreement, consulting agreement, advisory agreement or other similar agreement that specifically defines "cause," then with respect to such Service Provider, "Cause" shall have the meaning defined in that employment agreement, consulting agreement, advisory agreement or other agreement. 2.2

2.3 [the Compensation Committee of the Board of Directors, or such other Directors] members of the Board in accordance with authorized under 4 of 14 to administer Plan and to perform the functions assigned to the Committee under the 2.4 \$0.001 \$,001 per share 2.5 Neostem Caladrius Biosciences.

2.6 "Compensation" means, for any pay period, the gross cash compensation payable to an Employee for such period, including base salary, commissions, bonuses and incentive payments, but excluding severance and non-cash compensation. Any pre-tax contributions made to Delaware corporation, Consultant, Company 401(k) plan or "cafeteria plan" pursuant to Section 125 of the Code shall be treated as Compensation for purposes of the Plan. 2.7 "Designated Subsidiary" person, including an advisor, engaged Subsidiary that has been designated Company or a Parent or Subsidiary Board from time render services time in its sole discretion as eligible such entity, other than an Employee or a Director. "Director" means a member of participate in Board. "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code. Plan 2.8

person, including officers and Directors, serving as individual who is Company Employer; provided, however, Employees who have been employed less than ninety days by the Employer, Employees whose customary employment with the Employer is twenty (20) hours less per week, and Employees whose customary employment with the Employer is for not more than five (5) months in Parent or Subsidiary. An individual calendar year cease to an Employee in deemed Employees for case purposes (i) any EXHIBIT 10.5



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this Plan. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other [redacted] Company Employer. Where the period of leave exceeds 90 days and the individual's right to reemployment is not guaranteed either by statute (i) transfers between locations by contract, the employment relationship shall be deemed to have terminated on the 91st day [redacted] such leave. 2.9 "Employer" means [redacted] or between the Company, its Parent, and [redacted] Subsidiary or any successor. For purposes of an Option initially granted as an Incentive Stock Option, if a leave of absence of more than three months precludes such Option from being treated as an Incentive Stock Option under the Code, such Option thereafter shall be treated as a Nonstatutory Stock Option for purposes of this Plan. Neither service as a Director nor payment of a Director's fee by the Company shall be sufficient to constitute "employment" by the Company. "Exchange Act" Designated Subsidiary. 2.9 "Enrollment Date" Securities Exchange Act first Trading Day 1934, as amended, each Offering Period. 2.10 "Exercise Date" means the last Trading Day of each Offering Period. 2.11 (i) If the principal market for [redacted] listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, The NASDAQ Global Market, Amex, Nasdaq National, MKT or another national securities exchange (an "Exchange"), then the "Fair [redacted] or The Nasdaq SmallCap Market Value" as [redacted] The Nasdaq Stock Market, or any successor to any of them, that date shall be [redacted] Fair Market Value closing price [redacted] Share share [redacted] Common Stock on the Exchange on such date or, if no closing price is reported on such date, the closing price of a share of Common Stock on the nearest preceding date on which the Exchange is open for trading. 2.11.2 If the principal market for the Common Stock is not an Exchange, but the Common Stock is traded on an over-the-counter, bulletin board or comparable service, then the "Fair Market Value" as of that date shall be the closing price of a share of Common Stock for such day as reported by such service, or if no closing price is reported on such date, the closing price of a share of Common Stock on the nearest preceding date on which trades occurred. 2.11.3 If paragraphs 2.11.1 and 2.11.2 above are inapplicable, then the "Fair Market Value" of the [redacted] the closing sales price of a Share of Common Stock [redacted] quoted on such exchange or system for such date (or the most recent trading day preceding such date if there were no trades on such date), as reported in The Wall Street Journal or such other source as the Committee deems reliable, including without limitation, Yahoo! Finance; (ii) if the Common Stock is regularly quoted by a recognized securities dealer but is not listed in the manner contemplated by clause (i) above, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock for such date (or the most recent trading day preceding such date if there were no trades on such date), as reported in The Wall Street Journal or such other source as the Committee deems reliable, including without limitation Yahoo! Finance; or A-2




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(ii) if neither clause (i) above nor clause (ii) above applies, the Fair Market Value shall be Administrator based Committee. 2.12 "Highly Compensated Employee" has the same meaning as the term is used in Section 414(o) of the Code. 2.13 "Offering Periods" means the period of approximately six (6) months during which an Option shall be granted and may be exercised pursuant to the Plan, commencing reasonable application first

Trading Day on or after January 1st and July 1st, a reasonable valuation method. "Grant Agreement" each year and terminating on the last Trading Day before the commencement of the next Offering Period. Subject to the approval of the Plan by the stockholders of the Company, the first Offering Period shall commence on January 1, 2017 and continue until June 30, 2017. The duration and timing of Offering Periods may be changed pursuant to Section 4 of this Plan.

2.15 "Option" agreement between Option to purchase shares of Common Stock under Company and a Participant evidencing the terms and conditions of an individual Option or Stock Appreciation Right grant. Each Grant Agreement shall be subject to the terms and conditions Plan, as set forth in Section 7 "Incentive Stock Option" 2.16 "Participant" Option intended to qualify as an incentive stock option within the meaning of Section 422 eligible employee who becomes a participant Code and the regulations promulgated thereunder. "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option. "Notice of Grant" means a written or electronic notice evidencing certain terms and conditions of an individual Option grant, Stock Award grant or grant of Unrestricted Shares or Stock Appreciation Rights. The Notice of Grant applicable to Stock Options or Stock Appreciation Rights shall be part of the Grant Agreement. "Option" means a stock option granted pursuant to the Plan. "Optioned Stock" means the Common Stock subject to an Option. "Optionee" means the holder of an outstanding Option granted under the Plan. "Parent" means a "parent corporation" of the Company (or, for purposes of Section 16(b) of the a successor to the Company), whether now or hereafter existing, as defined in Section 424(e) of the Code. "Participant" shall mean any Service Provider who holds an Option, Restricted Stock, a Stock Award, Unrestricted Shares or a Stock Appreciation Right granted or issued pursuant to the Plan. "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to such Rule 16b-3, as such rule is in effect when discretion is being exercised with respect to the Plan. "Section 16(b)" means Section 16(b) of the Exchange Act. "Service Provider" means an Employee, Director or Consultant. "Share" means a share of the Common Stock, as adjusted 16 5.2 "Stock Appreciation Right" 2.14 "Plan" a right awarded pursuant to Section 14 of the this Caladrius Biosciences, Inc. 2017 Employee Stock Purchase "Stock Award" 2.15 "Purchase Price" for each Offering Period an Award of Shares pursuant to Section 11 of the Plan or an award of Restricted Stock Units pursuant to Section 12 of the Plan. "Stock Award Agreement" means an agreement, approved by the Administrator, providing the terms and conditions of a Stock Award. A-3



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"Stock Award Shares" means Shares subject to a Stock Award. "Stock Awardee" means the holder of an outstanding Stock Award granted under the Plan. "Subsidiary" means a "subsidiary corporation" of the Company (or, for purposes of Section 16(b) of the Plan, a successor to the Company), whether now or hereafter existing, as defined in Section 424(i) of the Code. "Unrestricted Shares" means a grant of Shares made on an unrestricted basis pursuant to Section 13 of the Plan. 3. Stock Subject to the Plan. Subject to the provisions of Section 16(a) of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 8,995,000 Shares, all of which may be issued in respect of Incentive Stock Options. The Shares may be authorized but unissued, or reacquired, shares of Common Stock. The maximum number of Shares subject to Options and Stock Appreciation Rights which may be issued to any Participant under the Plan during any calendar year is 400,000 Shares. If an Option or Stock Appreciation Right expires or becomes unexercisable without having been exercised in full or is canceled or terminated, or if any Shares of Restricted Stock or Shares underlying a Stock Award are forfeited or reacquired by the Company, the Shares that were subject thereto shall be added back to the Shares available for issuance under the Plan. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan. All options and awards granted or awarded under the non-U.S. Plan on or prior to the Merger Date shall be treated as having been granted or awarded under this Plan for purposes of determining the number of Shares available for issuance under this Plan in accordance with this Section 3. 4. Administration of the Plan. (a) Appointment. The Plan shall be administered by a Committee to be appointed by the Board, which Committee shall consist of not less than two members of the Board and shall be comprised solely of members of the Board who qualify as both non-employee directors as defined in Rule 16b-3(b)(3) of the Exchange Act and outside directors within the meaning of Department of Treasury Regulations issued under Section 162(m) of the Code. The Board shall have the power to add or remove members of the Committee, from time to time, and to fill vacancies thereon arising by resignation, death, removal, or otherwise. Meetings shall be held at such times and places as shall be determined by the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the vote of a majority of those members present at any meeting shall decide any question brought before that meeting. (b) Powers of the Administrator. The Administrator shall have the authority, in its discretion: (i) to determine the Fair Market Value of Shares; (ii) to select the Service Providers to whom Options, Stock Awards, Unrestricted Shares and/or Stock Appreciation Rights may be granted hereunder; (iii) to determine the number of shares of Common Stock to be covered by each Award granted hereunder; A-4



slide5

(iv) to approve forms of agreement for use under the Plan; (v) to determine the terms and conditions, not inconsistent with the terms of the Plan or of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options and Stock Appreciation Rights may be exercised (which may be based on performance criteria), any vesting, acceleration or waiver of forfeiture provisions, and any restriction or limitation regarding any Option, Stock Appreciation Right or Stock Award, or the Shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine; (vi) to construe and interpret the terms of the Plan, Awards granted pursuant to the Plan and agreements entered into pursuant to the Plan; (vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws; (viii) to modify or amend each Award (subject to Section 19(c) of the Plan), including the discretionary authority to extend, subject to the terms of the Plan, the post-termination exercisability period of Options or Stock Appreciation Rights longer than is otherwise provided for in a Grant Agreement and to accelerate the time at which any outstanding Option or Stock Appreciation Right may be exercised; (ix) to allow grantees to satisfy withholding tax obligations by having the Company withhold from the Shares to be issued upon exercise of an Option or Stock Appreciation Right, upon vesting of a Stock Award, or upon the grant of Unrestricted Shares that number of Shares having a Fair Market Value equal to the amount required to be withheld, provided that withholding is calculated at the minimum statutory withholding level. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All determinations to have Shares withheld for this purpose shall be made by the Administrator in its discretion; (x) to reduce the exercise price of any Option or Stock Appreciation Right; (xi) to authorize any person to execute on behalf of the Company any agreement entered into pursuant to the Plan and any instrument required to effect the grant of an Award previously granted by the Administrator; and (xii) to make all other determinations deemed necessary or advisable for administering the Plan. (c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations shall be final and binding on all holders of Awards and Restricted Stock. None of the Board, the Committee or the Administrator, nor any member or delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and each of the foregoing shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including without limitation reasonable A-5



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attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors' and officers' liability insurance coverage which may be in effect from time to time. (d) Delegation of Grant Authority. Notwithstanding any other provision in the Plan, the Board may authorize the Company's Chief Executive Officer or another executive officer of the Company or a committee of such officers ("Authorized Officers") to grant Options under the Plan; provided, however, that in no event shall the Authorized Officers be permitted to grant Options to (i) any Director, (ii) any person who is identified by the Company as an executive officer of the Company or who is subject to the restrictions imposed under Section 16 of the Exchange Act, (iii) any person who is not an employee of the Company or any Subsidiary, or (iv) such other person or persons as may be designated from time to time by the Board. If such authority is provided by the Board, the Board shall establish and adopt written guidelines setting forth the maximum number of shares for which the Authorized Officers may grant Options to any individual during a specified period of time and such other terms and conditions as the Board deems appropriate for such grants. Such guidelines may be amended by the Board prospectively at any time. Subject to the foregoing, the Authorized Officers shall have the same authority as the Administrator under this Section 4 with respect to the grant of Options under the Plan. 5. Eligibility. Nonstatutory Stock Options, Stock Awards, Unrestricted Shares and Stock Appreciation Rights may be granted to Service Providers. Incentive Stock Options may be granted only to Employees. Notwithstanding anything contained herein to the contrary, an Award may be granted to a person who is not then a Service Provider; provided, however, that the grant of such Award shall be conditioned upon such person becoming a Service Provider at or prior to the time of the execution of the agreement evidencing such Award. 6. Limitations. (a) Each Option shall be designated in the Grant Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, if a single Employee becomes eligible in any given year to exercise Incentive Stock Options for Shares having a Fair Market Value in excess of \$100,000, those Options representing the excess shall be treated as Nonstatutory Stock Options. In the previous sentence, "Incentive Stock Options" include Incentive Stock Options granted under any plan of the Company or any Parent or any Subsidiary. For the purpose of deciding which Options apply to Shares that "exceed" the \$100,000 limit, Incentive Stock Options shall be taken into account in the same order as granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted. (b) Neither the Plan nor any Award nor any agreement entered into pursuant to the Plan shall confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor shall they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause. 7. Term of the Plan. Subject to Section 22 of the Plan, the Plan shall become effective upon its adoption by the Board. It shall continue in effect for a term of ten (10) years unless terminated earlier under Section 19 of the Plan. 8. Term of Options. Unless otherwise provided in the applicable Grant Agreement, the term of each Option granted to anyone other than a Consultant shall be ten (10) years from the date of grant and the term of each Option granted to any Consultant shall be five (5) years from the date of grant. In the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the applicable Grant Agreement. However, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, A-6



owns, directly or indirectly, stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the applicable Grant Agreement. 9. Option Exercise Price; Exercisability. (a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator, subject to the following: (i) In the case of an Incentive Stock Option (A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant, or (B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant. (ii) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be determined by the Administrator; provided, however, that in the case of a Nonstatutory Stock Option intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, the per Share exercise price of a Nonstatutory Stock Option shall be no less than 100% of the Fair Market Value per Share on the date of grant, as determined by the Administrator in good faith. (iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than 100% (or 110% if clause (i)(A) above applies) of the Fair Market Value per Share on the date of grant pursuant to a merger or other comparable corporate transaction. (b) Exercise Period and Conditions. At the time that an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions that must be satisfied before the Option may be exercised. (c) Reload Options. The Administrator may grant Options with a reload feature. A reload feature shall only apply when the option price is paid by delivery of Common Stock (as set forth in Section 10(f)) or by having the Company reduce the number of shares otherwise issuable to an Optionee (as provided for in Section 10(f)) (a "Net Exercise"). The Grant Agreement for the Options containing the reload feature shall provide that the Option holder shall receive, contemporaneously with the payment of the exercise price in shares of Common Stock or in the event of a Net Exercise, a reload stock option (the "Reload Option") to purchase that number of shares of Common Stock equal to the sum of (i) the number of shares of Common Stock used to exercise the Option (or not issued in the case of a Net Exercise), and (ii) with respect to Nonstatutory Stock Options, the number of shares of Common Stock used to satisfy any tax withholding requirement incident to the exercise of such Nonstatutory Stock Option. The terms of the Plan applicable to the Option shall be equally applicable to the Reload Option with the following exceptions: (i) the exercise price per share of Common Stock deliverable upon the A-7



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exercise of the Reload Option, (A) in the case of a Reload Option which is an Incentive Stock Option being granted to a 10% Stockholder, shall be one hundred ten percent (110%) 85% date Enrollment Date grant of the Reload Option, and (B) in the case of a Reload Option which is an Incentive Stock Option being granted to a person other than a 10% Stockholder such Offering Period Is a Nonstatutory Stock Option, shall be the Fair Market Value of a share of Common Stock date Exercise Date grant of such Offering Period, whichever is lower; provided, however, that Reload Option; and (ii) the term of the Reload Option shall Purchase Price may equal to the remaining option term of the Option (including a Reload Option) which gave rise to the Reload Option. The Reload Option shall be evidenced by an appropriate amendment to the Grant Agreement for the Option which gave rise to the Reload Option. In the event the exercise price of an Option containing a reload feature is paid by check and not in shares of Common Stock, the reload feature shall have no application with respect to such exercise. 10. Exercise of Options; Consideration. (a) Procedure for Exercise; Rights as a Shareholder. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined adjusted Administrator and set forth in the Grant Agreement. Unless the Administrator provides otherwise, vesting of Options granted hereunder shall be tolled during any unpaid leave of absence. An Option may not be exercised for a fraction of a Share. An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Grant Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Grant Agreement and Section 10(f) of the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 16 of the Plan. Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised. (b) Termination of Relationship as a Service Provider. Unless otherwise specified in the Grant Agreement or provided by the Administrator, if an Optionee ceases to be a Service Provider, other than as a result of (x) the Optionee's death or Disability, or (y) termination of such Optionee's employment or relationship with the Company with Cause, or (z) the Optionee's voluntary termination of employment other than as a result of retirement, the Optionee may exercise his or her Option for up to ninety (90) days following the date on which the Optionee ceases to be a Service Provider to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Grant Agreement). If, on the date that the Optionee ceases to be a Service Provider, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after the date that the Optionee ceases to be a Service Provider the Optionee does not exercise his or her Option in full within the time set forth herein or the Grant Agreement, as applicable, the unexercised portion of the Option shall terminate, and the Shares covered by such unexercised portion of the Option shall revert to the Plan. An Optionee who changes his or her status as a Service Provider (e.g., from being an Employee to being a Consultant) shall not be deemed to have ceased being a Service Provider for purposes of this Section 10(b), nor shall a transfer of employment among the Company and any Subsidiary be considered a termination of employment; however, if an Optionee holding Incentive Stock Options ceases being an Employee but continues as a A-8



slide9

Service Provider, such Incentive Stock Options shall be deemed to be Nonstatutory Stock Options three months after the date of such cessation. (c) Disability of an Optionee. Unless otherwise specified in the Grant Agreement, if an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option, to the extent the Option is vested on the date that the Optionee ceases to be a Service Provider, up until the one-year anniversary of the date on which the Optionee ceases to be a Service Provider (but in no event later than the expiration of the term of such Option as set forth in the Grant Agreement). If, on the date that the Optionee ceases to be a Service Provider, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after the Optionee ceases to be a Service Provider, the Optionee does not exercise his or her Option in full within the time set forth herein or the Grant Agreement, as applicable, the unexercised portion of the Option shall terminate, and the Shares covered by such unexercised portion of the Option shall revert to the Plan. (d) Death of an Optionee. Unless otherwise specified in the Grant Agreement, if an Optionee dies while a Service Provider, the Option may be exercised, to the extent that the Option is vested on the date of death, by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance up until the one-year anniversary of the Optionee's death (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If the Option is not so exercised in full within the time set forth herein or the Grant Agreement, as applicable, the unexercised portion of the Option shall terminate, and the Shares covered by the unexercised portion of such Option shall revert to the Plan. (e) Termination for Cause or Voluntary Termination. If a Service Provider's relationship with the Company is terminated for Cause, or if a Service Provider voluntarily terminates his or her relationship with the Company other than as a result of retirement, then, unless otherwise provided in such Service Provider's Grant Agreement or by the Administrator, such Service Provider shall have no right to exercise any of such Service Provider's Options at any time on or after the effective date of such termination. (f) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (i) cash; (ii) check; (iii) other Shares which (A) in the case of Shares acquired upon exercise of an option at a time when the Company is subject [Board pursuant](#) 16(b) of the Exchange Act, have been owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised; (iv) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan; A-9



slide10

(v) a reduction in the number of Shares otherwise issuable by a number of Shares having a Fair Market Value equal to the exercise price of the Option being exercised; (vi) any combination of the foregoing methods of payment; or (vii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws. 11. Stock Awards. The Administrator may, in its sole discretion, grant (or sell at par value or such higher purchase price as it determines) Shares to any Service Provider subject to such terms and conditions as the Administrator sets forth in a Stock Award Agreement evidencing such grant. Stock Awards may be granted or sold in respect of past services or other valid consideration or in lieu of any cash compensation otherwise payable to such individual. The grant of Stock Awards under this Section 11 shall be subject to the following provisions: (a) At the time a Stock Award under this Section 11 is made, the Administrator shall establish a vesting period (the "Restricted Period") applicable to the Stock Award Shares subject to such Stock Award. The Administrator may, in its sole discretion, at the time a grant is made, prescribe restrictions in addition to the expiration of the Restricted Period, including the satisfaction of corporate or individual performance objectives. None of the Stock Award Shares may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the Restricted Period applicable to such Stock Award Shares or prior to the satisfaction of any other restrictions prescribed by the Administrator with respect to such Stock Award Shares. (b)

The Company shall issue, in the name of each Service Provider to whom Stock Award Shares have been granted, stock certificates representing the total number of Stock Award Shares granted to such person, as soon as reasonably practicable after the grant. The Company, at the direction of the Administrator, shall hold such certificates, properly endorsed for transfer, for the Stock Awardee's benefit until such time as the Stock Award Shares are forfeited to the Company, or the restrictions lapse. (c) Unless otherwise provided by the Administrator, holders of Stock Award Shares shall have the right to vote such Shares and have the right to receive any cash dividends with respect to such Shares. All distributions, if any, received by a Stock Awardee with respect to Stock Award Shares as a result of any stock split, stock distribution, combination of shares, or other similar transaction shall be subject to the restrictions of this Section 11. (d) Any Stock Award Shares granted to a Service Provider pursuant to the Plan shall be forfeited if the Stock Awardee voluntarily terminates employment with the Company or its subsidiaries or resigns or voluntarily terminates his consultancy or advisory arrangement or directorship with the Company or its subsidiaries, or if the Stock Awardee's employment or the consultant's or advisor's consultancy or advisory arrangement or directorship is terminated for Cause in each case prior to the expiration or termination of the applicable Restricted Period and the satisfaction of any other conditions applicable to such Stock Award Shares. Upon such forfeiture, the Stock Award Shares that are forfeited shall be retained in the treasury of the Company and be available for subsequent awards under the Plan. If the Stock Awardee's employment, consultancy or advisory arrangement or directorship terminates for any other reason prior to the expiration or termination of the applicable Restricted Period and the satisfaction of any other conditions applicable to such Stock Award Shares, the Stock Award Shares held by such person shall be forfeited, unless the Administrator, in its sole discretion, shall determine otherwise. A-10



slide11

(e) Upon the expiration or termination of the Restricted Period and the satisfaction of any other conditions prescribed by the Committee, the restrictions applicable to the Stock Award Shares shall lapse and, at the Stock Awardee's request, a stock certificate for the number of Stock Award Shares with respect to which the restrictions have lapsed shall be delivered, free of all such restrictions, to the Stock Awardee or his beneficiary or estate, as the case may be. (f) Prior to the delivery of any shares of Common Stock in connection with a Stock Award under this Section 11, the Company shall be entitled to require as a condition of delivery that the Stock Awardee shall pay or make adequate provision acceptable to the Company for the satisfaction of the statutory minimum prescribed amount of federal and state income tax and other withholding obligations of the Company, including, if permitted by the Administrator, by having the Company withhold from 20.2.16 "Reserves" means otherwise deliverable in connection with a Stock Award, a number of shares of Common Stock having a Fair Market Value equal to an amount sufficient to satisfy such tax withholding obligations. 12. Restricted Stock Units. The Committee may, in its sole discretion, grant Restricted Stock Units to a Service Provider subject to such terms covered by each Option under the



slide3





shall be paid or credited with respect to payroll deductions or any amounts accumulated in or credited to a Participant's Account. 6.3 A Participant may discontinue his or her participation in the Plan as provided in Section 10 hereof, or may increase or decrease the rate of his or her payroll deductions during the Offering Period by completing and filing with the Company a new Subscription Agreement authorizing a change in payroll deduction rate. The Committee may, in its discretion, limit Restricted Stock Units that became vested. To participation rate changes during any Offering Period. The change in rate shall be effective with the first full payroll period following five (5) business days after the Company's receipt of the new Subscription Agreement. A Participant's Subscription Agreement shall remain in effect for successive Offering Periods unless a new Subscription Agreement is filed by the Participant prior to the commencement of such Offering Period or the then existing Subscription Agreement is terminated as provided in Section 10 hereof. 6.4 Notwithstanding the foregoing, to necessary to comply with Section 423(b)(8) of the Code and Section 3.2 hereof, a Participant's payroll deductions may be decreased to zero percent (0%) at any time during an Offering Period. Payroll deductions shall recommence at the rate provided in such Participant's Subscription Agreement at the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10 hereof. 6.5 At the time the Option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, which arise upon the exercise of the Option or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the Participant's Compensation or other remuneration payable to the Participant the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Employee. 7. Grant of Option. On the Enrollment Date of each Offering Period, each eligible Employee participating in such Offering Period shall be granted an Option to purchase on the Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Participant's Account as of the Exercise Date by the applicable Purchase Price; provided that such purchase shall be subject to the limitations Sections 3.2 and 13 hereof. No fractional shares shall be purchased; any payroll deductions accumulated in a Participant's Account which are not sufficient to purchase a full share shall be retained in the Participant's Account for the subsequent Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10 hereof. Exercise of the Option shall occur as provided in Section 8 hereof, unless the Participant has withdrawn pursuant to Section 10 hereof. The Option shall expire on the last day of the Offering Period. 8. Exercise of Option. 8.1 Unless a Participant withdraws from the Plan as provided in Section 10 hereof, his or her Option with respect to an Offering Period shall be exercised automatically on the Exercise Date of such Offering Period, and the maximum number of full shares subject to Option shall be purchased for such Participant at Stock Award Agreement, cash dividend equivalents may Purchase Price with the accumulated payroll deductions credited to his or her Account. No fractional shares shall paid during, or may purchased, any payroll deductions accumulated in a Participant's Account which are not sufficient to purchase a full share shall accumulated and paid at retained in end of Participant's Account for applicable vesting period, as determined subsequent Offering Period, subject to earlier withdrawal Committee. Unless otherwise Participant as by in Section 10 hereof. Any other monies left over in a Participant's Account after Stock Award Agreement, any Restricted Stock Units granted to a Service Provider pursuant Exercise Date shall be returned Plan shall be forfeited if Participant. During a Participant's lifetime, a Participant's Option to purchase shares hereunder is exercisable only by him or her. 8.2 If Stock Awardee's employment or service with the Company or its Subsidiaries terminates for any reason prior to the expiration or termination of the applicable vesting period and Board achievement Committee determines that, on a given Exercise Date, the number such other vesting conditions applicable shares with respect the award. Prior which Options are the delivery of any shares of Common Stock in connection with an award of Restricted Stock Units, the Company shall entitled to require as a condition of delivery that the Stock Awardee shall pay or make adequate provision acceptable to the Company for the satisfaction of the statutory minimum prescribed amount of federal and state income tax and other withholding obligations of the Company, including, if permitted by the Administrator, by having the Company withhold from exercised may exceed: (i) otherwise deliverable that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period; or (ii) the number of shares.



slide5



available for sale under the Plan on such Exercise Date, the Board may connection its sole discretion; (x) provide that the Company shall make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants, and continue all Offering Periods then in effect; or (v) provide that the Company shall make a pro rata allocation of the shares available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants, and terminate any or all Offering Periods then in effect pursuant to Section 20 hereof. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's shareholders subsequent to such Enrollment Date. 9. Delivery. Shares purchased under the Plan by a Participant will be credited to and held under a stock purchase account in the Participant's name maintained by such brokerage or other third-party firm as is designated by the Committee. Any and all stock dividends an award respect to shares Restricted Common Units credited to Participant's stock purchase account shall be paid directly to each Participant. A Participant may, by notice to the Company's applicable human resources location (or such other designee as established by the Committee) elect to have such cash dividends reinvested in shares of Common Stock. Any shares purchased with such dividend proceeds shall be purchased on the open market by such brokerage firm on the Participant's behalf (subject to applicable Company policies) and such shares shall not count in determining the maximum having available for issuance under the Plan under Section 13, nor shall such shares count against the maximum number of shares that may be purchased by Fair Market Value equal Participant under Section 8. Subject such restrictions, limitations and procedures as may be prescribed by the Committee, a Participant may withdraw shares in his or her stock purchase account from time to time. As soon as administratively practicable following termination of participation pursuant to Section 11, all shares credited to the Participant's stock purchase account shall be delivered to the Participant (or to the Participant's beneficiary or estate in the event of Participant's death), except to the extent that the Participant (or the Participant's beneficiary or estate in the event of Participant's death) elects to have such stock purchase account paid in cash. 10. Withdrawal. 10.1 A Participant may withdraw all but not less than all the payroll deductions credited to his or her Account and not yet used to exercise his or her Option under the Plan at any time by giving written notice to the Company in the form of Exhibit B to this Plan or in such other manner prescribed by the Committee. All of the Participant's payroll deductions credited to his or her Account shall be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's Option for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of shares shall be made for such Offering Period by such Participant. If a Participant withdraws from amount sufficient Offering Period, payroll deductions shall not resume at the beginning of the succeeding Offering Period unless the Participant delivers satisfy the Company a new Subscription Agreement. 10.2 A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the Participant withdraws. 11. Termination of Employment. Upon a Participant's ceasing to be an Employee, for any reason, he or she shall be deemed to have elected to withdraw from the Plan and the payroll deductions credited to tax withholding obligations Participant's Account during the Offering Period but not yet used to exercise the Option shall be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof, and such Participant's Option shall be automatically terminated. 12. Interest. No interest or other earnings shall accrue on the payroll deductions of a Participant in the Plan. Unrestricted Shares. The Administrator may grant Unrestricted Shares Stock. 13.1 Subject to adjustment upon changes accordance with capitalization of following provisions: A-11 Company as provided in Section



slide6

(a) The Administrator may cause 19 hereof. Company to grant Unrestricted Shares to Service Providers at such time or times, in such amounts and for such reasons as the Administrator, in its sole discretion, shall determine. No payment shall be required for Unrestricted Shares. (b) The Company shall issue, in the name of each Service Provider to whom Unrestricted Shares have been granted, stock certificates representing the total number of Unrestricted Shares granted to such individual, and shall deliver such certificates to such Service Provider as soon as reasonably practicable after the date of grant or on such later date as the Administrator shall determine at the time of grant. (c) Prior to the delivery of any Unrestricted Shares, the Company shall be entitled to require as a condition of delivery that the Stock Awardee shall pay or make adequate provision acceptable to the Company for the satisfaction of the statutory minimum prescribed amount of federal and state income tax and other withholding obligations of the Company, including, if permitted by the Administrator, by having the Company withhold from the number of Unrestricted Shares otherwise deliverable a maximum the Company's having a Fair Market Value equal to an amount sufficient to satisfy such tax withholding obligations. 14. Stock Appreciation Rights. A Stock Appreciation Right may which shall granted by the Committee either alone, in addition to, or in tandem with other Awards granted under the Plan. Each Stock Appreciation Right granted made available for sale subject 100,000 shares. 13.2 A Participant shall have no ownership interest or voting right in shares covered by his or her Option until such Option has been exercised and the shares purchased as a result thereof have been delivered. 13.3 Shares be delivered to a Participant under following terms and conditions: (a) Each Stock Appreciation Right shall relate to such number of Shares as Plan determined registered in the name of the Participant or in the name of the Participant and his or her spouse jointly with the right of survivorship. 14. Administration. 14.1 The Plan shall be administered b). Award Date (i.e., Committee shall have full and exclusive discretionary authority to construe, interpret and apply date/terms grant of a Stock Appreciation Rnht shall be date specified Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made shall, to the full extent permitted by law, be final and binding upon all parties. The Committee may retain the services of an outside firm to serve as its agent in administering the Plan on a day-to-day basis. No member of the Board or the Committee shall be liable for any act done or omitted to be done by such member or by any other member of the Board or the Committee in connection with the Plan, except for such member's own willful misconduct or as expressly that that date shall by statute. 14.2 Any Participant who believes he or she is being denied any benefit or right under this Plan may file a written claim with the Committee. Any claim must be delivered to the Committee (care of the Company's President and Chief Financial Officer) within forty-five (45) days of the specific event giving rise to the claim. Untimely claims will before processed and shall be deemed denied. The Committee, or its designee, will notify the Participant of its decision in writing as soon as administratively practicable. Claims not responded to by the Committee in writing within one hundred and twenty (120) days of the written claim is delivered to the Committee shall be deemed denied. No lawsuit relating to this Plan may be filed before a written claim is filed with the Committee and is denied or deemed denied, and any lawsuit must be filed within one year of such denial or deemed denial or be forever barred. 15. Designation of Beneficiary. 15.1 A Participant, in its Subscription Agreement, may designate a beneficiary who is to receive any shares and cash, if any, from the Participant's Account under the Plan in the event of such Participant's death subsequent to an Exercise Date Stock Appreciation Right Option actually granted. The Award Date exercised but prior to delivery to such Participant of such Shares and cash. In addition, a Participant may file a written designation Stock Appreciation Right shall not be beneficiary who is to receive any cash from the Participant's Account under the Plan in the event of such Participant's death exercise of date on which Option. If a Participant is married and recipient commences providing services as a Service Provider. The term of each Stock Appreciation Right designated beneficiary is not the spouse. spousal consent determined required for such designation to be effective. 15.2 Such designation of beneficiary may be changed Committee, but shall not exceed ten years from Participant at any time by written notice. In date/event grant. Each Stock Appreciation Right shall become exercisable at such time or times the death of a Participant the absence of a beneficiary validly designated under the Plan who is living at the time of amount or amounts during its term as shall be determined by the Committee. Unless otherwise specified by the Committee, once a Stock Appreciation Right becomes exercisable, whether in full or in part, it shall remain so exercisable until its expiration, forfeiture, termination or cancellation. (c) A Stock Appreciation Right may be exercised, in whole or in part, by giving written notice to the Committee. As soon as practicable after receipt of the written notice, Participant's death. Such shares and/or cash person exercising the Stock Appreciation Right stock certificates for the Shares to which that person is entitled under Section 14(d) hereof. (d) A Stock Appreciation Right shall be exercisable for Shares only. The number of Shares issuable upon the exercise executor or Committee Stock Appreciation Right shall be determined by dividing: (i) the number of Shares for which the Stock Appreciation Right is exercised multiplied by the amount estate appreciation per Share (for this purpose, Participant, or if no such executor or Committee has been appointed (to appreciation per Share" shall be the amount by which the Fair Market Value of a Share on the exercise date exceeds (x) in the case of a Stock Appreciation Right granted in tandem with an Option, the exercise price or (y) in the case of a Stock Appreciation Right granted alone without reference to an Option, the Fair Market Value of a Share on the Award Date knowledge Stock Appreciation Right); by (ii) Company). Fair Market Value Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives a Share on exercise date. A-12 Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.



slide7

15. Non-Transferability. Unless determined otherwise by 16. Transferability. Neither payroll deductions credited to a Participant's Account nor any rights with regard to Administrator exercise of Stock Appreciation Right to receive shares under the Plan not sold, assigned, transferred, assigned, hypothecated, transferred, otherwise manner other way (other or by and distribution distribution and as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof. 17. Use of Funds. All payroll deductions received or held by the Company under the Plan exercised, during the lifetime of the Optionee, only used Optionee. If Company for any corporate purpose, and Administrator makes an Option or Stock Appreciation Right transferable, Company shall not be obligated to segregate Option or Stock Appreciation Right payroll deductions. 18. Reports. Individual accounts contain such additional terms and conditions as the Administrator deems appropriate. Notwithstanding the foregoing, the Administrator, in its sole discretion, may provide be maintained for each Participant Grant Agreement regarding a Plan. Statements of account shall be Option that to Participants at least annually, which statements shall set forth. Optionee may transfer, without consideration for amounts of

payroll deductions, transfer, his or her Nonstatutory Stock Options to members Purchase Price, the number his or her immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan shares purchased applicable Option. During the period when Shares of Restricted Stock and Stock Award Shares are restricted (by virtue of vesting schedules or otherwise), such Shares may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution. 16 remaining cash balance, if any. 19 Capitalization, Change in Control Provisions. (a) Capitalization, Dissolution, Liquidation, Merger or Asset Sale. 19.1 Reserves, the maximum Shares of Common Stock covered by Shares outstanding Option, Stock Appreciation Right and Stock Award the number of Shares of Restricted Stock outstanding and the number of Shares of Common Stock which have been authorized for issuance under the Plan but as Participant may purchase each Purchase Period (pursuant which no Options, Stock Appreciation Rights or Stock Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, Stock Appreciation Right or Stock Award. Section 7). and the number of shares such outstanding or Stock Appreciation Right under the Plan which has not yet been exercised issued consideration consideration Administrator Board Shares shares Option, 19.2 Dissolution or Liquidation. Unless provided otherwise by the Board, in the event of the proposed dissolution or liquidation of the Company, the Offering Period then in progress shall terminate immediately prior to the consummation of such proposed dissolution or liquidation and a cash amount shall be paid to each Participant that is equal to the amount of his or her Account. 19.3 Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding Option shall be assumed or an equivalent Option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option, the Board may terminate any Offering Period then in progress by setting a new Exercise Date (the "New Exercise Date"). The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Board shall notify each Participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the Participant's Option has been changed to the New Exercise Date and that the Participant's Option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof. 20. Amendment or Termination. 20.1 The Board may at any time and for any reason terminate or amend the Plan. Except as provided in Section 19 hereof, no such termination can affect Options previously granted, provided that an Offering Period may be terminated by the Board on any Exercise Date if the Board determines that the termination of the Offering Period or the Plan is in the best interests of the Company and its shareholders. Except as provided in Section 19 and this Section 20 hereof, no amendment may make any change in any Option theretofore granted which adversely affects the rights of any Participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision of



slide8

any other applicable law, regulation or stock exchange rule), the Company shall obtain shareholder approval in such a manner and to such a degree as required. 20.2 Without shareholder consent and without regard to whether any Participant rights may be considered to have been "adversely affected," the Board (or the Committee) shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Board (or its Committee) determines in its sole discretion advisable which are consistent with the Plan. 20.3 In the event the Board determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to: 20.3.1 Altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the Change in Purchase Price; 20.3.2 Shortening any Offering Period so that Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the Board action; and 20.3.3 Allocating shares. Such modifications or amendments shall not require stockholder approval or the consent of any Plan Participants. 21. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an Option unless the exercise of such Option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law. 22. Term of Plan. The Plan, as amended and restated hereby, shall become effective on January 1, 2017, subject to approval of the Plan by the stockholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 20 hereof. If the Company's stockholders do not approve the amended and restated Plan at their annual meeting in 2017, then the Plan and the Offering Period that commenced on January 1, 2017 shall automatically terminate without any issuance of any shares of Common Stock, and a cash amount shall be paid to each Participant that is equal to the amount of his or her Account. 23. No Employment Rights. The Plan does not, directly or indirectly, create any right for the benefit of any employee or class of employees to purchase any shares of Common Stock under the Plan, or create in any employee or class of employees any right with respect to continuation of employment by the Company, and it shall not be deemed to interfere in any way with the Company's right to terminate, or otherwise modify, an employee's employment at any time. 24. Data Privacy. As a condition of receipt of any hereunder, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section by and among, as applicable, the Company and its Subsidiaries and affiliates for the exclusive purpose of implementing.



slide9

administering and managing this Plan and the Participant's participation in this Plan. In furtherance of such implementation, administration, and management, the Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including, but not limited to, the Participant's name, home address, telephone number, date of birth, social insurance or security number or other identification number, salary, nationality, job title(s), information regarding any securities of the Company or any of its Subsidiaries or affiliates, and details of all Awards (the "Personal Data"). In addition to transferring the Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of this Plan and the Participant's participation in this Plan, the Company and its Subsidiaries and affiliates may each transfer the Personal Data to any third parties assisting the Company in the implementation, administration and management of this Plan and Awards and the Participant's participation in this Plan. Recipients of the Personal Data may be located in the Participant's country or elsewhere, and the Participant's country and any given recipient's country may have different data privacy laws and protections. By enrolling in the Plan for any Offering Period, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of assisting the Company in the implementation, administration and management of this Plan and the Participant's participation in this Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of capital stock of the Company. The Personal Data related to a Participant will be held only as long as is necessary to implement, administer and manage this Plan and the Participant's participation in this Plan. A Participant may, at any time, view the Personal Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Personal Data with respect to such Participant, recommend any necessary corrections to the Personal Data with respect to the Participant, or refuse or withdraw the consents herein in writing, in any case without cost, by contacting the Participant's local human resources representative. The Company may cancel the Participant's eligibility to participate in this Plan if the Participant refuses or withdraws the consents described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative. 25. No Effect Upon Benefits. Neither the grant nor the exercise of any Option hereunder will affect the benefits under any benefit plan of the Employer, and no amount or benefit granted or received hereunder shall be considered compensation for any purposes of any other benefit plan or program of the Employer. 26. Trading Policy Restrictions. Option exercises under the Plan shall be subject to the terms and conditions of any insider trading policy established by the Company. 27. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof. 28. Equal Rights and Privileges. All eligible employees shall have equal rights and privileges with respect to the Plan so that the Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 or any successor provision of the Code and the related regulations. Any provision of the Plan which is inconsistent with Section 423 or any successor provision of the Code shall, without further act or amendment by the Company or the Committee, be reformed to comply with the requirements of Section 423. This Section 27 shall take precedence over all other provisions in the Plan. 29. Governing Law. Without regard to conflict of law principles, the laws of the State of Delaware will govern all matters relating to this Plan except to the extent it is superseded by the laws of the United States. 30 Effective as of March 28, 2017



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Delaware corporation (the "Company") and its stockholders by providing employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll Deductions. By encouraging stock ownership, the Company seeks to attract, retain and motivate employees and to encourage them to devote their best efforts to the business and financial success of the Company. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Code. The provisions of the Plan, accordingly, shall be construed in a manner consistent with the requirements of that section of the Code. 2. Definitions. For purposes of the Plan, the following capitalized terms shall have the following meanings: 2.1 "Account" means an account referred to in Section 6.2 of the Plan. 2.2 "Board of Directors" or "Board" means the Board of Directors of the Company. 2.3 "Code" means the Internal Revenue Code of 1986, as amended. 2.4 "Committee" means the Compensation Committee of the Board of Directors, or such other committee of members of the Board appointed by the Board, authorized under Section 14 to administer the Plan and to perform the functions assigned to the Committee under the Plan. 2.5 "Common Stock" means the common stock, \$0.001 par value, of the Company. 2.6 "Company" means Caladrius Biosciences, Inc. 2.7 "Compensation" means, for any pay period, the gross cash compensation payable to an Employee for such period, including base salary, commissions, bonuses and incentive payments, but excluding severance and non-cash compensation. Any pre-tax contributions made to a Company 401(k) plan or "cafeteria plan" pursuant to Section 125 of the Code shall be treated as Compensation for purposes of the Plan. 2.8 "Designated Subsidiary" means any Subsidiary that has been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan. AMENDMENT #1



slide11



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B-3 2.18 "Plan" means this Caladrius Biosciences, Inc. 2017 Employee Stock Purchase Plan. 2.19 "Purchase Price" for each Offering Period means 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date of such Offering Period or on the Exercise Date of such Offering Period, whichever is lower, provided, however, that the Purchase Price may be adjusted by the Board pursuant to Section 20. 2.20 "Reserves" means the number of shares of Common Stock covered by each Option under the Plan that have not yet been exercised and the number of shares of Common Stock that have been authorized for issuance under the Plan but not yet placed under Option. 2.21 "Subsidiary" has the meaning set forth for "subsidiary corporation" in Section 424(f) of the Code, whereby a Subsidiary means any corporation (other than the employer corporation) in an unbroken chain of corporations beginning with the employer corporation if, at the time of the granting of the Option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50 percent or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. 2.22 "Trading Day" means a day on which the NYSE MKT is open for trading. 3. Eligibility. 3.1 Any Employee who shall be employed by the Company on a given Enrollment Date shall be eligible to participate in the Plan. 3.2 Notwithstanding any provision of the Plan to the contrary, no Employee shall be granted an Option under the Plan: (i) to the extent that, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to section 424(d) of the Code) would own stock of the Company and/or hold outstanding Options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the stock of the Company or of any Subsidiary; (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Company and its Subsidiaries accrues at a rate which exceeds Twenty-Five Thousand Dollars (\$25,000) of fair market value of such stock (determined at the time such Option is granted) for each calendar year in which such Option is outstanding at any time; or (iii) if he or she has received a hardship withdrawal from the Company's 401(k) plan within the preceding six (6) months. 4. Offering Periods. The Plan shall be implemented by consecutive Offering Periods with a new Offering Period commencing and ending as set forth in Section 2.15, or on such other date as the Board shall determine, and continuing thereafter until terminated in accordance with Section 20 hereof. The Board shall have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future offerings without shareholder approval if such change is announced at least five (5) days prior to the scheduled beginning of the first Offering Period to be affected thereafter. 5. Participation. 5.1 An eligible Employee may become a Participant in the Plan by completing a Subscription Agreement authorizing payroll deductions in the form of Exhibit A to this Plan and filing it with the Company's payroll office prior to the applicable Enrollment Date.



slide13

B-4 5.2 Payroll deductions for a Participant shall commence on the first payroll date following the Enrollment Date (provided that the Company has received the Participant's Subscription Agreement) and shall end on the last payroll in the Offering Period to which such Subscription Agreement is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof. 6. Payroll Deductions. 6.1 At the time a Participant files his or her Subscription Agreement, he or she shall elect to have payroll deductions made on each payday during the Offering Period in an amount equal to any whole percentage (not exceeding fifteen percent (15%)) of the Compensation that he or she receives on each payday during the Offering Period. 6.2 All payroll deductions made for a Participant shall be credited to his or her Account under the Plan. A Participant may not make any additional payments into such Account. Accounts shall be mere bookkeeping entries on the Company's books and records. Amounts credited to Accounts shall not be trust funds and may be commingled with the Company's general assets and applied to general corporate purposes. No interest or other earnings shall be paid or credited with respect to payroll deductions or any amounts accumulated in or credited to a Participant's Account. 6.3 A Participant may discontinue his or her participation in the Plan as provided in Section 10 hereof, or may increase or decrease the rate of his or her payroll deductions during the Offering Period by completing and filing with the Company a new Subscription Agreement authorizing a change in payroll deduction rate. The Committee may, in its discretion, limit the number of participation rate changes during any Offering Period. The change in rate shall be effective with the first full payroll period following five (5) business days after the Company's receipt of the new Subscription Agreement. A Participant's Subscription Agreement shall remain in effect for successive Offering Periods unless a new Subscription Agreement is filed by the Participant prior to the commencement of such Offering Period or the then existing Subscription Agreement is terminated as provided in Section 10 hereof. 6.4 Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3.2 hereof, a Participant's payroll deductions may be decreased to zero percent (0%) at any time during an Offering Period. Payroll deductions shall recommence at the rate provided in such Participant's Subscription Agreement at the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10 hereof. 6.5 At the time the Option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, which arise upon the exercise of the Option or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the Participant's Compensation or other remuneration payable to the Participant the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Employee. 7. Grant of Option. On the Enrollment Date of each Offering Period, each eligible Employee participating in such Offering Period shall be granted an Option to purchase on the Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Participant's Account as of the Exercise Date by the applicable Purchase Price; provided that such purchase shall be subject to the limitations set forth in Sections 3.2 and 13 hereof. No fractional shares shall be purchased; any



slide14



3-5 payroll deductions accumulated in a Participant's Account which are not sufficient to purchase a full share shall be retained in the Participant's Account for the subsequent Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10 hereof. Exercise of the Option shall occur as provided in Section 8 hereof, unless the Participant has withdrawn pursuant to Section 10 hereof. The Option shall expire on the last day of the Offering Period. 8. Exercise of Option. 8.1 Unless a Participant withdraws from the Plan as provided in Section 10 hereof, his or her Option with respect to an Offering Period shall be exercised automatically on the Exercise Date of such Offering Period, and the maximum number of full shares subject to Option shall be purchased for such Participant at the applicable Purchase Price with the accumulated payroll deductions credited to his or her Account. No fractional shares shall be purchased; any payroll deductions accumulated in a Participant's Account which are not sufficient to purchase a full share shall be retained in the Participant's Account for the subsequent Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10 hereof. Any other monies left over in a Participant's Account after the Exercise Date shall be returned to the Participant. During a Participant's lifetime, a Participant's Option to purchase shares hereunder is exercisable only by him or her. 8.2 If the Board or the Committee determines that, on a given Exercise Date, the number of shares with respect to which Options are to be exercised may exceed: (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period; or (ii) the number of shares available for sale under the Plan on such Exercise Date, the Board may in its sole discretion: (x) provide that the Company shall make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants; and continue all Offering Periods then in effect; or (y) provide that the Company shall make a pro rata allocation of the shares available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants, and terminate any or all Offering Periods then in effect pursuant to Section 20 hereof. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's shareholders subsequent to such Enrollment Date. 9. Delivery. Shares purchased under the Plan by a Participant will be credited to and held under a stock purchase account in the Participant's name maintained by such brokerage or other third-party firm as is designated by the Committee. Any and all stock dividends with respect to shares of Common Stock credited to a Participant's stock purchase account shall be paid directly to each Participant. A Participant may, by notice to the Company's applicable human resources location (or such other designee as established by the Committee) elect to have such cash dividends reinvested in shares of Common Stock. Any shares purchased with such dividend proceeds shall be purchased on the open market by such brokerage firm on the Participant's behalf (subject to applicable Company policies) and such shares shall not count in determining the maximum number of shares of Common Stock available for issuance under the Plan under Section 13, nor shall such shares count against the maximum number of shares that may be purchased by a Participant under Section 8. Subject to such restrictions, limitations and procedures as may be prescribed by the Committee, a Participant may withdraw Shares in his or her stock purchase account from time to time. As soon as administratively practicable following termination of participation pursuant to Section 11, all shares credited to the Participant's stock purchase account shall be delivered to the Participant (or to the Participant's beneficiary or estate in the event of Participant's death), except to the extent that the Participant (or the Participant's beneficiary or estate in the event of Participant's death) elects to have such stock purchase account paid in cash.



slide15

8-6 10. Withdrawal. 10.1 A Participant may withdraw all but not less than all the payroll deductions credited to his or her Account and not yet used to exercise his or her Option under the Plan at any time by giving written notice to the Company in the form of Exhibit B to this Plan or in such other manner prescribed by the Committee. All of the Participant's payroll deductions credited to his or her Account shall be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's Option for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of shares shall be made for such Offering Period by such Participant. If a Participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the succeeding Offering Period unless the Participant delivers to the Company a new Subscription Agreement. 10.2 A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the Participant withdraws. 11. Termination of Employment. Upon a Participant's ceasing to be an Employee, for any reason, he or she shall be deemed to have elected to withdraw from the Plan and the payroll deductions credited to such Participant's Account during the Offering Period but not yet used to exercise the Option shall be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof, and such Participant's Option shall be automatically terminated. 12. Interest. No interest or other earnings shall accrue on the payroll deductions of a Participant in the Plan. 13. Stock. 13.1 Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be 500,000 shares. 13.2 A Participant shall have no ownership interest or voting right in shares covered by his or her Option until such Option has been exercised and the shares purchased as a result thereof have been delivered. 13.3 Shares to be delivered to a Participant under the Plan shall be registered in the name of the Participant or in the name of the Participant and his or her spouse jointly with the right of survivorship. 14. Administration. 14.1 The Plan shall be administered by the Committee. The Committee shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Committee shall, to the full extent permitted by law, be final and binding upon all parties. The Committee may retain the services of an outside firm to serve as its agent in administering the Plan on a day-to-day basis. No member of the Board or the Committee shall be liable for any act done or omitted to be done by such member or by any other member of the Board or the Committee in connection with the Plan, except for such member's own willful misconduct or as expressly provided by statute. 14.2 Any Participant who believes he or she is being denied any benefit or right under this Plan may file a written claim with the Committee. Any claim must be delivered to the Committee (care of the



slide16

3-7 Company's President and Chief Financial Officer) within forty-five (45) days of the specific event giving rise to the claim. Untimely claims will not be processed and shall be deemed denied. The Committee, or its designee, will notify the Participant of its decision in writing as soon as administratively practicable. Claims not responded to by the Committee in writing within one hundred and twenty (120) days of the date the written claim is delivered to the Committee shall be deemed denied. No lawsuit relating to this Plan may be filed before a written claim is filed with the Committee and is denied or deemed denied, and any lawsuit must be filed within one year of such denial or deemed denial or be forever barred. 15. Designation of Beneficiary. 15.1 A Participant, in its Subscription Agreement, may designate a beneficiary who is to receive any shares and cash, if any, from the Participant's Account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the Option is exercised but prior to delivery to such Participant of such shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's Account under the Plan in the event of such Participant's death prior to exercise of the Option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective. 15.2 Such designation of beneficiary may be changed by the Participant at any time by written notice. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such shares and/or cash to the executor or Committee of the estate of the Participant, or if no such executor or Committee has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate. 16. Transferability. Neither payroll deductions credited to a Participant's Account nor any rights with regard to the exercise of an Option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof. 17. Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions. 18. Reports. Individual accounts shall be maintained for each Participant in the Plan. Statements of account shall be given to Participants at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any. 19. Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale. 19.1 Changes in Capitalization. Subject to any required action by the shareholders of the Company, the Reserves, the maximum number of shares each Participant may purchase each Purchase Period (pursuant to Section 7), as well as the price per share and the number of shares of Common Stock covered by each Option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of



slide17







slide14

(2) All unvested Stock Awards, Restricted Stock Units, restricted stock, performance-based Awards, and other Awards shall become fully vested upon a Change in Control, including without limitation, the following: (i) the restrictions to which any shares of restricted stock of a Participant granted prior to the Change in Control are subject shall lapse as if the applicable Restriction Period had ended upon such Change in Control, and (ii) the conditions required for vesting of any unvested performance-based Awards shall be deemed to be satisfied upon such Change in Control. (ii) Change in Control. A "Change in Control" shall mean the occurrence of any of the following: (1) any person (as defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d) and 14(d) thereof), excluding the Company, any subsidiary of the Company and any employee benefit plan sponsored or maintained by the Company or any subsidiary of the Company (including any trustee of any such plan acting in his capacity as trustee), becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing thirty percent (30%) of the total combined voting power of the Company's then outstanding securities, (2) the merger, consolidation or other business combination of the Company (a "Transaction"), other than (A) a Transaction involving only the Company and one or more of its subsidiaries, or (B) a Transaction immediately following which the stockholders of the Company immediately prior to the Transaction continue to have a majority of the voting power in the resulting entity and no person (other than those covered by the exceptions in (1) above) becomes the beneficial owner of securities of the resulting entity representing more than twenty-five percent (25%) of the voting power in the resulting entity, (3) during any period of two (2) consecutive years beginning on or after the date of the approval of this Amended and Restated Plan by the stockholders (i.e., October 5, 2012) (the "Effective Date"), the persons who were members of the Board immediately before the beginning of such period (the "Incumbent Directors") ceasing (for any reason other than death) to constitute at least a majority of the Board or the board of directors of any successor to the Company, provided that, any director who was not a director as of the Effective Date shall be deemed to be an Incumbent Director if such director was elected to the board of directors by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors either actually or by prior operation of the foregoing unless such election, recommendation or approval occurs as a result of an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act or any successor provision) or other actual or threatened solicitation of proxies or contests by or on behalf of a person other than a member of the Board; or (4) the approval by the stockholders of the Company of any plan of complete liquidation of the Company or an agreement for the sale of all or substantially all of the Company's assets other than the proposed sale or merger. If, prior to the consummation of a proposed sale or merger, to a person or persons who beneficially own, directly or indirectly, at least fifty percent (50%) or more of the combined voting power of the outstanding voting securities, merge, with or into another corporation, each outstanding Option shall be assumed or an equivalent Option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option, the Board may terminate any Offering Period then in progress by setting a new Exercise Date (the "New Exercise Date"). The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Board shall notify each Participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the Participant's Option has been changed to the New Exercise Date and that the Participant's Option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof. 20. Amendment or Termination. 20.1 The Board may at any time and for any reason terminate or amend the Plan. Except as provided in Section 19 hereof, no such termination can affect Options previously granted, provided that an Offering Period may be terminated by the Board on any Exercise Date if the Board determines that the termination of the Offering Period or the Plan is in the best interests of the Company and its shareholders. Except as provided in Section 19 and this Section 20 hereof, no amendment may make any change in any Option theretofore granted which adversely affects the rights of any Participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation or stock exchange rule), the Company shall obtain shareholder approval in the same manner and to such a degree as required. 20.2 Without shareholder consent and without regard to whether any Participant rights may be considered to have been "adversely affected," the Board (or the Committee) shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Board (or its Committee) determines in its sole discretion advisable which are consistent with the Plan. 20.3 In the event the Board determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board may, in its discretion and, to the extent necessary or



slide18

17. Substitute Options. In B-9 desirable, modify or amend event Plan to reduce or eliminate such accounting consequence including, but not limited to: 20.3.1 Altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price; 20.3.2 Shortening any Offering Period so Offering Period ends on a new Exercise Date, including an Offering Period underway at Company, directly or indirectly, acquires another entity, time of may authorize the issuance of stock options ("Substitute Options") to the individuals performing services for the acquired entity in substitution of stock options previously granted to those individuals in connection with their performance of services for such entity upon such terms action conditions as the Board shall determine, taking into account the conditions of Code Section 424(a), as from time to time amended 20.3.3 Allocating shares. Such modifications superseded, in the case of a Substitute Option that is intended to be an Incentive Stock Option, Shares of capital stock underlying Substitute Stock Options amendments constitute Shares issued pursuant to require stockholder approval or Plan for any purpose. 18. Date of Grant. The date of grant of an Option, Stock Appreciation Right, Stock Award or Unrestricted Share shall be, for all purposes, the date on which the Administrator makes the determination granting such Option, Stock Appreciation Right, Stock Award or Unrestricted Share, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each grantee within a reasonable time after the date of such grant. 19. Amendment and Termination of the Plan. (a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan. (b) Shareholder Approval. The Company shall obtain shareholder approval consent amendment to the extent necessary to comply with Applicable Laws. (c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any grantee, unless mutually agreed otherwise between the grantee and the Administrator, which agreement must be in writing and signed by the grantee and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination. 20. Participants. 21. (a) Legal Compliance. in connection the grant of any Stock Award or Unrestricted Share or the exercise of any respect to an or Stock Appreciation Right such grant or or Stock Appreciation Right Shares shares pursuant thereto Applicable Laws all applicable provisions of law, domestic or foreign, including, without limitation the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed. (b) Investment Representations. grant of any Stock Award or Unrestricted Share or the any an or Stock Appreciation Right, receiving such Award or or Stock Appreciation Right or grant Shares shares required. (c) Additional Conditions. required by any of the aforementioned applicable provisions of law. 22. Term of Plan. Administrator Plan, as amended and restated hereby, have become effective on January 1, 2017, subject to approval of authority Plan by the stockholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 20 hereof. If the Company's stockholders do not approve the amended and restated Plan at their annual meeting in 2017, then the Plan and the Offering Period that commenced on January 1, 2017 shall automatically terminate without any issuance of any shares of Common Stock, and a cash amount shall be paid each Participant that is equal to the amount of his or her Account. 23. No Employment Rights. The Plan does not, directly or indirectly, create any right for the benefit of any employee or class of employees to purchase any shares of Common Stock under the Plan, or create in any employee or class of employees any right with respect to continuation of employment by the Company, and it shall not be deemed to interfere in any way with the Company's right to terminate, or otherwise modify, an employee's employment at any time. 24. Data Privacy. As a the grant of receipt each Participant explicitly and unambiguously consents to the collection, use and transfer, electronic or other form, of personal data as described in this Section by and among, as applicable, the Company and its Subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing this Plan and the Participant's participation in this Plan. In furtherance of implementation, administration, and management, the Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including, but not limited to, the Participant's name, home address, telephone number, date of birth, social insurance or security number or manner that the Administrator determines to be appropriate, provided that such condition is not inconsistent with the terms identification number, salary, nationality, job title(s), information regarding any securities Plan, A-15 Company or any of its Subsidiaries or affiliates, and details of all Awards (the "Personal Data"). In addition to transferring the Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of this Plan and the Participant's



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(d) B-10 participation in this Plan, the Company and its Subsidiaries and affiliates may each transfer the Personal Data to any third parties assisting the Company in the implementation, administration and management of this Plan and Awards and the Participant's participation in this Plan. Recipients of the Personal Data may be located in the Participant's country or elsewhere, and the Participant's country and any given recipient's country may have different data privacy laws and protections. By enrolling in the Plan for any Offering Period, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of assisting the Company in the implementation, administration and management of this Plan and the Participant's participation in this Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of capital stock of the Company. The Personal Data related to a Participant will be held only as long as is necessary to implement, administer and manage this Plan and the Participant's participation in this Plan. A Participant may, at any time, view the Personal Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Personal Data with respect to such Participant, recommend any necessary corrections to the Personal Data with respect to the Participant, or refuse or withdraw the consents herein in writing, in any case without cost, by contacting the Participant's local human resources representative. The Company may cancel the Participant's eligibility to participate in this Plan if the Participant refuses or withdraws the consents described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative. 25. No Effect Upon Benefits. Neither the grant nor the exercise of any Option hereunder will affect the benefits under any benefit plan of the Employer, and no amount or benefit granted or received hereunder shall be considered compensation for any purposes of any other benefit plan or program of the Employer. 26. and or Stock Appreciation Right and other Awards Company Company. 27. Notices. All notices the Administrator. 21. Performance Goals. The Administrator, in its discretion, shall in the case of Awards (including, in particular, Awards than Options and Stock Appreciation Rights) intended to qualify for an exception from the limitation imposed communications Section 162(m) of the Code ("Performance-Based Grants") (i) establish one or more performance goals ("Performance Goals") as precondition Participant issuance Company under vesting of Awards, and (ii) provide. establishment of Plan shall be deemed to have been duly given when received in Performance Goals form specified by the Company at the location, or by the person, designated by the Company predetermined Awards to those Participants (who continue to meet all applicable eligibility requirements) the receipt thereof. 28. Equal Rights and Privileges. All eligible employees shall have equal rights and privileges whom applicable Performance Goals are satisfied. The Performance Goals shall be based upon Plan so that criteria set forth in Exhibit A hereto which is hereby incorporated herein by reference Plan qualifies though set forth in full. The Performance Goals shall be established in a timely fashion such that they are considered preestablished for purposes an "employee stock purchase plan" within the meaning the rules governing performance based compensation under 162(m) of the Code. Prior to the grant of a Stock Award intended to qualify for an exception from the limitation imposed by Section 162(m) 423 or any successor provision and Administrator shall have certified that any applicable Performance Goals, and other material terms of the Stock Award, have been satisfied. Performance Goals which do not satisfy the foregoing provisions of this Section 21 may be established by the Administrator with respect to Awards not intended to qualify for an exception from the limitations imposed by Section 162(m) of the Code. 22. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained. 23. Shareholder Approval. The Plan shall be subject to approval by the shareholders of the Company within twelve (12) months after the date the Plan is adopted. Such shareholder approval shall be obtained in the manner and to the degree required under Applicable Laws. Notwithstanding any related regulations. Any in the Plan to the contrary, any exercise of an Option or Stock Appreciation Right granted before the Company has obtained shareholder approval in accordance which is inconsistent this 23 shall be conditioned upon obtaining such shareholder approval 423 or any successor provision Plan in accordance with this Section 23. 24. Withholding; Notice of Sale. The Company Code be entitled to withhold from any amounts payable to an Employee without further act other Service Provider any amounts which amendment by determines or the Committee, be reformed to comply with the requirements of Section 423. This Section 27 shall take precedence over all other provisions its discretion, are required to be withheld under any Applicable Law as a result of any action taken by a holder of an Award. 25. the Plan. 29. This Plan shall be governed by Without regard to conflict of law principles. without regard will govern all matters relating conflict this Plan except to the extent it is superseded by the laws law principles. A-16 the United States.



slide20

EXHIBIT A PERFORMANCE CRITERIA Performance Based Grants intended 1 LISATA THERAPEUTICS, INC. 2017 EMPLOYEE STOCK PURCHASE PLAN (formerly the NeoStem, Inc. 2012 Employee Stock Purchase Plan) (amended by stockholders as of June 14, 2023) 1. Purpose. The purpose of the Lisata Therapeutics, Inc. 2017 Employee Stock Purchase Plan (the "Plan") is to amend and restate the NeoStem, Inc. 2012 Employee Stock Purchase Plan in order to further promote the interest of Lisata Therapeutics, Inc., a Delaware corporation (the "Company") and its stockholders by providing employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. By encouraging stock ownership, the Company seeks to attract, retain and motivate employees and to encourage them to devote their best efforts to the business and financial success of the Company. It is the intention of the Company to have the Plan "performance based" compensation an "Employee Stock Purchase Plan" 162(m) 423 of the Code. The provisions of the Plan accordingly, shall be construed in a manner consistent with the requirements of that section of the Code. 2. Definitions. For purposes of the Plan, the following capitalized terms shall have the following meanings: 2.1 "Account" means an account referred to in Section 6.2 of the Plan. 2.2 "Board of Directors" or "Board" means the Board of Directors of the Company. 2.3 "Code" means the Internal Revenue Code of 1986, as amended. 2.4 "Committee" means the Compensation Committee of the Board of Directors, or such other committee of members of the Board appointed by the Board, authorized under Section 14 to administer the Plan and to perform the functions assigned to the Committee under the Plan. 2.5 "Common Stock" means the common stock, \$0.001 par value, of the Company. 2.6 "Company" means Lisata Therapeutics, Inc. 2.7 "Compensation" means, for any pay period, the gross cash compensation payable to an Employee for such period, including base salary, commissions, bonuses and incentive payments, but excluding severance and non-cash compensation. Any pre-tax contributions made to a Company 401(k) plan or "cafeteria plan" pursuant to Section 125 may shall payable upon treated as Compensation for purposes of attainment of objective performance goals Plan 2.8 "Designated Subsidiary" means any Subsidiary are established has been designated Administrator and relate Board from time one or more Performance Criteria time each case on specified date or over its sole discretion as eligible to participate in the Plan. 2.9 "Employee" means period, up to 10 years, as determined individual who is an employee of the Employer, provided, however, Employees who have been employed less than ninety days Administrator Performance Criteria may Employer Employees whose customary employment with the Employer is twenty (20) hours or less per week, and Employees whose customary employment with the Employer is for not more than five (5) months in any calendar year shall not based deemed Employees for the purposes of this Plan. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Employer. Where the period of leave exceeds 90 days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated achievement 91st day the specified levels of performance under one or more of the measures set out below relative to the performance of one or more other corporations or indices. "Performance Criteria" means the following business criteria (or any combination thereof) with respect to one or more of the Company, any Subsidiary or any division or operating unit thereof: pre-tax income, after-tax income, net income (meaning net income as reflected in the Company's financial reports for the applicable period, on an aggregate, diluted and/or per share basis, or economic net income), operating income or profit, cash flow, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital, earnings per share (basic or diluted), return on equity, returns on sales or revenues, return on invested capital or assets (gross or net), cash, funds or earnings available for distribution, appreciation in the fair market value of the Common Stock, operating expenses, implementation or completion of critical projects or processes, return on investment, total return to stockholders (meaning the aggregate Common Stock price appreciation and dividends paid (assuming full reinvestment of dividends) during the applicable period), net earnings growth, stock appreciation (meaning an increase in the price or value of the Common Stock after the date of grant of an Award and during the applicable period), related return ratios, increase in revenues, net earnings, changes (or the absence of changes) in the per share or aggregate market price of the Company's Common Stock, number of securities sold, earnings before or after any one or more of the following items: interest, taxes, depreciation or amortization, as reflected in the Company's financial reports for the applicable period, total revenue growth (meaning the increase in total revenues after the date of grant of an Award and during the applicable period, as reflected in the Company's financial reports for the applicable period), economic value created, operating margin or profit margin, Share price or total shareholder return, cost targets, reductions and savings, productivity and efficiencies, strategic business criteria, consisting of one or more objectives based on meeting objectively determinable specified market penetration, geographic business expansion, investor satisfaction, A-17 Such leave. AMENDMENT #2



slide21

2.2.10 "Employer" means the Company and any Designated Subsidiary. 2.11 "Enrollment Date" means the first Trading Day of each Offering Period. 2.12 "Exercise Date" means the last Trading Day of each Offering Period. 2.13 "Fair Market Value" means, as of any date, the value of Common Stock determined as follows: 2.13.1 If the principal market for the Common Stock is the New York Stock Exchange, The Nasdaq Global Market, the NYSE MKT or another national securities exchange (an "Exchange"), then the "Fair Market Value" as of that date shall be the closing price of a share of Common Stock on the Exchange on such date or, if no closing price is reported on such date, the closing price of a share of Common Stock on the nearest preceding date on which the Exchange is open for trading; 2.13.2 If the principal market for the Common Stock is not an Exchange, but the Common Stock is traded on an over-the-counter, bulletin board or comparable service, then the "Fair Market Value" as of that date shall be the closing price of a share of Common Stock for such day as reported by such service, or if no closing price is reported on such date, the closing price of a share of Common Stock on the nearest preceding date on which trades occurred; 2.13.3 If paragraphs 2.13.1 and 2.13.2 above are inapplicable, then the "Fair Market Value" of the Common Stock shall be as determined in good faith by the Committee. 2.14 "Highly Compensated Employee" has the same meaning as the term is used in Section 414(q) of the Code. 2.15 "Offering Periods" means the period of approximately six (6) months during which an Option shall be granted and may be exercised pursuant to the Plan, commencing on the first Trading Day on or after January 1st and July 1st of each year and terminating on the last Trading Day before the commencement of the next Offering Period. Subject to the approval of the Plan by the stockholders of the Company, the first Offering Period shall commence on January 1, 2017 and continue until June 30, 2017. The duration and timing of Offering Periods may be changed pursuant to Section 4 of this Plan. 2.16 "Option" means an Option to purchase shares of Common Stock under the Plan, as set forth in Section 7 of the Plan. 2.17 "Participant" means an eligible satisfaction who becomes a participant of the Plan in accordance with Section 5.1 of the Plan. 2.18 "Plan" means this Lisata Therapeutics, Inc. 2017 Employee Stock Purchase Plan. 2.19 "Purchase Price" for each Offering Period means 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date of such Offering Period or on the Exercise Date of such Offering Period, whichever is lower, provided, however, that the Purchase Price may be adjusted by the Board

pursuant to Section 20. 2.20 "Reserves" means the number of shares of Common Stock covered by each Option under the Plan that have not yet been exercised and the number of shares of Common Stock that have been authorized for issuance under the Plan but not yet placed under Option. 2.21 "Subsidiary" has the meaning set forth for "subsidiary corporation" in Section 424(f) of the Code, whereby a Subsidiary means any corporation (other than the employer corporation) in an unbroken chain of corporations beginning with the employer corporation if, at the time of the granting of the Option, each of the



slide22



3. corporations other than the last corporation in the unbroken chain owns stock possessing 50 percent or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. 2.22 "Trading Day" means a day on which the NYSE MKT is open for trading. 3. Eligibility. 3.1 Any Employee who shall be employed by the Company on a given Enrollment Date shall be eligible to participate in the Plan. 3.2 Notwithstanding any provision of the Plan to the contrary, no Employee shall be granted an Option under the Plan: (i) to the extent that, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to section 424(d) of the Code) would own stock of the Company and/or hold outstanding Options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the stock of the Company or of any Subsidiary; (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Company and its Subsidiaries accrues at a rate which exceeds Twenty-Five Thousand Dollars (\$25,000) of fair market value of such stock (determined at the time such Option is granted) for each calendar year in which such Option is outstanding at any time; or (iii) if he or she has received a hardship withdrawal from the Company's 401(k) plan within the preceding six (6) months. 4. Offering Periods. The Plan shall be implemented by consecutive Offering Periods with a new Offering Period commencing and ending as set forth in Section 2.15, or on such other date as the Board shall determine, and continuing thereafter until terminated in accordance with Section 20 hereof. The Board shall have the power to change the duration of Offering Periods (including the commencement dates hereof) with respect to future offerings without shareholder approval if such change is announced at least five (5) days prior to the scheduled beginning of the first Offering Period to be affected thereafter. 5. Participation. 5.1 An eligible Employee may become a Participant in the Plan by completing a Subscription Agreement authorizing payroll deductions in the form of Exhibit A to this Plan and filing it with the Company's payroll office prior to the applicable Enrollment Date. 5.2 Payroll deductions for a Participant shall commence on the first payroll date following the Enrollment Date (provided that the Company has received the Participant's Subscription Agreement) and shall end on the last payroll in the Offering Period to which such Subscription Agreement is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof. 6. Payroll Deductions. 6.1 At the time a Participant files his or her Subscription Agreement, he or she shall elect to have payroll deductions made on each payday during the Offering Period in an amount equal to any whole percentage (not exceeding fifteen percent (15%)) of the Compensation that he or she receives on each payday during the Offering Period. 6.2 All payroll deductions made for a Participant shall be credited to his or her Account under the Plan. A Participant may not make any additional payments into such Account. Accounts shall be mere bookkeeping entries on the Company's books and records. Amounts credited to Accounts shall not be trust funds and may be commingled with the Company's general assets and applied to general corporate purposes. No interest or other earnings shall be paid or credited with respect to payroll deductions or any amounts accumulated in or credited to a Participant's Account.

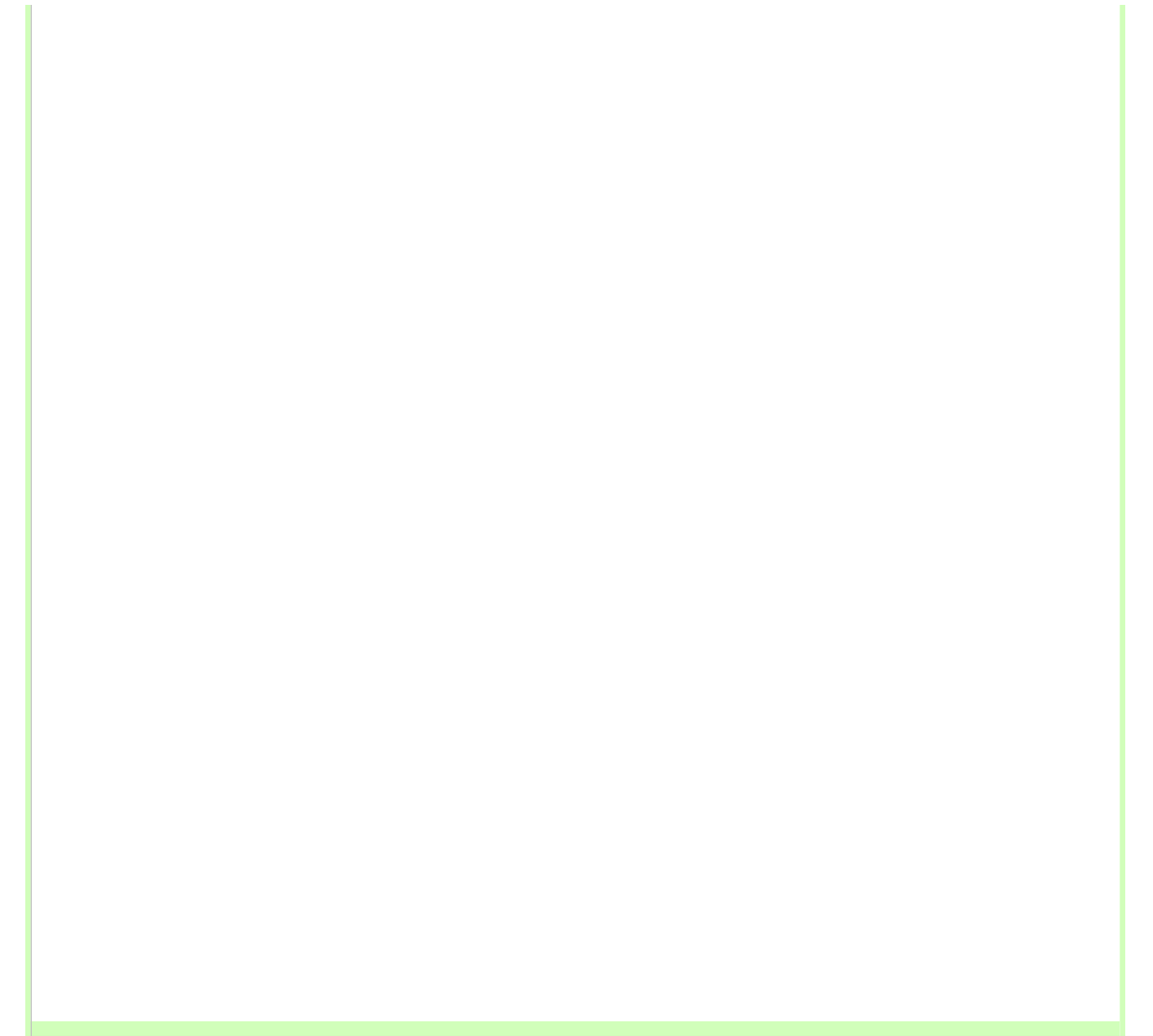


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4.6.3 A Participant may discontinue his or her participation in the Plan as provided in Section 10 hereof, or may increase or decrease the rate of his or her payroll deductions during the Offering Period by completing and filing with the Company a new Subscription Agreement authorizing a change in payroll deduction rate. The Committee may, in its discretion, limit the number of participation rate changes during any Offering Period. The change in rate shall be effective with the first full payroll period following five (5) business days after the Company's receipt of the new Subscription Agreement. A Participant's Subscription Agreement shall remain in effect for successive Offering Periods unless a new Subscription Agreement is filed by the Participant prior to the commencement of such Offering Period or the then existing Subscription Agreement is terminated as provided in Section 10 hereof. 6.4 Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3.2 hereof, a Participant's payroll deductions may be decreased to zero percent (0%) at any time during an Offering Period. Payroll deductions shall recommence at the rate provided in such Participant's Subscription Agreement at the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10 hereof. 6.5 At the time the Option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, which arise upon the exercise of the Option or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the Participant's Compensation or other remuneration payable to the Participant the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Employee. 7. Grant of Option. On the Enrollment Date of each Offering Period, each eligible Employee participating in such Offering Period shall be granted an Option to purchase on the Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Participant's Account as of the Exercise Date by the applicable Purchase Price; provided that such purchase shall be subject to the limitations set forth in Sections 3.2 and 13 hereof. No fractional shares shall be purchased; any payroll deductions accumulated in a Participant's Account which are not sufficient to purchase a full share shall be retained in the Participant's Account for the subsequent Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10 hereof. Exercise of the Option shall occur as provided in Section 8 hereof, unless the Participant has withdrawn pursuant to Section 10 hereof. The Option shall expire on the last day of the Offering Period. 8. Exercise of Option. 8.1 Unless a Participant withdraws from the Plan as provided in Section 10 hereof, his or her Option with respect to an Offering Period shall be exercised automatically on the Exercise Date of such Offering Period, and the maximum number of full shares subject to Option shall be purchased for such Participant at the applicable Purchase Price with the accumulated payroll deductions credited to his or her Account. No fractional shares shall be purchased; any payroll deductions accumulated in a Participant's Account which are not sufficient to purchase a full share shall be retained in the Participant's Account for the subsequent Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10 hereof. Any other monies left over in a Participant's Account after the Exercise Date shall be returned to the Participant. During a Participant's lifetime, a Participant's Option to purchase shares hereunder is exercisable only by him or her. 8.2 If the Board or the Committee determines that, on a given Exercise Date, the number of shares with respect to which Options are to be exercised may exceed: (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period; or (ii) the number of



slide24



5 shares available for sale under the Plan on such Exercise Date, the Board may in its sole discretion: (x) provide that the Company shall make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants, and continue all Offering Periods then in effect; or (y) provide that the Company shall make a pro rata allocation of the shares available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants, and terminate any or all Offering Periods then in effect pursuant to Section 20 hereof. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's shareholders subsequent to such Enrollment Date. 9. Delivery. Shares purchased under the Plan by a Participant will be credited to and held under a stock purchase account in the Participant's name maintained by such brokerage or other third-party firm as is designated by the Committee. Any and all stock dividends with respect to shares of Common Stock credited to a Participant's stock purchase account shall be paid directly to each Participant. A Participant may, by notice to the Company's applicable **management**, **supervisor** (location or such other designee as established by the Committee) elect to have such cash dividends reinvested in shares of **litigation, information technology** Common Stock. Any shares purchased with such dividend proceeds shall be purchased on the open market by such brokerage firm on the Participant's behalf (subject to applicable Company policies). **goals** such shares shall not count in determining the maximum number of shares of Common Stock available for issuance under the Plan under Section 13, nor shall such shares count against the maximum number of shares that may be purchased by a Participant under Section 8. Subject to such restrictions, limitations and procedures as may be prescribed by the Committee, a Participant may withdraw shares in his or her stock purchase account from time to time. As soon as administratively practicable following termination of participation pursuant to Section 11, all shares credited to the Participant's stock purchase account shall be delivered to the Participant (or to the Participant's beneficiary or estate in the event of Participant's death), except to the extent that the Participant (or the Participant's beneficiary or estate in the event of Participant's death) elects to have such stock purchase account paid in cash. 10. Withdrawal. 10.1 A Participant may withdraw all but not less than all the payroll deductions credited to his or her Account and not yet used to exercise his or her Option under the Plan at any time by giving written notice to the Company in the form of Exhibit B to this Plan or in such other manner prescribed by the Committee. All of the Participant's payroll deductions credited to his or her Account shall be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's Option for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of shares shall be made for such Offering Period by such Participant. If a Participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the succeeding Offering Period unless the Participant delivers to the Company a new Subscription Agreement. 10.2 A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the Participant withdraws. 11. Termination of Employment. Upon a Participant's ceasing to be an Employee, for any reason, he or she shall be deemed to have elected to withdraw from the Plan and the payroll deductions credited to such Participant's Account during the Offering Period but not yet used to exercise the Option shall be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof, and such Participant's Option shall be automatically terminated.



13.12. Interest. No interest or other earnings shall accrue on the payroll deductions of a Participant in the Plan. 13. Stock. 13.1 Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be 68,333 shares. 13.2 A Participant shall have no ownership interest or voting right in shares covered by his or her Option until such Option has been exercised and the shares purchased as a result thereof have been delivered. 13.3 Shares to be delivered to a Participant under the Plan shall be registered in the name of the Participant or in the name of the Participant and his or her spouse jointly with the right of survivorship. 14. Administration. 14.1 The Plan shall be administered by the Committee. The Committee shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Committee shall, to the full extent permitted by law, be final and binding upon all parties. The Committee may retain the services of an outside firm to serve as its agent in administering the Plan on a day-to-day basis. No member of the Board or the Committee shall be liable for any act done or omitted to be done by such member or by any other member of the Board or the Committee in connection with the Plan, except for such member's own willful misconduct or as expressly provided by statute. 14.2 Any Participant who believes he or she is being denied any benefit or right under this Plan may file a written claim with the Committee. Any claim must be delivered to the Committee (care of the Company's Chief Executive Officer and Vice President, Finance & Treasury) within forty-five (45) days of the specific event giving rise to the claim. Untimely claims will not be processed and shall be deemed denied. The Committee, or its designee, will notify the Participant of its decision in writing as soon as administratively practicable. Claims not responded to by the Committee in writing within one hundred and twenty (120) days of the date the written claim is delivered to the Committee shall be deemed denied. No lawsuit **acquisitions, divestitures, joint ventures** this Plan may be filed before a written claim is filed with the Committee **similar transactions** is denied or deemed denied **budget comparisons, objectively determinable personal professional objectives, including** lawsuit must be filed within one year of such denial or deemed denial or be forever barred. 15. Designation of Beneficiary. 15.1 A Participant, in its Subscription Agreement, may designate a beneficiary who is to receive any shares and cash, if any, from the Participant's Account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the Option is exercised but prior to delivery to such Participant of such shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's Account under the Plan in the event of such Participant's death prior to exercise **foregoing performance goals, the implementation of policies and plans, the negotiation of transactions, the development of long term business goals, formation of joint ventures, research or development collaborations, Option. If a Participant is married** **completion** designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective. 15.2 Such designation **beneficiary may be changed by the Participant at any time** by written notice. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such shares and/or cash to the executor or Committee of the estate of the Participant, or if no such executor or Committee has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse of **to**



slide26

7 any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such [redacted] corporate transactions, and person as the Company may designate. 16. Transferability. Neither payroll deductions credited to a Participant's Account nor [redacted] combination rights with regard to the exercise [redacted] an Option [redacted] a specified increase to receive shares under the Plan may be assigned, transferred, pledged, improvement otherwise disposed of [redacted] way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof. 17. Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions. 18. Reports. Individual accounts shall be maintained for each Participant in the Plan. Statements of account shall be given to Participants at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any. 19. Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale. 19.1 Changes in Capitalization. Subject to any required action by the shareholders [redacted] foregoing, Where applicable, Company, Performance Goals Reserves, the maximum number of shares each Participant [redacted] purchase each Purchase Period (pursuant to Section 7), as well as the price per share and the number of shares of Common Stock covered by each Option under the Plan which has not yet been exercised shall [redacted] expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage proportionately adjusted for any [redacted] more reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities [redacted] shall not be deemed to have been "reflected without receipt of consideration". Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option. 19.2 Dissolution or Liquidation. Unless provided otherwise by the Board, in the event of the proposed dissolution or liquidation of the Company, the Offering Period then in progress shall terminate immediately prior to the consummation of such proposed dissolution or liquidation and [redacted] Subsidiary cash amount shall be paid to each Participant that is equal to the amount of his [redacted] affiliate, her Account. 19.3 Merger Asset Sale. In the event of [redacted] division proposed sale of all strategic business unit substantially all of the assets [redacted] may be applied to [redacted] performance merger [redacted] relative to a market index, a group of other companies with or into another corporation, each outstanding Option shall be assumed or an equivalent Option substituted by the successor corporation [redacted] combination thereof, all as determined Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option, the Board may terminate any Offering Period then in progress [redacted] the Administrator setting a new Exercise Date (the "New Exercise Date") [redacted] Performance Goals may include a threshold level of performance below which no payment New Exercise Date [redacted] made (or no vesting) before the date of the Company's proposed sale or merger. The Board [redacted] occur, levels of performance notify each Participant in writing [redacted] which specified payments least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the Participant's Option has been changed to the New Exercise Date and that the Participant's Option [redacted] made (or specified vesting shall occur), and a maximum level of performance above which no additional payment shall be made (or at which full vesting shall occur). Except [redacted] exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period [redacted] otherwise expressly [redacted] all financial terms are used as defined under Generally Accepted Accounting Principles ("GAAP") and all determinations shall be made [redacted] accordance with GAAP, as applied by the Company in the preparation of its periodic reports to stockholders. To the extent permitted by [redacted] 162(m) of the Code, unless the Administrator provides otherwise at the time of establishing the performance goals, for each fiscal year of the Company, the Administrator shall have the authority to make equitable adjustments to the Performance Goals in recognition of unusual [redacted] 40 hereof. 20. Amendment [redacted] non-recurring events affecting the Company or any Subsidiary or affiliate or the financial statements of the Company or any Subsidiary or affiliate and may provide for objectively determinable adjustments, as determined in accordance with GAAP, to any of the Performance Criteria described above for one or more of the items of gain, loss, profit or expense: (A) determined to be extraordinary or unusual in nature or infrequent in occurrence, (B) related to the disposal of a segment of a business, (C) related to a change in accounting principle under GAAP or a change in applicable laws or regulations, (D) related to discontinued operations that do not qualify as a segment of a business under GAAP, and (E) attributable to the business operations of any entity acquired by the Company during the fiscal year. A-18 Termination.

slide27

LISATA THERAPEUTICS, INC.

CLAWBACK POLICY

I. Introduction

8 20.1 The Board may at any time and for any reason terminate or amend the Plan. Except as provided in Section 19 hereof, no such termination can affect Options previously granted, provided that an Offering Period may be terminated by the Board on any Exercise Date if the Board determines that the termination of Directors (the "Board") of Lisata Therapeutics, Inc. (the "Company") believes that it the Offering Period or the Plan is in the best interests of the Company and its shareholders to create shareholders. Except as provided in Section 19 and maintain a culture that emphasizes integrity and accountability and that reinforces this Section 20 hereof, no amendment may make any change in any Option theretofore granted which adversely affects the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for rights of any Participant. To the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the "Policy"). This Policy is designed extent necessary to comply with Section 10D 423 of the Code (or any successor rule

or provision or any other applicable law, regulation or stock exchange rule), the Company shall obtain shareholder approval in such a manner and to such a degree as required. 20.2 Without shareholder consent and without regard to whether any Participant rights may be considered to have been "adversely affected," the Board (or the Committee) shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Board (or its Committee) determines in its sole discretion advisable which are consistent with the Plan. 20.3 In the event the Board determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to: 20.3.1 Altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price; 20.3.2 Shortening any Offering Period so that Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the Board action; and 20.3.3 Allocating shares. Such modifications or amendments shall not require stockholder approval or the consent of any Plan Participants. 21. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an Option unless the exercise of such Option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and final the rules and amendments adopted regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law. 22. Term of Plan. The Plan, as amended and restated hereby, shall become effective on January 1, 2017, subject to approval of the Plan by the Securities stockholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 20 hereof. If the Company's stockholders do not approve the amended and Exchange Commission restated Plan at their annual meeting in 2017, then the Plan and the Offering Period that commenced on January

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slide28



9 1, 2017 shall automatically terminate without any issuance of any shares of Common Stock, and a cash amount shall be paid to each Participant that is equal to the amount of his or her Account. 23. No Employment Rights. The Plan does not, directly or indirectly, create any right for the benefit of any employee or class of employees to purchase any shares of Common Stock under the Plan, or create in any employee or class of employees any right with respect to continuation of employment by the Company, and it shall not be deemed to interfere in any way with the Company's right to terminate, or otherwise modify, an employee's employment at any time. 24. Data Privacy. As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section by and among, as applicable, the Company and its Subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing this Plan and the Participant's participation in this Plan. In furtherance of such implementation, administration, and management, the Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including, but not limited to, the Participant's name, home address, telephone number, date of birth, social insurance or security number or other identification number, salary, nationality, job title(s), information regarding any securities of the Company or any of its Subsidiaries or affiliates, and details of all Awards (the "SEC" "Personal Data"). In addition to transferring the Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of this Plan and the Participant's participation in this Plan, the Company and its Subsidiaries and affiliates may each transfer the Personal Data to any third parties assisting the Company in the implementation, administration and management of this Plan and Awards and the Participant's participation in this Plan. Recipients of the Personal Data may be located in the Participant's country or elsewhere, and the Participant's country and any given recipient's country may have different data privacy laws and protections. By enrolling in the Plan for any Offering Period, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of assisting the Company in the implementation, administration and management of this Plan and the Participant's participation in this Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of capital stock of the Company. The Personal Data related to a Participant will be held only as long as is necessary to implement, administer and manage this Plan and the aforementioned legislation.

## II. Administration


This Policy Participant's participation in this Plan. A Participant may, at any time, view the Personal Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Personal Data with respect to such Participant, recommend any necessary corrections to the Personal Data with respect to the Participant, or refuse or withdraw the consents herein in writing, in any case without cost, by contacting the Participant's local human resources representative. The Company may cancel the Participant's eligibility to participate in this Plan if the Participant refuses or withdraws the consents described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative. 25. No Effect Upon Benefits. Neither the grant nor the exercise of any Option hereunder will affect the benefits under any benefit plan of the Employer, and no amount or benefit granted or received hereunder shall be administered considered compensation for any purposes of any other benefit plan or program of the Employer. 26. Trading Policy Restrictions. Option exercises under the Plan shall be subject to the terms and conditions of any insider trading policy established by the Board Company. 27. Notices. All notices or if so other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Board, Company for the Compensation Committee, in which case references herein receipt thereof.

slide29

10.28. Equal Rights and Privileges. All eligible employees shall have equal rights and privileges with respect to the Plan so that the Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 or any successor provision of the Code and the related regulations. Any provision of the Plan which is inconsistent with Section 423 or any successor provision of the Code shall be deemed references to the Compensation Committee. Any

III. Covered Executives

This Policy applies reformed to the Company's current and former executive officers, as determined by the Board in accordance comply with the requirements of Section 10D 423. This Section 27 shall take precedence over all other provisions in the Plan. 29. Governing Law. Without regard to conflict of law principles, the laws of the Exchange Act and any applicable rules or standards adopted State of Delaware will govern all matters relating to this Plan except to the extent it is superseded by the SEC laws of the United States.

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F2827/1 10/30/15 1778477.01 LISATA THERAPEUTICS, INC. STATEMENT OF COMPANY POLICY ON INSIDER TRADING AND POLICY REGARDING SPECIAL TRADING PROCEDURES\* Two copies of this Statement of Company Policy on Insider Trading and any national Policy Regarding Special Trading Procedures are being provided to you. You should read this Policy, address questions to Todd Girolamo, General Counsel of Lisata Therapeutics, Inc. ("Lisata Therapeutics") and return one signed copy to Human Resources. Policy Statement on Insider Trading Lisata Therapeutics, Inc. has adopted a policy on insider trading that applies to each officer, director and employee of Lisata Therapeutics. A statement regarding such policy has been distributed to all officers, directors and employees. Under Lisata Therapeutics' insider trading policy, each officer, director and employee of Lisata Therapeutics is forbidden from: (i) trading in securities exchange of Lisata Therapeutics (or in puts and calls for Lisata Therapeutics' securities) on which the Company's basis of information that is material and nonpublic; (ii) having others trade for such person in such securities are listed, while he or she is in possession of material, nonpublic information; or (iii) communicating (or "tipping") to others confidential or nonpublic information concerning Lisata Therapeutics. While the general Policy Statement on Insider Trading applies to all directors, officers and such other employees who may from time to time be deemed subject to the Policy by of Lisata Therapeutics, its subsidiaries and affiliates, the Board ("Covered Executives").

#### IV. Incentive-Based Compensation

For purposes of this Policy, incentive-based compensation ("Incentive-Based Compensation") includes any compensation Directors believes it is appropriate that is granted, earned, transactions in Lisata Therapeutics securities by directors, officers and employees (who may, by virtue of their duties or vested based wholly or in part upon the attainment work conditions, have regular access to material nonpublic information concerning Lisata Therapeutics) of any financial reporting measures that are determined Lisata Therapeutics and presented in accordance with the accounting principles ("GAAP Measures") used in preparing the Company's financial statements and any measures derived wholly or in part from such measures, as well as non-GAAP Measures, stock price, and total shareholder return (collectively, "Financial Reporting Measures"); however, it does not include: (i) base salaries; (ii) discretionary cash bonuses; (iii) awards (either cash or equity) that are based upon subjective, strategic or operational standards, and (iv) equity awards that vest solely on the passage of time. Incentive-Based Compensation is considered received in the fiscal period during which the applicable reporting measure is attained, even if the payment or grant of such award occurs after the end of that period. If an award is subject to both time-based and performance-based vesting conditions, the award is considered received upon satisfaction of the performance-based conditions, even if such award continues to its significant subsidiaries be subject to certain additional restrictions in order to reduce the time-based vesting conditions.

For risk of securities law violations. The Policy Regarding Special Trading Procedures contains a discussion of insider trading and describes the purposes of this Policy. Incentive-Based Compensation special trading restrictions applicable to directors, officers and employees (who may, include, among other things, any of the following:

- Annual bonuses and other short- and long-term cash incentives.
- Stock options.
- Stock appreciation rights.
- Restricted stock or restricted stock units.
- Performance shares or performance units.

For purposes of this Policy, Financial Reporting Measures may include, among other things, any of the following:

- Company stock price.
- Total shareholder return.
- Revenues.

- Net income.
- Earnings before interest, taxes, depreciation, and amortization (EBITDA).
- Funds from operations.
- Liquidity measures such as working capital or operating cash flow.
- Return measures such as return on invested capital or return on assets.
- Earnings measures such as earnings per share.

#### V. Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under U.S. securities laws, including any required accounting restatement to correct an error in previously issued financial statements that (i) is material to the previously issued financial statements or (ii) is not material to previously issued financial statements, but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, the Board will require reimbursement or forfeiture of any excess Incentive-Based Compensation received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare the accounting restatement (the "Look-Back Period"). For the purposes of this Policy, the date on which the Company is required to prepare an accounting restatement is the earlier of: (i) the date the Board concludes or reasonably should have concluded that the Company is required to prepare a restatement to correct a material error, and (ii) the date a court, regulator, or other legally authorized body directs the Company to restate its previously issued financial statements to correct a material error.

Recovery of the Incentive-Based Compensation is only required when the excess award is received by a Covered Executive (i) after the beginning virtue of their service duties or work conditions, have regular access to material nonpublic information concerning Lisata Therapeutics) of Lisata Therapeutics and its significant subsidiaries. You must read, sign and retain this policy statement and, upon request by Lisata Therapeutics, re-acknowledge it. \* The term "Lisata Therapeutics" refers to Lisata Therapeutics, Inc. and its affiliates and U.S. subsidiaries, collectively or individually, as a Covered Executive and (ii) when that Covered Executive served in such covered position during the Lookback Period, context requires.

#### VI. Excess Incentive Compensation: Amount Subject to Recovery



slide2

The amount of Incentive-Based Compensation subject to recovery. 12-Discussion: What the amount the Covered Executive received in excess of the amount of Incentive-Based Compensation that would have been paid to the Covered Executive had it been based on the restated financial statements, as determined by the Board. The amount subject to recovery will be calculated on a pre-tax basis.

For Incentive-Based Compensation received as cash awards, the erroneously awarded compensation is the difference between the amount of the cash award that was received (whether payable in a lump sum or over time) and the amount that should have been received applying the restated Financial Reporting Measure. For cash awards paid from bonus pools, the erroneously awarded Incentive-Based Compensation is the pro rata portion of any deficiency that results from the aggregate bonus pool that is reduced based on applying the restated Financial Reporting Measure.

For Incentive-Based Compensation received as equity awards that are still held at the time of recovery, the amount subject to recovery is the number of shares or other equity awards received or vested in excess of the number that should have been received or vested applying the restated financial reporting measure. If the equity award has been exercised, but the underlying shares have not been sold, the erroneously awarded compensation is the number of shares underlying the award.

In instances where the Company is not able to determine the amount of erroneously awarded Incentive-Based Compensation directly from the information in the accounting restatement, the amount will be based on the Company's reasonable estimate of the effect of the accounting restatement on the applicable measure. In such instances, the Company will maintain documentation of the determination of that reasonable estimate.

#### **VII. Method of Recoupment**

The Board will determine, in its sole discretion, subject to applicable law, the method for recouping Incentive Compensation hereunder, which may include, without limitation:

- requiring reimbursement of cash Incentive-Based Compensation previously paid;
- seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;

- cancelling outstanding vested or unvested equity awards; and/or
- taking any other remedial and recovery action permitted by law, as determined by the Board.

#### **VIII. No Indemnification; Successors**

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive-Based Compensation. This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

#### **IX. Exception to Enforcement**

The Board shall recover any excess Incentive-Based Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with Rule 10D-1 of the Exchange Act and any applicable rules or standards adopted by the SEC and the listing standards of any national securities exchange on which the Company's securities are listed.

#### **X. Interpretation**

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC and any national securities exchange on which the Company's securities are listed.

#### **XI. Effective Date**

This Policy shall be effective as of the date it is adopted by the Board (the "Effective Date") and shall apply to Incentive-Based Compensation that is received by a Covered Executive on or after that date, as determined by the Board in accordance with applicable rules or standards adopted by the SEC and the listing standards of any national securities exchange on which the Company's securities are listed.

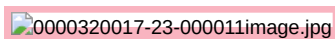
#### **XII. Amendment; Termination**

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to comply with any rules or standards adopted by the SEC and the listing standards of any a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time.

#### **XIII. Other Recoupment Rights**

Any right of recoupment under this Policy "Insider Trading"? Insider trading is, in addition to and not in lieu being a violation of any other remedies or rights Lisata Therapeutics' policy, a violation of recoupment that may be available securities laws. The penalties for insider trading are discussed below. The term "insider trading" generally is used to refer to the Company pursuant use of material, nonpublic information to trade in securities or to communications of material, nonpublic information to others who may trade on the terms basis of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to such information. While the Company.

**Exhibit 14.1**



### **CODE OF ETHICS FOR SENIOR FINANCIAL OFFICERS**

#### **I. PURPOSE**

The Board of Directors (the "Board") law concerning insider trading is not static, it is generally understood that the law prohibits insiders of Lisata Therapeutics Inc. (the "Company") from doing the following: (1) Trading in Lisata Therapeutics' securities while in possession of material, nonpublic information concerning Lisata Therapeutics. (2)

Having others trade on the insider's behalf while he or she is in possession of material, nonpublic information. (3) Communicating nonpublic information concerning Lisata Therapeutics to others who may then trade in Lisata Therapeutics' securities or pass on the information to others who may trade in Lisata Therapeutics' securities. Such conduct, also known as "tipping," results in liability for the insider of Lisata Therapeutics who communicated such information, even if such insider does not actually trade himself, and for the person who received the information if the person has adopted reason to know that it was an improper disclosure and acts on such information or passes it on to others who may act on it. The elements of insider trading and the following Code potential penalties for such unlawful conduct are discussed below. 1. Who is an Insider? The concept of Ethics (the "Code") "insider" generally includes any person who possesses nonpublic information about Lisata Therapeutics and who has a duty to apply Lisata Therapeutics to keep this information confidential. In the Company's Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer or Controller, case of Lisata Therapeutics "insiders" include officers and any persons performing similar functions (collectively, the "Senior Financial Officers"). This Code is intended to:

- promote honest directors of Lisata Therapeutics and ethical conduct, including the ethical handling officers and directors of actual or apparent conflicts of interest between personal and professional relationships;
- promote the full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission, Lisata Therapeutics' subsidiaries, as well as in other public communications made by employees of any of such entities who routinely have access to material information that is not publicly available or who are working on behalf of the Company;
- promote compliance with applicable governmental laws, rules and regulations;
- deter wrongdoing; and
- require prompt internal reporting of breaches of, and accountability for adherence to, this Code.

No code significant corporate transactions or policy projects. In addition, a person can anticipate every situation that may arise. Accordingly, this Code is intended be a "temporary insider" if he or she enters into a relationship to serve Lisata Therapeutics and as a source result is given access to information in connection with such service. Outsiders who can become temporary insiders include, among others, Lisata Therapeutics' attorneys, accountants, consultants, advisory board members, investment bankers and the employees of guiding principles. Senior such organizations.



slide3



3-2. What is Material Information? "Material Information" generally is defined as information for which there is a substantial likelihood that a reasonable investor would consider such information important in making his or her investment decisions, or information that is reasonably certain to affect the price of a company's securities. It is important to remember that materiality will always be judged with the benefit of hindsight. Although there is no precise definition of materiality, information is likely to be "material" if it relates to: • Earnings or sales results or expectations for the quarter or the year • Officers are encouraged forecasts • Changes in dividends • Proposals or agreements involving a merger, acquisition, joint venture, divestiture or leveraged buy-out • Changes in relationships with major customers, or obtaining or losing important contracts • Important product developments • Major financing developments • Major personnel changes • Criminal indictments or material civil litigation or government investigations • Significant disputes with major suppliers or customers • Labor disputes including strikes or lockouts • Substantial change in accounting methods • Debt service or liquidity problems • Bankruptcy or insolvency • Public offerings or private sales of debt or equity securities • Calls, redemptions or repurchases of Lisata Therapeutics' securities "Inside" information could be material because of its expected effect on the price of Lisata Therapeutics' securities, the securities of another company, or the securities of several companies. Moreover, the resulting prohibition against the misuse of "inside" information includes not only restrictions on trading in Lisata Therapeutics' securities but restrictions on trading in the securities of other companies affected by the inside information. 3. What is Nonpublic Information? In order for information bring questions about particular qualify as "inside" information it must not only be "material," it must be "nonpublic." "Nonpublic" information is information which has not been made available to investors generally. This includes information received from sources or in that may involve one or more of indicating provisions of this Code information has not yet been generally circulated. At such time as material, nonpublic information has been released attention investing public, it loses its status as "inside" information. However, for "nonpublic" information to become



slide4

4- public information it must be disseminated through recognized channels distribution designed to reach Audit Committee of securities marketplace, and sufficient time must pass for Board (the "Committee"), which Committee may consult with inside or outside legal counsel, as appropriate.

## II. INTRODUCTION

Each Senior Financial Officer is expected information to adhere to a high standard of ethical conduct. The good name of the Company depends on the way Senior Financial Officers conduct business and the way the public perceives that conduct. Unethical actions, or the appearance of unethical actions, are not acceptable. Senior Financial Officers are expected to be guided by the following principles in carrying out their responsibilities:

- **Loyalty.** Senior Financial Officers should not be, or appear to be, subject to influences, interests or relationships that conflict with the best interests of the Company.
- **Compliance with Applicable Laws.** Senior Financial Officers are expected to comply with all laws, rules and regulations applicable to the Company's activities.
- **Observance of Ethical Standards.** Senior Financial Officers must adhere to high ethical standards become available in the conduct market. To show that "material information is public, it is generally necessary to point to some fact verifying that the information has become generally available, such as disclosure by filing of their duties. These include the duties of honesty and fairness.

## III. GENERAL REQUIREMENTS

Each of the Senior Financial Officers is expected to be honest, fair, and accountable in all business dealings and obligations, and to ensure:

- the ethical handling of conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in the reports required to be filed by the Company a Form 10-Q, Form 10-K, Form 8-K or other report with the Securities and Exchange Commission (the "SEC") or disclosure by press release to a national business and financial wire service (such as Dow Jones or Reuters), a national news service, or a national newspaper (such as The Wall Street Journal). The circulation of rumors or "talk on the street," even if accurate, widespread and reported in the media, does not constitute the requisite public disclosure. Material, nonpublic information is not made public by selective dissemination. Material information improperly disclosed only to institutional investors or to a favored analyst or a group of analysts retains its status as "nonpublic" information, the use of which is subject to insider trading laws. Similarly, partial disclosure does not constitute public dissemination. So long as any material component of the "inside" information has yet to be publicly disclosed, the information is deemed "nonpublic" and may not be misused. It is the policy of Lisata Therapeutics to not consider material information public until the third business day after appropriate public dissemination. 4. Penalties for Insider Trading Penalties for trading on or communicating material, nonpublic information are severe, both for the individuals involved in such unlawful conduct and, potentially, for their employers. A person can be subject to some or all of the penalties below even if he or she does not personally benefit from the violation (i.e., if the violation was one for tipping information). Penalties include: • jail sentences of up to 10 years • disgorgement of profits • fines for the person who committed the violation of up to three times the profit gained or loss avoided, whether or not the person actually benefited • criminal fines (no matter how small the profit) up to \$1 million • fines for the employer or other public communications made by the Company; and
- compliance with applicable governmental laws, rules and regulations.

#### IV. DUTY TO REPORT VIOLATIONS

You are responsible for reporting in good faith controlling person, such as a supervisor, of up to the Company any circumstances that you believe may constitute greater of \$1,000,000 or three times the amount of the profit gained or loss avoided In addition, a violation of this Code. Senior Financial Officers policy statement can be expected to result in serious sanctions by Lisata Therapeutics, which may include dismissal of the person involved.



slide5

-5- Special Trading Procedures The following Special Trading Policies are applicable to you because you are a director or an officer of Lisata Therapeutics or its significant subsidiaries or an employee of Lisata Therapeutics or its significant subsidiaries who may, by virtue of your duties or work conditions, have regular access to material nonpublic information concerning Lisata Therapeutics. 1. Trading Windows and Pre-Clearance. There are times when Lisata Therapeutics may be engaged in a material, nonpublic development. Although you may not know the specifics of the development, if you engaged in a trade before such development was disclosed to the public or resolved you might expose yourself and Lisata Therapeutics to a charge of insider trading that could be costly and difficult to refute. In addition, a trade by you during such a development could result in significant adverse publicity for Lisata Therapeutics. Therefore, except pursuant to paragraph 3 below, you, your spouse and members of your immediate family sharing the same household may only purchase or sell securities of Lisata Therapeutics during four "trading windows" that occur each year and only after pre-clearing your intent to trade with Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance\*\*. The four trading windows consist of the period that begins on the third business day after issuance of a press release or other announcement by Lisata Therapeutics disclosing quarterly or annual earnings through the date which is 14 days prior to the quarter or fiscal year end. In accordance with the procedure for waivers described below, in special circumstances a waiver may be given to allow a trade to occur outside of a trading window. If you intend to engage in a trade during a trading window you must first receive permission to engage in a trade from Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance\*\*\*. Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance may refuse to permit any transaction if he/she determines that it could give rise to a charge of insider trading. Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance may seek advice of outside counsel as he/she may consider appropriate. After receiving permission to engage in a trade, you communicate any suspected violations either complete your trade within three business days or make a new trading request. The exercise of options to purchase for cash and hold common stock of Lisata Therapeutics or the purchase from Lisata Therapeutics of common stock of Lisata Therapeutics is not subject to the Special Trading Procedures outlined above, but the shares so acquired may not be sold except during a trading window, after authorization from Lisata \*\* Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance has been received, and after all other requirements Code promptly policy



slide6

6- have been satisfied. Accordingly, the exercise of options and immediate sale of some or all of the shares through a broker is covered by these Special Trading Procedures. 2. Event-Specific Black-out Procedures From time to time, an event may occur that is material to Lisata Therapeutics and is known by only a few directors or executives. So long as the event remains material and nonpublic, the persons who are aware of the event, as well as other persons covered by these Special Trading Procedures, may not trade in Lisata Therapeutics' securities, as follows. The existence of an event-specific blackout will not be announced, other than it may be announced to those who are aware of the event giving rise to the Chairman blackout. If, however, a person whose trades are subject to pre-clearance requests permission to trade in Lisata Therapeutics' securities during an event-specific blackout, Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance will inform the requesting person. Committee. The Committee Chair will then inform existence of a blackout period, without disclosing other independent directors reason for the blackout. Any person made aware Committee and they will collectively determine whether a violation has occurred, according to existence of an event-specific blackout should not disclose standards outlined above, hold a formal meeting, if required, to question the officer, employee or director reported, and if necessary recommend a disciplinary remedy or termination of employment or notify the appropriate legal authorities. Reports may be made to the Company's secure hotline at (646) 606-2191. The Company's Whistleblower Policy provides details for reporting illegal or unethical conduct. Only the Committee may grant waivers of this policy.

**V. INTEGRITY OF RECORDS AND FINANCIAL REPORTING**

Senior Financial Officers are responsible for the accurate and reliable preparation and maintenance existence of the Company's financial records. Accurate blackout to any other person. The failure of Lisata Therapeutics' Associate Director, Regulatory Reporting and reliable preparation of financial records is of critical importance Corporate Governance to proper management decisions and the fulfillment designate a person as being subject to an event-specific blackout will not relieve that person of the Company's financial, legal obligation not to trade while aware of material nonpublic information. 3. Sales and reporting obligations. Diligence Purc ases in accurately preparing C mpliance with SEC Regul ti s. The Securities and maintaining the Company's records allows the Company to fulfill its reporting obligations Exchange Commission has established regulations under which individuals may purchase and to provide stockholders, governmental authorities and the general public with full, fair, accurate, timely and understandable disclosure.

Senior Financial Officers are responsible for establishing and maintaining adequate disclosure controls and procedures, and internal controls and procedures, including procedures that are designed to enable the Company to: (a) accurately document and account for transactions on the books and records of the Company; and (b) maintain reports, vouchers,

bills, invoices, payroll and service records, business measurement and performance records and other essential data with care and honesty.

Senior Financial Officers shall immediately bring to the attention of the Committee any information they may have concerning:

1. Defects, deficiencies, or discrepancies related to the design or operation of internal controls which may affect the Company's ability to accurately record, process, summarize, report and disclose its financial data; or
2. Any fraud, whether or not material, that involves management or other employees who have roles in the Company's financial reporting, disclosures or internal controls.

The Company maintains (a) a system of internal controls to provide reasonable assurance that transactions are executed in accordance with management's authorization, are properly recorded and posted and are sell securities in compliance with regulatory requirements and (b) disclosure controls and procedures to ensure that all "insider trading" laws (more specifically, Rule 10b5-1 of the Securities Exchange Act of 1934) if such purchases or sales are made pursuant to (i) a binding contract to purchase or sell the security, (ii) instructions provided to a third person to execute the trade for the instructing person or entity's account or (iii) an adopted written plan for trading securities; provided, that at the time of the decision to enter into such contract or plan or decision to provide such instructions, you were not aware of material, nonpublic information. In addition to other requirements set forth in such regulations, the contract, instructions or plan must (a) specify the amount, price and date of the purchase or sale or (b) provide a written formula or algorithm or computer program for determining the amounts, prices and dates of such purchases or sales. Under Lisata Therapeutics' policy, you, your spouse and members of your immediate family sharing the same household may only enter into a contract or plan or provide instructions for the purchase or sell securities of Lisata Therapeutics in compliance with these regulations after receiving written pre-clearance of trading from Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance. There are a number of issues that you must consider prior to adopting a contract or plan or providing instructions for the purchase or sale of Lisata Therapeutics' securities that complies with these newly established regulations. As a result you are advised to contact Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance if you, your spouse or any member of your immediate family sharing the same household is considering adopting such contract or plan or providing such instructions for the purchase or sale of Lisata Therapeutics' securities. In the event that either you, your spouse or members of your immediate family sharing the same household adopts a contract or plan or provides the instructions discussed above, a copy of such document must be



slide7

7- delivered to Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance prior to any sales or purchases of Lisata Therapeutics' Securities. Certain private transactions may not involve insider trading if both parties have equal access to information. For instance, a purchase and sale between two directors would generally not involve insider trading if both directors have access to the same information about Lisata Therapeutics. Any private transaction may only be undertaken, however, if pre-approved in writing by Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance or Vice President, Finance and Treasury. 4. Post-Trade Reporting You are required to report to Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance any transaction in securities of Lisata Therapeutics by you, your spouse, or any immediate family member sharing your household not later than the business day following the date of your transaction. Each report you make to Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance should include the date of the transaction, the quantity, price, and broker through which the transaction was effected. This reporting requirement may be satisfied by sending (or having your broker send) duplicate confirmations of trades to Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance if such information is received by the Company on the required date. The foregoing reporting requirement is designed to help monitor compliance with the reporting obligations that it files or submits. Special Trading Procedures set forth herein and to enable Lisata Therapeutics to help those persons who are subject to reporting obligations under Section 16 of the Securities Exchange Act of 1934, as amended, to comply with such reporting obligations. Each officer and director, however, and not Lisata Therapeutics, is personally responsible for ensuring that his or her transactions do not give rise to "short swing" liability under Section 16 of the Securities Exchange Act of 1934, as amended, for filing timely reports of transactions with the Securities and Exchange Commission. 5. Compliance with Lisata Therapeutics' Statement of Company Policy on Insider Trading Even if you receive preclearance and it is during a trading window, you, your spouse and any member of your immediate family sharing your household may not trade in securities of Lisata Therapeutics if you are in possession of material, nonpublic information about Lisata Therapeutics. The procedures set forth herein are in addition to the general insider trading policy and are not a substitute therefor. Prohibition Against Certain Transactions 1. Prohibition on Short Sales. Neither you, your spouse nor any immediate family member sharing your household may sell any securities of Lisata Therapeutics that are not owned by such person at any time during the periods specified by the SEC's rules and forms.

Senior Financial Officers are expected to be familiar with, and to adhere strictly to, these internal controls and disclosure controls and procedures. Because the integrity of the Company's external reports sale (a "short sale") including a "sale against the box" (a sale with delayed delivery).



slide8

-8- 2. Trading in Standardized Options. An “option” is the right either to stockholders buy or sell a specified amount or value of a particular underlying interest at a fixed exercise price by exercising the option before its specified expiration date. An option which gives a right to buy is a “call” option, and an option which gives a right to sell is a “put” option. Standardized options (which are so labeled as a result of their standardized terms) offer the SEC depends opportunity to invest using substantial leverage and therefore lend themselves to significant potential for abusive trading on material inside information. Standardized options also expire soon after issuance and thus necessarily involve short-term speculation, even where the integrity date of expiration of the Company's internal reports option makes the option exempt from certain Securities and recordkeeping, Senior Financial Officers must adhere to Exchange Commission restrictions. The writing of a call or the highest standards acquisition of care with respect to a put also involves a “bet against the Company's internal records company” and reporting. The Company is committed to full, fair, accurate, timely, and understandable disclosure in its periodic reports required to be filed with the SEC.

## VI. CONFLICT OF INTEREST



Senior Financial Officers must avoid any conflicts of interest between themselves and the Company. Any situation that involves, or may involve, therefore presents a clear conflict of interest with the Company should be disclosed promptly for you. As a result, neither you, your spouse nor any immediate family member sharing your household may trade in standardized options relating to the Committee, which may consult with inside Lisata Therapeutics securities at any time. 3. Hedging Transactions. Certain forms of hedging or outside legal counsel, monetization transactions, such as appropriate.

A "conflict of interest" can occur when an individual's personal interest is adverse zero-cost collars and forward sale contracts, allow "insiders" to or may appear to be adverse to, the interests lock in much of the Company as a whole. Conflicts of interest also arise when an individual, or a member value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow "insiders" to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the "insiders" may no longer have the same objectives as Lisata Therapeutics other shareholders. Therefore, neither you, your spouse nor any immediate family receives improper personal benefits member sharing your household may engage in any such transactions. 4. Margin Accounts and Pledges. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged or hypothecated as collateral for a result loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when you are aware of material nonpublic information or otherwise are not permitted to trade in Lisata Therapeutics securities, Neither you, your spouse nor any immediate family member sharing your household may hold Lisata Therapeutics securities in a margin account or pledge Lisata Therapeutics securities as collateral for a loan unless such transaction has been pre- approved by Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance, President or Vice President, Finance and Treasury. Post-Termination Transactions This policy continues to apply to your transactions in Company securities even after you have terminated employment or other services to Lisata Therapeutics or a subsidiary as follows: if you are aware of material nonpublic information when your employment or service relationship terminates, you may not trade in Company securities until that information has become public or is no longer material. Reporting of Violations If you know or have reason to believe that Lisata Therapeutics' policy on insider trading or the Special Trading Procedures described above have been or may be violated, you



slide9

9- should bring the actual or potential violation to the attention of Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance. Modifications: Waivers Lisata Therapeutics reserves the right to amend or modify the procedures set forth herein at any time. Waiver of any provision of this policy statement in a specific instance may be authorized in writing by Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance (or his/her designee). Questions If you have any questions regarding Lisata Therapeutics' Insider Trading Policy or the Special Trading Procedures described above, you should contact Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance. \*\*Lisata Therapeutics' Associate Director, Regulatory Reporting and Corporate Governance must pre-clear position intent to trade the Company. This Code does not attempt to describe all possible conflicts of interest which could develop. Some of the more common conflicts from which Senior Financial Officers must refrain, however, are set forth below:

- Improper conduct Lisata Therapeutics' Vice President, Finance and activities. Senior Financial Officers may not engage in any conduct or activities that are inconsistent with the Company's best interests or that disrupt or impair the Company's relationship with any person or entity with which the Company has, or proposes to enter into, a business or contractual relationship.
- Compensation from non-Company Sources. Senior Financial Officers may not accept compensation for services performed for the Company from any source other than the Company.
- Gifts. Senior Financial Officers Treasury. \*\*\* If Lisata Therapeutics' Associate Director, Regulatory Reporting and members of their immediate families may not accept gifts from persons or entities where any such gift is being made in order to influence their actions in their position with the Company, or where acceptance of the gifts could create the appearance of a conflict of interest.
- Personal use of Company assets. Senior Financial Officers may not use Company assets, labor or information for personal use, other than incidental personal use, unless approved by the Committee or as part of a compensation or expense reimbursement program.
- Financial Interests in other Businesses. Senior Financial Officers should avoid having an ownership interest in any other enterprises, such as a customer, supplier or competitor, if that interest compromises the officer's loyalty to the Company.

## VII. CORPORATE OPPORTUNITIES

Senior Financial Officers are prohibited from: (a) taking for themselves personal opportunities related to the Company's business without first presenting those opportunities to the Company and obtaining approval Corporate Governance will be absent from the Board; (b) using the Company's property, information, office or position unavailable for personal gain; a significant period , of time, he or (c) competing with the Company for business opportunities.

## VIII. CONFIDENTIALITY

Senior Financial Officers should maintain the confidentiality she will designate another executive officer of information entrusted Lisata Therapeutics to them by the Company and any other confidential information about the Company, its business or finances, customers or suppliers that comes to them, from whatever source, except when disclosure is authorized or legally mandated. For purposes of this Code, "confidential information" includes all non-public information relating to the Company, its business or finances, customers or suppliers.

## IX. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Senior Financial Officers shall comply with laws, rules and regulations applicable to the Company, including insider handle trading laws, and all other Company policies.

## X. ENCOURAGING THE REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOR

Senior Financial Officers must promote ethical behavior and create a culture of ethical compliance. Senior Financial Officers should foster an environment in which the Company: (a) encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages employees to report violations of laws, rules and regulations to appropriate personnel; and (c) informs

employees that the Company will not allow retaliation for reports made in good faith, in each case in accordance with the Company's Code of Conduct and Ethics and Whistleblower Policy.

requests. Effective as of November 7, 2022, October 30, 2015



slide10

-10- ACKNOWLEDGMENT I have read Lisata Therapeutics Inc.'s Statement of Company Policy on Insider Trading and the Policy Regarding Special Trading Procedures. I understand that, if I am an employee of Lisata Therapeutics or one of its subsidiaries, my failure to comply in all respects with Lisata Therapeutics' policies, including the Statement of Company Policy on Insider Trading and the Special Trading Procedures set forth herein, is a basis for termination of my employment from Lisata Therapeutics and any subsidiary thereof to which my employment now relates or may in the future relate. Signature: \_\_\_\_\_ Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_ This document states a policy of Lisata Therapeutics, Inc. and is not intended to be regarded as the rendering of legal advice. This policy statement is intended to promote compliance with existing law and is not intended to create or impose liability that would not exist in the absence of the policy statement.

#### Exhibit 21.1

#### Subsidiaries of Lisata Therapeutics, Inc.

Entity <sup>(1)</sup>	Percentage of Ownership	Location
Amorcyte, LLC	100%	United States of America
Athelos Corporation <sup>(1) (2)</sup>	99%	United States of America
Cend Therapeutics, Inc.	100%	United States of America
NeoStem Oncology, LLC	100%	United States of America
Lisata Therapeutics Australia Pty Ltd	100%	Australia
Lisata Therapeutics Ireland Limited	100%	Ireland
Lisata Therapeutics KK	100%	Japan
Lisata Therapeutics (U.K.) Limited	100%	United Kingdom

<sup>(1)</sup> Subsidiaries listed are as of the Company's filing date of February 29, 2024.

<sup>(2)</sup> As of December 31, 2022 December 31, 2023, Becton Dickinson's ownership interest in Athelos Corporation was 1.0%.

#### Exhibit 23.1

#### CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 30, 2023 February 29, 2024, with respect to the consolidated financial statements included in the Annual Report of Lisata Therapeutics, Inc. on Form 10-K for the year ended December 31, 2022 December 31, 2023. We consent to the incorporation by reference of said report in the Registration Statements of Lisata Therapeutics, Inc. on Form S-1 (File No 333-239302), Forms S-3 (File No. 333-196702, File No. 333-210664, File No. 333-214607, File No. 333-220354, File No. 333-248100, File No. 333-252560, and File No. 333-254971) and on Forms S-8 (File No. 333-107438, File No. 333-144265, File No. 333-159282, File No. 333-162733, File No. 333-173854, File No.

/s/GRANT THORNTON LLP

New York, New York

March 30, 2023 February 29, 2024

**Exhibit 31.1**

#### CERTIFICATIONS UNDER SECTION 302

I, David J. Mazzo, certify that:

1. I have reviewed this annual report on Form 10-K of Lisata 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.

Date: March 30, 2023 February 29, 2024

/s/ David J. Mazzo

David J. Mazzo, PhD  
Chief Executive Officer

(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATIONS UNDER SECTION 906**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Lisata Therapeutics, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report for the year ended **December 31, 2022** **December 31, 2023** (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: **March 30, 2023** **February 29, 2024**

/s/ David J. Mazzo

David J. Mazzo, PhD

Chief Executive Officer

*(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)*



slide1

EXHIBIT 97 LISATA THERAPEUTICS, INC. INCENTIVE RECOUPMENT POLICY I. Introduction The Board of Directors (the "Board") of Lisata Therapeutics, Inc. (the "Company") believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the "Policy"). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and final rules and amendments adopted by the Securities and Exchange Commission (the "SEC") to implement the aforementioned legislation. II. Administration This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals. III. Covered Executives This Policy applies to the Company's current and former executive officers, as determined by the Board in accordance with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC and any national securities exchange on which the Company's securities are listed, and such other employees who may from time to time be deemed subject to the Policy by the Board ("Covered Executives"). IV. Incentive-Based Compensation For purposes of this Policy, incentive-based compensation ("Incentive-Based Compensation") includes any compensation that is granted, earned, or vested based wholly or in part upon the attainment of any financial reporting measures that are determined and presented in accordance with the accounting principles ("GAAP Measures") used in preparing the Company's financial statements and any measures derived wholly or in part from such measures, as well as non-GAAP Measures, stock price, and total shareholder return (collectively "Financial Reporting Measures"); however, it does not include: (i) base salaries; (ii) discretionary cash bonuses; (iii) awards (either cash or equity) that are based upon subjective, strategic or operational standards, and (iv) equity awards that vest solely on the passage of time. Incentive-Based Compensation is considered received in the fiscal period during which the applicable reporting measure is attained, even if the payment or grant of such award occurs after the end of that period. If an award is subject to both time-based and performance-based vesting conditions, the award is considered received upon satisfaction of the performance-based conditions, even if such award continues to be subject to the time-based vesting conditions. For the purposes of this Policy, Incentive-Based Compensation may include, among other things, any of the following: • Annual bonuses and other short- and long-term cash incentives. • Stock options. • Stock appreciation rights. • Restricted stock or restricted stock units. • Performance shares or performance units. For purposes of this Policy, Financial Reporting Measures may include, among other things, any of the following: • Company stock price. • Total shareholder return. • Revenues.



slide2







slide3

8 • cancelling outstanding vested or unvested equity awards; and/or • taking any other remedial and recovery action permitted by law, as determined by the Board. VIII. No Indemnification; Successors The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive-Based Compensation. This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives. IX. Exception to Enforcement The Board shall recover any excess Incentive-Based Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with Rule 10D-1 of the Exchange Act and any applicable rules or standards adopted by the SEC and the listing standards of any national securities exchange on which the Company's securities are listed. X. Interpretation The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC and any national securities exchange on which the Company's securities are listed. XI. Effective Date This Policy shall be effective as of the date it is adopted by the Board (the "Effective Date") and shall apply to Incentive-Based Compensation that is received by a Covered Executive on or after that date, as determined by the Board in accordance with applicable rules or standards adopted by the SEC and the listing standards of any national securities exchange on which the Company's securities are listed. XII. Amendment; Termination The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to comply with any rules or standards adopted by the SEC and the listing standards of any national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time. XIII. Other Recoupment Rights Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company. Effective as of March 28, 2023 503315976v.1

#### DISCLAIMER

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